



Triple Point  
**Energy Efficiency**  
INFRASTRUCTURE COMPANY

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# IPO PROSPECTUS 2020

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Placing and Offer for Subscription of  
New Ordinary Shares

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document, which comprises a prospectus relating to Triple Point Energy Efficiency Infrastructure Company plc (the “**Company**”) has been approved by the Financial Conduct Authority (the “**FCA**”) under Regulation (EU) No. 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the “**Prospectus Regulation**”) and has been delivered to the FCA in accordance with Rule 3.2 of the Prospectus Regulation Rules. This document has been made available to the public as required by the Prospectus Regulation Rules.

This document has been approved by the FCA of 12 Endeavour Square, London E20 1JN, as the competent authority under the Prospectus Regulation. Contact information relating to the FCA can be found at <http://www.fca.org.uk/contact>.

The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the securities that are the subject of this document. Investors should make their own assessment as to the suitability of investing in securities.

**The Ordinary Shares will be admitted to the Specialist Fund Segment, which is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment. The Specialist Fund Segment is only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in securities admitted to trading on the Specialist Fund Segment is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. It should be remembered that the price of the Ordinary Shares can go down as well as up.**

Application will be made to the London Stock Exchange for all of the Ordinary Shares (issued and to be issued) in connection with the Initial Issue to be admitted to trading on the Specialist Fund Segment. Applications will be made for all of the Ordinary Shares issued pursuant to each Subsequent Placing under the Placing Programme to be admitted to trading on the Specialist Fund Segment. It is expected that Initial Admission of the Ordinary Shares to be issued under the Initial Issue will become effective and that unconditional dealings will commence in the Ordinary Shares at 8.00 a.m. on 19 October 2020. It is expected that Admission pursuant to Subsequent Placings under the Placing Programme will become effective and dealings will commence between 19 October 2020 and 24 August 2021. No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange.

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## **TRIPLE POINT ENERGY EFFICIENCY INFRASTRUCTURE COMPANY PLC**

*(Incorporated in England and Wales with registered number 12693305 and registered as  
an investment company under section 833 of the Companies Act)*

**Initial Placing and Offer for Subscription for a target issue of 200 million Ordinary Shares  
at 100 pence per Ordinary Share**

**Placing Programme for up to 200 million Ordinary Shares**

**Admission to trading on the Specialist Fund Segment of the Main Market**

**Investment Manager**

**TRIPLE POINT INVESTMENT MANAGEMENT LLP**

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**Joint Financial Adviser**

**AKUR CAPITAL**

**Global Coordinator, Sole Bookrunner and  
Joint Financial Adviser**

**Co-Lead Manager**

**RBC CAPITAL MARKETS**

**WINTERFLOOD SECURITIES**

Specialist Fund Segment securities are not admitted to the Official List of the FCA. Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not subject to the FCA's Listing Rules. The London Stock Exchange has not examined or approved the contents of this document.

The Company and each of the Directors, whose names appear on page 42 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

**Prospective investors should read the entire document and, in particular, the section headed "Risk Factors" on pages 14 to 30 of this document when considering an investment in the Company.**

Akur Limited (trading as Akur Capital) ("**Akur**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as joint financial adviser for the Company and for no one else in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document. Akur will not regard any other person (whether or not a recipient of this document) as its client in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme, the contents of this document or any transaction or arrangement referred to in this document.

RBC Europe Limited (trading as RBC Capital Markets) ("**RBC**"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively as global coordinator, sole bookrunner and joint financial adviser for the Company and for no one else in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document. RBC will not regard any other person (whether or not a recipient of this document) as its client in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme, the contents of this document or any transaction or arrangement referred to in this document.

Winterflood Securities Limited ("**Winterflood**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively as co-lead manager for the Company and for no one else in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document. Winterflood will not regard any other person (whether or not a recipient of this document) as its client in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme and the other arrangements referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Initial Admission, any Admission of any Ordinary Shares, the Initial Issue, the Placing Programme, the contents of this document or any transaction or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Akur, RBC and/or Winterflood by FSMA or the regulatory regime established thereunder, none of Akur, RBC and/or Winterflood make any representation, express or implied, in relation to, nor accept any responsibility whatsoever for, the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, Initial Admission, any Admission of any Ordinary Shares, the Initial Issue or the Placing Programme. Each of Akur, RBC and Winterflood (and their respective affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for statutory liability), whether arising in tort, contract or otherwise which it might otherwise have in respect of the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the

Company, the Ordinary Shares, Initial Admission, any Admission of any Ordinary Shares, the Initial Issue or the Placing Programme.

The Offer for Subscription will remain open until 11.00 a.m. on 12 October 2020 and the Initial Placing will remain open until 2.00 p.m. on 13 October 2020. Persons wishing to participate in the Offer for Subscription should complete the Application Form set out in Appendix 1 to this document. To be valid, Application Forms must be completed and returned with the appropriate remittance by post to the Receiving Agent so as to be received no later than 11.00 a.m. on 12 October 2020.

Investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, the Investment Manager, Akur, RBC and/or Winterflood. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and MAR, neither the delivery of this document nor any subscription for, or purchase of, Ordinary Shares pursuant to the Initial Issue and/or the Placing Programme, under any circumstances, creates any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Each of Akur, RBC and Winterflood and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and/or the Investment Manager, for which they would have received customary fees. Each of Akur, RBC and Winterflood and their respective affiliates may provide such services to the Company and/or the Investment Manager and any of their respective affiliates in the future.

In connection with the Initial Issue and/or Subsequent Placings, each of Akur, RBC and Winterflood and their respective affiliates, acting as investors for its or their own accounts, may subscribe for or purchase Ordinary Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Ordinary Shares and other securities of the Company or related investments in connection with the Initial Issue and/or Subsequent Placings or otherwise. Accordingly, references in this document to Ordinary Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by each of Akur, RBC and Winterflood and their respective affiliates acting as an investor for its or their own account(s).

None of Akur, RBC and Winterflood and their respective affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, each of Akur, RBC and Winterflood and their respective affiliates may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements in connection with which each of Akur, RBC and Winterflood and their respective affiliates may from time to time acquire, hold or dispose of shareholdings in the Company.

The contents of this document are not to be construed as legal, financial, business, investment or tax advice. Investors should consult their own legal adviser, financial adviser or tax adviser for legal, financial, business, investment or tax advice. Investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of, or subscription for Ordinary Shares. Investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, financial, business, investment, tax, or any other related matters concerning the Company and an investment therein. None of the Company, the Investment Manager, Akur, RBC and/or Winterflood nor any of their respective representatives is making any representation to any offeree or purchaser of Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

#### **Notice to U.S. and other overseas investors**

This document may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised or would impose any unfulfilled registration, qualification, publication or approval

requirements on the Company, Akur, RBC and/or Winterflood or to any person to whom it is unlawful to make such offer or solicitation. The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of South Africa or Japan. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within Canada, Australia, the Republic of South Africa or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan.

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered or sold outside the United States to non-U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “**U.S. Investment Company Act**”) and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Ordinary Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation. Any person in the United States who obtains a copy of this document is requested to disregard it.

In relation to the United Kingdom and each member state in the EEA that has implemented the AIFM Directive, no Ordinary Shares have been or will be directly or indirectly offered to or placed with investors in the United Kingdom or that member state at the initiative of or on behalf of the Company or the Investment Manager other than in accordance with methods permitted in the United Kingdom or that member state.

Copies of this document will be available on the Company’s website ([www.tpenergyefficiency.com](http://www.tpenergyefficiency.com)) and the National Storage Mechanism of the FCA at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and hard copies of this document can be obtained free of charge from the Company Secretary.

**Without limitation, neither the contents of the Company’s or the Investment Manager’s website (or any other website) nor the content of any website accessible from hyperlinks on the Company’s or the Investment Manager’s website (or any other website) is incorporated into, or forms part of this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this document alone.**

Dated: 25 August 2020

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## SUMMARY

### 1 INTRODUCTION, CONTAINING WARNINGS

This summary should be read as an introduction to this document and any decision to invest in Ordinary Shares should be based on consideration of this document as a whole by the investor. The investor could lose all or part of its invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in Ordinary Shares.

The securities which the Company intends to issue are Ordinary Shares of the Company of £0.01 each, whose ISIN is GB00BMCBZL07. The SEDOL is BMCBZL0.

Triple Point Energy Efficiency Infrastructure Company plc (the “**Company**”) can be contacted by writing to its registered office, 1 King William Street, London EC4N 7AF, or by calling, within business hours, +44 (0)20 7201 8989.

This document was approved on 25 August 2020 by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN. Contact information relating to the FCA can be found at <https://www.fca.org.uk/contact>.

### 2 KEY INFORMATION ON THE ISSUER

#### 2.1 Who is the issuer of the securities?

The Company is a public company limited by shares incorporated in England and Wales with an unlimited life under the Companies Act and is domiciled in the United Kingdom. The Company is an investment company under section 833 of the Companies Act. The Company’s LEI number is 213800UDP142E67X9X28.

The Company’s principal activity is to invest in Energy Efficiency Projects.

Pending allotment of the Ordinary Shares pursuant to the Initial Issue, the Company is controlled by the Investment Manager. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

The Board is comprised of:

- Dr. John Roberts CBE (Non-Executive Chairperson);
- Rosemary Boot (Non-Executive Senior Independent Director);
- Dr. Anthony White MBE (Non-Executive Director); and
- Sonia McCorquodale (Non-Executive Director).

The Company’s Auditor is BDO LLP of 150 Aldersgate St, Barbican, London EC1A 4AB.

The Company’s investment objective and investment policy are set out below.

#### ***Investment Objective***

The Company’s investment objective is to generate a total return for investors comprising sustainable and growing income and capital growth.

#### ***Investment Policy***

The Company intends to achieve its investment objective by investing in a diversified portfolio of Energy Efficiency investments in the United Kingdom. The term Energy Efficiency refers to assets or processes which reduce primary energy input for a given output, thereby reducing or

eliminating energy waste. Energy Efficiency is one of the cornerstones of the global drive to addressing the climate emergency. The cleanest or greenest energy is the energy that is never used – the projects and assets which deliver such savings are the focus of the Company.

The Group will invest in a range of assets which will contribute or are already contributing to Energy Efficiency in sub-sectors including electricity and heat generation, distribution and end user consumption, and which meet the following criteria:

- contribute towards demonstrable energy (and financial) savings over a “business as usual” scenario;
- are established technologies (the Group will not invest in unproven technologies);
- provide long-term contracts based predominantly on availability, government subsidy or savings-based contracts with high quality industrial, governmental, and corporate Counterparties, including Counterparties which represent multiple end-users; and
- entitle the Company to receive stable, predictable Sterling cash flows over the medium to long-term.

The Group’s returns will typically take the form of contractual payments by Counterparties in respect of equipment, usually installed at their premises (and which may provide index-linked, rental payments), as well as payments under off-take agreements in respect of energy generated and, where available, the Group will capitalise on government incentive programmes.

Contractual payments by Counterparties are expected to be predominantly availability, government subsidy or savings-based. Availability payments will be receivable on the basis that the equipment is available and in suitable working order to deliver the applicable outputs; savings-based payments work by setting an agreed baseline for savings in kWhs up-front and are then ascribed a monetary value by applying the prevailing energy cost, with annual increases based on an agreed energy price index insulating the Company from any changes in the cost of energy.

The Group will invest predominantly in operational Energy Efficiency Projects. It will invest in either single assets or portfolios of multiple assets, via debt and/or equity structures. The Group may, under certain circumstances, invest in Energy Efficiency Projects that are in the Development Phase, the Construction Phase or the Stabilisation Phase, either directly or through funding of a third-party developer, where such investments will deliver an attractive risk adjusted return. In addition, the Group may invest in or acquire minority interests in companies with a strategy that aligns with the Company’s overarching investment objective, such as developers, operators or managers of Energy Efficiency Projects, subject to the restrictions set out below.

In respect of each type of investment, the Group will seek to diversify its commercial exposure by contracting, where practicable, with a range of different equipment manufacturers, project developers and other service providers, as well as off-takers.

Investments may be acquired from a single or a range of vendors and the Group may also enter into joint venture arrangements alongside one or more co-investors, where the Group retains control or has strong minority protections.

#### *Investment restrictions*

The Company will invest and manage its assets with the objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- no single Energy Efficiency Project investment by the Group will represent more than 20 per cent. of Gross Asset Value;
- the aggregate maximum exposure to any Counterparty will not exceed 20 per cent. of Gross Asset Value (and where an Energy Efficiency Project derives revenues from more than one source, the relevant Counterparty exposure in each case shall be calculated by reference to the proportion of revenues derived from payments received from the Counterparty, rather than any other source);

- the aggregate maximum exposure to Energy Efficiency Projects in the Development Phase and the Construction Phase will not exceed, in aggregate, 25 per cent. of Gross Asset Value, provided that, the aggregate maximum exposure to projects in the Development Phase will not exceed 5 per cent. of Gross Asset Value, and the aggregate exposure to any one developer will not exceed 10 per cent. of Gross Asset Value;
- the Group will not invest more than 5 per cent. of Gross Asset Value, in aggregate, in the acquisition of minority stakes in other related companies, and at all times such investments will only be made with appropriate minority protections in place;
- neither the Company nor any of its subsidiaries will invest in any UK listed closed-ended investment companies; and
- the Company will not conduct any trading activities which are significant in the context of the Group as a whole.

The investment limits set out above apply following full investment of the Net Proceeds and following the Group becoming substantially geared (meaning for this purpose borrowings by way of long-term structural debt of 20 per cent. of Gross Asset Value being put in place).

Compliance with the above investment limits will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment limits.

#### *Borrowing Policy*

The Directors intend to use gearing to enhance the potential for income returns and long-term capital growth, and to provide capital flexibility. However, the Company will always follow a prudent approach for the asset class with regards to gearing, and the Group will maintain a conservative level of aggregate borrowings.

Gearing will be employed at the level of the Company, at the level of any intermediate wholly-owned subsidiary of the Company or at the level of the relevant Project SPV, and any limits set out in this document shall apply on a look-through basis. The Company's target medium term gearing for the Group will be up to 40 per cent. of Gross Asset Value, calculated at the time of drawdown.

The Group may enter into borrowing facilities at a higher level of gearing at the intermediate subsidiary level or at the Project SPV level, provided that the aggregate borrowing of the Group shall not exceed a maximum of 45 per cent. of Gross Asset Value, calculated at the time of drawdown.

Debt may be secured with or without a charge over some or all of the Group's assets, depending on the optimal structure for the Group and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles. Intra-group debt between the Company and subsidiaries will not be included in the definition of borrowings for these purposes.

#### *Hedging and Derivatives*

The Company will not employ derivatives for investment purposes. Derivatives may however be used for efficient portfolio management.

The Group will only enter into hedging contracts (in particular, in respect of inflation, interest rate, electricity price and commodity price hedging) and other derivative contracts when they are available in a timely manner and on acceptable terms. The Company reserves the right to terminate any hedging arrangement in its absolute discretion. Any such hedging transactions will not be undertaken for speculative purposes.

#### *Cash management*

The Company may hold cash on deposit for working capital purposes and awaiting investment and, as well as cash deposits, may invest in cash equivalent investments, which may include government issued treasury bills, money market collective investment schemes, other money market instruments and short-term investments in money market type funds ("**Cash and Cash**

**Equivalents**”). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.

***Changes to and compliance with the investment policy***

Any material change to the Company’s investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the investment guidelines and/or the investment restrictions set out above, the Investment Manager shall inform the Board as soon as practicable upon becoming aware of any breach. If the Board considers the breach to be material, notification will be made through an announcement via a Regulatory Information Service.

**2.2 What is the key financial information regarding the issuer?**

No key financial information is included in this document as the Company is yet to commence operations.

**2.3 What are the key risks that are specific to the issuer?**

The attention of investors is drawn to the risks associated with an investment in the Company which, in particular, include the following:

***Key risks relating to the Company***

- The Company is newly formed with no operating history and so investors have no basis on which to evaluate the Company’s ability to achieve its investment objective and provide a satisfactory investment return.
- The Company, whose Board is non-executive and which has no employees, is reliant upon the performance of third-party service providers for its executive function.

***Key risks relating to the investment policy***

- There can be no guarantee or assurance the Company will achieve its investment objective, which is a target only.
- The Company’s targeted returns are targets only and are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns.
- The Company’s semi-annual announcements of Net Asset Value will be based on estimates provided by the Investment Manager; actual results may vary significantly from the projections, which may have a material adverse effect on the Company’s profitability, the Net Asset Value and the price of the Ordinary Shares.
- As the Company’s revenue will be derived from the Energy Efficiency Projects in the portfolio, the failure by a Counterparty to pay contractual payments or the early termination of an Energy Efficiency Project due to a Counterparty’s insolvency may substantially affect the value of the portfolio and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company’s earnings and returns to Shareholders.
- There is no guarantee that the Net Proceeds will be deployed in a timely manner, or at all. Any delay in initial deployment of the Net Proceeds may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company’s earnings and returns to Shareholders.
- The Company has not entered into binding contractual arrangements for the acquisition of the identified pipeline opportunities and so there can be no assurance that any of them can be acquired by the Company or, if available, at what price. The individual holdings within the Company’s portfolio may therefore be substantially different to the current identified pipeline opportunities.

### **Key risks relating to making investments**

- If material risks are not uncovered by the due diligence process undertaken prior to the Company making an investment in an Energy Efficiency Project and/or such risks are not adequately protected against in the acquisition or investment documentation, this may have a material adverse effect on the Energy Efficiency Project and consequently a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### **Key risks relating to Energy Efficiency Projects**

- If the machinery and equipment installed as part of an Energy Efficiency Project fails, this could give rise to remediation rights for the Counterparty, the withholding of part or all of the contractual payment payable to the Group, termination of the relevant contract for the default of the Group and/or additional maintenance expenditure. This could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### **Key risks relating to regulation, taxation and the Company's operating environment**

- The operation, maintenance and performance of Energy Efficiency Projects in which the Group may invest in or acquire in the future may be affected by the impact on the global economy and businesses that COVID-19 (or another pandemic or epidemic) is currently having or may have in the future.

## **3 KEY INFORMATION ON THE SECURITIES**

### **3.1 What are the main features of the securities?**

#### **3.1.1 Ordinary Shares**

The securities which the Company intends to issue are Ordinary Shares of the Company of £0.01 each, whose ISIN is GB00BMCBZL07. Immediately following Initial Admission, the Company will have one class of share in issue.

The Ordinary Shares are denominated in Sterling. The Ordinary Shares are being offered under the Initial Issue at the Issue Price of 100 pence per Ordinary Share.

Set out below is the issued share capital of the Company as at the date of this document:

	<b>Aggregate nominal value</b>	<b>Number</b>
Management Shares of £1.00 each	£50,000	50,000
Ordinary Shares	£0.01	1

The Ordinary Share in issue is fully paid up. To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under section 761 of the Companies Act, on 23 July 2020, 50,000 Management Shares were allotted to the Investment Manager. The Management Shares are fully paid up and will be redeemed immediately following Initial Admission out of the proceeds of the Initial Issue.

#### **3.1.2 Rights attaching to the Ordinary Shares**

The Ordinary Shares have the following rights:

*Dividend:* The holders of the Ordinary Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares that they hold.

*Rights as respect to capital:* On a winding-up, provided the Company has satisfied all its liabilities and subject to the rights conferred on any other class of shares in issue at that time to participate in the winding-up, the holders of Ordinary Shares shall be entitled to all the surplus assets of the Company.

*Voting:* The Ordinary Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company and on a poll, to one vote for each Ordinary Share held.

### 3.1.3 Restrictions on the free transferability of Ordinary Shares

There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with applicable securities laws.

### 3.1.4 Dividend policy and target returns

Whilst not forming part of the Company's investment policy, the Company intends to pay dividends on a semi-annual basis with dividends typically declared in respect of the periods ending 31 March and 30 September and paid in June and December, respectively.

Distributions made by the Company may either take the form of dividend income, or of "qualifying interest income" which may be designated as interest distributions for UK tax purposes. It is expected that a significant proportion of the Company's distributions will take the form of qualifying interest income. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a Shareholder depending upon the classification of such distributions. **Prospective investors who are unsure about the tax treatment that will apply in respect of any distributions made by the Company should consult their own tax advisers.**

The Company is targeting an initial dividend yield of 5 per cent per annum in the first full financial year and, thereafter, the Company will seek to adopt a progressive dividend policy. The Company is targeting a first interim dividend of 1 penny per Ordinary Share in respect of the period from Initial Admission to 31 March 2021, payable in June 2021. Further, the Company is targeting a net Total Shareholder Return of 7-8 per cent. per annum in the medium term (by reference to the Issue Price) following full investment of the Net Proceeds and associated gearing.

Dividends on Ordinary Shares will be declared and paid in Sterling.

**The dividend and return targets stated above are Sterling denominated returns targets only and not a profit forecast. There can be no assurance that these targets will be met and they should not be taken as an indication of the Company's expected future results. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend and target net Total Shareholder Return are reasonable or achievable.**

**Investors should note that references in this document to "dividends" and "distributions" are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.**

In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

In order to increase the distributable reserves available to facilitate the payment of future dividends, the Company has resolved that, conditional upon Initial Admission and the approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Initial Issue be cancelled and transferred to a special distributable reserve. The Company may, at the discretion of the Board, pay all or part of any future dividends out of this special distributable reserve, considering the Company's investment objective.

### 3.2 Where will the securities be traded?

Application will be made to the London Stock Exchange for all of the Ordinary Shares (issued and to be issued) to be admitted to trading on the Specialist Fund Segment of the Main Market. No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other stock exchange.

The Company expects to be awarded the London Stock Exchange Green Economy Mark.

### **3.3 What are the key risks specific to the securities?**

The attention of investors is drawn to the risks associated with an investment in the Ordinary Shares which, in particular, include the following:

- the value of an investment in the Company, and the returns derived from it, if any, may go down as well as up and an investor may not get back the amount invested;
- the market price of the Ordinary Shares may fluctuate independently of the Net Asset Value per Ordinary Share and may trade at a discount or premium to the Net Asset Value per Ordinary Share at different times;
- it may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares; and
- the Company may issue additional Ordinary Shares, which may cause the market price of the existing Ordinary Shares to decline and/or be dilutive to existing Shareholders who cannot, or choose not to, participate.

## **4 KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET**

### **4.1 Under which conditions and timetable can I invest in this security?**

The Company is targeting an issue of 200 million Ordinary Shares pursuant to the Initial Issue comprising the Initial Placing and the Offer for Subscription. Ordinary Shares will be issued pursuant to the Initial Issue at an Issue Price of 100 pence per Ordinary Share.

The Offer for Subscription will remain open until 11.00 a.m. on 12 October 2020 and the Initial Placing will remain open until 2.00 p.m. on 13 October 2020. If the Initial Issue is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

The Directors may issue up to a further 200 million Ordinary Shares pursuant to the Placing Programme without having to first offer those Ordinary Shares to existing Shareholders. The issue of Ordinary Shares is at the discretion of the Directors.

Following the Initial Issue, the Placing Programme may be implemented by any placing of Ordinary Shares pursuant to the Placing Programme.

The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The Placing Programme will open on 19 October 2020 and will close on 24 August 2021 (or an earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors).

Applications will be made for the Ordinary Shares to be issued pursuant to the Initial Issue and the Placing Programme to be admitted to trading on the Specialist Fund Segment of the Main Market.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are expected to be approximately £4 million, equivalent to approximately 2 per cent. of the Initial Gross Proceeds, assuming Initial Gross Proceeds of £200 million. The costs will be deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Ordinary Share will be approximately 98 pence, assuming Initial Gross Proceeds of £200 million.

The costs and expenses of each Subsequent Placing pursuant to the Placing Programme will depend on subscriptions received. The costs of any issue of Ordinary Shares will be covered by issuing such Ordinary Shares at a premium to the prevailing Net Asset Value per Ordinary Share at the time of the issue.

No dilution will result from the Initial Issue. If an existing Shareholder does not subscribe for Ordinary Shares issued under the Placing Programme, such Shareholder's proportionate ownership and voting rights in the Company will be reduced.

The Initial Issue is conditional, *inter alia*, on: (i) Initial Admission having become effective on or before 8.00 a.m. on 19 October 2020 or such later time and/or date as the Company, the Investment Manager, Akur, RBC and Winterflood may agree (being not later than 8.00 a.m. on 31 December 2020); and (ii) the Placing and Offer Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds, being £100 million (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood may agree) being raised.

Each allotment and issue of Ordinary Shares pursuant to a Subsequent Placing under the Placing Programme, following the Initial Issue, will be conditional, *inter alia*, on: (i) Admission of the relevant Ordinary Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager, Akur, RBC and Winterflood may agree from time to time in relation to that Admission, not being later than 24 August 2021; (ii) a valid supplementary prospectus being published by the Company, if such is required by the Prospectus Regulation Rules; (iii) the Placing Programme Price being determined by the Directors; and (iv) the Placing and Offer Agreement being wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

## **4.2 Why is this prospectus being produced?**

### **4.2.1 Reasons for the issue**

The Initial Issue is intended to raise money for investment in accordance with the Company's investment objective and investment policy. The Directors intend to use the Net Proceeds, after providing for the Company's operational expenses, to purchase investments in line with the Company's investment objective and investment policy. Following the Initial Issue, the Company may wish to issue further Ordinary Shares to raise additional capital. The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy. Neither the Initial Issue nor any Subsequent Placing will be underwritten.

### **4.2.2 Estimated net proceeds**

The Company is targeting an issue of 200 million Ordinary Shares pursuant to the Initial Issue. The Net Proceeds are dependent on the level of subscriptions received. Assuming Initial Gross Proceeds are £200 million, the Net Proceeds will be approximately £196 million.

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and policy.

## RISK FACTORS

An investment in the Ordinary Shares carries a number of risks, including the risk that the entire investment may be lost. In addition to all other information set out in this document, the following specific factors should be considered when deciding whether to make an investment in the Ordinary Shares. The risks set out below are those that are considered to be the material risks relating to the Company and to an investment in the Ordinary Shares but are not the only risks relating to the Company and to such investment in the Ordinary Shares. No assurance can be given that Shareholders will realise profit on, or recover the value of, their investment in the Ordinary Shares. It should be remembered that the price of securities can go down as well as up.

Prospective investors should note that the risks relating to the Company, its investment strategy and the Ordinary Shares summarised in the section of this document headed “Summary” are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed “Summary” but also, among other things, the risks and uncertainties described in this “Risk Factors” section. Additional risks and uncertainties not currently known to the Company or the Directors or that the Company or the Directors consider to be immaterial as at the date of this document may also have a material adverse effect on the Company’s financial condition, business, prospects and results of operations and, consequently, the Company’s Net Asset Value and/or the market price of the Ordinary Shares.

The Specialist Fund Segment is only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in securities traded on the Specialist Fund Segment is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. Investors in the Company are expected to be institutional investors, professional investors, professionally advised investors and knowledgeable investors who understand, or who have been advised of, the potential risks from investing in the Company.

Potential investors in the Ordinary Shares should review this document carefully in its entirety and consult with their professional advisers prior to making an application to subscribe for Ordinary Shares. In particular, prospective investors should note that the risks relating to Energy Efficiency Projects do not necessarily apply to each Energy Efficiency Project. The nature, terms, structure and characteristics of each Energy Efficiency Project vary significantly between each asset. The risks relating to Energy Efficiency Projects should be read in conjunction with the provisions of this document relating to Energy Efficiency Projects generally.

### RISKS RELATING TO THE COMPANY

#### *The Company has no operating history*

The Company was incorporated on 23 June 2020, has no operating results and will not commence operations until it has obtained funding through the Initial Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company’s ability to achieve its investment objective and provide a satisfactory investment return.

The Company’s returns will depend on many factors, including the performance of its investments and the availability and liquidity of investment opportunities within the scope of the Company’s investment objective and investment policy. There can be no assurance that the Company’s investment policy will be successful.

#### *The Company has no employees and is reliant on the performance of third-party service providers*

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company will be reliant upon the performance of third-party service providers for its

executive functions. In particular, the Investment Manager, the Depositary, the Administrator and the Registrar will be performing services which are integral to the operation of the Company.

Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company or administration of its investments. The termination of the Company's relationship with any third-party service provider or any delay in appointing a replacement for such service provider, could disrupt the business of the Company materially and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

#### **RISKS RELATING TO THE INVESTMENT POLICY**

***The Company may not meet its investment objective and there is no guarantee that the Company's target dividend and/or target returns, as may be adopted from time to time, will be met***

The Company may not achieve its investment objective. Meeting the investment objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

The Company's investment objective is to generate an attractive total return for investors comprising sustainable and growing income and capital preservation, with the opportunity for capital growth. The payment of future dividends and the level of any future dividends paid by the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing its investment policy and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant laws or generally accepted accounting principles from time to time. There can be no assurance that any dividends will be paid in respect of any financial year or period and no guarantee as to the level of any future dividends to be paid by the Company. There is no guarantee that the Company will achieve the stated target net Total Shareholder Return referred to in this document and therefore achieve its return objective.

***The Company's targeted returns are based on estimates and assumptions that are inherently subject to significant uncertainties and contingencies, and the actual rate of return may be materially lower than the targeted returns***

The Company's targeted returns set out in this document are targets only and are based on estimates and assumptions about a variety of factors including, without limitation, value, yield and performance of the Group's Energy Efficiency Projects (including the performance and reliability of the underlying asset technology), which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targeted returns. The Company may not be able to implement its investment objective and investment policy in a manner that generates returns in line with the targets.

Furthermore, the targeted returns are based on the market conditions and the economic environment at the time of assessing the targeted returns and are therefore subject to change. In particular, the targeted returns assume no material changes occur in government regulations or other policies, or in law and taxation, and that the Company is not affected by the occurrence of risks described elsewhere in this document. There is no guarantee that actual (or any) returns can be achieved at or near the levels set out in this document. Accordingly, the actual rate of return achieved may be materially lower than the targeted returns, or may result in a partial or total loss, which could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

#### ***Reliance on projections***

Investment valuation will be based on financial projections for the Group's relevant Energy Efficiency Projects. These projections will be primarily based on the Investment Manager's assessment and are only estimates of future results, based on assumptions made at the time of the projection.

The Company's semi-annual announcements of Net Asset Value will be based on estimates provided by the Investment Manager. The financial information relating to the Company's portfolio,

on which the semi-annual valuations will be based, will be based on management information provided by the Investment Manager. Actual results may vary significantly from the projections, which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***Issues may arise with the Group's Counterparties that could affect their ability to make contractual payments***

As the Company's revenue will be derived from the Energy Efficiency Projects in the portfolio, the Group will be exposed to the financial strength of the Counterparties to such projects and their ability to meet their contractual payment obligations. Prior to investing in an Energy Efficiency Project, the Investment Manager will undertake an extensive due diligence review to assess the creditworthiness of a Counterparty and its ability to meet its contractual payment obligations to the Group. In addition, as part of the structuring of an investment, the Investment Manager will look to build in suitable mechanisms to protect the Group's income stream from the relevant Energy Efficiency Project, which may include parent guarantees and liquidated damages payments on termination. The Group's exposure to defaults may be further mitigated by contracting with Counterparties who are public sector or quasi-public sector bodies or who are able to draw upon government subsidies to partly fund contractual payments. Whilst all of these steps will be taken to mitigate the risk of a default in payment by a Counterparty, there can be no assurance that issues will not arise in relation to a Counterparty that will lead to such a payment default occurring. Such a default may be temporary or permanent, and may include the insolvency of the Counterparty that may lead to the early termination of an Energy Efficiency Project before the end of its contractual term. The failure by a Counterparty to pay the contractual payments due, or the early termination of an Energy Efficiency Project due to insolvency, may materially affect the value of the portfolio and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***Availability of appropriate investments and attractive investment terms for investments***

There is no guarantee that the Net Proceeds will be deployed in a timely manner, or at all, and the Company has not committed to making any investments. Competition for such investments, in the primary investment or secondary investment markets, may result in the Company being unable to make investments, which may further limit the Company's ability to generate its targeted returns.

If the Investment Manager is not able to source a sufficient number of suitable investments within a reasonable timeframe whether by reason of lack of demand, competition or otherwise, a greater proportion of the Company's assets will be held in cash for longer than anticipated and the Company's ability to achieve its investment objective will be adversely affected. Any delays in the speed of capital deployment may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Company expects the Net Proceeds to be invested or committed within a period of six to nine months after Initial Admission (subject to market conditions). There can be no guarantee that initial deployment of the Net Proceeds will be achieved in the timeframe referred to above. Any delay in the initial deployment of the Net Proceeds may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***Identified pipeline investments are not subject to binding contractual obligations***

Although the Group, through TEEC Holdings Limited, has entered into the Option Agreement in relation to the Target CHP+ Assets, no investment opportunities from the identified pipeline opportunities have been contracted to be acquired by the Group and there are no contractually binding obligations for the sale and purchase of the pipeline opportunities. Therefore, there can be no assurance that any of the pipeline opportunities identified in this document will remain available for purchase after Initial Admission or, if available, at what price (if a price can be agreed at all) the investments can be acquired by the Group. The individual holdings within the Company's portfolio may therefore be substantially different to the current identified pipeline opportunities.

***The Energy Efficiency Projects in which the Group will invest are inherently illiquid in nature***

The Group will invest in Energy Efficiency Projects. The Company expects the Group to enter into Energy Efficiency Projects ranging in term from approximately 5 years to 30 years. Such investments are illiquid, they may be difficult for the Group to sell and the price achieved on any

realisation may be at a discount to the prevailing valuation of the relevant Energy Efficiency Project. The inability of the Group to exit an Energy Efficiency Project in good time or for a price that it considers to represent the fair value of such investment prior to the expiration of the term of the Energy Efficiency Project could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***The valuation of Energy Efficiency Projects is inherently subjective and subject to uncertainties***

The Company will publish its Net Asset Value on a semi-annual basis. The valuations used to calculate the Net Asset Value will be based on the Investment Manager's estimated market values of the Company's investments, which will be reviewed by the Company's auditor at each valuation date. It should be noted that such estimates may vary (in some cases materially) from the results published in the Company's financial statements (as the figures are published at different times) and that they, and any Net Asset Value figure published, may vary (in some cases materially) from the values that are ultimately realised throughout the life of those investments (being the "realisable" value).

Accordingly, Net Asset Value figures issued by the Company should be regarded as indicative only and investors should be aware that the "realisable" Net Asset Value per Ordinary Share may be materially different from those figures. There is no single standard for determining fair value and, in many cases, fair value is best expressed as a range of fair values from which a single estimate may be derived. The types of factors that may be considered when applying fair value pricing to an investment include: latest applicable legal, financial, technical and insurance due diligence; cash flows which are contractually required or assumed in order to generate the returns; the effect of underlying power and commodity prices on the cash flows from the Energy Efficiency Projects; creditworthiness of a Counterparty and delivery partner counterparties (including EPC Contractors, O&M Contractors and other subcontractors); changes to the economic, legal, taxation or regulatory environment; claims or other disputes or contractual uncertainties; changes to revenue and cost assumptions; and macroeconomic factors such as changes in interest rates and bond yields.

Given that the Company gives no assurance as to the values that the Company records from time to time, it is possible that the Company may record materially higher values in respect of its investments than the values that are ultimately realised throughout the life of those investments. In such cases, the Net Asset Value will be adversely affected. Changes in values attributed to investments during each six-month period may result in volatility in the Net Asset Values that the Company reports from period to period. Such volatility in the value of the Portfolio could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***Exposure to power prices and risk to hedging power prices***

The Group intends to make investments in projects and concessions with revenue exposure to power prices. The market price of electricity is volatile and is affected by a variety of factors, including market demand for electricity, the generation mix of power plants, government support for various forms of power generation, as well as fluctuations in the market prices of commodities and foreign exchange. Whilst some of the Company's portfolio of Energy Efficiency Projects may benefit from fixed price arrangements, others may have part of their revenue stream subject to prevailing power prices.

Many factors could lead to changes in market demand for electricity, including changes in consumer demand patterns. Increased usage of smart grids, a rise in demand for electric vehicle charging capacity and residential participation in renewable energy generation could all impact demand levels and patterns for electricity. There can be no guarantee that the Company's investments will be positively impacted by such changing dynamics which could have a material adverse effect on the Company's profitability, the Net Asset Value, the Company's earnings and returns to Shareholders.

Furthermore, to the extent that the Group enters into contracts to fix the price that it receives on the electricity generated or enters into derivatives with a view to hedging against fluctuations in power prices, the Group will be exposed to risk related to delivering an amount of electricity over a specific period. If there are periods of non-production the Group may need to pay the difference between the price it has sold the power at and the market price at that time. In circumstances where the market price is higher than the fixed or hedged price this could have a material adverse effect on the Company's profitability, Net Asset Value, the Company's earnings and returns to

Shareholders. To the extent that the Group relies on derivatives to hedge its exposure to fluctuations in power prices, it will be subject to counterparty risk. A failure by a hedging counterparty to discharge its obligations could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***The Group's investments may be adversely affected by poor performance of a particular sector or industry***

The Group's investments are intended to be diversified by sector and industry, subject to market constraints and the discrete nature of investment opportunities within the Energy Efficiency sector. The diversification of its investments is intended to mitigate the Group's exposure to adverse events associated with specific investments and sectors. Contractual payments may be volume based or tied to the Group achieving certain performance standards or energy savings for the Counterparty. The contractual arrangements governing Energy Efficiency Projects will sometimes include a provision to increase the contractual payment on an annual basis, such percentage increase sometimes being linked to inflation. The Company's returns may be adversely affected by macro-economic underperformance or by the unfavourable performance of particular sectors or industries, if they affect the performance or prospects of companies who are the Counterparties to contractual arrangements governing the Energy Efficiency Projects. This adverse effect may be amplified the more Counterparties are in, or connected to, the affected sector or industry. Should the Company's returns be adversely affected by virtue of such poor performance, or should such adverse effect be amplified by virtue of concentration of the portfolio to any particular industry or sector, this would have a material adverse effect on the value of the portfolio, the Company's financial condition, results of operations and prospects, which could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***Use of borrowings***

The Group may use borrowings for multiple purposes, including for investment purposes. While the use of borrowings should enhance the total return on the Ordinary Shares, where the return on the Group's portfolio of Energy Efficiency Projects exceeds the cost of borrowing, it will have the opposite effect where the return on the Group's portfolio of Energy Efficiency Projects is lower than the cost of borrowing. The use of borrowings by the Group may increase the volatility of the Net Asset Value per Ordinary Share.

To the extent that a fall in the value of the Group's portfolio of Energy Efficiency Projects causes gearing to rise to a level that is not consistent with the Company's borrowing and gearing policy, borrowing limits or loan covenants, the Group may have to sell investments in order to reduce borrowings. Such investments may be difficult to realise and therefore the market price which is achievable may give rise to a significant loss of value compared to the book value of the relevant Energy Efficiency Projects, as well as a reduction in income from the Group's portfolio.

Any amounts that are secured under a bank facility will rank ahead of Shareholders' entitlements and accordingly, should the Group's portfolio of Energy Efficiency Projects not grow at a rate sufficient to cover the costs of operating such projects, on a liquidation of the Company, Shareholders may not recover all or any of their investment.

The Group may also find it difficult, costly or not possible to refinance future indebtedness as it matures or that the terms become more expensive. For example, the Group may be unable to enter into an agreement to secure refinancing on similar terms or on a timely basis or at all. Further, if interest rates are higher when any relevant indebtedness is refinanced, the Group's finance costs could increase. Any of the foregoing events may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders and may lead to Shareholder dilution as a result of further equity capital raisings by the Company or the forced sales of assets.

The Group may incur debt with a floating rate of interest and be exposed to interest rate risk due to fluctuations in prevailing market rates. Changes in interest rates may also affect the valuation of the investment portfolio by impacting the valuation discount rate. The Group may hedge or partially hedge interest rate exposure on borrowings. However, such measures may not be sufficient to protect the Group from adverse movements in prevailing interest rates to the extent exposures are unhedged or hedges are inadequate to offer full protection. If exposures are unhedged, interest rate movements may lead to mark-to-market movements which may be positive or negative and upon

breaking of such hedges may cause crystallisation of gains or losses. In addition, hedging arrangements expose the Group to credit risk in respect of the hedging counterparty. Increased exposure to interest movements may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### ***Inflation***

Inflation may be higher or lower than expected. The revenue and expenditure of certain Energy Efficiency Projects may be partially index-linked and therefore any discrepancy with the Company's inflation expectations could impact positively or negatively on the Company's cashflows. From a financial modelling perspective, an assumption is usually made that inflation will exist at a long-term rate. The effect on revenue and price projections and more generally on investment returns, if inflation overshoots or undershoots the original projections for this long-term rate, is dependent on the nature of the underlying project earnings and any indexation provisions agreed with the relevant Counterparty on any project. The consequences of higher or lower levels of inflation than those assumed by the Company will not be uniform across the portfolio. An investment in the Company cannot be expected to provide protection from the effects of inflation or deflation. In the event that actual inflation differs from forecasts or projected levels, this could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### ***UK exit from the European Union***

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("**Brexit**") and Article 50 of the Treaty on the European Union was triggered on 29 March 2017. While the UK left the EU pursuant to a withdrawal agreement (the "**Withdrawal Agreement**") on 31 January 2020, the terms of the UK's future relationship with the EU remain uncertain. In particular, there is no certainty that the UK government will be able to negotiate and agree a trade deal with the EU before the expiry of the transition period provided for under the Withdrawal Agreement, or at all, or what the terms of any such trade deal would be. The extent of the impact on the Group will depend in part on the nature of the arrangements that are put in place between the UK and the EU and the extent to which the UK continues to apply laws that are based on EU legislation.

The Group may be subject to a significant period of uncertainty in the period following Brexit, including, *inter alia*, uncertainty in relation to any potential regulatory or tax change. In addition, the macroeconomic effect of Brexit and/or the terms of any future trade deal between the UK and the EU on the value of investments in the Group's portfolio is unknown. The UK's exit from the EU and/or the terms of any future trade deal between the UK and the EU could also create significant UK (and potentially global) stock market and foreign exchange market uncertainty, which may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders. It could also potentially make it more difficult for the Company to raise capital in the EU and/or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns.

## **RISK RELATING TO MAKING INVESTMENTS**

### ***Due diligence risks***

Prior to making an investment in an Energy Efficiency Project, the Investment Manager will undertake commercial, financial, technical and legal due diligence on the relevant Energy Efficiency Project. Notwithstanding that such due diligence is undertaken, it may not uncover all of the material risks affecting such project and/or such risks may not be adequately protected against in the acquisition or investment documentation. The Group may acquire Energy Efficiency Projects with unknown liabilities and without any recourse, or with limited recourse, with respect to unknown liabilities. If an unknown liability was later asserted in respect of the relevant Energy Efficiency Project, the Group might be required to pay substantial sums to settle it or enter into litigation proceedings, which could adversely affect cash flow and the result of its operations.

Accordingly, in the event that material risks are not uncovered and/or such risks are not adequately protected against, this may have a material adverse effect on the Energy Efficiency Project and consequently a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

The Group will have reliance on due diligence reports prepared by professionals appointed by the Investment Manager in relation to an Energy Efficiency Project. There is a risk that, notwithstanding this reliance relationship, the relevant professional adviser has limited its liability or is otherwise able to avoid liability to the Company. Should that be the case, the Group may be unable to recover losses suffered as a result of its reliance on such professional adviser.

### ***Construction risks for certain Energy Efficiency Projects***

Whilst the Group will seek to invest in predominantly operational assets (projects where the underlying assets and infrastructure have already been installed, and is already in operation, at the Counterparty's premises), it is possible that new Energy Efficiency Projects entered into by the Group could relate to projects that are in the Construction Phase or the Development Phase.

Energy Efficiency Projects that are in the Construction Phase or the Development Phase may be exposed to certain risks, such as cost overruns, construction delay and construction defects that may be outside the Group's control. The engineering, procurement and construction obligations relating to an Energy Efficiency Project in the Construction Phase or the Development Phase will be undertaken by third party EPC Contractors appointed by the Group, who will be outside the direct control of the Group. The Group will seek to contract with EPC Contractors of good standing and with a strong track record, and will seek to ensure that any contract with the EPC Contractor, and the other contracts relating to the relevant project, will contain sufficient protections to ensure that the Group will be adequately compensated should it suffer any losses due to any delays or defects in the completion of the Energy Efficiency Project, or if commissioning of the Energy Efficiency Project is never completed.

Should completion of any project overrun (both in terms of time and budget), there is a risk that payments may be required to be made to (or withheld by) a Counterparty in relation to the late installation of the relevant assets and infrastructure. If the completion of a project overruns, it would also result in a delayed start of contractual payments due to the Group, which could affect the Company's ability to achieve its target returns, depending on the nature and scale of such delay. In addition, any error or deviation from project specifications during the Construction Phase may lead to additional costs or expenses being incurred by the Group and could thus result in a lower profit for the Group.

There can be no assurance, however, that the liability regimes in the relevant contracts with the EPC Contractors will be sufficient to cover all of the losses incurred by the Group where a project has overrun (both in terms of time and budget) or an error or deviation in project specifications has occurred, or that, following termination by the Group of the EPC Contract (and other project agreements), the Group will be able to recover all of its losses from the relevant EPC Contractor. It is also possible that an EPC Contractor may become insolvent or otherwise unable to pay its debts as they fall due, further restricting the Group's ability to recover its losses.

If no compensation from the relevant EPC Contractor (or any guarantor) can be obtained by the Group, the anticipated returns of the Group may be adversely affected. Further, if an EPC Contractor is liable to repair or remedy any construction defect, there is a risk that such EPC Contractor will not carry out such repair or remedy by the agreed deadline or at all and/or the relevant defects may not be sufficiently covered by warranty. Even if such defects are covered by warranty, there is also a possibility that such defects may only occur after the warranty period expires, or that the relevant damages exceed the scope of the warranty and therefore cannot be fully recovered.

Additional costs and expenses, delays in construction or carrying out repairs, lack of warranty cover and/or operational failures or malfunction of an Energy Efficiency Project and delays in the production or supply of energy may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### ***The Group may not retain 100 per cent. control of an Energy Efficiency Project***

Under certain investment structures, the Group may retain less than a 100 per cent. interest in a particular Energy Efficiency Project and the remaining ownership interest will be held by one or more third parties, which could include other funds managed by the Triple Point Group. In such instances, the Group may acquire a controlling or non-controlling interest.

These investment arrangements may expose the Group to the risk that:

- co-owners become insolvent or bankrupt, or fail to fund their share of any capital contribution which might be required, which may result in the Group having to pay the co-owner's share or risk losing the investment;
- co-owners have economic or other interests that are inconsistent with the Group's interests and are in a position to take or influence actions contrary to the Group's interests and plans, which may create impasses on decisions and affect the Group's ability to implement its strategies and/or dispose of the asset or entity;
- disputes develop between the Group and co-owners, with any litigation or arbitration resulting from any such disputes increasing expenses and distracting the Board and the Investment Manager from their other managerial tasks;
- co-owners do not have enough liquid assets to make cash advances that may be required in order to fund operations, maintenance and other expenses related to the relevant Energy Efficiency Project which could result in the loss of income and may otherwise adversely affect the operation and maintenance of the Energy Efficiency Project;
- a co-owner breaches agreements related to the Energy Efficiency Project, which may cause a default under such agreements and result in liability for the Group;
- the Group may, in certain circumstances, be liable for the actions of co-owners; and
- a default by a co-owner constitutes a default under financing documents relating to the investment, which could result in a foreclosure and the loss of all or a substantial portion of the investment made by the Group.

Any of the foregoing may have a material adverse effect on the Company's profitability, the Net Asset Value and the price of the Ordinary Shares.

In addition, in circumstances where the Group does not hold a controlling interest in the relevant investment it may, (i) have limited influence, or (ii) not be able to block certain decisions made collectively by the majority equity holders or senior lenders. This may result in decisions being made about the relevant investment that are not in the interests of the Group. In such circumstances, the Group will secure its shareholder rights through contractual and other arrangements, to, *inter alia*, ensure that the Energy Efficiency Project is operated and managed in a manner that is consistent with the Company's investment policy. However, this lack of control may have a significant impact and may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

#### ***Unsuccessful transaction costs***

There is a risk that the Group may incur substantial legal, financial and other advisory expenses arising from unsuccessful transactions which may include expenses incurred in dealing with transaction documentation and legal, accounting and other due diligence.

### **RISK RELATING TO ENERGY EFFICIENCY PROJECTS**

#### ***Risks relating to the failure of machinery and equipment***

If the machinery and equipment installed as part of an Energy Efficiency Project fails, this could give rise to remediation rights for the Counterparty under the relevant Energy Efficiency Project. In addition, the contractual arrangements governing Energy Efficiency Projects may also include key performance indicators ("KPIs"), against which the performance of the assets and infrastructure will be measured. Where such KPIs are not met, the Counterparty may be entitled, pursuant to the terms of the Energy Efficiency Project, to withhold part or all of the contractual payment payable to the Group or to terminate the relevant contract for the default of the Group.

In order to mitigate this risk, the Investment Manager will procure that the Group uses proven technologies, typically backed by manufacturer warranties, when installing machinery and equipment as part of an Energy Efficiency Project. However, in the event that such machinery and equipment fails and the Counterparty is entitled to exercise its remediation rights (such as withholding payment of some or all of the contractual payments), and if the mitigating actions taken by the Investment Manager or Group should prove insufficient to cover the cost of such remediation action (including due to the insolvency or otherwise of an O&M Contractor or its guarantor), this will affect the returns generated by the relevant Energy Efficiency Project, which is likely to have a material adverse effect

on the value of the portfolio and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

In addition, in the event that the machinery and equipment to be used by an Energy Efficiency Project owned by the Group do not operate for the period of time assumed by the Investment Manager or require significantly more maintenance expenditure than assumed, it could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### ***Risks relating to the use of O&M Contractors***

The Group will implement a maintenance programme for each Energy Efficiency Project and will typically appoint O&M Contractors with a strong track record to carry out such maintenance pursuant to an O&M Contract. Typically, the O&M Contract will contain back-to-back KPIs against the same performance criteria contained in the correlating Energy Efficiency Project, to enable the Group to pursue the O&M Contractor, often on a liquidated damages basis, for any loss of revenue caused by a failure to meet all KPIs. Typically, the O&M Contract will also contain back-to-back termination provisions and termination payments to enable the Group to recover costs and losses associated with early termination from the O&M Contractor.

The Investment Manager will also seek to procure appropriate guarantees from the vendors of the relevant machinery and equipment used by an Energy Efficiency Project in favour of the Group. The Investment Manager will seek to ensure that the O&M Contracts will match the life of such guarantees.

However, there can be no assurance that the steps taken will be sufficient to extinguish entirely any risk that the machinery and equipment may fail, and there can be no assurance that the protections contained in the relevant O&M Contract (or any other mitigating actions taken by the Investment Manager or the Group) will be sufficient to cover any loss suffered by the Group. For example, the Investment Manager may not be able to procure that the KPIs and the liability and termination regimes contained in the contractual arrangements governing an Energy Efficiency Project are entirely aligned with the equivalent protections contained in the relevant O&M Contract. Moreover, the Group is exposed to the risk that the O&M Contractor (or its guarantor) becomes insolvent or is otherwise unable to pay its debts as they fall due (in spite of its strong track record), and is therefore unable to pay the damages set forth in the relevant O&M Contract.

In addition, O&M Contractors may be required to hold a variety of licences in order to perform their services under the relevant O&M Contract. Should the O&M Contractors or their subcontractors not be able to obtain (or lose) any requisite licence, this may delay the maintenance of the relevant project infrastructure.

The Group may appoint the same O&M Contractors in respect of more than one Energy Efficiency Project. These multiple appointments create a concentration risk that would magnify the quantum of any losses should that O&M Contractor (or its guarantor) become insolvent or otherwise be unable to fulfil its obligations under each of the relevant O&M Contracts.

A failure in the performance of an O&M Contractor may therefore have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### ***Events outside the control of the Group may give a Counterparty the right to reduce its contractual payments***

In addition to deductions from the contractual payments as a result of failure to meet KPIs, the contractual arrangements governing an Energy Efficiency Project may link the quantum of the contractual payments (and other revenue, such as RHI payments) to the availability output or efficiency of the project's assets and infrastructure. For example, contractual payments may be linked to the heat produced by a CHP or biomass boiler. As with other categories of infrastructure, the Group will appoint an O&M Contractor to maintain the infrastructure. The terms of the O&M Contract will often include provisions aimed at protecting the Group in the case of underperformance or technical issues with the infrastructure. However, events outside of the control of the O&M Contractor or the Group, such as unfavourable or extreme climate or environmental events (such as floods or fire) or loss of demand from the Counterparty, could result in the infrastructure underperforming or failing. The occurrence of such events could have a material

adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***Payment obligations on early termination of Energy Efficiency Projects by Counterparties may not adequately compensate the Group for the amount of revenue it would have otherwise received***

The contractual arrangements governing Energy Efficiency Projects may contain limited rights of termination, exercisable by the Counterparty, prior to the expiration of their term. Such contracts will typically contain certain protection mechanisms with regard to early termination by Counterparties, including the obligation of the Counterparty to pay termination fees. It is possible that any such termination fees, or other contractual protections, may not adequately compensate the Group for the amount of revenue it would have received had the Energy Efficiency Project continued for the entirety of its term.

It will often be the case that the Group will own the assets and infrastructure that are the subject of the Energy Efficiency Projects. In such circumstances, early termination of the Energy Efficiency Project may give rise to a right for the Group to decommission and repossess assets and infrastructure installed on the Counterparty's premises. Any equipment due for return to the Group on termination may not be capable of reuse for another investment or otherwise resold for anything close to its acquisition cost. While contracts governing the Energy Efficiency Project will sometimes specify that such decommissioning is undertaken at the Counterparty's cost, and any early termination fee will usually be based on the net present value of the Energy Efficiency Project (which will include a fair value of the installation costs), there is no guarantee that the Group will be able to successfully recover a termination fee that fully covers all costs and liabilities the Group has incurred in respect of an Energy Efficiency Project together with all project revenue from such project. In some cases, a Counterparty has a right to purchase the assets and infrastructure upon early termination or at the end of the term. The price paid for the asset may not be equivalent to the price that may have been achieved on the open market. Where there is such a shortfall, the early termination of an Energy Efficiency Project by a Counterparty may materially adversely affect the value of the portfolio and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***Risks relating to obtaining and maintaining relevant permits and licences***

Certain Energy Efficiency Projects may require planning permissions and environmental permits (and other similar permissions and permits) regulating the design, build and operation of the relevant project infrastructure. Failure to obtain such permissions, permits or consents and/or a failure to comply with their requirements may lead to delay to construction or a suspension of operation, and increased costs and an inability to continue construction or operation of the relevant project infrastructure.

In addition, certain payments to be made to the Group in relation to Energy Efficiency Projects may be in the form of government incentive payments (such as RHI payments), which require the relevant project to comply with relevant regulations on an ongoing basis in order to receive the payments.

A failure by the Group to obtain and/or maintain a relevant permit or licence may therefore have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***The lack of availability of feedstock could impact the profitability of an Energy Efficiency Project***

Certain Energy Efficiency Projects may use equipment, such as biomass boilers, steam raising boilers and CHP units that require fuel or "feedstock" in order to operate. In the case of CHP units, the feedstock is sometimes natural gas or gas produced as waste from industrial processes, which is often procured by the Counterparty. In such circumstances, the financial modelling of the Energy Efficiency Project does not take into account the supply of the gas, and any issues the Counterparty may have in procuring such feedstock would likely not impact the payment of the contractual payment and therefore the returns generated for the Group.

However, certain Energy Efficiency Projects run off alternative sources of fuel, which may need to be procured by the Group. For example, biomass boilers may run off wood pellets. Such wood pellets may be sourced by the relevant Project SPV, under a supply contract. Typically, the supply

contract will fix the supply price and quantity for a fixed period of time, whilst others will have a supply price based on the output and efficiency of the Energy Efficiency Project. However, there is a risk that the relevant Project SPV is unable to source such feedstock following expiry of this initial period or that the supplier will raise the price of the feedstock after this period or that the supplier fails to supply feedstock of an adequate quality and specification. The Investment Manager will seek to procure that the contractual arrangements governing each Energy Efficiency Project include protections in favour of the relevant Project SPV, such as the right to terminate the contract if the increase in price, or lack of availability, of the feedstock represents a material adverse change. However, these remedies do not completely extinguish the risk that the Group may suffer loss in the event that the feedstock is no longer available or the market price increases. The occurrence of such events would increase the relevant Project SPV's operating costs, decreasing its profitability and therefore could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### ***Environmental risks***

UK environmental laws and regulations may have an impact on the activities of an Energy Efficiency Project. It is not possible to predict accurately the effects of future changes in such laws or regulations on an Energy Efficiency Project's performance. There can be no assurance that environmental costs and liabilities will not be incurred in the future. In addition, environmental regulators may seek to impose injunctions or other sanctions on an Energy Efficiency Project's operations due to changes in laws or regulations that may have a material adverse effect on its financial condition.

To the extent that environmental liabilities arise in the future in relation to any sites owned or used by the Group including, but not limited to, clean-up and remediation liabilities, depending on the contractual arrangements the Group may be required to contribute financially towards any such liabilities, and the level of such contribution may not be restricted by the value of the Energy Efficiency Project. If any such financial contributions are required these may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### ***Risks relating to health and safety***

The physical location, construction, maintenance and operation of an Energy Efficiency Project may pose health and safety risks to those involved or in the vicinity of the project. Construction and maintenance of the Energy Efficiency Project may result in bodily injury, industrial accidents, and even death. If an accident were to occur in relation to one or more of the Group's portfolio of Energy Efficiency Projects, the Group could be liable for damages or compensation to the extent such loss is not covered under existing insurance policies. Health and safety concerns and/or accidents could also result in the suspension (either temporary or long-term) of operations of an Energy Efficiency Project which will reduce the revenue of the Group from that Energy Efficiency Project. Liability for damages or compensation in relation to accidents and/or suspension of operations could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### ***The Group may suffer losses in excess of insurance proceeds, if any, or from uninsurable events***

The Group is subject to the risk that an Energy Efficiency Project may be destroyed or suffer material damage, and the existing insurances may not be sufficient to cover all the losses and damages. In particular, environmental conditions (such as floods) may cause damage to facilities or even total loss of equipment. In addition, the Group could be liable to Counterparties, EPC Contractors or O&M Contractors for any losses they may have suffered in connection with that Energy Efficiency Project. Any material uninsured losses may materially affect the value of the portfolio and could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

### ***Decommissioning risks***

After completion of the operational phase, an Energy Efficiency Project may be dismantled and the land or property restored to its original condition. So far there is limited information and experience with respect to the decommissioning and dismantling of facilities and/or infrastructure for Energy Efficiency Projects. In addition, such dismantling, disposal and restoration may result in additional

unforeseen costs to be borne by the Energy Efficiency Project. In particular, delays in decommissioning the equipment, or damage caused to the Counterparty's premises during such decommissioning may cause the Group to incur liabilities that the Group may not be able to fully recover under the terms of any contract with the subcontractor that the Group has appointed to decommission such equipment.

If an Energy Efficiency Project is to be sold to a third party, it cannot be assured that such project can be sold by the desired deadline or at the desired purchase price due to economic fluctuations or changing market conditions in the energy and/or respective infrastructure sector. If any of these risks materialise, the performance of the relevant Energy Efficiency Project may be adversely affected which in turn may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***The Company may be subject to liability following the disposal of investments***

The Company may be exposed to future liabilities and/or obligations with respect to Energy Efficiency Projects that it sells. The Company may be required, or may consider it prudent, to set aside provisions for warranty claims or contingent liabilities in respect of the disposal of Energy Efficiency Projects. The Company may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties given to a purchaser prove to be inaccurate or to the extent that the Company breaches any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that representations and warranties incorrectly given could give rise to a right by the purchaser to unwind the contract in addition to the payment of damages. Further, the Company may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities. Any claims, litigation or continuing obligations in connection with the disposal of any Energy Efficiency Projects may subject the Company to unanticipated costs and may require the Investment Manager to devote considerable time to dealing with them. As a result, any such claims, litigation or obligations may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***The Company will invest in Energy Efficiency Projects through one or more Project SPVs***

The Company will invest in Energy Efficiency Projects indirectly through intermediate holding companies and Project SPVs. While such investments will provide the Company diversification on a look-through basis, the Company will be exposed to certain risks associated with the vehicles as a whole which may affect its return profile. For example:

- any change in the laws and regulations including any tax laws and regulations applicable to the Project SPV or to the Company in relation to the receipts from any such Project SPV may adversely affect the Company's ability to realise all or any part of its interest in Energy Efficiency Projects held through such structures; or
- any failure of the Project SPV or its management to meet their respective obligations may have a material adverse effect on the Energy Efficiency Projects held through such structures (for example, triggering breach of contractual obligations) and the Company's exposure to the investments held through such structures and/or the returns generated from such Energy Efficiency Projects for the Company. This could, in turn, have a material adverse effect on the performance of the Company and affect its ability to achieve its investment objective; or
- when making an investment into an Energy Efficiency Project through a Project SPV, there may be contractual rights (such as pre-emption rights) accruing to third parties, not necessarily fully identified through due diligence, that may be subject to subsequent challenge impacting the Company's rights.

Further, where investments are acquired indirectly as described above, the value of the Project SPV structure may not be the same as the value of the underlying asset due, for example, to tax, contractual, contingent and other liabilities, or structural considerations. To the extent that valuations of the Company's investments in Project SPVs or other investment structures prove to be inaccurate or do not fully reflect the value of the underlying assets, whether due to the above factors or otherwise, this may have a material adverse effect on the value of the portfolio and could have a

material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

#### ***Risks relating to the price of equipment***

The price of equipment to be used in any Energy Efficiency Project can increase or decrease. The price of equipment can be influenced by a number of factors, including the price and availability of raw materials, demand for the relevant equipment and any import duties that may be imposed on that equipment. For example, changes have previously been made to the duties imposed on solar PV modules in the EU. Unexpected increases in the cost of equipment could have a material adverse effect on the Group's ability to source Energy Efficiency Projects that meet its investment criteria and may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

#### ***Regulatory or technological changes affecting Energy Efficiency Projects***

A technological or regulatory change could occur which could have the effect of rendering an Energy Efficiency Project in which the Group has invested obsolete or materially change the way in which a service or product is delivered. This could arise through the future legislative prohibition of particular fuels (such as natural gas) or as a result of technological innovation or otherwise by changes to law and regulation. Given the significant fixed costs involved in constructing Energy Efficiency Projects any technological or regulatory change that occurs over the medium term and that renders an Energy Efficiency Project obsolete could threaten the profitability of such Energy Efficiency Project, in particular due to the financing projections that are dependent on an extended project life. If such a change were to occur, these assets would have very few alternative uses should they become obsolete.

### **RISKS RELATING TO THE INVESTMENT MANAGER**

#### ***Reliance on the Investment Manager***

Investor returns will be dependent upon the Company successfully pursuing its investment policy. The success of the Company will depend on the Investment Manager's ability to identify, acquire and realise Energy Efficiency Projects (as the case may be) in accordance with the Company's investment objective. This, in turn, will depend on the ability of the Investment Manager to identify and complete the purchase of suitable Energy Efficiency Projects for the Group. There can be no assurance that the Investment Manager will be able to do so or that it will enable the Company to invest on attractive terms or generate any investment returns for Shareholders or avoid investment losses.

The performance of the Company depends on the ability of the Investment Manager to provide competent, attentive and efficient services to the Company. There can be no assurance that, over time, the Investment Manager will be able to provide such services or that the Company will be able to make investments on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

The Company depends on the diligence, skill, judgement and business contacts of the Investment Manager's investment professionals and the information and deal flow they generate and communicate to the Company during the normal course of their activities. The Company's future success depends on the continued service of these individuals (or their replacements from time to time) who are not obligated to remain employed with or consultants of the Investment Manager, and the Investment Manager's ability to recruit and retain personnel. A failure of the Investment Manager to retain or recruit appropriately qualified personnel may have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

If the Investment Management Agreement is terminated, the Directors would have to find a replacement investment manager for the Company and there can be no assurance that a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company.

***The resources of the Investment Manager are not solely dedicated to activities in which the Company is engaged and the Investment Manager will allocate resources to activities in which the Company is not engaged, which might have a negative impact on the Company's ability to achieve its investment objective***

The Investment Manager is not required to commit all of its resources (or ensure continuity of any of its resources or that any of its resources are solely dedicated) to the Company's affairs and may allocate its resources to other business activities. Insofar as the Investment Manager devotes resources to its responsibilities in relation to other business interests, its ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***The Investment Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of their activities on behalf of the Company***

The Investment Manager and its officers, employees and consultants are involved in other activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Manager and its officers, employees and consultants may from time to time act for other clients or manage or advise other funds, which may have similar investment objectives and policies to that of the Company. In accordance with the Investment Management Agreement, in the event of a conflict between the Company and the Investment Manager, the Investment Manager is obliged to take reasonable steps to ensure that the conflict is resolved fairly, in accordance (so far as applicable in the circumstances) with applicable FCA rules. If these conflicts of interest are managed to the detriment of the Company by the Investment Manager, they could have a material adverse effect on the performance of the Company, the Net Asset Value and the price of the Ordinary Shares.

***The past performance of funds managed by the Investment Manager is not an assurance or an indication of the future performance of the Company***

The information contained in this document relating to the prior performance of funds managed by the Investment Manager and other members of the Triple Point Group is being provided for illustrative purposes only and is not indicative of the future performance of the Company. In considering the prior performance information contained in this document, prospective investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that the Company will achieve comparable results or be able to avoid losses.

## **RISKS RELATING TO REGULATION, TAXATION AND THE COMPANY'S OPERATING ENVIRONMENT**

***The Group may be subject to certain epidemic-related risks, such as the coronavirus (COVID-19)***

The operation, maintenance and performance of Energy Efficiency Projects in which the Group may invest, or acquire in the future, may be affected by the impact on the global economy and businesses that COVID-19 (or another pandemic or epidemic) is currently having or may have in the future. It is possible, for example, that the production and supply of equipment necessary in the construction or maintenance of Energy Efficiency Projects could be delayed or could only be available at an increased cost, as competition and lack of availability drives prices up. In addition, the O&M Contractors, EPC Contractors or any other contractor, developer or service provider used by the Group in connection with the operation and maintenance of an Energy Efficiency Project could be materially adversely affected as a result of a prolonged and significant continued outbreak of COVID-19, such as through restrictions on availability of the workforce of that entity or any sub-contractor employed by that entity. Furthermore, the business of Counterparties (on whom the Group relies to make payments in a timely manner) could suffer a downturn throughout a prolonged and significant outbreak of COVID-19, which may result in the Counterparty being unable to satisfy its payment obligations in a timely manner or at all, or affect the Group's ability to secure new Counterparties for Energy Efficiency Projects undergoing expansion. Global capital markets are seeing significant downturns and extreme volatility as COVID-19 continues to have sustained impact on business across the world. Such volatility and downturn could have an impact on the liquidity of the Ordinary Shares. Investors should be aware that if any of the global impacts of COVID-19

continue for a sustained period of time, and should any of the risks identified above materialise, it could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***Changes in laws or regulations governing the Company or the Investment Manager and their respective businesses may adversely affect the business and performance of the Company***

The Company and the Investment Manager are subject to laws and regulations enacted by national and local governments.

The Company will be required to comply with certain legal and regulatory requirements that are applicable to UK investment trusts and investment companies whose shares are admitted to trading on the Specialist Fund Segment of the Main Market. The Investment Manager is subject to, and will be required to comply with, certain regulatory requirements set out in UK domestic legislation, rules and regulation, many of which could directly or indirectly affect the management of the Company.

The laws and regulations affecting the Company and the Investment Manager are evolving and any changes in such laws and regulations may have a material adverse effect on the ability of the Company and the Investment Manager to carry on their respective businesses. Any such changes could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

***Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company***

Any change in the Company's tax status, or in taxation legislation or practice in the United Kingdom or other jurisdictions to which the Company has exposure, could adversely affect the value of investments in the Company's portfolio and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Company and taxation of Shareholders are based upon current UK tax law and published practice, any aspect of which is in principle subject to change that could adversely affect the ability of the Company to pursue successfully its investment policy and/or which could adversely affect the taxation of the Company and the Shareholders.

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval of the Company by HMRC as an investment trust under section 1158 of the Corporation Tax Act 2010 and pursuant to regulations made under section 1159 of the Corporation Tax Act 2010. However, neither the Investment Manager nor the Directors can provide assurance that this approval will be obtained and subsequently maintained. The UK Investment Trust (Approved Company) (Tax) Regulations 2011 require an up-front application to be made for approval as an investment trust. Once approved, the Company will be treated as an investment trust during the accounting period current as at the time the application is made, and will continue to have investment trust status in each subsequent accounting period, unless the Company breaches the investment trust conditions so as to be treated as no longer approved by HMRC as an investment trust, pursuant to the regulations. Breach of such conditions could, as a result, lead to the Company being subject to UK tax on its capital gains.

Prospective investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.

***The Company is not, and does not intend to become, regulated as an investment company under the U.S. Investment Company Act and related rules***

The Company has not been and does not intend to become registered with the SEC as an "investment company" under the U.S. Investment Company Act and related rules. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies none of which will be applicable to the company or its investors. However, if the Company were to become subject to the U.S. Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the U.S. Investment Company Act, and the substantial costs and burdens of compliance therewith, could adversely affect the operating results and financial performance of the Company. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the U.S. Investment Company Act may be entitled to cancel or

otherwise void their contracts with the unregistered entity and shareholders in that entity may be entitled to withdraw their investment.

***The Company may be treated as a passive foreign investment company***

The Company may be treated as a “passive foreign investment company” (often referred to as a “PFIC”) for U.S. federal income tax purposes, which could have adverse consequences on U.S. investors. If the Company is classified as a PFIC for any taxable year, holders of Ordinary Shares that are U.S. taxpayers may be subject to adverse U.S. federal income tax consequences. Further, prospective investors should assume that a “qualified electing fund” election, which, if made, could serve as an alternative to the general PFIC rules and could reduce any adverse consequences to U.S. taxpayers if the Company were to be classified as a PFIC, will not be available because the Company does not expect to provide the information needed to make such an election. A “mark-to-market” election may be available, however, if the Company’s Ordinary Shares are regularly traded. Prospective purchasers of Ordinary Shares that are U.S. taxpayers are urged to consult with their own tax advisers concerning the U.S. federal income tax considerations associated with acquiring, owning and disposing of Ordinary Shares in light of their particular circumstances.

**RISKS RELATING TO THE ORDINARY SHARES**

***General risks affecting the Ordinary Shares***

The value of an investment in the Company, and the returns derived from it, if any, may go down as well as up and an investor may not get back the amount invested. The market price of the Ordinary Shares, like shares in all investment companies, may fluctuate independently of the underlying Net Asset Value per Ordinary Share and may trade at a discount or premium to Net Asset Value per Ordinary Share at different times, depending on factors such as supply and demand for the Ordinary Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of an Ordinary Share may vary considerably from the Net Asset Value per Ordinary Share.

***It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares***

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Initial Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. Consequently, the share price may be subject to greater fluctuation on small volumes of trading of Ordinary Shares and the Ordinary Shares may be difficult to sell at a particular price. The market price of the Ordinary Shares may not reflect the underlying Net Asset Value per Ordinary Share.

While the Directors retain the right to effect repurchases of Ordinary Shares, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares in the market. There can be no guarantee that a liquid market in the Ordinary Shares will develop or that the Ordinary Shares will trade at prices close to the underlying Net Asset Value per Ordinary Share. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value per Ordinary Share or at all.

***The Company may issue additional Ordinary Shares that dilute existing Shareholders***

Following the Initial Issue, subject to legal and regulatory requirements, the Company may issue additional Ordinary Shares pursuant to the Placing Programme. Any additional issuances by the Company, or the possibility of such issuances, may cause the market price of the existing Ordinary Shares to decline. Furthermore, the relative voting percentages of existing holders of Ordinary Shares who cannot or choose not to participate will be diluted by further issues of Ordinary Shares.

***Future sales of Ordinary Shares could cause the market price of the Ordinary Shares to fall***

Sales of Ordinary Shares or interests in the Ordinary Shares by significant investors could depress the market price of the Ordinary Shares. A substantial number of Ordinary Shares being sold, or

the perception that sales of this type could occur, could also depress the market price of the Ordinary Shares. Both scenarios, occurring either individually or collectively, may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate.

***The Ordinary Shares will be subject to significant transfer restrictions for investors in certain jurisdictions as well as forced transfer provisions***

The Ordinary Shares have not been registered and will not be registered in the United States under the U.S. Securities Act or under any other applicable securities laws. Moreover, the Ordinary Shares are only being offered and sold outside the United States to non-U.S. Persons (as defined in Regulation S under the U.S. Securities Act), in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S.

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as “plan assets” of any benefit plan investor under section 3(42) of ERISA or the U.S. Tax Code; or (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to register or qualify under the U.S. Investment Company Act, and/or U.S. Investment Advisers Act of 1940, as amended and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934, as amended and/or any laws of any state of the U.S. or other jurisdiction that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the U.S. Securities Exchange Act 1934, as amended; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the U.S. Tax Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act 1956, as amended or regulations or interpretations thereunder, or (vi) would cause the Company adverse consequences under the foreign account tax compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, including the Company becoming subject to any withholding tax or reporting obligation (including by reason of the failure of the Shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligations), the Directors may require the holder of such shares to dispose of such shares and, if the Shareholder does not sell such shares, may dispose of such shares on their behalf. These restrictions may make it more difficult for a U.S. Person to hold and Shareholders generally to sell the Ordinary Shares and may have a material adverse effect on the market value of the Ordinary Shares.

## **IMPORTANT INFORMATION**

### **GENERAL**

No person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Ordinary Shares other than those contained in this document and any supplementary prospectus published by the Company prior to Initial Admission (in the case of the Initial Issue) or the relevant Admission of any Ordinary Shares issued pursuant to a Subsequent Placing under the Placing Programme and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, Akur, RBC or Winterflood. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and MAR, neither the delivery of this document nor any subscription for, or purchase of, Ordinary Shares pursuant to the Initial Issue and/or the Placing Programme, under any circumstances, creates any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of, or subscription for Ordinary Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in the Ordinary Shares.

This document should be read in its entirety before making any application for Ordinary Shares. All Shareholders are entitled to the benefit of and are bound by and are deemed to have notice of, the provisions of the Articles.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction: (i) in which such offer or solicitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document and the offering of Ordinary Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document is received are required to inform themselves about and to observe such restrictions.

An investment in the Ordinary Shares should constitute part of a diversified investment portfolio. The Specialist Fund Segment is only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in securities traded on the Specialist Fund Segment is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. Investors in the Company are expected to be institutional investors, professional investors, professionally advised investors and knowledgeable investors who understand, or who have been advised of, the potential risks from investing in the Company. It should be remembered that the price of the Ordinary Shares can go down as well as up.

### **FOR THE ATTENTION OF UNITED STATES RESIDENTS**

The Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered or sold outside the United States to non-U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by

Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Ordinary Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Ordinary Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation. Any person in the United States who obtains a copy of this document is requested to disregard it.

**FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN CANADA, JAPAN, AUSTRALIA OR THE REPUBLIC OF SOUTH AFRICA**

The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities laws of Canada, Japan, Australia or the Republic of South Africa. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within Canada, Japan, Australia or the Republic of South Africa or to any national, resident or citizen of such territories.

**FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM**

In relation to each Member State of the European Economic Area and the United Kingdom (each a “**Relevant State**”), no Ordinary Shares have been offered or will be offered pursuant to the Initial Issue or the Placing Programme to the public in that Relevant State prior to the publication of a prospectus in relation to the Ordinary Shares which has been approved by the competent authority in that Relevant State, or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of Ordinary Shares to the public may be made at any time with the prior consent of RBC and Winterflood under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a “qualified investor” as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) in such Relevant State; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires any Ordinary Shares or to whom any offer is made under the Initial Placing and/or the Placing Programme will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation.

The expression an “offer to the public” in relation to any offer of Ordinary Shares in any Relevant State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In addition, Ordinary Shares will only be offered to the extent that the Ordinary Shares: (i) are permitted to be marketed in the UK and/or into the relevant EEA jurisdiction pursuant to the AIFM Directive; or (ii) can otherwise be lawfully offered or sold (including on the basis of an unsolicited request from a professional investor).

Notwithstanding the foregoing, as the Ordinary Shares will be admitted to the Specialist Fund Segment, the Ordinary Shares are intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment.

## **NOTICE TO PROSPECTIVE INVESTORS IN GUERNSEY**

The Initial Placing and/or any Subsequent Placing referred to in this document is available, and is and may be made, and is being provided in or from within the Bailiwick of Guernsey only:

- (a) by persons licensed to do so (or permitted by way of exemption granted) by the Guernsey Financial Services Commission (the “**Commission**”) under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the “**POI Law**”) where the promoter has entered into a service contract with such person outside of the Bailiwick of Guernsey; or
- (b) by non-Guernsey bodies who meet the criteria specified in section 29(1)(c) of the POI Law and provided that the promoting party:
  - (i) carries on the promotion in or from within the Bailiwick of Guernsey in a manner in which it is permitted to carry it on in or from within, and under the law of as country or territory designated by the Commission, such as the UK;
  - (ii) has its main place of business in that country or territory and does not carry on any restricted activity from a permanent place of business in the Bailiwick;
  - (iii) is recognised as a national of that country or territory by its law; and
  - (iv) has given written notice to the GFSC pursuant to a prescribed form of the date from which he intends to carry on that activity in or from within the Bailiwick of Guernsey and complied with the requirements applicable under section 3(1) of the POI Law to an applicant for a licence; or
- (c) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, provided that the promotion is carried out in accordance with the laws of the UK and a prescribed form of written notice has been provided to the Commission; or
- (d) as otherwise permitted by the Commission.

The Commission takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

The Initial Placing and/or any Subsequent Placing referred to in this document and this document are not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs and must not be relied upon by any person unless made or received in accordance with such paragraphs.

## **NOTICE TO PROSPECTIVE INVESTORS IN JERSEY**

The Initial Placing and/or any Subsequent Placing that is the subject of this document may only be made in Jersey where the Initial Placing and/or such Subsequent Placing is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this offer and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. Neither the Company nor the activities of any functionary with regard to the Company are subject to the provisions of the Financial Services (Jersey) Law 1998.

## **NOTICE TO PROSPECTIVE INVESTORS IN THE ISLE OF MAN**

The Initial Issue and/or any Subsequent Placing is available, and is and may be made, in or from within the Isle of Man and this document is being provided in or from within the Isle of Man only:

- (a) by persons licensed to do so under the Isle of Man Financial Services Act 2008; or
- (b) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011 (as amended) or exemption contained in the Financial Services (Exemptions) Regulations 2011 (as amended).

The Initial Issue and/or any Subsequent Placing referred to in this document and this document are not available in or from within the Isle of Man other than in accordance with the above paragraphs and must not be relied upon by any person unless made or received in accordance with such paragraphs.

## **NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND**

The Investment Manager does not satisfy the requirements of the Swiss Financial Services Act (“**FINSA**”) and the Swiss Financial Services Ordinance which are subject to transitional periods, in particular the rules of conduct and the organisational requirements. Therefore investors do not benefit from the protection under the FINSA.

The Company has not been approved by the Swiss Financial Market Supervisory Authority FINMA (“**FINMA**”) as a foreign collective investment scheme for marketing to non-qualified investors pursuant to Article 120 of the Swiss Collective Investment Schemes Act (“**CISA**”).

The Company has not appointed and does not intend to appoint a Swiss paying agent and a representative. Accordingly, the Ordinary Shares may only be offered or sold, and this document may only be provided, in or from Switzerland to regulated financial intermediaries such as banks, securities firms, fund management companies, asset managers of collective investment schemes, central banks, as well as regulated insurance institutions, or within one of the other exemptions set out under Article 3 paragraphs 1 and 2 letters a to c of the CISA in its version of 1 March 2013. This document and any other offering material relating to the Ordinary Shares may only be made available within these restrictions. Investors in the Ordinary Shares do not benefit from the specific investor protection provided by CISA and the supervision by the FINMA.

The Ordinary Shares are not publicly offered within the meaning of the FINSA or the Swiss Code of Obligations (“**CO**”) and no admission to trading within the meaning of the FINSA is requested. As a consequence, this document is not a prospectus within the meaning of the FINSA, the CO or the CISA and may therefore not comply with the information standards required thereunder. This document is not a listing prospectus according to the listing rules of the SIX Swiss Exchange or of any other exchange platform and may therefore not comply with the information standards required thereunder or under the listing rules of any other Swiss exchange platform. As a consequence, this document has not been reviewed or approved by the FINMA, any reviewing body within the meaning of the FINSA or any other authority or self-regulatory body in Switzerland.

## **NOTICE TO PROSPECTIVE INVESTORS IN OTHER JURISDICTIONS**

The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions.

## **INFORMATION TO DISTRIBUTORS**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**Directive 2014/65/EU**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares to be issued pursuant to the Initial Issue and Subsequent Placings are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in

Directive 2014/65/EU; and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: (a) the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; (b) an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom, and (c) the Ordinary Shares will be admitted to the Specialist Fund Segment, which is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, RBC and Winterflood will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Directive 2014/65/EU; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

## **PRIIPS REGULATION**

In accordance with the PRIIPs Regulation, a Key Information Document in respect of the Ordinary Shares has been prepared by the Investment Manager and is available to investors at [www.tpenergyefficiency.com](http://www.tpenergyefficiency.com). If you are distributing the Ordinary Shares, it is your responsibility to ensure that the relevant Key Information Document is provided to any clients that are “retail clients”.

The Investment Manager is the only manufacturer of the Ordinary Shares for the purposes of the PRIIPs Regulation and none of Akur, RBC or Winterflood is a manufacturer for these purposes. None of Akur, RBC or Winterflood makes any representations, express or implied, or accepts any responsibility whatsoever for the contents of any Key Information Documents prepared by the Investment Manager nor accepts any responsibility to update the contents of any Key Information Documents in accordance with the PRIIPs Regulation, to undertake any review processes in relation thereto or to provide such Key Information Documents to future distributors of Ordinary Shares. Akur, RBC or Winterflood and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of any Key Information Documents prepared by the Investment Manager.

## **DATA PROTECTION**

The information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“**personal data**”) will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (a) the relevant data protection legislation and regulatory requirements of the United Kingdom (the “**Data Protection Legislation**”); and (b) the Company’s privacy notice, a copy of which is available for consultation on the Company’s website at [www.tpenergyefficiency.com](http://www.tpenergyefficiency.com) (“**Privacy Notice**”) (and if applicable any other third party delegate’s privacy notice).

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) in accordance with and for the purposes set out in the Company’s Privacy Notice which include:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;

- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the United Kingdom or elsewhere or of any third party functionary or agent appointed by the Company.

Where necessary to fulfil the purposes set out above and in the Company's Privacy Notice, the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to operate and administer the Company; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors provided that suitable safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.

The foregoing processing of personal data is required in order to perform the contract with the prospective investor, to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which are set out in the Privacy Notice or shall be otherwise notified from time to time.

Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Company's Privacy Notice.

## **PRESENTATION OF FINANCIAL INFORMATION**

The Company is newly formed and as at the date of this document has not commenced operations and has no assets or liabilities which will be material in the context of the Initial Issue and, therefore, no financial statements have been prepared as at the date of this document. All future financial information for the Company will be prepared under IFRS.

Certain financial and statistical information contained in this document has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

## **PRESENTATION OF MARKET AND OTHER DATA**

Market and economic data used throughout this document is sourced from various independent sources. The Company confirms that such data has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **CURRENCY PRESENTATION**

Unless otherwise indicated, all references in this document to "£", "pence" or "GBP" are to the lawful currency of the UK, all references in this document to "Euro" or "€" are to the currency adopted by those nations participating in the third stage of the economic and monetary union provisions of the Treaty on European Union, signed at Maastricht on 7 February 1992 and all references in this document to "USD" are to the lawful currency of the United States.

## **DEFINITIONS**

Capitalised terms contained in this document shall have the meanings ascribed to them in Part 12 (Glossary of Relevant Terms) and Part 13 (Definitions) of this document, save where the context indicates otherwise.

## **EUROPEAN UNION LEGISLATION**

In this document there are references to various pieces of European Union legislation, for instance the AIFM Directive. The UK left the European Union on 31 January 2020 and is currently subject to a transitional and implementation period (“**TIP**”). During the TIP, EU law continues to apply to the UK as if it were still a member of the EU and references to EU legislation should be construed as reference to that legislation as enacted by the EU.

If and when a European Union instrument is incorporated into the law of the United Kingdom, a reference to that European Union instrument in this document shall, except where the context requires otherwise, mean the European Union instrument as so incorporated and any enactment, statutory provision or subordinate legislation that from time to time (with or without modifications) re-enacts, replaces or consolidates it for the purposes of the law of the United Kingdom.

## **WEBSITES**

Without limitation, neither the contents of the Company’s or the Investment Manager’s website (or any other website) nor the content of any website accessible from hyperlinks on the Company’s or the Investment Manager’s website (or any other website) is incorporated into, or forms part of this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this document and any supplementary prospectus published by the Company prior to Initial Admission (in the case of the Initial Issue) or the relevant Admission of any Ordinary Shares issued pursuant to a Subsequent Placing under the Placing Programme alone.

## **GOVERNING LAW**

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales.

## **FORWARD LOOKING STATEMENTS**

This document contains forward looking statements, including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “might”, “will” or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the Prospectus Regulation Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and MAR.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 8 of Part 10 of this document.

## VOLUNTARY COMPLIANCE WITH THE LISTING RULES

The Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the FCA do not apply to the Company. The Company is subject to the Admission and Disclosure Standards whilst traded on the Specialist Fund Segment. In addition, the Directors have resolved that, as a matter of best practice and good corporate governance, the Company will voluntarily comply with the following key provisions of the Listing Rules:

- the Company is not required to comply with the Listing Principles set out at Chapter 7 of the Listing Rules and Premium Listing Principles. Nonetheless, the Company will comply with these Listing Principles and Premium Listing Principles;
- the Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed Akur and RBC as its joint financial adviser to guide the Company in understanding and meeting its responsibilities in connection with Initial Admission;
- the Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company will comply with the following provisions of Chapter 9 of the Listing Rules: (i) Listing Rule 9.3 (Continuing obligations: holders); (ii) Listing Rule 9.5 (Transactions); (iii) Listing Rule 9.6.4 to Listing Rule 9.6.21 other than Listing Rule 9.6.19(2) and Listing Rule 9.6.19(3) (Notifications); (iv) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (v) Listing Rule 9.8 (Annual financial report);
- the Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. The Company will adopt a related party policy (in relation to which Akur and RBC as joint financial advisers, will guide the Company) which shall apply to any transaction which it may enter into with any Director, the Investment Manager or a substantial shareholder which would constitute a “related party transaction” as defined in, and to which would apply, Chapter 11 of the Listing Rules. In accordance with its related party policy, the Company shall not enter into any such related party transaction without first obtaining: (i) the approval of a majority of the Directors who are independent of the relevant related party; and (ii) a fairness opinion or third-party valuation (as appropriate) in respect of such related party transaction from an appropriately qualified independent adviser. This policy may only be modified with Shareholder approval. In particular, (i) transactions or arrangements of the nature set out in Listing Rule 11.1.5(2) (i.e. co-investments or the joint provision of finance); or (ii) issues of new securities in, or a sale of treasury shares of, the Company to “substantial shareholders” pursuant to an offer to the public or a placing, on materially similar terms to those applicable to other subscribers or purchasers under such offer or placing; shall not be considered “related party transactions”;
- the Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its Ordinary Shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2;
- the Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding the contents of circulars. The Company however will comply with the following provisions of Chapter 13 of the Listing Rules: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.7 (Circulars about purchase of own equity shares); and (v) Listing Rule 13.8 (Other circulars); and
- the Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: premium listing). Nonetheless, the Company will comply with the following provisions of Chapter 15 of the Listing Rules: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations) (other than Listing Rule 15.4.8(2) and, in respect of Listing Rule 15.4.2(1), only once the Net Proceeds have been fully invested); (ii) Listing Rule 15.5 (Transactions); and (iii) Listing Rule 15.6 (Notifications and periodic financial information) (as modified above).

The Specialist Fund Segment is an EU regulated market.

**Specialist Fund Segment securities are not admitted to the Official List. Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Listing Rules. The London Stock Exchange has not examined or approved the contents of this document.**

**It should be noted that the FCA does not have the authority to monitor the Company's voluntary compliance with the Listing Rules applicable to closed-ended investment companies which are admitted to trading on the Specialist Fund Segment nor will it impose sanctions in respect of any failure of such compliance by the Company. FCA-authorized firms conducting designated investment business with retail customers under COB Rules are reminded that securities admitted to trading on the Specialist Fund Segment will be securities that may have characteristics such as: (i) variable levels of secondary market liquidity; (ii) sophisticated corporate structures; (iii) highly leveraged structures; and (iv) sophisticated investment propositions with concentrated risks and are therefore intended for institutional, professional and knowledgeable investors.**

## EXPECTED TIMETABLE

### Expected Initial Issue Timetable

Publication of this document and Initial Placing and Offer for Subscription open	25 August 2020
Latest time and date for applications under the Offer for Subscription	11.00 a.m. on 12 October 2020
Latest time and date for receipt of commitments under the Initial Placing	2.00 p.m. on 13 October 2020
Announcement of the results of the Initial Issue	7.00 a.m. on 14 October 2020
Initial Admission and dealings in the Ordinary Shares issued pursuant to the Initial Issue commence	8.00 a.m. on 19 October 2020
Crediting of CREST stock accounts in respect of the Ordinary Shares issued pursuant to the Initial Issue	19 October 2020
Where applicable, definitive share certificates despatched in respect of the Ordinary Shares	week commencing 2 November 2020 (or as soon as possible thereafter)

### Expected Placing Programme Timetable

Placing Programme opens	19 October 2020
Announcement of the results of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing pursuant to the Placing Programme
Admission and crediting of CREST stock accounts in respect of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing pursuant to the Placing Programme
Share certificates despatched in respect of Ordinary Shares issued pursuant to each Subsequent Placing (if applicable)	approximately one week after the Admission of Ordinary Shares pursuant to a Subsequent Placing
Placing Programme closes and last date for Ordinary Shares to be issued pursuant to the Placing Programme	24 August 2021

*The dates and times specified are subject to change subject to agreement between the Company, the Investment Manager, Akur, RBC and Winterflood. All references to times in this document are to London time unless otherwise stated. Any changes to the expected timetable will be notified by the Company via a Regulatory Information Service.*

## INITIAL ISSUE AND PLACING PROGRAMME STATISTICS

### Initial Issue Statistics

Issue Price per Ordinary Share	100 pence
Target number of new Ordinary Shares being issued	200 million
Initial Gross Proceeds*	£200 million
Estimated Net Proceeds*	£196 million
Estimated Net Asset Value per Ordinary Share at Initial Admission*	98 pence

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*\*Assuming Initial Gross Proceeds of £200 million. The Company is targeting Initial Gross Proceeds of £200 million subject to a maximum of £250 million. The Minimum Gross Proceeds are £100 million (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood agree). The number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Initial Gross Proceeds and the Net Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service prior to Initial Admission. If the Initial Issue does not proceed (because the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood agree) are not raised or otherwise), subscription monies received will be returned without interest (at the risk of the applicant) to the applicant from whom the money was received, within 14 calendar days. In the event that such dates change, the Company will notify investors who have applied for Ordinary Shares of changes to the timetable either by post, by electronic mail or by the publication of a notice through a Regulatory Information Service.*

### Placing Programme Statistics

Maximum size of the Placing Programme	200 million Ordinary Shares
Minimum Placing Programme Price	at least Net Asset Value per Ordinary Share plus a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions)

## DEALING CODES

The dealing codes for the Ordinary Shares will be as follows:

ISIN	GB00BMCBZL07
SEDOL	BMCBZL0
Ticker	TEEC

## DIRECTORS, MANAGEMENT AND ADVISERS

<b>Directors (all non-executive)</b>	Dr. John Roberts CBE ( <i>Chairperson</i> ) Rosemary Boot ( <i>Senior Independent Director</i> ) Dr. Anthony White MBE Sonia McCorquodale
	all of the registered office below:
<b>Registered Office</b>	1 King William Street London EC4N 7AF
<b>Investment Manager</b>	Triple Point Investment Management LLP 1 King William Street London EC4N 7AF
<b>Administrator and Company Secretary</b>	Hanway Advisory Limited 1 King William Street London EC4N 7AF
<b>Joint Financial Adviser</b>	Akur Limited 66 St James's Street London SW1A 1NE
<b>Global Coordinator, Sole Bookrunner and Joint Financial Adviser</b>	RBC Europe Limited 100 Bishopsgate London EC2N 4AA
<b>Co-Lead Manager</b>	Winterflood Securities Limited The Atrium Building Cannon Bridge House 25 Dowgate Hill London EC4R 2GA
<b>Solicitors to the Company</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Solicitors to the Joint Financial Advisers, Global Coordinator, Sole Bookrunner and Co-Lead Manager</b>	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
<b>Registrar</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6AH
<b>Receiving Agent</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6AH

**Depository**

INDOS Financial Limited  
54 Fenchurch Street  
London  
EC3M 3JY

**Reporting Accountants**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Auditor**

BDO LLP  
150 Aldersgate St  
Barbican  
London  
EC1A 4AB

## PART 1

### INFORMATION ON THE COMPANY

#### 1 INTRODUCTION

Triple Point Energy Efficiency Infrastructure Company plc was incorporated on 23 June 2020 as a public company limited by shares. The Company intends to carry on business as an investment trust within the meaning of section 1158 of the CTA 2010.

The Company's investment objective is to generate a total return for investors comprising sustainable and growing income and capital growth, to be achieved through investing in a diversified portfolio of Energy Efficiency Projects which have a positive environmental impact and which facilitate the transition of businesses and processes to a net carbon zero or net carbon positive state in accordance with the UK government's overall environmental target to reduce greenhouse gas emissions to net zero by 2050.

The Company is targeting an issue of 200 million Ordinary Shares pursuant to the Initial Issue (comprising the Initial Placing and the Offer for Subscription) to invest in accordance with the Company's investment objective and investment policy.

The Company has an independent board of non-executive directors and has engaged Triple Point Investment Management LLP as the Company's alternative investment fund manager to provide portfolio and risk management services to the Company.

Application will be made to the London Stock Exchange for all of the Ordinary Shares (issued and to be issued) to be admitted to trading on the Specialist Fund Segment of the Main Market. It is expected that Initial Admission will become effective, and that dealings in the Ordinary Shares issued pursuant to the Initial Issue will commence, at 8.00 a.m. on 19 October 2020.

The Company is not regulated by the FCA or any other regulatory authority but will, following Initial Admission, be subject to the Admission and Disclosure Standards and certain of the Disclosure Guidance and Transparency Rules. The Company has also resolved to voluntarily comply with certain of the Listing Rules, as described in the section entitled "Voluntary Compliance with the Listing Rules" on page 38 of this document.

#### 2 INVESTMENT OBJECTIVE AND INVESTMENT POLICY

The Company's investment objective and investment policy are set out below.

##### ***Investment Objective***

The Company's investment objective is to generate a total return for investors comprising sustainable and growing income and capital growth.

##### ***Investment Policy***

The Company intends to achieve its investment objective by investing in a diversified portfolio of Energy Efficiency investments in the United Kingdom. The term Energy Efficiency refers to assets or processes which reduce primary energy input for a given output, thereby reducing or eliminating energy waste. Energy Efficiency is one of the cornerstones of the global drive to addressing the climate emergency. The cleanest or greenest energy is the energy that is never used – the projects and assets which deliver such savings are the focus of the Company.

The Group will invest in a range of assets which will contribute or are already contributing to Energy Efficiency in sub-sectors including electricity and heat generation, distribution and end user consumption, and which meet the following criteria:

- contribute towards demonstrable energy (and financial) savings over a "business as usual" scenario;
- are established technologies (the Group will not invest in unproven technologies);
- provide long-term contracts based predominantly on availability, government subsidy or savings-based contracts with high quality industrial, governmental, and corporate Counterparties, including Counterparties which represent multiple end-users; and

- entitle the Company to receive stable, predictable Sterling cash flows over the medium to long-term.

The Group's returns will typically take the form of contractual payments by Counterparties in respect of equipment, usually installed at their premises (and which may provide index-linked, rental payments), as well as payments under off-take agreements in respect of energy generated and, where available, the Group will capitalise on government incentive programmes.

Contractual payments by Counterparties are expected to be predominantly availability, government subsidy or savings-based. Availability payments will be receivable on the basis that the equipment is available and in suitable working order to deliver the applicable outputs; savings-based payments work by setting an agreed baseline for savings in kWhs up-front and are then ascribed a monetary value by applying the prevailing energy cost, with annual increases based on an agreed energy price index insulating the Company from any changes in the cost of energy.

The Group will invest predominantly in operational Energy Efficiency Projects. It will invest in either single assets or portfolios of multiple assets, via debt and/or equity structures. The Group may, under certain circumstances, invest in Energy Efficiency Projects that are in the Development Phase, the Construction Phase or the Stabilisation Phase, either directly or through funding of a third-party developer, where such investments will deliver an attractive risk adjusted return. In addition, the Company may invest in or acquire minority interests in companies with a strategy that aligns with the Company's overarching investment objective, such as developers, operators or managers of Energy Efficiency Projects, subject to the restrictions set out below.

In respect of each type of investment, the Group will seek to diversify its commercial exposure by contracting, where practicable, with a range of different equipment manufacturers, project developers and other service providers, as well as off-takers.

Investments may be acquired from a single or a range of vendors and the Group may also enter into joint venture arrangements alongside one or more co-investors, where the Group retains control or has strong minority protections.

#### *Investment restrictions*

The Company will invest and manage its assets with the objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- no single Energy Efficiency Project investment by the Group will represent more than 20 per cent. of Gross Asset Value;
- the aggregate maximum exposure to any Counterparty will not exceed 20 per cent. of Gross Asset Value (and where an Energy Efficiency Project derives revenues from more than one source, the relevant Counterparty exposure in each case shall be calculated by reference to the proportion of revenues derived from payments received from the Counterparty, rather than any other source);
- the aggregate maximum exposure to Energy Efficiency Projects in the Development Phase and the Construction Phase will not exceed, in aggregate, 25 per cent. of Gross Asset Value, provided that, the aggregate maximum exposure to projects in the Development Phase will not exceed 5 per cent. of Gross Asset Value, and the aggregate exposure to any one developer will not exceed 10 per cent. of Gross Asset Value;
- the Group will not invest more than 5 per cent. of Gross Asset Value, in aggregate, in the acquisition of minority stakes in other related companies, and at all times such investments will only be made with appropriate minority protections in place;
- neither the Company nor any of its subsidiaries will invest in any UK listed closed-ended investment companies; and
- the Company will not conduct any trading activities which are significant in the context of the Group as a whole.

The investment limits set out above apply following full investment of the Net Proceeds and following the Group becoming substantially geared (meaning for this purpose borrowings by way of long-term structural debt of 20 per cent. of Gross Asset Value being put in place).

Compliance with the above investment limits will be measured at the time of investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment limits.

#### *Borrowing Policy*

The Directors intend to use gearing to enhance the potential for income returns and long-term capital growth, and to provide capital flexibility. However, the Company will always follow a prudent approach for the asset class with regards to gearing, and the Group will maintain a conservative level of aggregate borrowings.

Gearing will be employed either at the level of the Company, at the level of any intermediate wholly-owned subsidiary of the Company or at the level of the relevant Project SPV or, and any limits set out in this document shall apply on a look-through basis. The Company's target medium term gearing for the Group will be up to 40 per cent. of Gross Asset Value, calculated at the time of drawdown.

The Group may enter into borrowing facilities at a higher level of gearing at the Project SPV or intermediate subsidiary level, provided that the aggregate borrowing of the Group shall not exceed a maximum of 45 per cent. of Gross Asset Value, calculated at the time of drawdown.

Debt may be secured with or without a charge over some or all of the Group's assets, depending on the optimal structure for the Group and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles. Intra-group debt between the Company and subsidiaries will not be included in the definition of borrowings for these purposes.

#### *Hedging and Derivatives*

The Company will not employ derivatives for investment purposes. Derivatives may however be used for efficient portfolio management.

The Group will only enter into hedging contracts (in particular, in respect of inflation, interest rate, electricity price and commodity price hedging) and other derivative contracts when they are available in a timely manner and on acceptable terms. The Company reserves the right to terminate any hedging arrangement in its absolute discretion. Any such hedging transactions will not be undertaken for speculative purposes.

#### *Cash management*

The Company may hold cash on deposit for working capital purposes and awaiting investment and, as well as cash deposits, may invest in cash equivalent investments, which may include government issued treasury bills, money market collective investment schemes, other money market instruments and short-term investments in money market type funds ("**Cash and Cash Equivalents**"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.

#### ***Changes to and compliance with the investment policy***

Any material change to the Company's investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the investment guidelines and/or the investment restrictions set out above, the Investment Manager shall inform the Board as soon as practicable upon becoming aware of any breach. If the Board considers the breach to be material, notification will be made through an announcement via a Regulatory Information Service.

### **3 REPORTING COMMITMENTS**

The Company recognises the evolving landscape of public reporting on climate change, emissions reductions, ESG and sustainability in general, and is committed to meeting best practice standards. Specifically:

- the Company will analyse the impact of its portfolio and publish a standalone impact report alongside its annual report. The report will focus on the avoided emissions of the Company's portfolio;
- the Company will report on the climate risks and opportunities within its portfolio, in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD); and
- the Company will seek to future-proof its sustainability status, by disclosing how it meets its sustainability objectives and to what extent it invests in EU Taxonomy eligible activities, it will continue to follow the developing EU Action Plan on Sustainable Finance, including the EU Taxonomy, and it will align with those once they have been agreed and established.

#### 4 COMPETITIVE ADVANTAGES

The Directors believe that the Company has a number of competitive advantages including:

- *The track record and connections of the Investment Manager:* The Triple Point Group currently manages over £1.5 billion of private, institutional and public capital and has extensive experience in asset and project finance, portfolio management and structured investments, with Energy and Infrastructure being a principal area of focus. It has a ten-year proven track record of investment in Energy Efficiency and related projects, having invested over £225 million across energy and infrastructure projects to date. The Investment Manager has an established asset management team with experience in managing a range of energy infrastructure projects, and capable of adding value through a range of initiatives such as: hedging electricity prices to take advantage of market conditions, and optimising both export power revenues and import power costs via PPAs; reducing insurance costs by grouping similar assets together to procure the most advantageous terms; saving on subcontractor costs via competitive tenders and optimising scopes of work; adding bolt-on opportunities to a portfolio, benefitting from economies of scale as well as providing additional services to Counterparties and retrofitting equipment/investing in modifications to improve performance and efficiency. The Investment Manager has a network of significant industry relationships, borne out by its appointment in 2018 as the Delivery Partner to BEIS, a department of the UK government, to deliver the £320 million Heat Networks Investment Project (“**HNIP**”), providing access to a significant pipeline of investment opportunities (see below).
- *HNIP:* HNIP was established with the aim of creating the market conditions for a self-sustaining heat network market and, specifically, to leverage private sector involvement by drawing in over £1 billion of private sector and other capital before 31 March 2022 alongside the £320 million available from BEIS. The Triple Point Group, together with its sub-contractors, is responsible for delivering grant and loan funding for heat networks on behalf of BEIS which will support the commercialisation and construction of public and private sector led heat networks. The Investment Manager is well positioned to capitalise from this role both in terms of generating a wider sector knowledge and industry network as well as being able to invest in HNIP schemes alongside BEIS or through opportunities that are not eligible for HNIP funding, which would be an additional source of investment opportunities for the Group.
- *Available investment pipeline:* Through the Triple Point Group's existing industry relationships, including other entities it manages, the Group expects to be able to benefit from access to an identified pipeline of projects or assets currently in excess of £968 million. The Investment Manager's track record of investment in Energy Efficiency and related projects enables it to benefit from existing relationships with third party developers, utility companies, project owners, energy service companies and financial intermediaries, from which it is able to source opportunities which fall within the Company's investment policy. Where an investment opportunity arises from an entity managed by the Triple Point Group, it will be assessed alongside other opportunities and, if it proceeds, the transaction terms will be agreed on an arms' length basis.

- *Targeted exposure to high quality development opportunities:* The Group will predominantly target operational Energy Efficiency Projects which are generating revenue but may undertake the development of new assets on a limited basis in line with the Company's investment policy restrictions, where the Investment Manager has identified a suitable opportunity. Development will be undertaken in circumstances where: (i) the risks can be adequately managed; (ii) the return is accretive to the portfolio return; and (iii) the development will provide the Group with access to a pipeline of assets on market or better than market terms. This is expected to increase the deal flow and give greater certainty over long-term deal flow to the Group as developers are often willing to grant exclusivity over their pipeline of deal flow. This method of sourcing projects and investments has been a key cornerstone of the Investment Manager's strategy across energy and infrastructure sectors across its various funds over many years.
- *Early mover advantage:* The Energy Efficiency market involves the efficient supply or reduction of demand for energy and is a key component in the global movement towards addressing the climate emergency, including the UK government's target of reducing greenhouse gas emissions to net zero by 2050. The sector has a large addressable market size in the order of tens of billions of pounds per annum but is far less well served by the investment community. By comparison, the total amount deployed into renewables in 2019 was £4.2 billion. Also, the sector has a far larger addressable market size than other infrastructure sub-sectors, such as renewable energy, but is far less well served by the investment community. There are fewer funds targeting Energy Efficiency opportunities versus renewable energy which provides a wider range of Energy Efficiency opportunities at potentially attractive return levels.

## 5 DIVIDEND POLICY AND TARGET RETURNS

Whilst not forming part of the Company's investment policy, the Company intends to pay dividends on a semi-annual basis with dividends typically declared in respect of the six-month periods ending 31 March and 30 September and paid in June and December, respectively.

Distributions made by the Company may either take the form of dividend income, or of "qualifying interest income" which may be designated as interest distributions for UK tax purposes. It is expected that a significant proportion of the Company's distributions will take the form of qualifying interest income. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a Shareholder depending upon the classification of such distributions. **Prospective investors who are unsure about the tax treatment that will apply in respect of any distributions made by the Company should consult their own tax advisers.**

The Company is targeting an initial dividend yield of 5 per cent per annum in the first full financial year and, thereafter, the Company will seek to adopt a progressive dividend policy. The Company is targeting a first interim dividend of 1 penny per Ordinary Share in respect of the period from Initial Admission to 31 March 2021, payable in June 2021. Further, the Company is targeting a net Total Shareholder Return of 7-8 per cent. per annum in the medium term (by reference to the Issue Price) following full investment of the Net Proceeds and associated gearing.

Dividends on Ordinary Shares will be declared and paid in Sterling.

**The dividend and return targets stated above are targets only and not a profit forecast. There can be no assurance that these targets will be met, and they should not be taken as an indication of the Company's expected future results. They have been calculated using the Principal Bases and Assumptions set out in Part 4 of this document. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not the target dividend and target net Total Shareholder Return are reasonable or achievable.**

Investors should note that references in this document to "dividends" and "distributions" are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

In order to increase the distributable reserves available to facilitate the payment of future dividends, the Company has resolved that, conditional upon Initial Admission and the approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Initial Issue be cancelled and transferred to a special distributable reserve. The Company may, at the discretion of the Board, pay all or part of any future dividends out of this special distributable reserve, taking into account the Company's investment objective.

## 6 NET ASSET VALUE

The Net Asset Value is the value of all assets of the Company less its liabilities to creditors (including provisions for such liabilities) determined in accordance with the Articles.

### ***Publication of Net Asset Value per Ordinary Share***

The unaudited Net Asset Value will be calculated in Sterling by the Administrator on a semi-annual basis, as described below and based on information provided by the Investment Manager. The Net Asset Value per Ordinary Share, calculated by dividing the relevant Net Asset Value by the number of Ordinary Shares in issue (excluding Ordinary Shares held in treasury), will be published on both a cum-income and ex-income basis, via an RIS and made available on the Company's website as soon as practicable thereafter.

### ***Valuation Methodologies***

The Investment Manager will be responsible for carrying out the fair valuation of the portfolio, which will be presented to the Board for its approval and adoption. The fair valuation of the portfolio will be reviewed by the Company's Auditor at each valuation date. The valuation will be carried out on a six-monthly basis as at 31 March and 30 September each year and will be reported on to Shareholders in the annual report and interim financial statements.

The valuation is driven by the fair value of the Company's investments in Energy Efficiency Projects calculated in accordance with IPEV (International Private Equity and Venture Capital) valuation guidelines where appropriate to comply with IAS 39, given the special nature of energy efficiency infrastructure project investments.

Fair value for each investment is, and will be, derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts, and an appropriate discount rate. The Investment Manager will exercise its judgment in assessing the expected future cash flows from each investment. Each Project SPV will produce detailed project life financial models and the Investment Manager will typically take, *inter alia*, the following into account in its review of such models and make amendments where appropriate:

- the latest applicable legal, financial, technical and insurance due diligence;
- the cash flows which are contractually required or assumed in order to generate the returns;
- project performance against time, activity and other milestones;
- credit worthiness of a Counterparty and delivery partner counterparties (including O&M Contractors and other subcontractors);
- changes to the economic, legal, taxation or regulatory environment;
- claims or other disputes or contractual uncertainties; and
- changes to revenue and cost assumptions.

The Investment Manager will use its judgment in arriving at the appropriate discount rate. This will be based on its knowledge of the market, considering intelligence gained from its bidding activities, discussions with financial advisers in the appropriate market and publicly available information on relevant transactions. It should also be noted that the discount rate to be

applied to projects in the Development Phase, the Construction Phase or in the period immediately post construction (the Stabilisation Phase), will have additional risk premia applied to them until they reach the post-stabilisation operational phase. This will have the impact of reducing the valuation of such projects in the Development Phase, the Construction Phase or the Stabilisation Phase, relative to the operational phase. These risk premia will be reviewed regularly, but currently the Investment Manager expects plus 3-5 per cent. to be added to the discount rate of projects in the Development Phase, plus 2-4 per cent. to be added to the discount rate of projects in the Construction Phase and plus 1-2 per cent. to be added to projects in the Stabilisation Phase.

All valuations made by the Investment Manager will be made, in part, on valuation information provided by the Project SPVs in which investments have been made. Although the Investment Manager will evaluate all such information and data, it may not be able to confirm the completeness, genuineness or accuracy of such information or data. In addition, the financial reports provided by the Project SPVs may be provided only on a quarterly or half yearly basis and generally are issued one to four months after their respective valuation dates. Consequently, each half yearly Net Asset Value contains information that may be out of date and require updating and completing. Shareholders should bear in mind that the actual Net Asset Values at such time may be materially different from these half yearly valuations.

#### ***Suspension of the calculation of the Net Asset Value***

The calculation of the Net Asset Value (and Net Asset Value per Ordinary Share) will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or in other circumstances (such as a systems failure of the Administrator) which prevents the Administrator from making such calculations. Details of any suspension in making such calculations will be announced through an RIS as soon as practicable after any such suspension occurs.

## **7 REPORTS, ACCOUNTS AND MEETINGS**

The audited accounts of the Company will be prepared in Sterling under IFRS. The Company's annual report and accounts will be prepared up to 31 March each year, with the first accounting period of the Company ending on 31 March 2021. It is expected that copies of the report and accounts will be published by the end of June each year and copies sent to Shareholders. The Company will also publish an unaudited half-yearly report covering the six months to 30 September each year, which is expected to be published within the following three months. The first financial report and accounts that the Company will publish will be the annual report for the period ending on 31 March 2021 (covering the period from incorporation of the Company).

The financial report and accounts and unaudited half-yearly report, once published, will be available for inspection at the Company's registered office and on the Company's website ([www.tpenergyefficiency.com](http://www.tpenergyefficiency.com)).

The Company will hold its first annual general meeting by 31 August 2021 and will hold an annual general meeting each year thereafter. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders.

## **8 SHARE CAPITAL MANAGEMENT**

### ***Premium Management***

Once the Net Proceeds have been fully invested, the Company intends to implement the Placing Programme. In addition to raising capital, Ordinary Shares may be issued pursuant to the Placing Programme or otherwise to seek to manage the premium to Net Asset Value per Ordinary Share at which the Ordinary Shares trade. The Directors may issue, in aggregate, up to 200 million Ordinary Shares pursuant to the Placing Programme. Shareholders' pre-emption rights over this unissued share capital have been disapplied so that the Directors will not be obliged to offer any new Ordinary Shares under the Placing Programme to Shareholders *pro rata* to their existing holdings; this ensures that the Company retains full flexibility, following Initial Admission, in issuing new Ordinary Shares to investors. The minimum price at which

Ordinary Shares may be issued is the prevailing published Net Asset Value per Ordinary Share at the time of issue plus a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions).

Further details of the Placing Programme are set out in Part 8 of this document. Investors should note that the issuance of new Ordinary Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Ordinary Shares that may be issued.

### ***Discount Management***

#### ***Repurchase of Ordinary Shares***

The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Shareholders' interests and as a means of correcting any imbalance between the supply of, and demand for, the Ordinary Shares.

A special resolution has been passed granting the Directors authority to repurchase up to 14.99 per cent. of the Company's issued Ordinary Share capital immediately following Initial Admission during the period expiring on the conclusion of the earlier of the Company's first annual general meeting and 31 December 2021. Renewal of this buy-back authority will be sought at each annual general meeting of the Company or more frequently if required. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market quotations for the five Business Days before the purchase is made, and (ii) the higher of, (a) the price of the last independent trade, and (b) the highest current independent bid for Ordinary Shares on the London Stock Exchange at the time the purchase is carried out. In addition, the Company will only make such repurchases through the market at prices (after allowing for costs) below the relevant prevailing published Net Asset Value per Ordinary Share under the guidelines established from time to time by the Board.

With effect from the date on which the Company has first invested 75 per cent. or more of the Net Proceeds, if the Ordinary Shares trade, over any six month rolling period, at an average discount of more than 10 per cent. to the Net Asset Value per Ordinary Share, it will be the Board's intention to use any uninvested cash, or cash in excess of scheduled dividend payments to undertake share buy backs, subject at all times to any legal requirements, the Company's working capital position and taking into account any other economic factors that the Board considers prudent to take into account at the relevant time).

Shareholders should note that the purchase of Ordinary Shares by the Company is at the absolute discretion of the Directors and is subject to the working capital requirements of the Company and the amount of cash available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

#### ***Continuation resolution***

In accordance with the Articles, the Directors are required to propose an ordinary resolution at the annual general meeting in 2025 that the Company continues its business as presently constituted (the "**Initial Continuation Resolution**"). In addition, the Articles provide that the Directors will propose an ordinary resolution that the Company continue its business as presently constituted at each fifth annual general meeting thereafter (a "**Continuation Resolution**").

If the Initial Continuation Resolution or any Continuation Resolution is not passed, the Directors will put forward proposals for the reconstruction or reorganisation of the Company to Shareholders for their approval as soon as reasonably practicable following the date on which the Initial Continuation Resolution or any Continuation Resolution (as the case may be) is not passed. These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Initial Continuation Resolution or any Continuation Resolution will not necessarily result in the winding up of the Company.

### *Treasury Shares*

Any Ordinary Shares repurchased may be held in treasury. The Companies Act allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. These shares may be subsequently cancelled or sold for cash. This would give the Company the ability to reissue Ordinary Shares quickly and cost efficiently, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

No Ordinary Shares will be sold from treasury at a price less than the Net Asset Value per Ordinary Share at the time of sale unless they are first offered *pro rata* to existing Shareholders.

## **9 THE TAKEOVER CODE**

The Takeover Code applies to the Company.

Given the existence of the proposed buyback powers described in the paragraphs above, there are certain considerations that Shareholders should be aware of regarding the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of such company, a general offer will normally be required if any further shares increasing that person's percentage of voting rights are acquired.

Under Rule 37 of the Takeover Code when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code in these circumstances.

However, under note 2 to Rule 37 of the Takeover Code, where a shareholder has acquired shares at a time when he had reason to believe that a purchase by the company of its own voting shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise.

The proposed buyback powers could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. Prior to the Board implementing any share buyback the Board will seek to identify any Shareholders who they are aware may be deemed to be acting in concert under note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with note 2 of Rule 37. However, neither the Company, nor any of the Directors, nor the Investment Manager will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fail(s) to take appropriate action.

## **10 THE INITIAL ISSUE AND THE PLACING PROGRAMME**

### ***The Initial Issue***

The target size of the Initial Issue is £200 million (before expenses). The Minimum Gross Proceeds is £100 million (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood may agree).

The total number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Initial Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement prior to Initial Admission.

RBC and Winterflood have agreed to use their respective reasonable endeavours to procure subscribers pursuant to the Initial Placing for Ordinary Shares at the Issue Price on the terms and subject to the conditions set out in the Placing and Offer Agreement and this document.

The Company has agreed to make an offer of Ordinary Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions of Application set out in this document. The Terms and Conditions of Application should be read carefully before an application is made. Investors should consult their independent financial advisers if they are in any doubt about the contents of this document or the acquisition of Ordinary Shares.

Further details about the Initial Issue are set out in Part 7 of this document.

### ***The Placing Programme***

In addition to any Ordinary Shares issued under the Initial Issue, the Company may issue up to 200 million Ordinary Shares in aggregate pursuant to the Placing Programme.

Any Ordinary Shares issued pursuant to the Placing Programme will be issued at a price calculated by reference to the prevailing published Net Asset Value per Ordinary Share at the time of issue together with a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions), which are not expected to exceed 2 per cent. of the gross proceeds of each Subsequent Placing.

Ordinary Shares issued under the Placing Programme may be issued under this document provided that it is updated by a supplementary prospectus (if required) under section 87G of FSMA and Article 23 of the Prospectus Regulation.

Further details about the Placing Programme are set out in Part 8 of this document.

## **11 C SHARES**

If there is sufficient demand at any time in the future, the Company may seek to raise further funds through the issue of C Shares. The rights conferred on the holders of C Shares or other classes of shares issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of the issue of the relevant shares) be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

The Articles contain the C Share rights, full details of which are set out in paragraph 4.21 of Part 10 of this document.

C Shares will be available for issue by the Company (subject to admission) if the Directors consider it appropriate to avoid the dilutive effect that the proceeds of an issue might otherwise have on the existing assets of the Company.

## **12 TAXATION**

Potential investors are referred to Part 9 of this document for details of the taxation of the Company and Shareholders in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers immediately.

## **13 DISCLOSURE OBLIGATIONS**

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (as amended from time to time) (“DTR 5”) of the Financial Conduct Authority Handbook apply to the Company on the basis that the Company is a “UK issuer”, as such term is defined in DTR 5.

As such, a person is required to notify the Company of the percentage of voting rights it holds as a holder of Ordinary Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Ordinary Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of the Company, 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent.

#### **14 RISK FACTORS**

The Company's performance is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 14 to 30 of this document.

#### **15 NON-MAINSTREAM POOLED INVESTMENT PRODUCTS AND MIFID II**

The Ordinary Shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

The Directors consider that the requirements of Article 57 of the MiFID II delegated regulation of 25 April 2016 will be met in relation to the Ordinary Shares and that, accordingly, the Ordinary Shares should be considered "non-complex" for the purposes of MiFID II.

## PART 2

# EXPERT REPORT ON THE UK ENERGY EFFICIENCY INVESTMENT MARKET AND INVESTMENT OPPORTUNITY



**EnergyPro Ltd**  
Nicholas House  
River Front  
Enfield  
EN1 3FG

The Directors  
Triple Point Energy Efficiency Infrastructure Company plc  
1 King William Street  
London  
EC4N 7AF

## MARKET COMMENTARY REPORT ON THE UK ENERGY EFFICIENCY MARKET

### PREAMBLE

We have been instructed by Triple Point Energy Efficiency Infrastructure Company plc (the 'Company') to provide a report on the UK energy efficiency market in connection with the issue of ordinary shares in the capital of the Company (the 'Ordinary Shares') and the admission of the Ordinary Shares to trading on the Specialist Fund Segment of the Main Market of London Stock Exchange plc (together the 'Transaction') and the prospectus to be issued by the Company in connection with the Transaction (the 'Prospectus').

Reliance on our report is extended to Akur Capital in its capacity as Joint Financial Adviser, to RBC Capital Markets, in its capacity as Global Coordinator, Sole Bookrunner and Joint Financial Adviser and Winterflood Securities Limited in its capacity as Co-lead Manager.

This commentary report has been prepared by Dr. Steven Fawkes, Managing Partner at EnergyPro Ltd.

Steven has over 35 years' professional experience in the energy efficiency and energy services industry. He has advised corporates, governments, multi-lateral institutions and investors on energy efficiency, energy services, the financing of energy efficiency, and energy policy, and worked in the UK, Europe, USA, Asia and the Middle East. He has co-founded and managed energy services firms developing and delivering large multi-utility services projects and had board appointments to energy efficiency related companies including a listed smart meter company, a roof-top solar company and a Combined Heat and Power company. He advises Energy Efficiency Services Ltd in India and two European energy efficiency funds, and is the Independent Member of the Investment Committee of the London Energy Efficiency Fund. He has written three books and numerous papers and articles on energy efficiency.

Our market commentary covers various aspects of the UK energy efficiency market.

### INTRODUCTION

Improving energy efficiency, strictly defined as the reduction of energy input for any given required level of service or output, has long been a component of energy policy in most countries including the UK. It has, however, never been fully utilised or reached its full potential due to a number of barriers including: the fact that investing in efficiency measures is non-core spending for most organisations; it is a fragmented industry; projects are small; it has been hard to measure the

results; it is politically less attractive than large energy generation projects; and it has tended to be seen as ‘a cause’ or something that is implemented as part of mandatory government programmes. Today we see growing interest in energy efficiency from governments, companies, the public sector and financial institutions and a recognition that **improving energy efficiency is the most cost-effective way of reducing carbon emissions from energy use, that investing in efficiency brings multiple non-energy benefits with it, and that it offers relatively low risk, long-term investment returns**. At the same time, in response to changes in the electricity market towards decarbonisation, decentralisation and digitisation, we are also seeing a broadening of the definition of energy efficiency to include a wide and growing range of demand side measures including; distributed generation, demand response, energy storage, electric vehicle charging infrastructure as well as heat pumps, heat networks and thermal storage. This report uses this broad definition of energy efficiency and examines the drivers, the market size and structure, as well as why energy efficiency as an asset class should be attractive to investors.

## ENERGY EFFICIENCY

In the UK total energy use is declining. In 2018 total primary energy use was 200.1 mtoe with final energy consumption of 151.3 mtoe, compared to 243.4 mtoe total primary energy use in 1998 with final energy consumption of 168.7 mtoe<sup>1</sup>. Over that time GDP grew c.45%. The link between GDP growth and growth in energy usage, which at one time seemed to be absolute, has been broken and that is partly due to the improved energy efficiency of industrial processes, buildings and appliances as well as the increasing impact of distributed and renewable generation. Energy efficiency has a number of important characteristics that are often not appreciated or valued.

*Users of energy, whether they be industrial, commercial or domestic, do not want or need electricity or fuel per se, they want or need the services that energy delivers.* In the words of the energy efficiency guru Amory Lovins, people don’t want energy, they want ‘warm showers, cold beer, comfort, mobility and illumination’. Shifting the focus onto the services required and the total cost and total energy input to provide them, opens up the scope for far greater levels of energy efficiency as well as new energy service based business models such as Lighting as a Service.

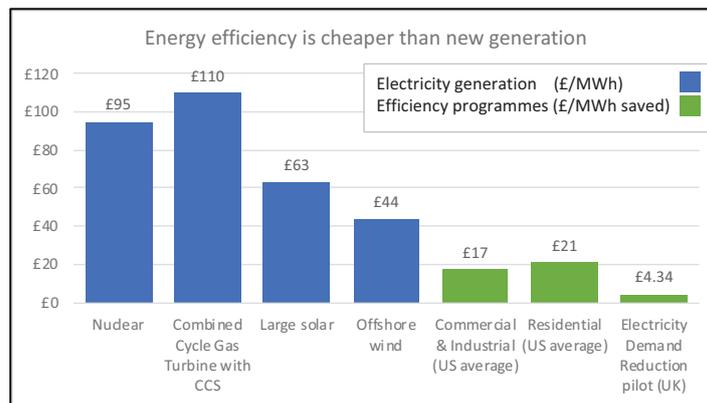
*Energy efficiency projects often have rapid paybacks.* In the Energy Efficiency Financial Institutions Group’s (EEFIG) Derisking Energy Efficiency Platform (DEEP)<sup>2</sup>, database, which includes over 10,000 projects, the average reported paybacks are 5 years for buildings and 2 years for industrial projects. Despite this economic attractiveness many potential projects do not proceed because of other priorities of the project host, lack of internal capacity to develop projects, or shortage of investment capital. Furthermore, normal investments in building refurbishments and industrial facilities or new buildings and facilities often do not utilise all of the cost-effective potential for energy efficiency.

*Many studies have shown that energy efficiency is the cheapest way of providing energy services.* A UK study based on the Electricity Demand Reduction Pilot in 2012 demonstrated that the Levelised Cost of Energy (LOCE) for energy efficiency was £4.34/MWh compared to £44/MWh for off-shore wind and £95/MWh for nuclear. The projects in EEFIG’s DEEP database suggest that the median avoided cost of energy is €2.50/MWh for buildings and €1.20/MWh for industry, significantly below the cost of energy. **Energy efficiency has been described as the largest, cheapest, safest and fastest to deploy energy option.**

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1 *Digest of UK Energy Statistics 2019*. BEIS. 25 July 2019.

2 *EEFIG Derisking Energy Efficiency Platform*.



The cost of generation compared to the cost of energy efficiency  
Source: BEIS

The potential for improved energy efficiency is massive. It has been extensively studied, across many sectors and many geographies. Research at the University of Cambridge<sup>3</sup> concluded that **the existing global economy could run on 73 per cent less energy by applying known engineering best practice** to passive systems like buildings that transform useful energy to services such as comfort. Furthermore it estimated the reduction potential in conversion devices, systems that convert one form of energy to another (such as fuel to motion), to be 85 per cent without any reduction in service. The research concludes that globally we use 475 Exajoules of primary energy resources to provide 55 Exajoules of useful energy services (motion, heat, cooling, light and sound). Although this does not take into account economic considerations it shows that **with an overall global energy efficiency of only 11% there is a huge potential resource in untapped energy efficiency opportunities**, a resource that is technically feasible but not necessarily economic, analogous to an oil or gas resource estimate. The more interesting part of that resource is the economic potential, potential that is both technically and economically feasible but not yet exploited, which can be considered similar to proven reserves in oil and gas.

The impact of energy efficiency in the energy transition has been neglected compared to fossil fuel and renewables. Without energy efficiency improvements since 2000, global energy use would have been 13% higher in 2018, and energy related carbon emissions would have been 14% higher<sup>4</sup>. In one US analysis energy efficiency was shown to have 'fuelled' three quarters of the demand growth for energy related services since 1970<sup>5</sup> and the UK story has been similar.

Energy efficiency has been described as 'the linchpin that can keep the door open to a 2°C future'. **The IEA estimates that to achieve a 2°C scenario energy efficiency must account for 38% of the total cumulative emission reduction through 2050, while renewable energy only needs to account for 32%.**

## ENERGY EFFICIENCY AND THE ENERGY TRANSITION

The UK, like all economies, is in the midst of an energy transition which has several dimensions but is most often characterised by three aspects; decarbonisation, decentralisation and digitisation. Decarbonisation requires a move away from fossil fuels and in the electricity sector this means substituting power generated by renewables for power generated from fossil fuels. The extent of these trends is illustrated by the growth in the percentage of power generated by renewables from 2000 when they generated 2.6% of total electricity production to 2019 when they generated 36.9% of total production<sup>6</sup>, and by the long, and increasing, periods without coal being used at all, in excess of sixty days at the time of writing.

Electricity generation is shifting away from large-scale centralised fossil fuel driven power stations to smaller decentralised plants, either renewables (mainly solar and wind) or small-scale localised

3 *Reducing Energy Demand: What are the Practical Limits?* Jonathan M. Cullen, Julian M. Allwood, and Edward H. Borgstein. Environmental Science & Technology. 2011.

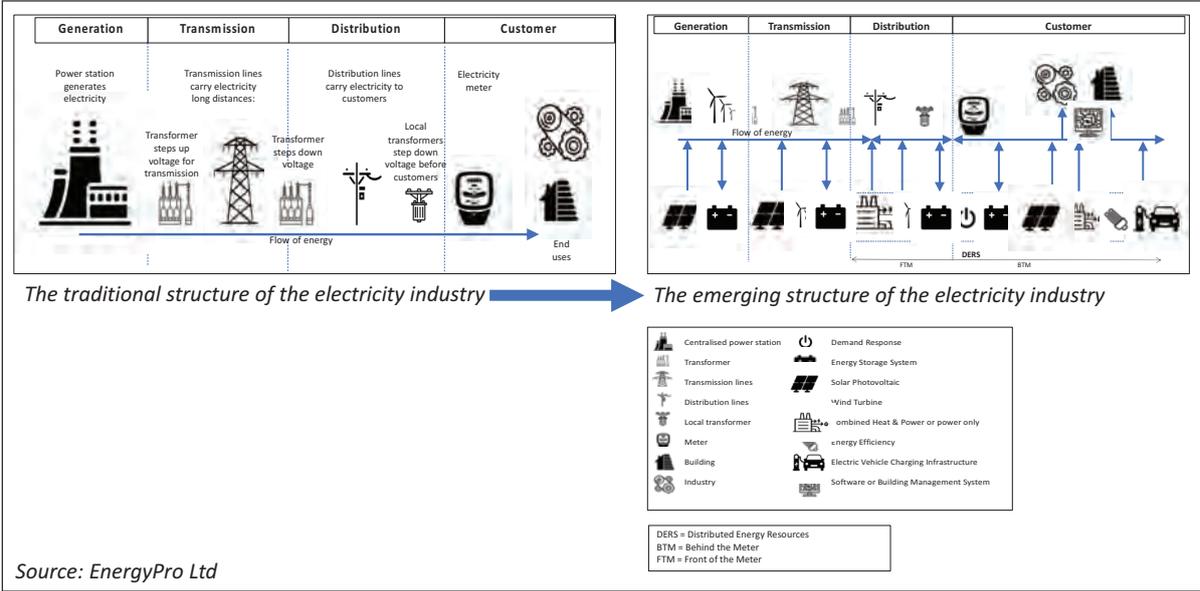
4 *Recommendations of the Global Commission.* Global Commission for Urgent Action on Energy Efficiency. June 2020.

5 *The Long-Term Energy Efficiency Potential: What the Evidence Suggests.* John A. 'Skip' Laitner, Steven Nadel, R. Neal Elliott, Harvey Sachs and A. Siddiq Khan. ACEEE. 2012.

6 *UK Energy Statistics, 2019 & Q4 2019.* BEIS. 26 March 2020.

plants utilising technologies such as Combined Heat and Power (CHP) driven by gas engines. Centralised plants are connected to the transmission system whereas decentralised plants are connected directly to the local distribution system, or embedded in energy users' sites. According to National Grid's Future Energy Scenarios<sup>7</sup> up to 42% of generation capacity in the UK could be on the distribution network by 2050 compared to 16% in 2016. In the UK there are now approximately 1 million renewable generators, the majority of which are individual solar installations, which represents a huge shift away from the traditional structure of the industry which was based on a relatively small number of large-scale power plants.

The growing ubiquitous nature of micro-processors, low cost sensors, computing power, communications, AI, machine learning and distributed ledgers, collectively the Internet of Things (IoT), is impacting all sectors including energy generation, distribution and use. Digitisation in the power sector enables data and analytics services that can reduce Operations & Maintenance (O&M) costs, improve efficiency, reduce unplanned outages, improve system stability, extended asset lives and improve system planning for utilities. Wider connectivity enables broader structural change including giving the consumer more control and allows new business models such as peer-to-peer energy and flexibility trading. Digitisation allows all parts of the energy system, from generation, through transmission and distribution to end use to be connected in a more flexible, multi-directional system.



These shifts in the electricity industry are having a number of important effects. Firstly as the proportion of variable renewable electricity increases, there is a need for greater flexibility in the system to maintain grid stability which increases the value of assets that can either increase or decrease output quickly. These can be based on generation, demand response (DR) or storage. It also means that the system is moving from one where power flow was always in one direction, from generator to customer, to one in which power flows are multi-directional and consumers can become prosumers – both producers and consumers of power. The old barrier between supplier and customer, defined by the electricity meter, is breaking down and becoming semi-permeable as buildings, industrial processes and even vehicles become 'grid interactive' and supply energy, energy savings and flexibility to the grid. This area is also defined as 'grid edge'.

Overlaid on these changes in the nature of the electricity system there is the prospect of increasing electrification, especially in transport and heat. Electric vehicle demand is expected to grow and this will bring additional electricity demand, as well as potentially bi-directional flow of electricity (Vehicle to Grid – V2G). In the UK residential space heating is predominantly provided by fossil fuels (mainly gas) and there is a trend towards the use of heat pumps to provide low carbon heating. According to National Grid's 2018 Future Energy Scenarios (FES), the impact of electrification in transport and

7 Future Energy Scenarios. National Grid. 2020.

heating could result in electricity capacity increasing from 103 GW today to between 189 GW and 268 GW by 2050. The FES also projects up to 65% of generation being local by 2050.

**The shift towards a decarbonised, decentralised and digitised energy system means an increased focus on the demand side of energy, rather than just on the supply side and the meaning of the term ‘energy efficiency’ is shifting to incorporate all demand side assets, rather than just referring to energy saving projects.** It is being used to cover the whole range of technologies and business models including: demand response, distributed generation, behind-the-meter energy storage, virtual power plants, micro-grids, building-to-grid, industry-to-grid, vehicle-to-grid, as well as local generation and utilisation of heat in efficient and flexible systems.

These activities all contribute to reducing the input of primary energy to produce a given level of services or output, generating power locally through Combined Heat and Power reduces primary energy use, using solar eliminates it altogether. Demand response can reduce the need for high carbon generation at peak times. Transmission and distribution losses are also reduced as a result of the use of distributed energy resources. ‘Energy efficiency’, meaning the wider set of demand side technologies and business models, is now an emerging asset class with growing interest from investors looking for investments that have a positive contribution towards achieving Paris Agreement aligned targets and Sustainable Development Goal 7, ‘Ensure access to affordable, reliable, sustainable and modern energy for all’, and particularly Target 7.3: ‘double the global rate of improvement in energy efficiency by 2030’.

## **DRIVERS OF ENERGY EFFICIENCY INVESTMENT**

There are several drivers that promote investment into energy efficiency. These include:

- policy
- energy costs
- organisations looking to improve resilience
- carbon reduction targets and commitments
- increasing electrification
- falling costs of distributed energy and energy efficiency technology
- increased acceptance of ‘as a service’ models
- need to upgrade infrastructure
- increasing recognition of the value of non-energy benefits.

### ***Policy***

The UK is firmly committed to decarbonisation and the Paris Agreement. The Climate Change Act of 2008 committed the country to a legally binding carbon target of reducing GHG emissions by 80% of 1990 levels by 2050 and legally binding five year ‘carbon budgets’. The Act also established the Committee on Climate Change (CCC) to ensure that the emissions targets are evidence-based and independently assessed. In June 2019 the UK became the first country in the world to legislate for net zero emissions, increasing its ambitions to reduce emissions by ‘at least 100%’ by 2050.

Successive UK governments have highlighted energy efficiency as an important part of overall energy policy but the track record of policies and programmes over the last decade has been mixed with a complex set of regulations for the industrial and commercial (I&C) market. The EU is firmly committed to improving energy efficiency and the UK programmes have been designed to meet the requirements of the EU’s Energy Efficiency Directive and the Energy Performance of Buildings Directive. Clearly some may change following the end of the BREXIT transition period but the overall direction of travel will remain the same. The major regulations that are designed to drive greater energy efficiency are as follows:

### ***EU Emissions Trading Scheme (EU ETS)***

- a ‘cap and trade’ emissions trading scheme that applies to large energy users with thermal plant greater than 50 MWth capacity

- EU ETS will be replaced by a UK ETS from 2021 to 2030, with a 5% lower cap than the EU ETS, and the government has committed to 'going further and faster in our efforts to deliver clean energy and a net zero future'.

#### *Display Energy Certificate (DEC)*

- DEC shows energy performance of the building on an A to G scale
- buildings accessed by the public and with a floor area of 250m<sup>2</sup> or above must display a valid DEC
- DEC is valid for one year and must be renewed annually.

#### *Streamlined Energy and Carbon Reporting (SECR)*

- On 1<sup>st</sup> April 2019 SECR replaced the previous CRC Energy Efficiency Scheme which operated from 2013 but was deemed to be too complex
- SECR applies to large companies (defined as meeting two of the following criteria: £36m turnover, £18m balance sheet turnover, 250 employees) and requires annual reporting of UK energy use and Scope 1 and 2 carbon emissions.

#### *Energy Savings Opportunity Scheme (ESOS)*

- mandatory energy assessment scheme for sectors that fall outside the EU ETS
- sets standards for energy assessors able to meet requirements of ESOS
- requires mandatory energy audits and reporting every four years
- recommendations for energy efficiency improvements need to be presented to board

#### *Energy Company Obligation (ECO)*

- requires energy companies to invest in energy efficiency measures in customers' buildings
- investment can be in a range of residential energy efficiency measures
- targeted at low income households in fuel poverty

#### *Energy Performance Certificates (EPC)*

- EPCs rating the energy efficiency of a residential property must be displayed when a property is sold or let
- scale runs from A to G with A being the most efficient.

#### *Minimum Energy Efficiency Standards (MEES)*

- came into force in April 2018
- applies to private rented residential and non-domestic property
- properties cannot be rented or sold without an EPC of E or above
- the minimum level of performance will be increased over time.

#### *Energy labelling*

- many energy consuming products have to display an energy label which sets out their calculated energy consumption a year in kWh and level of energy efficiency on an A+++ to G scale

#### *Supporting policies and programmes*

As well as specific energy efficiency policies the UK government has a number of policies and programmes that are supportive of the wider move towards energy efficiency, distributed energy and associated products and services. These include the Clean Growth Strategy published in October 2017 which includes the target of improving business energy efficiency by at least 20% by 2030. Under the Clean Growth Strategy the government is releasing considerable funding to support energy efficiency and related areas. Significant initiatives include:

- BEIS Heat Network Investment Programme with £320m to invest in gap funding heat network projects in England and Wales.

- BEIS Energy Innovation Programme with £550m budget from 2015-2021 including:
  - £70m for smart systems
  - £90m for the built environment
  - £100m in industrial decarbonisation and carbon, capture, use and storage
  - £180m for nuclear innovation (mainly aimed at Small Modular Reactors)
  - £15m in renewables innovation
  - £50m to support energy entrepreneurs and green financing
- £246m Faraday Challenge to support innovation, design, development and manufacture of electric batteries
- £5m Green Home Finance Innovation Fund to encourage the private sector to pilot green home finance products to incentivise energy efficiency retrofits, such as green mortgages
- £315m Industrial Energy Transformation Fund to support energy intensive industries to transition to a low carbon future. Design of the fund is now being finalised
- £13m Industrial Energy Efficiency Accelerator to accelerate the commercialisation of innovative energy efficiency technologies for industry
- £6m innovation competition, Boosting Access for SMEs to Energy Efficiency (BASEE), to encourage development of new business models to deliver energy efficiency to SMEs
- The Energy Entrepreneurs Fund has provided £75m of grants since 2014 to 130 companies that have leveraged more than £100m in private investment
- Ofgem's Low Carbon Network funding, the Energy Systems Catapult and Innovate UK have all supported projects on a wide range of topics directly related to the broad theme of energy efficiency, energy services and the future shape of the electricity system, supporting innovation in this area.

### **Energy costs**

Cost reduction is an important factor to most organisations and energy costs represent an area where savings are almost always possible, either through better management of existing energy systems and demand ('good housekeeping') or through investment in upgrading energy systems by investment in energy efficiency projects such as improved controls, new lighting, new heating systems or upgrading building fabric through better insulation. A constraining factor is that although cost saving is important, it is rarely core or strategic in most organisations and therefore investment in energy efficiency is often put off in favour of focusing capital on core business activities such as new production facilities or new product development. This constraining factor is counter-balanced by a number of the other drivers described below which are more strategic and growing in influence.

With recent low oil prices, which look set to continue, and the continuing reductions in the cost of generating renewable power, it is appropriate to ask, what will be the effect of low energy prices on investment into energy efficiency? There is no doubt that lower energy prices reduce the incentive to undertake pure energy efficiency projects where the returns are based just on energy cost savings. **Is there a danger that energy efficiency is made unattractive because of low energy prices? There are a number of factors to think otherwise.**

- Electricity bills are made up of three components:
  - commodity costs (wholesale power costs);
  - use of systems costs, the various components of costs for operating transmission and distribution systems including: Transmission Network Use of System (TNUoS); Balancing Services Use of System (BSUoS); and Distribution Use of System (DUoS) charges.
  - policy costs, the various levies charged to support policies including: Renewables Obligation Certificates (ROCs), Climate Change Levy (CCL), Feed in Tariffs (FiTs), Contracts for Difference (CfD) and Capacity Market (CM).



**decarbonised, decentralised, digitised, more efficient and highly flexible system of the future.**

### ***Improved resilience***

Distributed energy generation and improved energy efficiency can improve resilience for industry and buildings, as well as the overall energy system. As resilience is increasingly being considered by organisations this will help drive investment into energy efficiency, particularly renewable self-generation, micro-grids and private wire networks.

### ***Corporate carbon reduction targets***

A September 2019 report on sustainability reporting within the FTSE 100<sup>10</sup>, which compared performance to companies within the CAC 40, DOW 30 and IBEX 35 indices, concluded that 'companies are becoming more ambitious in their commitment to climate action, reflected by an increase in the number of companies setting science-based targets, using renewable energy, and reporting climate-related risks following the recommendations of the Taskforce on Climate-related Financial Disclosures'. The report found that:

- 15 companies in the FTSE 100 have targets for carbon neutrality by 2050
- 77 are using renewable energy, up from 65 in 2017
- 25 are committed to using 100% renewable energy
- 3 already use 100% renewable energy
- 50 have a mitigation plan and 75 have a risk assessment in line with the TCFD recommendations
- 81 have a carbon reduction target
- 29 have science based targets
- 96 implement energy efficiency projects (up from 80 in 2018).

Although some of this reporting may have an element of 'greenwashing' there is increasing pressure from investors that will continue to drive further and deeper corporate action on climate change which will be supportive of growth in the wider energy efficiency market.

Action on climate change is not confined to the FTSE 100 companies. An October 2019 survey<sup>11</sup> suggested that half of UK businesses were targeting carbon neutrality by 2030. In the public sector, many local authorities have declared a 'climate emergency' and/or a net zero target. Although progress on implementation in local authorities is variable, many of these are now actively developing programmes to improve energy efficiency across their estates, in housing and in their geographical area, which will need investment. As well as public investment this will increase the scope for public-private co-operation and investment.

Strong carbon targets help drive investment into energy efficiency.

### ***Investor pressure***

Action on climate change from investors is growing, ranging from calls for stronger policies to partial or total divestment from fossil fuel investments. Groups such as the Institutional Investors Group on Climate Change have highlighted the need for greater political ambition and more investment into energy efficiency. The fossil fuel divestment movement is continuing to grow. There is a trend towards greater transparency of the climate risks of investment portfolios, both through voluntary adoption of Environmental, Social and Governance reporting, the use of benchmarks such as GRESB for real asset portfolios, as well as increasing regulatory pressure on investors to evaluate climate related risks. In Europe the Sustainable Finance Disclosure Regulation is due to come into force in 2021 which will require disclosures based on the use of the EU Taxonomy which classifies sustainable activities. The energy efficiency of buildings and industry is specifically addressed in the Taxonomy and investments which improve energy efficiency, subject to certain criteria, will be classified as sustainable investments. These factors will drive greater attention on energy efficiency from investors, which in turn will drive greater attention from companies.

<sup>10</sup> *The Sustainability Reporting of the FTSE 100. Annual Report. September 2019. Ecoact.*

<sup>11</sup> *Half of UK businesses 'targeting carbon neutrality by 2030'. Edie.*

## **Electrification**

Given the decarbonisation of the electricity system, and technological advances, there is a trend towards greater electrification, under the banner of #electrifyeverything, most notably in electric vehicles (EVs) and space heating but also process heating. Forecasts by National Grid, McKinsey and Shell all foresee electricity taking a larger share of the total energy market as transport and heating electrify. This shift will drive investment opportunities in areas such as EV charging infrastructure and battery energy storage systems, heat pumps, distributed solar PV and grid responsive thermal energy storage. Both vehicles and building systems are likely to become more closely integrated into the grid to provide energy and flexibility services ('V2G' and 'B2G'), turning these assets into a revenue source to offset total energy costs.

With increased utilisation of electricity there will be additional pressure to invest in pure energy efficiency in order to facilitate the growth in demand from heat and vehicles. We have already seen examples from around the world of distribution companies avoiding or deferring investment in physical infrastructure through 'non-wires alternatives'. Between 2003 and 2010 ConEd in New York engaged with energy services companies to implement energy efficiency projects as an alternative to investing in transmission and distribution capacity with an NPV of c.\$300m. Overall it is estimated that the follow-on programmes have reduced capital expenditure by more than \$1 billion<sup>12</sup>. In the UK a number of innovation projects have demonstrated that it can be more cost-effective for distribution companies to invest in efficiency than in traditional infrastructure, transformers, cables etc. Regulation in the UK has not yet caught up with this but we believe that we are likely to see the regulator moving in a way that facilitates greater investment into non-wires alternatives as responsibility for balancing the electricity system shifts towards the distribution companies. This will drive more localised investment in flexible, integrated systems.

The trend towards electrification raises the question over the future of gas fuelled Combined Heat and Power, and indeed gas fuelled flexible generation. Planning regulations driving low carbon solutions, coupled with a low carbon grid, will make utilisation of gas CHP in buildings more difficult to justify over the next few years and we expect a shift towards heat pumps. However, in many cases, for example hospitals and some industrial applications, it remains difficult to economically justify heat pumps at the moment and so we expect to see continued investment into gas CHP, both stand-alone and in hybrid systems with heat pumps and batteries for some time. There is also a movement towards alternative low carbon fuels such as bio-gas and using hydrogen in the gas grid which could prolong the use of gas infrastructure, CHP and peaking plants. Although some observers see heat pumps and hydrogen in the gas grid as an either-or situation particularly for residential heating, we expect both solutions to have a role to play and the emergence of hybrid systems. We also expect to see continued need for gas fired flexible generation over that period as the need for flexibility in the grid increases, however, as battery technology improves and costs fall, peaking capacity will increasingly be provided by battery energy storage systems. As the demand for electrification of heat and net zero solutions increases, and regulations are tightened, there will be an increased risk of investing in gas fuelled infrastructure.

## ***Falling costs of energy efficiency, distributed energy and energy storage technologies***

The falling cost of renewable energy and battery storage systems is widely known but less well known, with the exception of LED lamps, is the fall in the cost of energy efficiency technologies. Mass production, cheaper electronics, competition and better technology have reduced the cost of efficiency technologies such as lighting, variable speed drives, heat pumps and high efficiency windows amongst others, whilst their performance has increased through technological advances and smarter control. The integration of technologies through better design can also often bring significant performance increases and reductions in total capex.

## ***The growth of 'as a service' models***

Service based models, in which customers pay a regular usage fee over the lifetime of an asset rather than purchasing the asset are increasingly popular in many areas and energy is no exception. We have seen Lighting as a Service models emerge providing fully funded LED lighting retrofits, as well as more extensive energy services contracts. This move is helped by a shift towards greater consideration of the total cost of energy i.e. including capex, maintenance costs

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<sup>12</sup> *Energy Efficiency as a T&D Resource: Lessons from Recent US Efforts to Use Geographically Targeted Efficiency Programs to Defer T&D Investments.* Chris Neme and Jim Grevatt. NEEP. 2015

etc., rather than just headline energy costs, analogous to the Total Cost of Ownership model in IT. By focusing on total lifetime ownership costs, energy as a service models can bring greater levels of energy efficiency through the installation of more efficient equipment albeit sometimes with a higher capital cost. We expect energy and energy efficiency as a service models to grow.

**Ageing infrastructure**

Much of the energy and utility related infrastructure in the UK is ageing and there has been a reduction of maintenance and non-essential capex spend, particularly in the public sector due to austerity measures imposed after the financial crisis of 2008/9.

As an example, the maintenance backlog in NHS hospitals has risen from £4.3 billion in 2013/14 to nearly £6 billion in 2017/18. Of this over £3 billion is rated as high or significant risk. Much of this backlog is associated with utility systems and this helps the continued growth of the Energy Performance Contract market within the NHS, aided by procurement frameworks such as the Carbon & Energy Fund.

Ageing infrastructure is not confined to the public sector. In industry, utility systems are often low priority compared to other calls on limited capex budgets with replacements being left until absolutely necessary. In the electricity system, many distribution assets can be 20-40 years old.

**Non-energy benefits**

The International Energy Agency highlighted non-energy benefits as being an important aspect of energy efficiency investments in 2012<sup>13</sup> and since then there has been a growing body of evidence of the value of multiple non-energy benefits. Non-energy benefits that have been documented and measured include (*inter alia*);

- increased property value (both residential and non-residential)
- improved indoor air quality
- removal of production bottle necks
- increase in production capacity
- reduced employee absenteeism
- improved health and learning outcomes.



The multiple benefits of energy efficiency  
Source: EEFIG Underwriting Toolkit

Many of these non-energy benefits are more strategic to the decision making organisation than just energy cost savings. For instance, improved health outcomes are strategic to a hospital and increased production capacity is strategic to a manufacturing facility. **These non-energy benefits when properly valued, increase the propensity to invest and in some cases may even**

13 Spreading the net: The multiple benefits of energy efficiency investments. IEA. 2012

**become the main motivator for energy efficiency projects.** A 2003 study by Lawrence Berkeley National Laboratory found that in 52 industrial case studies in six countries that valuing observed gains in productivity cut average efficiency retrofit payback times in half, and that in 63% of cases, non-energy benefits exceeded energy benefits.<sup>14</sup>

### ***Effects of COVID-19***

It is too early to tell the long-term effects of COVID-19 on the energy system and energy efficiency but it is clear that there have been major short-term changes including reductions in electricity demand of 10-20%, shifts in demand patterns and a higher proportion of generation coming from renewables. These changes have necessitated urgent introduction of new ancillary services to provide greater levels of flexibility. In a sense this has been a glimpse of the future energy system and we expect the underlying trends to be accelerated as the economy recovers.

Another effect of COVID-19 is likely to be increased attention on indoor air quality and healthy buildings. This will drive investment into building upgrades which can, and indeed will have to, incorporate energy efficiency measures. The evidence on air borne transmission supports the need to run ventilation systems with 100% fresh air, as opposed to current typical levels of 15% to 20%, and professional bodies are now recommending this practice at least during COVID-19 episodes. Switching to 100% ventilation in most commercial and public buildings could, according to a recent estimate, increase energy use up to six times<sup>15</sup>, which would clearly be unacceptable from both an operating cost and an environmental impact perspective. The use of 100% fresh air ventilation can only really be achieved economically by adopting high levels of building insulation and air tightness and using mechanical heat recovery systems, to a level that typically can only be reached through deep retrofits to the Passive House standard.

Finally, there is pressure for governments to link post-COVID-19 recovery programmes to green investment which could include energy efficiency, particularly in buildings. Thirty percent of the European Commission's €750 billion recovery plan agreed in July 2020 is for climate protection programmes including significant amounts for building renovation, renewables and electrification of transport. The European Green Deal also has energy efficient building renovation at its core. In the UK there is pressure to focus recovery programmes on the environment including more than 200 leading businesses calling for a recovery programme focused on low carbon innovation, infrastructure and industries, and support to sectors that best support sustainable growth, including: 'building construction, renovation and energy efficiency, low-carbon power and mobility infrastructure, natural environmental improvements, and innovation to decarbonise hard to abate sectors'. Clearly such a programme would support investment into energy efficiency.

In the Chancellor's Summer Statement £3 billion was made available for energy efficiency in buildings: £2 billion through a system of grants to cover up to two thirds of the cost of energy efficiency measures up to £5,000; and £1 billion to improve efficiency and introduce low carbon heating into schools, hospitals, prisons, military establishments and other public buildings, with £50 million for pilot projects in social housing. It is believed that the Autumn budget will include additional measures to support energy efficiency and low carbon energy, possibly as part of the National Infrastructure Strategy which will also be released in the Autumn.

### ***Summary***

**There are numerous positive drivers of energy efficiency investment. Even in a world of low cost oil and renewable electricity we believe that all these factors, working in combination, will continue to drive increased investment into all forms of energy efficiency.**

### **BARRIERS TO ENERGY EFFICIENCY**

One of the key barriers to investment into energy efficiency has been the fact that although cost saving is important it is rarely core or strategic in most organisations and therefore investment in energy efficiency is put off in favour of focusing capital on core business activities such as new production facilities or new product development. There are a number of other barriers to growth and investment into the energy efficiency market which are now better understood and need to be addressed in the design of policies, projects and financial instruments designed to accelerate investment into efficiency.

<sup>14</sup> *Public Lectures in Advanced Energy Efficiency: Industry.* Amory B. Lovins. 27 March 2007.

<sup>15</sup> 'Hygiene ventilation' and the case for Green Stimulus. Archinet News. 4 May 2020.

These include:

- pure energy efficiency projects, i.e. energy saving projects, can be small-scale compared to energy generation and supply projects
- transaction costs are high
- projects can cover a range of technologies
- there is a lack of standardisation in the way that projects are developed and documented
- measuring the results of energy efficiency involves comparison to a counterfactual, without standardised methodologies which are now emerging, efficiency cannot be metered
- there is a lack of capacity to understand efficiency within the financial sector, almost all of the focus to date has been on renewables as these are larger scale investments utilising single technologies and were previously supported by subsidies
- the energy efficiency industry is very fragmented
- contracting structures, particularly Energy Performance Contracts, can be complex and represent a significant transaction cost relative to the size of the projects.

A significant barrier to the development of the energy efficiency market is a lack of capacity in project development, particularly in large scale, multi-site projects needed to achieve investment scale. We see a number of issues around project development:

- developers have tended to be small and focused on single technologies e.g. Behind the Meter (BTM) energy storage using batteries or Combined Heat and Power
- there is a lack of capacity in emerging technologies such as heat pumps
- customers are demanding a multi-technology agnostic approach and there is a lack of capacity to develop complex, multi-technology projects
- traditional Energy Service Companies do not generally undertake early stage project development but rather tend to respond to Invitations to Tender for partly developed projects.

For investors looking to deploy capital at scale it is essential to actively work to build development capacity rather than to adopt a passive attitude to project pipeline. Possible strategies include investing a proportion of capital in higher risk, early stage development activities and/or investing in developers.

## THE MARKET SIZE FOR ENERGY EFFICIENCY

Estimating the market for energy efficiency is complex and strictly speaking there is no market for energy efficiency, but rather many markets for products and services that result in improved energy efficiency. Furthermore efficiency expenditure can be bundled into other contracts such as Facilities Management contracts and therefore is hard to measure. Finally, improved efficiency results from many different technologies and also from investments that are not driven solely by energy cost savings, e.g. investment in a new production line where the motivation to invest may be to increase production or replace aged plant, but the new line brings with it a greater level of energy efficiency.

The IEA estimate that the global investment into energy efficiency in 2018 was USD 240 billion. Investment into energy efficiency is defined by the IEA 'as incremental spending on new energy efficient equipment or the full cost of refurbishments that reduce energy use'. To realise the IEA's Efficient World Scenario (EWS), energy efficiency investment needs to grow significantly. Average annual investment in the EWS needs to grow to over USD 584 billion between now and 2025, and then to nearly USD 1.3 trillion per year between 2026 and 2040. **All investments required for the EWS are cost-effective, paying back on energy savings alone by an average factor of three over the life of the measure.**

As we have seen, energy efficiency is no longer just about energy cost saving projects, it incorporates demand response, distributed generation, energy storage and even electric vehicle charging. These are not necessarily included in the IEA's estimates.

Having raised the difficulties of sizing the market, a range of estimates of both the potential and the current market sizes for various aspects of energy efficiency in the UK are discussed below.

The massive global technical potential (73% energy savings) highlighted by the Cambridge research mentioned at the beginning of this report should be thought of as an energy *resource* that is technically feasible but not necessarily economic. The economic potential, potential that is both technically and economically feasible but not yet exploited, is similar in nature to *proven reserves* in oil and gas. Several estimates of UK economic potential exist.

### ***The potential***

A 2012 study by McKinsey for UK government concluded that there was potential to reduce electricity use across the domestic, services and industry sectors by 155 TWh (c.40% of 2030 BAU demand<sup>16</sup>).

In 2013 the CBI estimated UK businesses are wasting £1.6bn<sup>17</sup> (compared to total energy expenditure at the time of c.£14bn), implying an investment potential of c.£4bn to £8bn.

In the 2013 government energy efficiency strategy it was estimated that the energy efficiency sector in the UK accounted for sales of £18 billion in 2010/11<sup>18</sup>. The same document estimated that through 'socially cost-effective investment' in energy efficiency, energy savings could be 196 TWh lower than the 2020 BAU baseline in 2020 and that were all this potential to be realised, final energy consumption in 2020 could be 11% lower than the business as usual baseline.

The 2017 UK government's Clean Growth Strategy stated that improved business energy efficiency could deliver £6 billion in cost savings by 2030 and generate one of the single largest carbon-saving measures in the entire Strategy. Better fabric, Heating, Ventilation and Air Conditioning (HVAC) equipment, and energy management, is seen as key to achieving these savings.

A 2018 study of the potential for energy efficiency across industry<sup>19</sup> showed that it is possible to achieve energy consumption reduction in excess of 15%.

A 2018 paper estimated that 25% of UK residential demand could be cost-effectively saved by 2035<sup>20</sup>. Only around 30% of homes in the UK currently meet EPC Band C (or above) and the National Infrastructure Commission has called upon the government to increase the pace of energy efficiency across all types of homes and allocate £3.8 billion a year up to 2030 to deliver energy efficiency improvements in social housing.

We believe, based on these and numerous other studies coupled with our practical experience, that the *cost-effective potential* across all sectors of the UK economy, effectively proven energy reserves waiting to be exploited, remains very significant, probably in the order of 10-25% of total energy use. **Total energy expenditure across all sectors in 2018 was £128 billion, implying cost-effective potential to save c.£13 to £32 billion per annum.**

### ***Market size estimates***

Here we have included a selection of market size estimates for different aspects of the UK energy efficiency market taken from various third-party market research reports. It should be noted that these only represent some parts of the total energy efficiency market.

Energy Performance Contracting, in which the contract includes some form of performance guarantee and long-term Operations and Maintenance, can be focused on energy supply technologies (typically heat supply or Combined Heat and Power) or on energy efficiency technologies. The UK EPC market is estimated at £700-750m per annum<sup>21</sup>.

The gas fired Combined Heat and Power (CHP) market is driven by the spark spread, the difference between gas and power prices. The spark spread remains strong and, despite a dip in

16 *Capturing the full electricity efficiency potential of the UK*. McKinsey. 2012

17 *Shining a light. Uncovering the business energy efficiency opportunity*. CBI. 2013.

18 *The Energy Efficiency Strategy: The Energy Efficiency Opportunity in the UK*. DECC. 2012 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/65602/6927-energy-efficiency-strategy-the-energy-efficiency.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/65602/6927-energy-efficiency-strategy-the-energy-efficiency.pdf)

19 *Reducing industrial energy demand in the UK: A review of energy efficiency technologies and energy saving potential in selected sectors*.

20 *The remaining potential for energy saving in UK households*. Jan Rosenow, Pedro Guertler, Steven Sorrell and Nick Eyre. Energy Policy. 2018.

21 *EnergyPro Ltd internal estimate based on market research in 2016*.

2020, the market for gas engine CHP is expected to grow 45% between 2019 and 2024 with applications such as hospitals and the food and drink industry, as well as a replacement market from 2022<sup>22</sup>. Over the coming decade this market will increasingly be affected by local constraints on emissions, the decarbonisation of electricity making it less beneficial as a low carbon solution compared to heat pumps, and the drive to net zero impacting on the attractiveness of gas as a fuel.

While there are more than 14,000 heat networks in the UK, only 2% of our homes and businesses are heated this way. The Committee on Climate Change estimate that up to 42 TWh of District Heating (DH) could be deployed by 2030, (9% of total UK heat demand), rising to as much as 81 TWh (18% of total heat demand) by 2050. The Institute for Public Policy Research estimate that the capital investment required to meet these two milestones is c£16.5 billion and c£27 billion respectively.

The Virtual Power Plant market is estimated at £120m in 2019 and is forecast to grow to £370m in 2024, a CAGR of 25.2%<sup>23</sup>.

The 'internet of energy' market, which covers energy supply side investments as well as the demand side investments being considered here, is estimated to grow from £2 billion in 2018 to £5 billion in 2025, a CAGR of 16.3%<sup>24</sup>.

The Building Energy Management System market was estimated to be £240m in 2017 growing to £550m by 2025, a CAGR of 11.2%<sup>25</sup>. The wider Energy Management System market, covering industrial and home energy management systems was estimated at £507m in 2018 growing to £1.2bn in 2024, a CAGR of 16.2%<sup>26</sup>.

The UK market for ancillary services is estimated to grow from £502m in 2018 to £675m by 2025, a CAGR of 5%<sup>27</sup>.

A 2018 study by BEIS estimated that the upper bound of the market potential for energy services contracts, such as Energy Performance Contracts, in non-domestic buildings was £1.89 billion per year to 2032, implying a £28 billion total investment opportunity<sup>28</sup>.

These are only snap shots of the entire energy efficiency market and it is clear from many studies that the exploited market remains small compared to the cost-effective potential which, as highlighted above, represents a significant investment opportunity.

### ***The market for convergence and energy efficiency as a service***

The changes in the electricity market described above are opening up opportunities for integrated 'energy as a service' or 'energy efficiency as a service' companies that can manage portfolios of distributed behind the meter energy resources, whether they be generation, demand response, energy efficiency measures, cross vector (power/heat) or electric vehicle charging infrastructure. There is a convergence of technologies and services. Customers are increasingly demanding low carbon, low cost solutions and the more sophisticated are looking to maximise the value of their energy assets in the energy market itself through the sale of power and ancillary services. For less sophisticated customers intermediaries or aggregators can manage portfolios of distributed assets on behalf of multiple customers. A new class of suppliers are emerging who are technology agnostic, with new service based business models based in the 'grid edge', business models that advance a decentralised, distributed, and transactive electricity grid. These models include ownership and management of physical assets, network control systems, and data analytics tools. Energy efficiency in the wider sense also goes beyond electricity as it includes heat technologies and cross-vector systems that maximise value in both heat and power markets, as well as mobility.

We see this integrated energy services approach – labelled 'energy as a service' or 'energy efficiency as a service', incorporating multiple demand side (efficiency) and supply side (generation) technologies, providing grid integration and assisting companies to navigate through the complexities of energy and carbon issues to be a significant growth area.

22 *Delta-EE Distributed Power Service. United Kingdom. May 2020.*

23 *Global Virtual Power Plant Market. BIS Research. 2019.*

24 *Global Internet of Energy Market 2019-2024. 2019*

25 *Global Building Energy Management System Market 2018-2025. BIS Research. 2019*

26 *Global Energy Management System Market 2019-2024. Mordor Intelligence. 2019.*

27 *Ancillary Services for Power Market. 2020-2030. Transparency International. 2020.*

28 *The Non-Domestic Energy Efficiency Services Market. BEIS. 2018.*

As highlighted above many studies show that the cost-effective potential for energy efficiency remains much larger than the actual exploited resource. We believe that the convergence trends and emergence of new business models discussed above, coupled with emerging contracting forms, have the potential to reduce that gap and grow the entire energy efficiency market significantly beyond the estimated £18 billion reported in 2010/11. Furthermore, this number represents the market rather than the capital requirement.

## **MARKET STRUCTURE**

In this section we consider the structure of the energy efficiency market.

### ***Demand side***

Energy efficiency can be applied in all market sectors; buildings and industry, public and private, as well as housing. Different sectors have differing potentials, strength of drivers and market constraints.

#### *The public sector*

There is a strong market for energy efficiency in the public sector, particularly in the NHS. The NHS has seen wide use of Energy Performance Contracts (EPC), in which the contractor provides a guaranteed level of savings over the life of the contract, as the EPC contract form is well suited to large scale projects with a mixture of generation and pure efficiency measures, 24/7 occupation, high energy use and longevity of the sites. Within the NHS there are circa 200 sites where large-scale generation and EPCs could be viable and over 1,200 sites where smaller scale EPCs could be viable. Procurement frameworks such as the Carbon and Energy Fund and Essentia assist NHS Trusts to develop projects and then procure their delivery through Energy Performance Contracts.

Although other parts of the public sector have large potential markets for EPCs, particularly in education, the Ministry of Defence and the Ministry of Justice, the complex institutional arrangements and procurement processes in these markets present difficulties for any energy service company and there have only been a limited number of completed projects compared to the potential.

The local authority market represents 75% of the public sector's property portfolio and offers significant opportunities for energy efficiency. Over three quarters of local authorities (166 in all) are aiming to be net zero by 2050 and 23% (49) by 2030. But in a recent survey by the Electrical Contractors Association<sup>29</sup> 43% don't even measure the energy use in their own estate, a critical foundation of sound energy management, and 11 of the 49 aiming for net zero by 2030 do not know their current carbon emissions. This lack of capacity in the local authority, combined with financial pressures, means that local authorities are a large potential market for financed energy efficiency services. However, it should be noted that local authorities can, in some cases, access funding from the Public Works Loan Board at low interest rates and loans from SALIX which provides zero interest loans for energy efficiency projects meeting several criteria. Despite this, there have been examples of blended public and private investment and this approach has considerable potential.

This lack of capacity represents an opportunity for outsourcing and the procurement challenges are being addressed by frameworks such as RE:FIT which exists to help public sector bodies develop and procure energy efficiency projects. Having started in London RE:FIT is now operating nationally in conjunction with Local Partnerships, a joint venture between HM Treasury and the Local Government Association.

#### *The private sector*

The private sector market can be split between buildings and industry. Buildings can be further split into a) commercial rentals and b) owner occupier, as well as by sector such as offices, retail, hospitality, storage etc. Most of the energy efficiency investment in the private buildings sector has been self-financed by the host organisation. The Energy Performance Contract structure presents a number of difficulties for the private sector including the longevity of the deals (10-20 years) and the split incentive between the landlord and the tenant.

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<sup>29</sup> Survey: Half of councils unsure of their carbon footprint. January 2020.

Within the retail/hospitality/leisure sector individual project sizes will tend to be small but there is scope to aggregate across large portfolios of properties. Financed projects have to date been the exception, with most projects being self-financed, although there is growth in the number of financed projects, particularly in LED lighting conversions and heat supply.

Within the industrial sector, the importance of energy efficiency varies by sector depending on energy intensity. Highly energy intensive process industries naturally focus more attention on energy than less energy intensive sectors but most opportunities lie in the process area which is core to the industry. Implementing any energy efficiency measure in these sectors requires strong process expertise. In less energy intensive sectors such as food and drink, automotive and general manufacturing, there are many opportunities for energy efficiency outside the process itself, especially in utility supply (boilers/CHP/heat pumps/distributed solar), heating and ventilation, lighting, motors, compressed air and lighting.

Within industry to date most efficiency projects have been self-financed but there are increasing opportunities to provide financed solutions, particularly around projects such as CHP, heat generation, distributed solar, battery energy storage, and other utility services such as compressed air. The most common form of financing in these areas is conventional asset finance, with some performance based contracting around assets such as CHP. There is scope for emerging contracting models to be applied such as Power Purchase Agreements that fund generation and wider efficiency projects.

SMEs are poorly served in energy efficiency due to a number of factors including: lack of time, lack of capital and lack of trust in the projected results. BEIS is currently supporting the Boosting Access for SMEs to Energy Efficiency (BASEE) competition for firms to develop new business models that address these barriers and bring finance. Simpler financed solutions are now emerging and may be gaining traction within SMEs, notably Lighting as a Service models, in which lighting can be converted to LED for a fixed fee which covers capital and maintenance costs over the lifetime of the contract.

We see the potential for third party financed projects growing in all sectors, especially as firms increasingly seek low carbon solutions but at the same time want to focus capex on their core business.

### *Housing*

Housing accounts for 30% of energy use and 20% of carbon emissions and therefore retrofitting the UK's housing stock to a higher level of efficiency is both a major opportunity and vital to achieve net zero ambitions. The energy and carbon saving potential is significant, research by the UK Energy Research Centre found that cost-effective investments in residential energy efficiency and low carbon heating, equivalent on aggregate to getting all homes to an EPC rating of C, could reduce energy demand by 25%<sup>30</sup>. The energy efficiency of the UK housing stock is low, partly due to the age distribution of properties, with 19 million homes rated EPC D or worse. The UK government has an ambition to retrofit all homes 'where practical, cost-effective and affordable', to bring them up to EPC band C by 2035, and for all fuel poor households and as many rented homes as possible to meet this standard by 2030. The rate of retrofit is falling far short of what is needed to achieve these targets, partly because no-one has yet adequately resolved the problems of providing a financed retrofit solution that is attractive enough to householders to achieve scale. The failed Green Deal of 2013-2015 provides many lessons on how not to do it.

The housing market is split into; social housing, the private rental market, and the owner occupier market. The energy efficiency of the housing stock of Registered Social Landlords (RSLs) is slightly higher than the national average but despite this the problem of fuel poverty, the inability to pay to maintain adequate comfort conditions, remains significant with about 10% of households being in fuel poverty. Fuel poverty brings with it many social and health costs, as well as the costs of damage to buildings, and therefore solving it through energy efficiency retrofits is a high priority for RSLs. Within RSLs there are opportunities to retrofit at scale and install and manage portfolios of distributed generation, energy storage, demand response and micro-grid assets, as well as for district heating using CHP and/or heat pumps and thermal storage.

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<sup>30</sup> *The remaining potential for energy savings in UK households.* J. Rosenow, P. Guertler, S. Sorrell & N. Eyre. Energy Policy. 121. 542-552.

The 2018 National Infrastructure Assessment called upon government to increase the pace of energy efficiency investments across all homes and for tougher regulations on rented homes. The Energy Efficiency Infrastructure Group (EEIG), a group of over 25 industry groups, charities, NGOs and businesses, has called upon the government to make energy efficiency in housing a national infrastructure investment priority and allocate additional public expenditure. In June 2020 the EEIG issued a report setting out the case for additional spending and making residential energy efficiency upgrades a central part of a post-COVID 'net zero recovery' package<sup>31</sup>. The EEIG estimate this could reduce household energy expenditure by £7.5 billion per year at today's prices and support over 150,000 skilled and semi-skilled jobs to 2030. They also estimate additional incentives of £1.2 billion could leverage £3.2 billion of private investment.

There is growing interest in 'green' or 'energy efficiency mortgages' based on the concept that energy efficient houses can have greater value, and mortgages on them can have lower default rates. A pan-European initiative led by the European Mortgage Federation and the European Covered Bond Council, the Energy Efficient Mortgage Initiative, is supported by over 50 financial institutions, and is developing a standard energy efficient mortgage product and set of protocols for standardised data collection. In the UK the VALUER project is developing mortgage products based on energy performance of the home and in January 2020 the Bank of England released a report which concluded that energy efficiency is a relevant predictor of mortgage defaults.

The Green Finance Institute is developing a number of potential pilot projects to increase the flow of capital into energy efficiency retrofits in housing, including metered efficiency and some form of capital repayment linked to Community Charge, analogous to Property Assessed Clean Energy (PACE) finance in the USA.

Whatever financing solution is provided the key problem of creating consumer demand for deep energy retrofits in the able to pay housing market has to be solved, customers have to want to buy a product or service. Potential solutions to making low energy and low carbon retrofits more attractive in the housing market are emerging, including: factory built systems for whole house retrofit; and combining integrated solutions incorporating rooftop solar, batteries, and smart appliances across portfolios of houses into a Virtual Power Plant trading energy and ancillary services. These areas represent potential investment opportunities, both in the technology and service companies offering them, but also in large-scale roll out.

If, as expected, further support for energy efficiency is included in the Autumn budget as a part of a green recovery package this may create opportunities for blending private and public capital.

### **Supply side**

The supply side of the market can be split into the following types of organisations:

- Consultancies which can include: generalist energy consultants undertaking energy audits; specialised compliance consultants working on programmes such as ESOS; and Measurement and Verification (M&V) consultants who provide energy performance measurement to ensure optimum performance. Some energy procurement brokers, who assist companies to procure electricity and gas, also provide energy efficiency consultancy services
- Project developers which can be focused on specific technologies such as energy storage, Combined Heat and Power, demand response, or distributed solar, or more generalist in nature
- Contractors delivering capital projects. Projects can be delivered by a range of contractors including general engineering contractors or specialised Energy Service Companies who can deliver projects using Energy Performance Contracts. EPCs provide a guaranteed level of performance and projects using EPCs can be financed by third-parties
- Project facilitators and procurement frameworks such as the Carbon and Energy Fund, (not actually a fund), which develops projects in partnership with NHS Trusts and procures Energy Services Companies to implement them, and RE:FIT which assists local authorities develop and implement projects

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31 *Energy efficiency's offer for a net zero compatible stimulus and recovery.* Energy Efficiency Infrastructure Group. June 2020.

- Operations and Maintenance (O&M) and Facilities Management (FM) companies which provide on-going services including O&M of mechanical and electrical systems, as well as sometimes on-going energy measurement and day-to-day facilities management that affects energy use
- Equipment vendors
- Funding sources ranging from providers of conventional asset finance and commercial lenders through to a limited number of specialised energy efficiency funds focused on retrofits and energy efficient property

### ***Contracting models***

As described above, most historical energy efficiency projects have been delivered by conventional contracting using self-financing by the project host. The rise in interest in energy efficiency, and 'as a service' models generally, has led to renewed interest in contracting models that bring project finance, notably the Energy Performance Contract. Under Energy Performance Contracts the contractor, typically an Energy Service Company, designs, installs and maintains the energy efficiency measures and guarantees a set level of energy savings over a long-term contract. EPCs are most often implemented with third party finance. As discussed above EPCs have been applied in the public sector – especially the NHS – and in both the UK and other markets internationally, 85-90% of EPCs are in the public sector. Efforts to port them into other sectors have generally failed due to a number of reasons including complexity, contract longevity, customer capacity and their relative lack of transparency but new models are emerging which can be more suited to the other sectors and can help address these barriers.

In the last decade a number of new contractual models have emerged (mainly in the US) that are designed to be more attractive than EPCs, particularly to the private sector. These include Lighting as a Service (LaaS) which has been enabled by the large economic benefits that occur when converting conventional lighting to LED lighting. LaaS companies design and install lighting upgrades using LEDs with no capital cost to the customer. The customer pays a fixed annual payment over the contract life (five to ten years) and the contractor provides maintenance and replacement of lamps as needed. The annual payments under the contract are less than the savings in electricity costs.

In addition to LaaS, other new models of energy efficiency contracting have emerged in the US and are beginning to gain interest and traction in the UK. These include:

- Efficiency Services Agreement (ESA): under this contract, unlike in an EPC, the contractor owns the equipment that is installed and a separate ESCO installs the projects under an EPC. The ESA charges the customer a performance-based service charge. Because the contractor owns the equipment it can be off-balance sheet for the customer. ESAs have been implemented in a range of sectors including industry, commercial real estate and hospitals in the US but not yet achieved traction in the UK.
- Managed Energy Services Agreement (MESA): A MESA is a variation of an ESA in which the contractor also assumes the broader energy management of the customer's facilities, including taking responsibility for payment of the customer's utility bills, in return for a series of payments based on the customer's historic energy use. The MESA can be applied to multi-tenant buildings, unlike EPCs.
- Metered Energy Efficiency Transaction Structure (MEETS): The MEETS structure, which has been pioneered in Seattle, is based on metering energy efficiency using a combination of Measurement & Verification and a building simulation model. The customer is billed for energy delivered and for energy efficiency delivered. MEETS helps align the interests of the customer, the contractor and the utility, and can provide a stream of cash flow analogous to a PPA, thus providing a route to financing energy efficiency projects. Seattle Power & Light have recently carried out a procurement exercise asking contractors to bid in energy efficiency at a price per kWh.
- Metered efficiency / Pay for Performance: this approach utilises smart meter data combined with a standardised calculation methodology to actually meter energy efficiency. Contractors can then be paid on the basis of the actual performance of installed projects. This approach

with its very granular analysis, and scalability, enables the time and location specific performance of any behind the meter intervention to be measured which is very valuable to electricity distribution companies.

As well as these efficiency orientated contracting structures, other contract types such as Energy Services or Energy Supply contracts are often used for generating assets such as CHP. These are long-term utility supply agreements, mainly covering power and heat but also potentially other utilities such as refrigeration or even provision of treated water, waste water and industrial gases.

The use of Power Purchase Agreements (PPA), the direct procurement of power from generators – particularly renewables – through long-term contracts has increased dramatically in the corporate sector. Globally clean energy PPA use was up 40% in 2019 compared to 2018<sup>32</sup>. PPAs can also be used to finance on-site investment into energy supply and energy efficiency projects.

We believe that there is considerable scope for innovation in contracting approach / business model in the UK and that this innovation will be a part of truly scaling the financed energy efficiency market.

### ***Other financing mechanisms for energy efficiency***

There is growing global interest in methods for financing energy efficiency. In the US there has been innovation in energy efficiency finance not only in PACE. An alternative to PACE funding is On Bill Finance (OBF) in which the capital cost of projects is repaid by an additional per unit charge to the customers energy bill over an extended period. The UK's Green Deal was an example of OBF. Like PACE, OBF has a relatively low default risk as the customer has to use energy and pay its bills as long as it exists. The Green Deal repayment mechanism still exists in the UK and there is potential to use it further. Some of these alternatives are now being explored further by the Green Finance Institute with a view to developing models that can be scaled up.

### ***Performance insurance and standardisation***

The performance risk of energy efficiency projects can be mitigated by performance insurance which is available from major insurance providers. As the sector grows we expect to see more use of insurance as an element of financing solutions. Increased levels of digitisation enable collection of more actual performance information which can help insurers and investors price risk.

As noted in the section on barriers to energy efficiency, there is a lack of standardisation in the way that energy efficiency projects are developed and documented which both increases transaction costs and risks, real and perceived. For pure energy efficiency projects this barrier has been addressed by the Investor Confidence Project which has developed protocols for developing projects and a project accreditation system called 'Investor Ready Energy Efficiency'. The system is administered by Green Business Certification Inc. (who also run standards such as LEED) is available throughout Europe as well as the USA and Canada. Greater standardisation of project development, as well as valuation and risk assessment, will help to reduce risks and transaction costs.

## **TECHNOLOGIES**

Improving energy efficiency can entail using a wide variety of technologies covering on-site energy generation and distribution systems, (heat as well as power), space heating, building fabric, building mechanical and electrical environmental systems, controls technologies, lighting, electric motors and drives, industrial process heating and heat recovery, on-site renewables, and others. Despite this variety there is a set of standard and well proven technologies that are most likely to be those encountered by investors and lenders. The technologies used within energy efficiency are mature and well proven. No energy efficiency project should be relying on unproven technology unless it is a 'first of a kind' innovation project where the risks of technical innovation have explicitly been accepted by all parties.

The major technologies are briefly described here.

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<sup>32</sup> *Corporate Clean Energy Buying Leapt 44% | 2019, Sets New Record.* Bloomberg New Energy Finance. 28 January 2020.

### ***Building fabric measures***

Building energy usage can be reduced by a series of measures to improve the building fabric, notably insulation and improving air tightness (with suitable mechanical ventilation). Insulation can be added to most building elements (roof, wall, floor) and building heat losses can be reduced by the installation of higher thermally efficient glazing (double or triple glazing with high performance glass) and doors.

### ***Building Energy Management Systems (BEMS)***

Building Energy Management Systems (BEMS) collect data through sensors and manage the lights, dampers, valves, fans, pumps, motors and other machinery that deliver a building's energy services. BEMS allow existing building equipment and systems to operate much more efficiently and collect data on building operation. Older control technologies are less accurate and cannot centralise data collection or generate analytics that allow operators to optimise building performance. BEMS are increasingly being used to manage grid interactions.

### ***Combined Heat & Power (CHP)***

Facilities with a large demand for thermal energy may be good candidates for Combined Heat and Power (also called cogeneration). A CHP plant is typically a reciprocating engine or a turbine that generates electricity from fossil fuel. Rather than wasting the heat produced by combustion which is normally exhausted to the atmosphere, a CHP system utilises the heat for useful purposes, usually as steam or hot water for heating or process use, but potentially also for cooling using *absorption chilling*. CHP is highly efficient. Instead of generating power at around 35-45% efficiency overall efficiency can be increased to > 70% by utilising the heat that is normally wasted. Although in themselves CHP plants do not reduce on-site energy demand they do improve primary efficiency through being a more efficient way of generating electricity than the conventional electricity grid. They can also be revenue generating by selling surplus electricity and/or ancillary services to the grid.

### ***Heat pumps***

Heat pumps are a specialised form of heat recovery often used in air conditioning systems and increasingly for heating systems as well as occasionally for process heating. A heat pump takes electrical energy (and sometimes rotational energy from an engine) and uses it to pump heat from a lower temperature source to a higher temperature. Heat pumps can use the ground, water, air or waste heat as a heat source. An important parameter of a heat pump is the COP, Coefficient of Performance which is a measure of electrical input compared to heat output. COPs vary with ambient conditions but can typically be in the range of 2.5 to 5 i.e. they produce 2.5 to 5 times as much heat as electrical input. Because of the decarbonisation of the electricity grid heat pumps are seen as a critical part of decarbonising heat supply.

### ***Heat recovery***

Heat recovery refers to the process of utilising heat that would otherwise be wasted. Examples include: recovering heat from stale warm air being exhausted from a building to pre-heat fresh cold air coming into the building; or utilising waste heat in a furnace exhaust to pre-heat cold air or product coming into the process. There is a huge untapped potential of using waste heat from industrial processes and power generation in district heating systems. A report to the EU Parliament<sup>33</sup> estimated that **the excess heat available in Europe exceeds the total heat demand in all European buildings**. There is also scope to turn waste heat to power through the use of low temperature Organic Rankine Cycle turbines.

### ***Absorption cooling***

Absorption cooling technology is more than a century old, but is mentioned here because it is increasingly viable when added to industrial energy efficiency projects, particularly when using co-generation. Rather than an electrically powered compressor, absorption cooling relies on a heat source, typically waste heat or sometimes solar energy, to drive a cooling process. Adding absorption chilling to co-generation is labelled *tri-generation* as the combined system is then producing electricity, heat and cold.

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33 European Parliament Report on an EU Strategy on Heating and Cooling (2016/2058(INI)). September 2016.

### ***Thermal storage***

Thermal storage refers to a wide variety of technologies that allow excess heat to be collected and stored at times when it is not needed and preserved for use at a later time. The storage medium can either be hot water, ice or another material such as molten salts, or phase change materials that change their state at certain temperatures. Thermal storage technologies have been applied in both building heating and hot water systems as well as industrial processes.

### ***Solar thermal***

Solar thermal systems utilise solar energy to produce heat, usually in the form of hot water. Although solar thermal has been over-shadowed by PV it may have a role to play in energy efficient buildings and even in district heating schemes, possibly combined with heat pumps and thermal storage.

### ***LED lighting***

Light-emitting diode (LED) lamps are 15-20% more efficient than fluorescent lights and six times more efficient than incandescent bulbs. The technology is improving even as the cost of LEDs is dropping. LED is becoming the dominant lighting system in all sectors.

### ***Lighting controls***

As well as improving the efficiency of lighting itself through the installation of LEDs, the use of energy in lighting can be significantly reduced through the application of lighting control technologies that use sensors such as movement detectors or light level sensors to adjust or turn off lighting. Lighting controls can affect both the times of operation and the output of light. Increasingly lighting controls are integrated into BEMS and light fittings are becoming internet enabled, allowing very individualised control of lighting.

### ***Variable Speed Drives (VSDs)***

Variable Speed Drives allow the modulation of the speed of motors that without a VSD are either on or off, i.e. they only have one speed. A pump running at 80% speed consumes just half of the energy of the same pump at full speed. VSDs can be applied to those situations where loads are variable such as fans and pumps in HVAC facilities and conveyor systems in industry.

### ***High efficiency electric motors***

Electric motors are the single largest end user of electricity and are responsible for about 45% of global electricity use, or about 10% of global energy use. They are ubiquitous in industry and buildings. Technological advances in motor design and construction, partly driven by regulations, has led to improvements in motor efficiencies. In many jurisdictions the use of high efficiency motors is mandated for certain applications e.g. above a certain power output. Evidence shows that more efficient motors do not necessarily have a higher capital cost compared to less efficient equivalents but running costs over the lifetime of the motor are significantly lower as energy cost makes up 90% of the total lifetime cost of a motor.

### ***Solar photovoltaics (PV)***

The technology of solar PV is steadily improving and the cost of panels is dropping, making widely dispersed generation more viable. The market for Building Integrated Photovoltaics (BIPV) is also expected to grow.

### ***Battery storage***

Recent advances in battery technology and the falling costs of batteries have made storage of electricity more economically viable, either at local building or area level, or at grid scale. Battery storage systems can enable both the shifting of usage from peak to non-peak times (the ability to store electricity produced when it is cheaper) and the storage of renewable energy such as wind and solar, which have variable production periods.

### ***Micro-grids***

A micro-grid is a local network of supply and distribution of power that can disconnect from the primary regional power grid and operate autonomously. It has its own source(s) of power supply, often co-generation and/or renewables. Since micro-grids can manage local demand more readily,

dispatch supply strategically to meet local needs and experience much less line-loss from long-distance distribution, they tend to be more efficient. They also offer redundancy that is important to mission critical services of large companies, governments or emergency services.

### ***Demand Response***

Demand Response refers to a class of energy projects that allow a facility to respond to the needs of the local electricity system by reducing demand. During specific times when loads are high, demand response measures – shedding non-essential loads – can generate financial savings by avoiding peak charges and/or attract payments from the utility. Examples of demand response measures might include shutting down some building systems, utilising back-up generators for local electricity production, changing production levels, or increasing or decreasing the operating temperature of the building for a period.

The economic returns to Demand Response projects are dependent on energy prices, local regulatory conditions and local incentives. Demand response is increasingly seen as an important way of providing the growing need for flexibility in an electricity system with a high proportion of variable renewable electricity.

### ***Compressed air technologies***

Compressed air is widely used in industry for a variety of purposes including actuation, operation of power tools and cleaning. Compressed air utilises about 10% of total industrial electricity use in Europe (around 80 TWh per annum). Technologies to improve the efficiency of compressed air include; advanced compressor designs, improved sequencing and controls, better design of tools and distribution systems and automatic cut-off mechanisms.

### ***Whole house/building retrofits***

Whole house/building retrofits utilise an optimised combination of technologies to achieve lower energy consumption. The energy efficiency measures used will vary between situations but typically include; insulation, new windows, draught reduction, ventilation systems with heat recovery, new boilers, better heating and hot water controls, low flow hot water systems, low energy lighting and low energy appliances. Deep retrofits are those that achieve 50% or more energy savings. Capital cost recovery can come in a range of ways including; straight consumer credit loans, on-bill recovery where an additional charge is added to electricity bills, or property assessed systems where charges are added to local property taxes. Although whole building retrofits are an ideal there are many barriers to achieving them at scale including; the basic economics especially for deep energy retrofits, lack of consumer demand, and the logistical challenges of organising retrofits across a geographic area or portfolio of properties.

### ***Convergence***

As discussed, due to the breaking down of the old barrier between consumers and producers, the falling cost of distributed solar and energy storage, and digitisation, many projects will incorporate a number of technologies that interact and increasingly will include an element of energy generation, energy storage and demand response as well as pure energy efficiency – spanning the grid edge.

## **RISKS OF ENERGY EFFICIENCY PROJECTS**

Pure energy efficiency or savings projects have in the past been presented as low or even ‘no risk’. In fact like any investment project they include risks which need to be understood and evaluated. Many of the risks present in energy efficiency projects are familiar to underwriters of other kinds of energy or property investments. The following section briefly describes the common risks in energy efficiency projects and identifies mitigation strategies. The nature of risks in energy efficiency projects are explored in more detail in the Energy Efficiency Financial Institutions Group’s (EEFIG) Underwriting Toolkit<sup>34</sup>. The major categories of risk are set out below.

- *Energy price risk*: the level of savings from a pure energy efficiency project, as well as revenue from a generation project, are clearly dependent on energy prices. Many efficiency projects where performance is guaranteed explicitly do not take energy price risk. With generation projects price risk can be addressed through long-term Power Price Agreements or take or pay type contracts.

<sup>34</sup> <https://valueandrisk.eefig.eu>

- *Construction risk*: energy efficiency projects like all projects have construction risks which can be mitigated by careful selection of construction parties and appropriate contracting.
- *Performance risk*: energy efficiency projects carry a risk that they do not perform as well as designed. Pure energy efficiency projects in particular do have significant performance risk which is often described as the 'performance gap' – the gap between design and performance. Performance risk comes from various sources. It can be mitigated by careful selection of designers, insistence on use of design best practices such as the Investor Confidence Project Protocols, selection of proven suppliers and contractors, and contracting models such as Energy Performance Contracts (EPC) which provide a guarantee of performance. Performance risk can also be mitigated by the use of performance insurance which is available from some major insurers. On-going performance risks can be mitigated by insisting on suitable Operations and Maintenance procedures being used.

Performance risk over the life of the project can also be mitigated by using extensive data collection to manage and measure critical aspects of performance, something that is now cheaper than ever before due to cheap sensors and IoT. Not only does this allow active management it will, in time when applied to portfolios of projects, allow a portfolio approach to be used to more accurately assess risk which will enable better pricing.

As well as performance risk inherent to the project itself there is a risk of performance variation due to factors such as weather and change of usage patterns in the case of buildings or change of product or product mix in industry. These factors can be mitigated by ensuring appropriate Measurement and Verification procedures are implemented and by contracting strategies that recognise these risks and allocate them appropriately.

In addition to the various components of performance risk, construction risk and energy price risk, any project of course is also subject to normal counter-party risks, although it can be argued that projects that reduce an organisation's energy costs can reduce this aspect of risk.

The risks of energy efficiency projects do need to be explicitly recognised during all stages of a project from concept, through development, investment decision and into construction and then operation. The risks however can be mitigated by project design and using appropriate contracting strategies.

## RANKING THE UK ON ENERGY EFFICIENCY

One way of comparing countries on progress and policy for energy efficiency is to use the American Council for an Energy Efficient Economy's (ACEEE) International Energy Efficiency Scorecard which compares countries on a range of energy efficiency policies, programmes and achievements including: National efforts (policies); Buildings, Industry and Transport. With a total index of 73 the UK ranked number 4 in the most recent biannual 2018 ACEEE International Energy Efficiency Scorecard. It scored highly on all factors considered as shown in the table below.

Total (100 points)			National efforts (25 points)			Buildings (25 points)			Industry (25 points)			Transportation (25 points)		
Rank	Country	Score	Rank	Country	Score	Rank	Country	Score	Rank	Country	Score	Rank	Country	Score
1	Germany	75.5	1	Germany	22	1	Spain	22	1	Japan	21.5	1	France	17.5
1	Italy	75.5	2	UK	18.5	2	France	21	2	Germany	20.5	2	India	17
3	France	73.5	3	Italy	18	2	UK	21	2	Italy	20.5	2	Italy	17
4	UK	73	4	Japan	17.5	2	Netherlands	21	4	UK	19.5	4	China	15.5
5	Japan	67	5	France	17	5	Germany	20	5	France	18	5	UK	14
6	Spain	65.5	5	Canada	17	5	Italy	20	6	Mexico	17.5	6	Japan	13.5
7	Netherlands	65	7	Netherlands	16	7	China	19	7	Taiwan	16.5	6	South Korea	13.5
8	China	59.5	8	US	15.5	8	Poland	18	7	South Korea	16.5	6	Spain	13.5
9	Taiwan	57	9	Spain	14.5	8	Mexico	18	9	Spain	15.5	9	Canada	13
10	Canada	55.5	10	Taiwan	14	10	Australia	17	9	Turkey	15.5	9	Germany	13

**This analysis supports the view that the UK is a beneficial market for investment into energy efficiency**

## **EFFICIENCY FROM AN INVESTORS PERSPECTIVE**

Energy efficiency has long been neglected by investors when compared to energy supply projects such as CHP and renewables but the level of investor interest in energy efficiency has been growing over the last five years. In 2015 the Energy Efficiency Financial Institutions Group (EEFIG), convened by the EC and UNEP FI and consisting of c.100 financial institutions published its seminal report: 'Energy Efficiency – the first fuel for the EU Economy: How to drive new finance for energy efficiency investments'. In 2016-18 EEFIG created the Derisking Energy Efficiency Project DEEP, a database of more than 10,000 projects across Europe and the Underwriting Toolkit. EEFIG is now currently addressing other barriers to investing in energy efficiency. In 2017 the G20 Energy Efficiency Finance Task Group published an Energy Efficiency Investment Toolkit and called for enhanced capital flows into energy efficiency. Over 100 financial institutions from 42 countries signed a commitment to 'actively contribute to scale up energy efficiency financing'.

Private sector investor groups such as the Institutional Investors Group on Climate Change have promoted investment into energy efficiency. The GRESB ESG benchmarking system used by many real estate investors globally incorporates energy efficiency scoring into its system.

The market for financing energy efficiency is emerging. There are asset financing facilities for large Energy Performance Contracts and a few specialist funds including public-private funds such as the London Energy Efficiency Fund (LEEF), now superseded by the Mayor of London's Energy Efficiency Fund (MEEF), but the market remains small compared to the potential. Some energy efficiency funds have ended up focusing more on energy supply projects such as large energy centres for hospitals or bio-mass boilers to take advantage of Renewable Heat Incentive payments.

There are several reasons why financial institutions should consider deploying more capital into energy efficiency including:

- **Energy efficiency represents a large potential market.** The IEA estimates that in 2018 global investment in energy efficiency was USD 240 billion with approximately USD 32 billion being financed through explicit energy efficiency mechanisms such as Energy Performance Contracts or green bonds. To achieve Paris aligned goals this level of investment needs to grow to circa USD 1 trillion per annum by 2050 and the provision of finance can help overcome some of the barriers to energy efficiency investment.
- **Energy efficiency can produce long-term, stable cash flows,** which can provide yield based products including green bonds if sufficient scale is achieved.
- **Improved energy efficiency reduces risks in two ways.** Firstly, increasing energy efficiency improves the cash flow of project hosts. Secondly there is the risk of financing assets that become stranded as energy efficiency regulations are tightened. For example, in England & Wales the Minimum Energy Efficiency Standards regulations make it unlawful to lease a commercial building with an Energy Performance Certificate rating below E, and the minimum standard will be tightened over time. Failure to upgrade poorly performing buildings puts owners of low performing buildings, *and their lenders*, at risk.
- **Energy efficiency is one of the key pathways to reducing greenhouse gas emissions.** It is strongly supportive of net zero commitments and the Paris Agreement.
- **Investing in improving energy efficiency is in line with Sustainable Development Goal 7,** 'Ensure access to affordable, reliable, sustainable and modern energy for all', and particularly Target 7.3: 'Double the global rate of improvement in energy efficiency by 2030'. It is also supportive of SDG 9, 'Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation', SDG 11 'Make cities and human settlements inclusive, safe, resilient and sustainable', and SDG 12 'Ensure sustainable consumption and production patterns'.
- **Energy efficiency is an impact investment.** As well as reducing energy use, efficiency projects can have a positive impact on factors such as local air pollution, job creation, improved health and learning outcomes. Therefore it should be a key part of any impact investing programmes or CSR/ESG programmes.

- **Regulators are increasingly looking at climate related risks.** Actions include asking banks to disclose the climate-related risks of their loan portfolios which will allow financial institutions to be better informed about loan performance and thus the cost of risk and carry out better risk appraisal. Possible future actions may include reducing capital reserve requirements for 'green' financing. Investing in energy efficiency reduces climate related risks.

We believe that these reasons mean that energy efficiency investment should increasingly be on the board room agenda of financial institutions. Whatever markets they operate in there are growth opportunities, opportunities for risk reduction and opportunities to achieve wider ESG/CSR aims.

## **CONCLUSION**

As we have shown, energy efficiency has expanded beyond demand reduction projects to incorporate a wider range of demand side measures including; distributed energy resources, demand response and energy storage, a trend that has been reinforced by changes in the electricity system towards decarbonisation, decentralisation and digitisation. There is a large and growing opportunity for investment into energy efficiency, investment that as well as being profitable will help meet decarbonisation goals and bring multiple non-energy benefits. **Energy efficiency in the wider sense is now emerging as a recognised asset class in the way that renewables did in the 1990s.**

## **RESPONSIBILITY**

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and save for any responsibility arising under item 5.3.2R(2)(f) of the Prospectus Regulation Rules as and to the extent therein provided, to the fullest extent permitted by law, we do not assume any responsibility, and will not accept any liability, to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with, this report, other than required by and given solely for the purposes of complying with item 1.3 of annex 1 to the Commission Regulation (EC) 2019/980.

## **DISCLAIMER**

In providing our report, we are not making any recommendations to any person regarding the Prospectus in whole or in part and are not expressing any opinion on the terms or merits of any investment in the Company. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

## **DECLARATION**

For the purpose of Prospectus Regulation Rule 5.3.2R(2)(f), we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge the information contained in this report is in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.3 of annex 1 of the PR Regulation.

Yours faithfully,

Dr. Steven Fawkes

## PART 3

### TARGET MARKET, TRACK RECORD OF THE INVESTMENT MANAGER AND PIPELINE ASSETS

#### 1 ENERGY EFFICIENCY – TARGET MARKET

##### 1.1 Overview

The Company intends to achieve its investment objective through investment in a diversified portfolio of Energy Efficiency Projects in the United Kingdom made in accordance with the Company's investment policy as set out in paragraph 2 of Part 1 of this document.

The term Energy Efficiency is explored in more depth in the Expert Report in Part 2 of this document, but essentially refers to assets or processes which reduce primary energy input for a given output; doing the same, or more, work with less energy. Energy Efficiency is one of the cornerstones of the global drive to address the climate emergency, put simply, the cleanest or greenest energy is the energy that is never used.

The Group will invest in a diversified portfolio of Energy Efficiency Projects or assets that have a positive environmental impact and which facilitate the transition of businesses and processes to a net carbon zero or net carbon positive state in accordance with the UK government's overall environmental target to reduce greenhouse gas emissions to net zero by 2050.

In terms of specific investments in Energy Efficiency Projects, the Group will target assets with proven technology which meet one or more of the following criteria:

- (a) reducing energy consumption via the efficient generation, transmission or supply of energy;
- (b) contributing to the decarbonisation of the UK's energy generation mix, by facilitating an increase in low carbon energy efficient supply;
- (c) providing an increase in the supply of efficient low carbon energy generated near the point of use;
- (d) providing a reduction in energy input costs to users via decentralised energy solutions, which include:
  - (i) distribution and private network connected energy supply, conversion, distribution or transmission systems, including district heating systems and CHP;
  - (ii) reduced demand for energy in industrial and commercial property as well as public sector owned buildings;
  - (iii) the deployment of energy efficiency measures in public and private infrastructure, such as the installation of smart metering equipment; or
- (e) otherwise satisfying, in the Investment Manager's reasonable opinion, any other criteria or measurement of Energy Efficiency in an industry or sector, or by using Energy Efficiency technologies that are compatible with the Company's investment objective and investment policy.

In order to ensure that the Company is able to meet its investment objective of, *inter alia*, generating sustainable and growing returns, the Group will typically invest in Energy Efficiency Projects that are operational and, where appropriate, there is a contract in place with the end user and/or off-taker. The investment policy does, however, provide flexibility for the Group to fund the Construction Phase or the Development Phase of Energy Efficiency Projects. The Group's ability to invest in such projects is limited and, in assessing the suitability of such opportunities, the Investment Manager will always consider the Company's ability to meet its targeted returns to shareholders.

##### 1.2 Energy Efficiency Project types

The key sectors the Investment Manager will focus on when seeking new investments for the Company are:

## **Low Carbon Heat – Local and Distributed**

- ***CHP and CHP+***

CHP+ combines the generation of electricity with use of the waste heat which is a by-product of the process (“**CHP**”), together with further additional services such as cooling (via absorption chillers) or the supply of carbon dioxide, further increasing the efficiency of the equipment (“**CHP+**”).

The net revenue delivered by the assets is based on the difference between the wholesale price of gas consumed and the various revenue streams which result from the use of this gas, namely: heat used onsite, electricity sales to the grid, electricity used onsite, carbon dioxide used onsite, and a range of other smaller revenue items.

This diverse range of revenues substantially de-risks the assets and greatly reduces the reliance on the market pricing of electricity, which conventional power plants are exposed to (be they renewables or conventional). In the case of the CHP+ assets less than half the revenues are from the sale of electricity to the grid, whereas this comprises essentially 100 per cent. of the revenues of a conventional power plant.

- ***HNIP-funded and other heat network assets***

A heat network, sometimes called a district heating scheme, is defined as “the distribution of thermal energy in the form of steam, hot water or chilled liquids from a central source of production through a network to multiple buildings or sites for the use of space or process heating, cooling or hot water”. A heat network is essentially a distribution system that takes heat from a central source and delivers it to several domestic or non-domestic buildings. The heat source might be a facility that provides a dedicated supply to the heat network, such as a CHP plant; or heat recovered from industry and urban infrastructure, or energy-from-waste plants.

Varying in size, scope and heat source, a heat network could service the heat requirements of two buildings or an entire town. By supplying multiple buildings with heat from the same centralised source, heat networks avoid the need for individual boilers or electric heaters in every building. Heat network pipe infrastructure is heat source and fuel agnostic. The distribution of thermal energy at any temperature and using any fluid is eligible under the UK government’s Heat Networks Investment Project (“**HNIP**”).

The UK government has stated that heat networks form an important part of the UK’s plan to both reduce carbon emissions and reduce heating costs for the domestic and commercial sector. Heat networks are one of the most cost-effective ways of reducing carbon emissions from heating, and their efficiency and carbon-saving potential increases as they grow and connect to each other. They provide a unique opportunity to exploit larger scale, and often lower cost, renewable and recovered heat sources that otherwise cannot be used. It is estimated by the Committee on Climate Change (which provides independent advice to the UK government on building a low-carbon economy and preparing for climate change) that approximately 18 per cent. of generated heat in the UK will need to come from heat networks by 2050.

HNIP was specifically set up to leverage private sector involvement, with the intention of drawing over £1 billion of private capital into the sector, alongside the £320 million available from BEIS, by March 2022. In addition, the decarbonisation of heat has been identified as a key pillar in delivering the UK’s legally binding net zero carbon emissions by 2050, with an estimated £15-20 billion private sector investment in the decarbonisation of heat being required by 2030.

## **Social Housing Retrofit and Industrial Energy Efficiency**

- ***Social housing Energy Efficiency retrofitting***

The Clean Growth Strategy, published by BEIS in October 2017, sets out how BEIS will seek to improve Energy Efficiency in UK social housing, which accounts for 17 per cent. of the UK’s housing stock. The UK’s National Infrastructure Commission has called on the UK government to allocate £3.8 billion every year up to 2030 just to enable UK social housing to meet the target of a minimum of EPC Band C level of Energy

Efficiency. The Chancellor recently announced a Social Housing Decarbonisation Fund in the 2020 Summer Economic Statement with an initial pilot of £50 million available in 2020-21, but this falls far short of the urgent need for investment in the sector.

The very significant level of investment required in the UK's social housing stock to meet only relatively basic levels of Energy Efficiency presents a challenge to housing associations. The Investment Manager believes it is ideally placed (through its relationships and experience of leasing and lending to UK public bodies and through its experience in social housing investment and development) to assist the UK government and the housing associations in delivering the efficiency improvements required. Such improvements are likely to include new heating systems, photovoltaics, and a general decarbonising of the social housing stock through the installation of insulation, heat pumps and smart metering. However, the Group will not invest in any project which involves the retrofitting of external cladding.

The Investment Manager is working with a range of large housing associations to discuss the options for the delivery of these extensive requirements.

- ***Industrial demand-side Energy Efficiency assets***

Industrial demand-side Energy Efficiency assets and investments include stand-alone projects, but which are typically linked to an industrial facility. Such projects include:

- improvements to lighting (e.g. installation of high efficiency LED lighting);
- improvements to heating and cooling systems (e.g. installation of heat pumps, upgrades to HVAC systems);
- investment in additional or improved insulation;
- other industrial investments (e.g. installation of high efficiency pumps or motors);
- investment or upgrades to a Building Management System (“**BMS**”) (to automatically control the functions of a building or a facility, such as the heating, lighting, ventilation, fire systems or security); and
- installation of smart metering, and smart lighting.

Such projects are typically contracted on the basis of a sharing of the savings conferred by the project between the investor and the Counterparty.

- ***Energy Efficiency as a Service***

“Energy Efficiency as a Service” projects utilise a multi-technology approach to provide businesses and public sector entities with a full Energy Efficiency package, with savings shared between the Counterparty and investor generally at no up-front cost to the Counterparty. The Investment Manager's extensive relationships, particularly in the public sector via its leasing business, are expected to lead to significant opportunities using this particular project structure.

### **Distributed Low-Carbon Generation – Hydro and Solar**

Smaller scale distributed energy projects include renewable or low carbon energy generation projects, which make use of previously unavailable energy sources. Such projects also typically deliver greater efficiency through proximity to both the source of energy and the point of grid connection, which tends to reduce the transmission losses and increase the efficiency of such projects.

Hydro and solar projects are extremely efficient as the inputs required to generate electricity (potential energy of water and solar energy) would not otherwise be used and no additional energy is required to access them (as compared, for example, with the extraction, transportation and combustion of fossil fuels).

As well as the benefits of the more efficient generation of energy and the associated decarbonisation of the grid, small-scale hydro and solar projects also benefit from well-understood technology with a long track record of successful performance and few moving parts.

## **2 TRACK RECORD**

### **2.1 Overview**

The Investment Manager, Triple Point Investment Management LLP, currently manages over £1.5 billion of private, institutional and public capital and has extensive experience in asset and project finance, portfolio management and structured investments. The Investment Manager invests in four principal areas: Energy and Infrastructure, Leasing and Lending, Property and Venture Capital. It has 120 staff and is based in London.

Over the last ten years, the Investment Manager has arranged over £2 billion of investment into energy assets, property, central and local government, NHS hospital trusts, SMEs and infrastructure including lease and asset finance.

#### ***Energy and Infrastructure***

The Investment Manager has a proven track record of investment in Energy Efficiency and decentralised energy generation projects and has invested over £225 million across energy and infrastructure projects to date including investments into CHP plants, renewable energy (particularly hydroelectric and solar), reserve peaking power generation facilities and a range of other power and efficiency projects.

#### ***Combined Heat and Power (CHP)***

The Investment Manager has a long track record in providing highly efficient CHP plants and biomass boilers to food producers, one of the UK's largest housing associations and a range of other industrial sectors. Of particular note, is the Investment Manager's investment in six market leading CHP+ projects between 2015 and 2017 with a total installed capacity of 40MWe, providing heat, electricity and c.84,000 tonnes per year of recovered carbon dioxide to large industrial scale indoor agricultural facilities, all of which it continues to manage on behalf of investors. The CHP+ projects replaced old CHP engines and, in addition, the previous practice of purchasing supplemental carbon dioxide was replaced with recovered and scrubbed exhaust gases from the CHP+ engines.

These six projects, located on the Isle of Wight and in Teesside, East Yorkshire and Merseyside comprise gas-fired engines located in purpose built on-site energy centres comprising a total power output of 40 MWe and make use of market-leading Jenbacher and Rolls-Royce engines, with the electricity produced sold via a combination of usage on site and pursuant to power purchase agreements with Engie and Total Gas & Power. The projects were financed via a combination of EIS equity and debt facilities both arranged by the Investment Manager.

The Investment Manager's experience in the CHP sector is further demonstrated via its role as Delivery Partner to BEIS for HNIP, further described below, where a large proportion of schemes receiving funding have made use of CHP technology.

#### ***Hydroelectric Power***

The Investment Manager has had a long and successful track record in financing small scale, distributed renewable energy power projects. Of note is a series of investments into small-scale, hydroelectric power plants. Over 81 GWh of renewable electricity has been produced by this portfolio since investment and it is performing above the original target returns of 10 per cent. per annum.

#### ***Solar Power***

The Investment Manager began investing into the solar sector in 2011, and has invested in excess of £75 million across 17 rooftop portfolios (totalling over 5,000 systems) and six ground-mounted assets. Most of the rooftop solar assets benefitted from Feed-in-Tariffs at the highest available rate (£430/MWh). The ground-mounted assets consisted of four projects benefitting from between 1.4 and 2 ROCs per MWh and two Feed-in-Tariff projects benefitting from a Feed-in-Tariff rate of £61.60/MWh.

The total installed capacity of the investments which the Investment Manager has made in the sector is 63 MW.

Most of this portfolio has now been exited, delivering returns in excess of initial estimates, with an IRR of approximately 10 per cent.

#### *Reserve Peaking Power*

The Investment Manager is also a specialist in financing and developing grid critical, small-scale power facilities, known as reserve peaking power plants.

The Investment Manager began investing in such peaking plants in 2017, recognising both the critical nature of the power they supply to the UK, and the inherent contribution they make to enabling increased levels of renewable energy generation. Over the period 2017-18, the Investment Manager financed and invested in ten separate reserve peaking power plants across the UK. The Investment Manager has successfully managed the assets through the construction phase and the assets are now all operating. In total the portfolio represents 85 MW of installed capacity.

The Investment Manager has invested more than £100 million in its CHP and reserve peaking power plants portfolios. These portfolios remain under the management of the Investment Manager.

#### *Bio-Methane and Landfill Gas Power*

The Investment Manager made investments totalling £14 million into a series of agricultural bio-methane power plants. All of these investments have been exited with returns to investors being in line with initial targets.

The Investment Manager also has experience of investing in technically similar landfill gas projects in 2010, investing a total of c.£4 million across two schemes. These were all exited in 2017 with returns to investors being in line with initial targets despite challenging market conditions at the time.

#### *Social Housing*

The Investment Manager believes it was one of the earliest direct equity investors into specialised supported social housing – homes which have been adapted for vulnerable adults with care and support needs. Having commenced due diligence on the sector in 2013, it made its first investments in 2015. Since then, the Investment Manager has built up a team of 24 social housing investment professionals, deployed almost £500 million and acquired over 2,832 units in 149 different local authorities throughout the UK. The Investment Manager has conducted this work in its private funds and as investment manager to Triple Point Social Housing REIT plc (“**SOHO**”). SOHO is a real estate investment trust listed on the premium segment of the Main Market of the London Stock Exchange, which invests in UK social housing properties, focusing on specialised supported social housing, and is a constituent of the FTSE All-Share and the FTSE EPRA NAREIT indices. SOHO’s total shareholder return was 6.5 per cent. for the year to 31 December 2019 and investors have received all dividends in full, with dividend targets continuing to increase in line with inflation since SOHO’s admission to the London Stock Exchange in August 2017.

The Investment Manager has also financed the development of other UK social housing assets and funded power and efficiency projects with some of the largest housing associations in the UK. As a result, the Investment Manager has an extensive network of contacts and a deep level of understanding in the requirements of the social housing sector.

#### *Vertical Farming*

Vertical (or indoor) farming has the potential to be a significant contributor of food and food security in the UK. Growing food in highly controlled indoor locations could have profound effects on the impact of modern agriculture. Vertical farming typically uses only around 10 per cent. of the water required in conventional agriculture and could eliminate pesticide use and dramatically reduce the use of fertilisers and other added nutrients through highly controlled conditions. It has benefits in significantly improved productivity, increased productivity per unit of land area by a factor of 20, compared to conventional agriculture, potentially reducing pressure on natural land habitats.

### ***Leasing and Lending***

The Investment Manager is a UK leader in leasing and lending to SMEs, public sector organisations, and creditworthy corporates, having been focused on the business as a key pillar of its operations since 2006. It has a current loan book of over £500 million with exposure to a highly diversified portfolio of over 100,000 borrowers and total aggregate lending of more than £1.3 billion. The majority of this business follows two strategies: “Navigator”, lending to SMEs and targeting a net return to investors of 4-6 per cent. per annum after fees and charges, and “Generations”, lending and leasing to public sector organisations and other creditworthy counterparties, targeting a return to investors of 1.5-2.5 per cent. per annum after fees and charges. Both strategies have returned in line with target, with returns of 4.9 per cent. and 2.0 per cent. respectively since inception.

The Investment Manager’s long track record in this sector has enabled it to develop extensive and highly robust systems and controls for investing, including tried and tested compliance, risk and monitoring systems. Both the front and back office functions are conducted in-house, this remains part of the Investment Manager’s key intellectual property, and operational efficiency is maintained within the group for the benefit of other Triple Point Group investment strategies, including a Head of Credit for the Triple Point Group who sits in this role across all of the Investment Manager’s strategies. The robustness of the leasing and lending strategy was clearly demonstrated during the 2008-9 financial crisis when target returns continued to be met from the strategy. The robustness of the lending and leasing strategies are being tested again during COVID-19 and continue to deliver target returns despite granting forbearance in cases where borrowers are experiencing commercial stress.

Further details on the Investment Manager are set out in Paragraph 2 of Part 6.

## **2.2 Heat Networks Investment Project (HNIP)**

In 2018, the Investment Manager won a competitive tender to be appointed as the Delivery Partner to BEIS, a department of the UK government, to deliver the £320 million HNIP. The Investment Manager, together with its sub-contractors, is responsible for delivering grant and loan funding for UK heat networks on behalf of BEIS and to date has awarded funding of over £70 million from the first four funding rounds of the scheme. This funding will support the construction of twelve public and private sector led heat networks. The deployment timing of funding for HNIP is proceeding in line with the BEIS mandate, and an extensive pipeline of assets is currently being appraised by the Investment Manager (and its partners) in line with the funding rounds and procedures established under HNIP.

The Investment Manager believes it is well-placed to capitalise on the opportunities inherent in the development and investment into heat networks in the UK, partly from its role as Delivery Partner. The Investment Manager believes it has a market leading position in terms of breadth of sector and industry knowledge in heat networks in the UK.

Further, the Delivery Partner group has done much to improve the investment attractiveness of the sector in producing a BEIS approved approach to standardised due diligence and in publishing a suite of sales, operations and maintenance contract templates. Subject to a final policy position being taken that Ofgem should be appointed to regulate the sector, it seems likely that a regulatory framework will be developed that will encourage network investment further still.

In partnering with BEIS, the Investment Manager has acquired insight into the UK government’s perspective on both the strategic worth of certain heat technologies and of the role played by the different industry actors, such that it is well placed to invest (via its investment vehicles) in projects which have received government funding (HNIP and other) as well as those which have not. Through its role as Delivery Partner the Investment Manager is aware of a significant number of heat network schemes which for various reasons are not eligible for HNIP funding, but nevertheless remain attractive projects, and which are seeking private sector capital. HNIP is designed to provide grants and loans to those heat network projects which require ‘gap funding’ to become commercially viable. Therefore, there may be projects which are commercially attractive but do not qualify for HNIP support.

Additionally, once the HNIP scheme has come to an end, one of the aspirations of the programme is that there would be a fully self-sustaining heat network market with a strong level of deal flow of new schemes being developed. The Investment Manager believes it enjoys a strong position to capitalise on this.

### 3 PIPELINE

The Investment Manager has identified a number of specific opportunities in line with the Company's investment policy which are either, (i) under active discussion with the relevant counterparties, or (ii) likely to be available for sale within the six to nine months following Initial Admission. This pipeline represents a total potential investment volume for the Company of £293 million as summarised in the table below with further details set out in paragraphs 3.1 to 3.8 of this Part 3.

#### Identified Specific Pipeline

Asset Type		Currently owned by or linked to existing mandates or assets of the Investment Manager	Projects from a third party	% revenues exposed to power price	% revenues availability based <sup>2</sup>	% revenues subsidy based	% revenues savings based	% revenues other – contracted	% revenues other – non-contracted	% revenues index-linked	Average contract length (years)
Target CHP+ Assets <sup>1</sup>	Operational	£25m	—	49	37	4	0	10	49	100	16
Heat Networks	Operational / construction	£60m	—	4	17	31	0	43	9	100	25
Localised Heat Asset	Construction	£38m	—	0	44	50	0	6	0	100	20
CHP Portfolio	Operational / construction	—	£50m	0	98	0	0	2	0	100	14
Social Housing Retrofit	Operational / short construction	£60m	—	25	0	0	75	0	25	100	15
Vertical Farming	Debt instrument	£10m	—	0	0	0	0	100	0	0	10
Hydroelectric	Operational	£40m	—	21	0	79	0	0	21	100	16
Rooftop Solar	Operational / construction	£3m	£7m	0	0	100	0	0	0	100	16
<b>Total</b>		<b>£236m</b>	<b>£57m</b>								

<sup>1</sup> See paragraph 3.1 below.

<sup>2</sup> The definition of availability based revenues includes minimum guaranteed revenues for energy services agreements which are subject to a "take or pay" arrangement.

In addition to the above, the Investment Manager has developed a longer-term pipeline of investment opportunities worth approximately £675 million.

The Board and the Investment Manager, therefore, believe that suitable acquisition opportunities exist which would allow any remaining surplus Net Proceeds that are not used to acquire the Target CHP+ Assets to be invested or committed within six to nine months following Initial Admission (subject to market conditions). There can be no guarantee that initial deployment of the Net Proceeds will be achieved in the timeframe referred to above.

#### 3.1 Target CHP+ Assets – Harvest and Glasshouse

The Target CHP+ Assets consist of two Energy Efficiency Projects held by Harvest Generation Services Limited ("**Harvest**") and Glasshouse Generation Limited ("**Glasshouse**"), described in further detail in Part 5.

TEEC Holdings Limited, the Company's wholly-owned subsidiary, has entered into the Option Agreement, pursuant to the terms of which the Group has the option to acquire 100 per cent. of the Target CHP+ Assets through the acquisition of the shares in Harvest and Glasshouse. The aggregate amount payable for the acquisition of the shares in Harvest and Glasshouse, and the repayment of existing debt, is £24,812,804 (not taking into account, working capital balances and cash held by the companies and adjustments for power price variations). The option may be exercised at the discretion of TEEC Holdings Limited and is subject to

completion of due diligence and the agreement of a satisfactory purchase agreement. If completion of the acquisition has not occurred by 14 December 2020, the Option Agreement shall lapse and be of no further effect.

Harvest and Glasshouse are special purpose companies set up to deliver CHP+ energy centres located on the Isle of Wight, supplying heat, electricity and carbon dioxide to an agricultural growing facility, pursuant to an Energy Services Agreement, with a remaining term of approximately 16 years.

Harvest and Glasshouse represent an opportunity for the Group to acquire two projects which deliver the efficient generation of heat (the CHP+ energy centres have a design energy efficiency of c.90 per cent., significantly in excess of the previous facilities) and represent a carbon saving of c.30 per cent. as compared with the previous onsite energy centres. An additional benefit of CHP+ located on agricultural growing facilities is the ability to use the main waste product from combustion, carbon dioxide, to enhance crop yields. The Harvest and Glasshouse facilities make use of recovered and scrubbed exhaust gases from the CHP+ engines, enhancing crop yields by up to 40 per cent., making use of carbon dioxide that would otherwise be vented into the atmosphere, this replaces the previous purchase of carbon dioxide by the sites from third parties.

### **3.2 Heat Networks**

The Investment Manager's HNIP mandate with BEIS (as described in paragraph 2.2 of this Part 3) is likely to provide a high level of intelligence and access to potential transactions for heat networks in the UK. The Investment Manager intends to make these opportunities, which are likely to be extensive, available to the Company.

The Investment Manager has awarded over £70 million of funding on behalf of BEIS to twelve heat networks over the first four rounds of the HNIP mandate; this represents a small proportion of the total number of projects being appraised under the HNIP scheme. To date, the Investment Manager has sourced a number of heat network projects currently seeking funding, at various stages of development, with which it is in early discussions.

The identified projects which are under discussion total £60 million in investment. These projects use a combination of CHP and water source heat pumps as their heat source.

#### *Revenue drivers*

Revenues are earned primarily via fixed and variable heat tariffs, which are index-linked, together with index-linked RHI payments, electricity export revenues and connection charges.

#### *Contract length*

The identified projects which are under discussion have contract lengths of 25 years (although the pipework will have a useful life far in excess of this period).

### **3.3 Localised Heat Asset**

The Investment Manager has sourced a shovel-ready glasshouse and energy centre, addressing the strong demand for high quality greenhouse space to increase local production of tomatoes and other crops. This project comprises a 33MWth water source heat pump and 9MWe of CHP and benefits from RHI payments, together with no exposure to merchant power prices.

The project involves the construction of a glasshouse and energy centre, together with the supply of heat, electricity and carbon dioxide to an on-site agricultural grower, and the opportunity builds on the Investment Manager's considerable experience in this sector as well as a partnership with a developer with whom the Triple Point Group has developed several successful projects in the past. The investment amount is forecast at £38 million, with the balance of the funding being provided via project-level debt.

#### *Revenue drivers*

Revenues are generated from index-linked RHI payments, index-linked lease payments and a small portion of revenues for the electricity used by the glasshouse.

#### *Contract length*

The project consists of a 20-year contract.

### **3.4 CHP Portfolio**

The Investment Manager has identified a portfolio of operational and in construction CHP assets located on-site at a variety of different industrial and commercial Counterparties.

These assets would be acquired from a third party, with the £50 million investment assuming deployment across six portfolios, which comprise of c.145 units and a total capacity of 13.5MW. Whilst the initial investment identified for this CHP portfolio is £50 million, there is potential for further follow-on opportunities using the same structure.

This portfolio consists of both operational and construction projects which have been, or will be, funded via up-front provision of the CHP and ancillary equipment at no cost to the Counterparty, with the Counterparty guaranteed a fixed annual saving on the current cost of electricity and heating, plus inflation. Risk in these opportunities would further be reduced by an effective hedging strategy for gas input costs.

#### *Revenue drivers*

Revenues would be receivable for both electricity and heat supplied, which is subject to a minimum “take or pay” contractual structure with the Counterparty, with additional demand providing upside to the projects.

#### *Contract length*

The contract lengths would be expected to be between 10 and 15 years.

### **3.5 Social Housing Retrofit**

The Investment Manager has identified a series of Energy Efficiency Projects in the UK's social housing sector. These include the installation of CHP projects and heat pumps, improved insulation, solar PV and LED lighting across properties owned by a number of registered providers of social housing. In particular, in 2013 the Investment Manager financed four new biomass boilers for an energy centre in Newcastle-upon-Tyne, providing decarbonised heat to properties managed by one of the UK's largest registered providers of social housing, Places for People. This specific opportunity has the potential to provide a significant number of follow-on investments across properties owned by a number of housing associations of social housing in the UK including the £500 million currently under the Triple Point Group's management.

The initial pipeline of social housing retrofit Energy Efficiency Projects identified by the Investment Manager totals £60 million.

#### *Revenue drivers*

Revenues would be derived from a customer payment calculated as the amount of energy output saved in MWh, multiplied by the relevant cost of electricity or heat. The contracted counterparty would represent a large number of underlying properties, with counterparty risk to be managed via the housing association or local authority.

#### *Contract length*

These projects would vary in tenor, but the average contract length is expected to be in the region of 15 years.

### **3.6 Vertical Farming**

The Investment Manager has expertise in vertical farming projects and has invested in two operational projects in the UK: a 1,100m<sup>2</sup> vertical farming facility based in Alderley Edge, Cheshire and a vertical farming research and development facility based in Selby, North Yorkshire. Together with its development partners, the Investment Manager has planning permission for a new 5,000m<sup>2</sup>+ facility, and further plans to roll out more across the UK. The Investment Manager's first facility benefits from a commercial contract with a major food manufacturer and is in advanced discussions regarding further contracts with major

supermarket groups. Vertical farming facilities have complex integrated systems to provide heat, light, irrigation and building control, and can be significant users of power. The Investment Manager believes these projects are excellent candidates to deploy Energy Efficiency Projects in order to improve the Energy Efficiency of these operations. This would take the form of improvements to lighting systems, HVAC/BMS, irrigation systems, and process upgrades.

#### *Revenue drivers*

The initial vertical farming Energy Efficiency Project identified by the Investment Manager is for a loan of £10 million with a 10-year tenor to fund lighting, HVAC, irrigation and power systems in the existing facilities. The returns would be received via quarterly interest and principal payments over the tenor of the loan.

### **3.7 Distributed Generation – Hydroelectric**

In 2014, the Investment Manager partnered with market-leading developer and operator, Green Highland Renewables (“GHR”). Initially supporting the early stage development of several run-of-river hydroelectric power projects, this early engagement with GHR enabled the Investment Manager to secure a pipeline of opportunities and has to date invested over £30 million, with the Investment Manager’s current portfolio comprising nine schemes, with a total installed capacity of over 7 MW.

Located in Scotland, these hydroelectric assets make use of a variety of market-leading turbine manufacturers including Gilkes and Kossler. All assets benefit from attractive Feed-in-Tariff rates, as well as a guaranteed minimum power price at the export tariff rate. To date however, the assets have made use of higher priced shorter-term power purchase agreements above this floor. The Feed-in-Tariffs, initially for a period of 20 years, all have over 15 years to run, and the assets are all performing well having had several years of operational performance following the end of the construction programme.

#### *Revenue drivers*

Revenues comprise Feed-in-Tariffs as well as a guaranteed minimum power price at the export tariff rate.

#### *Contract length*

The Feed in Tariff periods end in 2035 and 2036, with the projects typically benefitting from 40-year land leases, with revenues after the end of the Feed-in-Tariff period subject to market pricing.

### **3.8 Distributed Generation – Rooftop Solar**

The Investment Manager has identified a portfolio of rooftop solar projects benefitting from both Feed in Tariff and ROC subsidies across the portfolio. In addition, the Investment Manager has identified a number of opportunities located on commercial premises and benefitting from long-term power purchase agreements via a private wire arrangement with high-quality counterparties in the United Kingdom.

The anticipated investment for these five schemes is expected to be c.£3 million and the projects have a total installed capacity of c.2.2MW. Additionally, the Investment Manager is in discussion regarding several private wire PPA solar opportunities with both commercial and industrial off-takers, with an initial investment volume of £7 million expected, a contract life of around 25 years and an index-linked fixed price PPA.

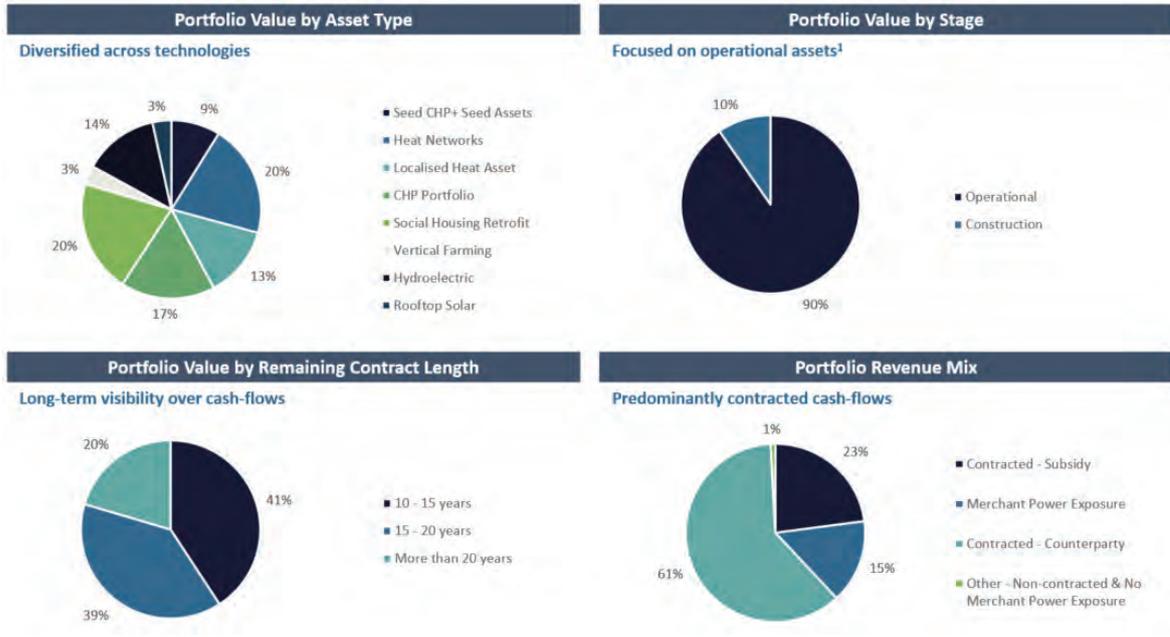
#### *Revenue drivers*

The portfolio benefits from a combination of Feed-in-Tariffs and Northern Ireland Renewables Obligation Certificates, with 100 per cent. of revenues being subsidy-based.

#### *Contract length*

The projects consist of a 25-year contracted period, with the portfolios having between c.15 and 25 years left to run.

## Identified Specific Pipeline – portfolio overview



<sup>1</sup> At the point of full deployment of the Net Proceeds.  
Source: the Investment Manager

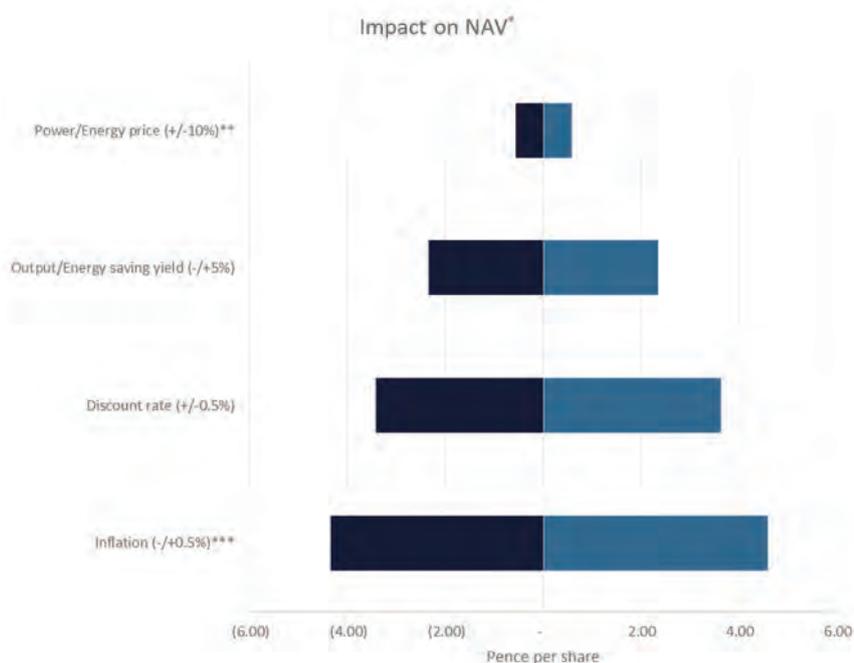
## Identified Specific Pipeline – asset overview



Source: the Investment Manager

The chart below illustrates the sensitivities of the Net Asset Value of the Company to certain factors. The sensitivity analysis is based on a number of assumptions as set out in the footnotes below and should not therefore be taken as a forecast, guarantee or indication of the Company's future returns. Investors should not place any reliance on the data in deciding whether to invest in Ordinary Shares.

### **Illustrative Net Asset Value sensitivities**



Source: Investment Manager

\*Net Asset Value at the end of the first full financial year at which point the Net Proceeds from the Initial Issue have been fully invested rebased to the Issue Price of 100p.

\*\*This sensitivity has been applied to both the sale of heat and electricity where there is merchant pricing exposure and also applied to commodity input prices.

\*\*\*The base case long-term CPI and RPI assumptions are 2.0 per cent. and 2.5 per cent. respectively.

### **3.9 Target Counterparties**

The Company's strategy involves contracting with high quality industrial, governmental, and corporate Counterparties, including Counterparties which represent multiple end-users. Whilst the Company expects a significant proportion of revenues to come directly from Government subsidies (e.g. FIT, ROC, RHI) and thus credit quality is not a concern, the Group will carefully screen all potential customers to ensure that credit risk is minimised.

Alongside the Triple Point Energy team, the Investment Manager has a well-established and successful lending business, with a portfolio of over £500 million of debt investments, and a credit function with significant experience lending to corporates from within leading UK banks. The Investment Manager intends to leverage this resource in performing credit analysis and to make investment decisions. The below information lists the counterparty categories and the key considerations against each counterparty type, from a credit perspective:

#### *Central Government*

The Group will target projects with Central Government bodies, drawing on the Investment Manager's significant experience contracting with both NHS Trusts and BEIS (as an example). NHS Trusts are assumed to have an implicit UK Government backstop and thus are considered to have an excellent credit risk.

### Local Government

A key part of the Group's investment strategy is to target Local Government projects, working with Local Authorities, particularly in the heat network sector, and drawing on the Investment Manager's relationships with over 75 Local Authorities as part of the public sector leasing business. The Investment Manager considers Local Government counterparties to have a high credit quality.

### Housing Associations

The Group's strategy includes targeting social housing retrofit opportunities by contracting with housing associations to fund, install and maintain Energy Efficiency equipment. The housing association sector is generally considered to be financially robust and the Investment Manager will only contract with those housing associations which have a strong financial position.

### Large Corporates

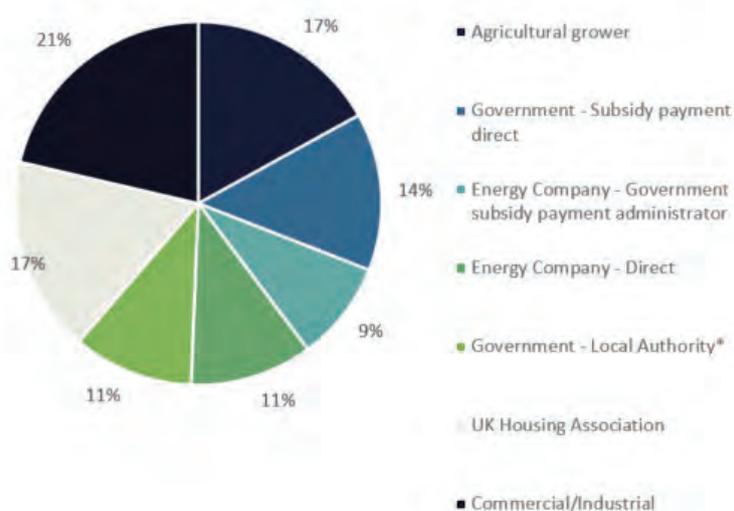
The vast majority of corporate Counterparties with whom the Group intends to contract will be large corporates (typically defined as having a turnover of over £25 million and greater than 250 employees). The below categories would be considered as a minimum when reviewing a potential corporate Counterparty's credit:

- low or no gearing;
- successful track record of operations with established management team;
- several years of profitability and strong cash generation;
- a business model robust to economic downturn / recession; and
- availability of liquidity/headroom on available facilities.

### SMEs

The Group does not expect to have significant exposure to SMEs (typically defined as having a turnover of less than £25 million and fewer than 250 employees), although high-quality SMEs (with a long track record, limited or no gearing, good profitability and strong cash balances/ access to liquidity) may be considered as Counterparties as part of a portfolio approach, or where the SME is able to demonstrate appropriate credit protection or other mitigants are in place. The Group may also contract with SMEs which represent UK subsidiaries of overseas companies. In this instance, the Company would seek to establish a parent company guarantee.

### Identified Specific Pipeline – by Counterparty types



\*Depending on the characteristics of the heat network project, this may comprise a mixture of public and private sector counterparties.

Source: Investment Manager

The potential investments comprised in the Investment Manager's pipeline from time to time include transactions at various stages of consideration by the Investment Manager. The number and value of potential investments comprised in the pipeline fluctuates and the pipeline under consideration following Initial Admission may be higher or lower than that under consideration at the date of this document. There is no certainty that any of the potential investments in the Investment Manager's pipeline as at the date of this document will be completed or will be invested in by the Company.

## PART 4

### PRINCIPAL BASES AND ASSUMPTIONS

Shareholders should note that the Principal Bases and Assumptions set out in this Part 4 do not constitute a profit forecast and the Company's actual returns will be based on a number of factors, any one of which, if not achieved, may result in a lower rate of return to Shareholders.

#### 1 GENERAL ASSUMPTIONS

The Principal Bases and Assumptions used in calculating the targeted dividends, Total Shareholder Return and annual growth in Net Asset Value figures given in this document in relation to the Ordinary Shares are:

<b>Initial Issue size</b>	200 million Ordinary Shares.
<b>Initial investment basis</b>	The Target CHP+ Assets are acquired in the first month following Initial Admission and the remaining Net Proceeds and relevant associated gearing is invested on an approximately straight line basis over the 12 month period following Initial Admission.
<b>Operating asset returns</b>	A weighted average portfolio IRR of 8.0 per cent. net of all costs is generated from operating assets (being those assets which have been in operation for over 12 months) (" <b>Operating Assets</b> ").
<b>Contract and operating life</b>	Contract terms range from 10 – 25 years with a weighted average contract life of approximately 18 years.  No income is forecast, or asset value attributed, beyond the end of the contract life. The potential upside of the assets operating beyond the assumed contract lives is not taken into account.
<b>Revenue indexation</b>	All asset revenue streams track CPI/RPI.
<b>Excess cashflow</b>	Excess cashflow, post dividend payments, is invested into new assets.  Net cashflows received by the Project SPVs will be paid up to TEEC Holdings Limited. In turn, TEEC Holdings Limited will pay up to the Company such distributions as are required by the Company to maintain its distribution target to Shareholders. Excess cashflow received by TEEC Holdings Limited, and which is not distributed to the Company, is intended to be invested by TEEC Holdings Limited in new assets.
<b>Ongoing Charges Ratio ("OCR")</b>	The OCR is 1.4 per cent. following full investment of the Net Proceeds and relevant associated gearing.
<b>Acquisition costs</b>	2.0 per cent. of asset value on acquisition.
<b>Leverage ratio ("LTV")</b>	The LTV is between 30 – 35 per cent. (and is always below the maximum level of 45 per cent.)

<b>Revolving Credit Facility (“RCF”)</b>	The Group obtains an RCF for £100 million (with a margin of 2 per cent. over LIBOR) and has no other debt.
<b>Construction Assets</b>	<p>34 per cent. of Gross Asset Value is invested into assets in the Construction Phase (“<b>Construction Assets</b>”).</p> <p>Construction Assets have a remaining construction term of 3 – 12 months as at time of acquisition.</p>
<b>Stabilisation Assets</b>	The assumptions do not include any investment into assets in the Stabilisation Phase.
<b>Development Assets</b>	The assumptions do not include any investment into assets in the Development Phase.
<b>Valuation</b>	The valuation is driven by the fair value of the Company’s investments in Energy Efficiency Projects calculated in accordance with IPEV (International Private Equity and Venture Capital) valuation guidelines where appropriate to comply with IAS 39, being a Discounted Cash Flow (“ <b>DCF</b> ”) based valuation methodology.
<b>Discount rate additional risk premia</b>	<p>Additional risk premia are added for DCF valuations where the assets are either Development Assets, Construction Assets or Stabilisation Assets, the additional risk premia added to the appropriate Operating Asset discount rate are:</p> <ul style="list-style-type: none"> <li>● <b>Development Assets:</b> an additional 3 – 5 per cent.</li> <li>● <b>Construction Assets:</b> an additional 2 – 4 per cent.</li> <li>● <b>Stabilisation Assets:</b> an additional 1 – 2 per cent.</li> </ul> <p>Valuation gains are therefore recognised as the assets move from Construction Assets through Stabilisation Assets to Operating Assets.</p>
<b>Currency denomination</b>	The Company focuses exclusively on Sterling denominated assets (including acquisition costs, income and operational costs).

## 2 ASSET LEVEL ASSUMPTIONS

Taken together with the General Assumptions (set out above), the Asset Level Assumptions used in calculating the dividends, Total Shareholder Return and targeted annual growth in Net Asset Value figures given in this document in relation to the Ordinary Shares are set out on the following page:

	<i>The Target CHP+ Assets</i>	<i>Heat Networks</i>	<i>Localised Heat Asset</i>	<i>CHP Portfolio</i>	<i>Social Housing Retrofit</i>	<i>Industrial Energy Efficiency – Vertical Farming</i>	<i>Distributed Hydro- electric</i>	<i>Rooftop Solar</i>
<b>Assumed Deployment</b>								
(£m)	25	60	38	50	60	10	40	10
Contract Length (years)	16	25	20	14	15	10	16	16
Proportion of revenues subject to power price risk (%)	49	4	—	—	25	—	21	—
Discount rate (%)	7.0 – 8.0	7.0 – 10.0	7.0 – 8.0	7.0 – 10.0	6.5 – 8.5	8.0 – 9.0	6.5 – 8.0	6.5 – 8.0
<b>Revenue Stack Split</b>								
Availability	37%	—	—	—	—	—	—	—
Customer Payment	—	—	—	98%	100%	100%	—	—
Heat Tariff	—	59%	—	—	—	—	—	—
Export	49%	4%	—	—	—	—	37%	5%
Renewable Heat Incentive	—	32%	50%	—	—	—	—	—
Feed in tariff	—	—	—	—	—	—	54%	68%
Rental Payment	—	—	44%	—	—	—	—	—
ROC	—	—	—	—	—	—	—	27%
Embedded benefits	1%	—	—	—	—	—	9%	—
On-site electricity	4%	—	—	—	—	—	—	—
Carbon payment	4%	—	—	—	—	—	—	—
Capacity market payment	3%	—	—	—	—	—	—	—
Connection Charges	—	5%	—	—	—	—	—	—
Increased heat demand	2%	—	—	—	—	—	—	—
Electricity Payment	—	—	6%	—	—	—	—	—
Other	—	—	—	2%	—	—	—	—
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Operating Costs Stack Split</b>								
Gas Fuel Costs	62%	27%	43%	63%	—	—	—	—
O&M / CAPEX	11%	19%	10%	21%	37%	—	20%	74%
Project Management	—	—	—	—	37%	—	—	—
Energy Management	—	—	—	—	19%	—	—	—
Import Electricity	—	20%	19%	—	—	—	2%	—
Rent	—	—	5%	—	—	—	37%	19%
General & Admin	13%	29%	—	2%	—	—	—	—
Rates	—	—	—	—	—	—	27%	—
Carbon Emissions	—	—	16%	—	—	—	—	—
Insurance	2%	—	—	14%	7%	—	9%	7%
ESA Electricity	3%	—	—	—	—	—	—	—
Other	9%	4%	6%	—	—	—	5%	—
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>—</b>	<b>100%</b>	<b>100%</b>

## PART 5

### INFORMATION ON THE TARGET CHP+ ASSETS

#### SECTION A – BACKGROUND INFORMATION

##### Background

The Harvest and Glasshouse assets serve the UK's largest tomato grower, APS Salads ("APS"). APS is responsible for one third of the country's tomato production and has over 65 years of custom growing experience, combining traditional and modern growing techniques to grow high quality tomatoes in the most environmentally friendly and sustainable way possible. APS owns and operates over six million sq. ft. of glasshouses utilising hydroponic technology.

APS distributes to all major UK food retailers including, Aldi, Iceland, Lidl, M&S, Ocado, Morrisons, Sainsbury's, Tesco and Waitrose.

In early 2014, APS was seeking to replace its existing CHP and boiler assets which had come to the end of their life, which were up to 32 years old, and highly inefficient. The obsolete CHP engines and boilers were removed and replaced with a new energy centre at the Harvest and Glasshouse sites, comprising 11MWe of new Rolls-Royce gas engines and two 8MWth back-up boilers at each site, together with thermal storage tanks, ancillary pipework and other related equipment. At Harvest, the replacement CHP engines have a capacity 4MWe less than the previous installed plant, but due to much higher levels of efficiency are able to deliver greater heat than the previous system.

The Target CHP+ Assets supply heat, electricity and carbon dioxide to APS via two 20-year Energy Services Agreements, which have c.16 years to run. The Investment Manager enjoys a strong relationship with APS (having provided financing for energy centres at four APS sites around the UK, two of which comprise the Target CHP+ Assets). These energy centres are a critical part of the APS business, and the newly installed equipment has allowed APS to significantly reduce costs and increase crop yields. Electricity not used on-site by APS is exported to the grid via a power purchase agreement with Engie.

The funding for the construction of the energy centres was arranged and partly provided by the Triple Point Group. Since initial investment in 2015, the Investment Manager has continued to manage the Harvest and Glasshouse investments. The equipment has performed in line with expectations since installation. The existing Triple Point Group investors originally had a 3-4 year anticipated minimum holding period for the investments and are now seeking an exit, hence the opportunity for the Group to acquire Harvest and Glasshouse.

##### Technical description

Tier 1 contractor Rolls-Royce supplied and installed the 2 x 5.5MWe CHP engines, and also provide the engine maintenance for the life of the projects. The projects also benefit from maintenance contracts with Steuler Holding GmbH for the flue gas scrubber and CSH (Compressor System Holland) for the gas compressors. In addition to these maintenance contracts, Harvest and Glasshouse have also entered into whole-of-life contracts with P3P Partners LLP (a market-leading operator of agricultural CHP projects) ("P3P") for energy centre management, including managing gas purchases and electricity sales, optimising the run profile of the engines, and managing the maintenance plans and subcontractors at site.

##### Contractual and operational arrangements

Harvest and Glasshouse receive an inflation-linked availability payment from APS, as well as further payments from any usage above base case and electricity payments from electricity which is used on-site. Electricity not used on-site is exported to the grid. The projects earn additional revenues pursuant to a 15-year availability-based Capacity Market contract with National Grid for providing capacity to the grid in times of system stress. Approximately 37 per cent. of revenues are derived from availability-based payments from APS, with a total of 48 per cent. of revenue received from APS in total. Of the remaining revenues, c.48 per cent. are receivable from sales of electricity to the grid under power purchase agreements and c.4 per cent. from Capacity Market payments.

If the Target CHP+ Assets are acquired pursuant to the Option Agreement, the Group will be entitled to all revenues from the assets for the duration of the c.16 year lease. The net revenue

delivered by the assets is based on the difference between the wholesale price of gas consumed and the various revenue streams which result from the use of this gas, namely: heat used onsite, electricity sales to the grid, electricity used onsite, carbon dioxide used onsite, and a range of other smaller revenue items.

This diverse range of revenues substantially de-risks the assets and greatly reduces the reliance on the market pricing of electricity, which conventional power plants are exposed to (be they renewables or conventional). In the case of the CHP+ assets less than half the revenues are from the sale of electricity to the grid, whereas this comprises essentially 100 per cent. of the revenues of a conventional power plant.

An indicative example of the composition of the total revenue from these assets is shown below. The majority of the cost base for the assets consists of gas purchases, operations and maintenance costs, purchase of EUAs, energy centre management services, purchase of consumables and other non-contracted maintenance expenditure, business rates and insurance.

The leases for the energy centres run for an additional c.2 years after the end of the relevant Energy Services Agreement (which in each case has c.16 years remaining). As the end date of the Energy Services Agreements approaches, it is expected that Harvest and Glasshouse will enter into discussions with APS regarding a potential extension. At the end of the lease term, the property will revert to the landowner, although Harvest and Glasshouse have the right to remove the equipment should they wish. These engines are unlikely to have significant residual value, but it is possible they may continue to be used depending on the alternatives available and the strategy of APS at the time. The valuation and the Investment Manager's modelling assumes zero value at the end of the lease term, which the Investment Manager considers to be a conservative assumption.

Illustrative cash flows of the Harvest asset are shown below<sup>1</sup>.

	£'000
Availability payment	2,071
Electricity on-site & extra heat	392
Pass-through	87
Capacity Market	194
Export	2,290
<b>Total Revenue</b>	<b>5,034</b>
Gas costs & import electricity	(2,117)
Carbon costs	(196)
Operations & maintenance	(380)
<b>Gross Profit</b>	<b>2,341</b>
Overheads	(597)
<b>EBITDA</b>	<b>1,744</b>

<sup>1</sup> Glasshouse illustrative cashflows are substantially the same as Harvest. This table is provided for illustrative purposes only and there is no guarantee that the total revenue, gross profit or EBITDA values presented will be achieved

### Valuation of the Target CHP+ Assets

The Board, as advised by the Investment Manager, has determined the fair value of the Target CHP+ Assets (being the aggregate of both Harvest and Glasshouse) to be £24,812,804 (the "Valuation"). The Valuation is based on a discounted cash flow approach for each project. Discount rates have been applied to each project based on the risk profile associated with the project cash flows for each project, a combination of contractual payments under the Energy Services Agreement and maintenance and management costs, as well as assumptions around certain variables such as

the prices of electricity, gas and the costs of other overheads and consumables. The discount rate applied to the Target CHP+ Assets is 7.25 per cent..

The terms of the Target CHP+ Asset valuations have been reviewed by Grant Thornton UK LLP, as the Company's independent valuer, who has confirmed that, in its opinion, the Valuation and the proposed acquisition price of the Target CHP+ Assets, as determined by the Investment Manager, are fair and reasonable. The Valuation Opinion is reproduced in Section B of this Part 5 (Valuation Opinion).

#### **Acquisition process for the Target CHP+ Assets**

As noted above, TEEC Holdings Limited, the Company's wholly-owned subsidiary, has entered into the Option Agreement with TP Nominees Limited, which provides the Group with an option to acquire the shares in Harvest and Glasshouse (being the Project SPVs holding the Target CHP+ Assets) following Initial Admission. TP Nominees Limited is a nominee company controlled by the Triple Point Group that holds the majority of the shares in Glasshouse and Harvest as nominee for a group of underlying EIS investors. Where the option is exercised, TP Nominees Limited has also agreed to exercise the drag along rights contained in the articles of association of Glasshouse and Harvest to deliver all of the shares in the two companies to TEEC Holdings Limited on completion. As noted above, an independent assessment of the Valuation of the Target CHP+ Assets has been undertaken.

The Investment Manager anticipates closing the transaction to acquire the Target CHP+ Assets within one month from Initial Admission. Due diligence preparatory work, including agreement of terms with advisers, has commenced. All due diligence is expected to be confirmatory in nature, given the Investment Manager's knowledge and experience of the Target CHP+ Assets having owned and managed both assets on behalf of its investors since the start of construction. The following actions will be conducted to reach closing of the acquisition:

- completion of a tax and accounting review (though tax structuring input has already been provided by the Company's tax advisers as part of arriving at the Valuation);
- completion of legal advisory work, including property due diligence and agreeing a suitable sale and purchase agreement and ancillary documents;
- completion of technical due diligence, including a site visit by the Company's technical adviser; and
- a review of the relevant power and commodity price forecasts.

Once the legal documentation and confirmatory due diligence is completed, the Board will undertake a final review of the transaction with the Investment Manager before the Investment Manager proceeds with completion of the transaction.

## SECTION B- VALUATION OPINION

The Directors  
Triple Point Energy Efficiency Infrastructure Company plc  
1 King William Street  
London  
EC4N 7AF

25 August 2020

Dear Directors

### **Triple Point Energy Efficiency Infrastructure Company plc – Valuation opinion letter**

#### **Valuation opinion letter**

We are writing to provide to Triple Point Energy Efficiency Infrastructure Company plc (the **Company**, and together with its subsidiary companies, the **Group**) our opinion as to the fair market value (a **Valuation**) of a portfolio of assets (the **Target CHP+ Assets** and each a **Target CHP+ Asset**) (the **Opinion Letter**). The details of the Target CHP+ Assets are described on pages 98 to 100 of the prospectus issued by the Company dated 25 August 2020 (the **Prospectus**).

#### **Purpose**

The Valuation has been provided to the Company in connection with the admission of the Company's ordinary shares to trading on Specialist Fund Segment of the Main Market of London Stock Exchange plc, and the potential future acquisition of the Target CHP+ Assets by the Group (the **Potential Future Acquisition**).

In providing a Valuation, we are not making any recommendations to any person regarding the Prospectus in whole or in part and are not expressing an opinion on the fairness of the terms of the Potential Future Acquisition or the terms of any investment in the Company.

#### **Responsibility**

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this Opinion Letter, required by and given solely for the purposes of complying with, item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 (the **PR Regulation**), consenting to its inclusion in the Prospectus.

#### **Valuation basis and valuation assumptions**

This Opinion Letter sets out our opinion on a fair market value basis for the Target CHP+ Assets in connection with the Potential Future Acquisition, assuming a willing buyer and seller, dealing at arm's length and with equal knowledge regarding the facts and circumstances.

The Valuation is necessarily based on economic, market and other conditions as in effect on, and the tax and accounting and other information available to us as of, 25 August 2020. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise or reaffirm the views expressed in this Opinion Letter. Specifically, it is understood that the Valuation may change as a consequence of changes to market conditions, interest rates, exchange rates, or the prospects of the sector in general or the Target CHP+ Assets in particular.

In providing this Opinion Letter, we have relied upon the commercial assessment of the investment manager of the Company, Triple Point Investment Management LLP (the **Manager**), on a number of issues, including, the markets in which the Target CHP+ Assets operate and the assumptions underlying the projected financial information which were provided by and for which the Manager is wholly responsible. We have also placed reliance on the historical and forecast information for the Target CHP+ Assets provided to us by the Manager and for which the Manager is solely responsible.

The Valuation has been determined using discounted cash flow methodology, whereby the estimated future equity cash flows accruing to each Target CHP+ Asset and attributable to the Target CHP+ Assets have been discounted to 01 October 2020, using discount rates reflecting the risks associated with each Target CHP+ Asset and the time value of money. The Valuation is based on the estimated future cash flows projected to be received, or paid, on or after 01 October 2020. In determining the discount rate applicable to each Target CHP+ Asset, we took into account various factors, including, but not limited to, comparable industry benchmarks, operational history, and risks specific to each of the Target CHP+ Assets such as contract counterparty risk.

We have made the following key assumptions in determining the Valuation:

- the cash flow projections for each Target CHP+ Asset's financial model (the **Model**) provided by the Manager for the purpose of our services accurately reflect the terms of all agreements relating to the acquisitions of the respective Target CHP+ Assets by the Group;
- the accounting policies applied in the Model for each Target CHP+ Asset are in accordance with the relevant Generally Accepted Accounting Principles;
- the tax treatment applied in the Model for each Target CHP+ Asset is in accordance with the applicable tax legislation and does not materially understate the future liability of taxes owed by the Company or any member of its Group in connection with ownership of the Target CHP+ Assets; and
- there are no material disputes with parties contracting directly or indirectly with each Target CHP+ Asset nor any going concern issues, nor performance issues with regard to the contracting parties, nor any other contingent liabilities, which as at the date of the delivery of our valuation opinion letter are expected to give rise to a material adverse effect on the future cash flows of the relevant Target CHP+ Assets as set out in the Model provided to us, other than those disclosed to us by the Manager or that are publicly disclosed.

We have received written representations from the Manager, confirming the validity of the above assumptions.

The Valuation is provided solely on the Target CHP+ Assets in aggregate and whilst we have considered discount rates applicable to each Target CHP+ Asset we are not providing an opinion on individual values.

### **Valuation opinion**

While there is clearly a range of possible values for the Target CHP+ Assets and no single figure can be described as a "correct" Valuation for such underlying assets, Grant Thornton UK LLP advises the Company that, based on market conditions on 25 August 2020, and on the basis and assumptions stated above, in our opinion the proposed purchase price of the Target CHP+ Assets of £24,812,804 falls within a range which we consider to be fair and reasonable on a fair market value basis.

### **Declaration**

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this Opinion Letter as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this Opinion Letter is in accordance with the facts and this Opinion Letter contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of PR Regulation.

Yours faithfully

**For Grant Thornton UK LLP**

## PART 6

### DIRECTORS, MANAGEMENT AND ADMINISTRATION

#### 1 DIRECTORS

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Investment Manager. All of the Directors are non-executive and are independent of the Investment Manager and the other service providers.

The Directors will meet at least four times a year, *inter alia*, to review and assess the Company's investment policy and strategy, the risk profile of the Company, the Company's investment performance, the performance of the Company's service providers, including the Investment Manager and the Administrator, and generally to supervise the conduct of its affairs.

The Directors are as follows:

#### ***Dr. John Roberts CBE (aged 74) (Chairperson)***

Dr. John Roberts has significant experience in the energy and utilities sectors with a 40-year executive career including senior roles at Manweb plc, Hyder plc and culminating with his role as Chief Executive of United Utilities plc (a long-term constituent of the FTSE 100) from which he retired in 2006. Since then, John has held various senior non-executive positions across a range of energy focussed operating companies and funds including BlackRock New Energy Investment Trust plc, Halite Energy Group and First Utility plc. He is currently Chairman of Electricity North West Limited. John is a keen advocate for the environment and, amongst other roles, was a member of the Royal Commission on Environmental Pollution, Ofgem's Environmental Advisory Panel and the Renewables Advisory Board, he was also previously Chairman of the North West Energy Council. A qualified engineer and Chartered Certified Accountant, John was made a Doctor of Engineering by the University of Liverpool and an Honorary Fellow of Liverpool John Moores University. He was awarded a CBE in 2004 for his services to the utilities industry.

#### ***Rosemary Boot (aged 57) (Non-executive Senior Independent Director)***

Rosemary Boot has an investment banking background with 16 years at UBS Warburg, following which she was appointed Group Finance Director of The Carbon Trust, a position she held for over 10 years. Rosemary then held senior executive positions at Circle Housing and, finally, was appointed Chief Financial Officer of Future Cities Catapult, stepping down in 2016. She joined the Board of Southern Water Services Limited in March 2015 and is a member of the Audit Committee, having previously served as Chair of the Audit Committee. Rosemary is also currently a non-executive director of Impact Healthcare REIT plc, where her roles include Senior Independent Director and Chair of the Remuneration Committee, and Urban&Civic plc. Rosemary's knowledge of the wider low carbon technology sector has been built up over 19 years with other current roles including trustee of the Green Alliance Trust, director and steering group member of Chapter Zero Limited and historic roles including non-executive director of Partnerships for Renewables Limited.

#### ***Dr. Anthony White MBE (aged 67) (Non-executive Director)***

Dr Anthony White has over 35 years' experience in international power markets and the low carbon economy from capital markets, analytical and industry strategy roles. His key executive responsibilities included establishing the Uplift Management Incentive Scheme at National Grid, where he became Group Head of Strategy in the 1990s, and being lead analyst for Citigroup's top ranked pan-European power team. More recently, Anthony was a Managing Director of Climate Change Capital, a specialist low carbon advisory and asset management business, and still consults on developments in the low carbon economy through his company, BW Energy Limited. He is currently a non-executive director of Green Energy Options with previous non-executive director appointments including the National Renewable Energy Centre, The Crown Estate, the Green Deal Financing Company and the Low Carbon Contracts Company. Anthony has participated in numerous government advisory bodies on UK energy and power

market policy including the Energy Advisory Panel, Commission on Environmental Markets and Economic Reform, Energy Networks Strategy Group and the House of Commons Select Committee on Energy & Climate Change. Anthony was appointed a MBE in 2004 for services to UK energy policy.

***Sonia McCorquodale (aged 45) (Non-executive Director)***

Sonia McCorquodale has a background in the energy sector with an executive career with a range of companies spanning start up, operational, PFI managed and an A-rated utility group. Her most recent executive role was Managing Director for the Commercial division of Welsh Water Limited and prior to that she was Head of Commercial Projects for AIM listed renewable energy company, Good Energy Limited. Over the past 20 years, Sonia has sat on numerous steering committees and trade bodies including, more recently, the CBI Heat Policy Group and Entrepreneurial Women in Renewable Energy (EWIRE).

## **2 THE INVESTMENT MANAGER**

### **2.1 Introduction**

The Company has engaged Triple Point Investment Management LLP as the Company's alternative investment fund manager to provide portfolio and risk management services to the Company. The Investment Manager is authorised and regulated by the FCA.

The Investment Manager was incorporated as a privately-owned limited liability partnership in the United Kingdom on 28 July 2006, with registered number OC321250. The registered office and principal operational place of business is 1 King William Street, London EC4N 7AF. The Investment Manager is domiciled in England and Wales.

The Investment Manager manages over £1.5 billion of private, institutional, and public capital and has extensive experience in asset and project finance, portfolio management and structured investments. The Triple Point Group has a team of 120 asset management, legal and finance professionals with a successful track record of creating value for clients.

Over the last ten years, the Investment Manager has arranged over £2 billion of investment into: energy assets, property, central and local government projects, NHS hospital trusts, SMEs and infrastructure including lease and asset finance. The Investment Manager has a proven track record of investment in Energy Efficiency and decentralised energy generation projects and has invested over £225 million across energy and infrastructure projects to date including investments into CHP, renewable power (particularly hydroelectric and solar) reserve peaking power grid supporting power generation facilities, and a range of other power and Energy Efficiency projects.

The Triple Point Group has built a strong track record in the energy and infrastructure market and benefits from existing relationships with third party developers, utility companies, project owners, energy service companies and financial intermediaries. Further details on the Investment Manager's track record are set out in Part 3 of this document.

Across the UK, the Triple Point Group has helped to increase the supply of renewable energy and reduce emissions and energy consumption through targeted investment into select operational assets and the procurement, construction and development of Energy Efficiency projects.

The Triple Point Group's established reputation has ensured that there is a continuing and growing pipeline of attractive opportunities from which to select investments. In addition to targeting a good risk-adjusted investment return for its clients, the Investment Manager has at the core of all its investment mandates an emphasis on capital security and liquidity.

Subject to the overall supervision and control of the Directors, the Investment Manager will be responsible for the portfolio and risk management of the Company's assets in accordance with the terms of the Investment Management Agreement and the AIFM Directive.

Further details of the Investment Manager's senior management team are set out in paragraph 2.2 below.

### ***The Investment Management Agreement***

The Company and the Investment Manager have entered into the Investment Management Agreement, a summary of which is set out at paragraph 6.2 of Part 10 of this document.

Pursuant to the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a stepped annual management fee (the “**Annual Management Fee**”) on the following basis:

	<b><i>Annual Management Fee (percentage of Net Asset Value)</i></b>
<b><i>Net Asset Value</i></b> <sup>(1)</sup>	
On such part of the Net Asset Value that is up to and including £650 million	0.9 per cent.
On such part of the Net Asset Value that is above £650 million	0.8 per cent.

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(1) For the avoidance of doubt, the different percentages set out above shall be applied incrementally and not as against the total Net Asset Value.

In relation to each issue of Ordinary Shares or C Shares by the Company (a “**Relevant Issue**”), no Annual Management Fee shall accrue or be charged on the undeployed cash funds arising from such Relevant Issue until such time as 75 per cent. or more of the net proceeds of such Relevant Issue have been Deployed. For these purposes, “**Deployed**” shall mean: (i) invested in the acquisition or development of Energy Efficiency investment assets, or (ii) used to pay down any existing drawn down debt facilities of the Group, or (iii) such other use as the Board shall determine in its reasonable discretion.

The Annual Management Fee is calculated and accrues monthly and shall be invoiced monthly in arrears.

On a semi-annual basis, following the announcement of the Net Asset Value for the semi-annual periods ending 31 March and 30 September in each year, the Investment Manager shall procure that the Wider Triple Point Group shall apply an amount, in aggregate, equal to 20 per cent. of the Annual Management Fee (net of any applicable tax) for the relevant six-month period as follows:

- (a) where the Ordinary Shares are trading at, or at a premium to, the latest published Net Asset Value per Ordinary Share; the Investment Manager shall procure that the Wider Triple Point Group shall use the relevant amount to subscribe for new Ordinary Shares (rounded down to the nearest whole number of Ordinary Shares) issued at the latest published Net Asset Value per Ordinary Share applicable at the date of issuance; or
- (b) where the Ordinary Shares are trading at a discount to the latest published Net Asset Value per Ordinary Share; the Investment Manager shall procure that the Wider Triple Point Group shall, as soon as reasonably practicable use the relevant amount to make market purchases of Ordinary Shares (rounded down to the nearest whole number of Ordinary Shares) within four months of the relevant Net Asset Value publication date;

Even though the Annual Management Fee is payable on a monthly basis, Ordinary Shares will only be acquired by the Wider Triple Point Group on a half-yearly basis.

In addition, any such Ordinary Shares acquired by the Wider Triple Point Group are subject to a minimum lock-in period of 12 months (subject to usual exceptions).

The Investment Manager may treat any Ordinary Shares held by it as a liquid asset (which are therefore capable of being sold during the 12 month lock-in period) for the purposes of meeting any regulatory capital requirements applicable to the Investment Manager’s role as an AIFM.

The Investment Manager is also entitled to reimbursement for all cost and expenses properly incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

There is no performance fee payable to the Investment Manager.

The Investment Management Agreement may be terminated by either the Company or the Investment Manager on not less than 12 months' notice to the other party, such notice not to be served before the fourth anniversary of the date of Initial Admission.

The Investment Management Agreement can be terminated at any time in the event of the insolvency of the Company or the Investment Manager or if the Investment Manager ceases to be authorised and regulated by the FCA.

## 2.2 The Investment Team

The key individuals from the Investment Manager who are responsible for executing the Company's investment strategy are:

### ***Ben Beaton – Managing Partner***

Ben joined the Investment Manager in 2007 to lead the sourcing and execution of a broad spectrum of investments including renewable energy, long leased infrastructure and property bridge lending. He has established himself as an industry leader in matching capital with investment opportunities, building innovative products for investors and offering attractive and flexible funding solutions to a range of businesses, both in the public and private sector. He became co-Managing Partner in 2016.

### ***James Cranmer – Managing Partner***

James joined Investment Manager in 2007 to develop its origination and investment capability. He has over 20 years' experience in structured, asset and vendor finance. He has been responsible for in excess of £1 billion of funding into UK Local Authorities, NHS Hospital Trusts, FTSE100 including numerous investments in the energy and low carbon sectors. He became co-Managing Partner in 2016.

### ***Jonathan Parr, Partner and Head of Energy***

Jonathan heads the Investment Manager's Energy team. Jonathan joined the Investment Manager in 2010 and has led a number of investments in the infrastructure and energy space with a particular focus on solar PV and vertical farming. Jonathan previously worked at Deloitte and is a Chartered Tax Adviser and CFA Charterholder.

### ***Charles Herriott, Fund Manager, Energy***

Charles joined the Investment Manager in 2018 with a background in the management of investments in the PPP, renewable energy and utilities sectors. Charles has been responsible for the management of infrastructure and energy assets with a total value of over £1 billion and previously worked at Ancala Partners, DIF Capital Partners, Amber Infrastructure and Ernst & Young. Charles is a Chartered Accountant (ICAEW).

## 3 OTHER ARRANGEMENTS

### 3.1 Administrator and Company Secretary

Hanway Advisory Limited will be responsible for the day to day administration and company secretarial functions of the Group (including but not limited to the maintenance of the Company's fund accounting records and the calculation and publication of the estimated Net Asset Value). Prospective investors should note that it is not possible for the Administrator to provide any investment advice to investors.

Hanway Advisory Limited is a member of the Triple Point Group.

The Administrator is entitled to an annual fee of £115,000 (exclusive of VAT and expenses) and certain variable additional fees for additional services or corporate actions of the Company or any of its subsidiaries.

Details of the Administration and Company Secretarial Services Agreement are set out in paragraph 6.4 of Part 10 of this document.

### **3.2 Depositary**

INDOS Financial Limited has been appointed as Depositary to the Company. The Investment Manager is authorised by the FCA as a manager of AIFs for the purposes of the AIFM Directive and is required, in accordance with the AIFM Directive and the AIFM Regulations, to ensure that a single appropriately authorised depositary is appointed to perform certain activities such as monitoring the Company's cash flows, ownership verification of certain assets of the Company, safekeeping of financial instruments to the extent such instruments are owned by the Company, and performing general oversight over the Company. The Depositary is entitled to be paid a depositary fee of £27,000 per annum (plus VAT if applicable). The costs of such services are borne by the Company.

The Depositary was incorporated in England and Wales as a private company limited by shares on 16 October 2012 under the Companies Act (registration number 08255973). The Depositary is authorised and regulated by the FCA (reference number 602528). The registered office of the Depositary is 54 Fenchurch Street, London, England, EC3M 3JY (tel. +44 (0) 203 876 2218).

Details of the Depositary Agreement are set out in paragraph 6.5 of Part 10 of this document.

### **3.3 Registrar**

The Company utilises the services of Computershare Investor Services PLC as registrar in relation to the transfer and settlement of its issued shares. Under the terms of the Registrar Agreement, the Registrar is entitled to a fee calculated based on the number of shareholders and the number of transfers processed (exclusive of VAT). In addition, the Registrar is entitled to certain other fees for ad hoc services rendered from time to time.

Details of the Registrar Agreement are set out in paragraph 6.6 of Part 10 of this document.

### **3.4 Receiving Agent**

The Company has also appointed Computershare Investor Services PLC to act as the Company's receiving agent for the purposes of the Offer for Subscription pursuant to the Receiving Agent Agreement.

Details of the Receiving Agent Agreement are set out in paragraph 6.7 of Part 10 of this document.

### **3.5 Auditor**

BDO LLP provides audit services to the Company. The annual report and accounts will be prepared according to the accounting standards laid out under IFRS. The fees charged by the Auditor depend on the services provided and on the time spent by the Auditor on the affairs of the Company; there is therefore no maximum amount payable under the Auditor's engagement letter.

## **4 FEES AND EXPENSES**

### **4.1 Formation and initial expenses**

The formation and initial expenses of the Company are those that arise from, or are incidental to, the establishment of the Company, the Initial Issue and Initial Admission. These expenses include the fees and commissions payable under the Placing and Offer Agreement, Receiving Agent's fees, admission fees, printing, legal and accounting fees and any other applicable expenses which will be met by the Company and paid on or around Initial Admission out of the Initial Gross Proceeds.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are expected to be approximately £4 million, equivalent to approximately 2 per cent. of the Initial Gross Proceeds, assuming Initial Gross Proceeds of £200 million. The costs will be deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Ordinary Share will be approximately 98 pence, assuming Initial Gross Proceeds of £200 million.

#### 4.2 Placing Programme expenses

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Ordinary Shares pursuant to Subsequent Placings. These include the fees payable in relation to each subsequent Admission, including admission fees, as well as fees and commissions due under the Placing and Offer Agreement and any other applicable expenses in relation to the Placing Programme.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing published Net Asset Value per Ordinary Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions).

#### 4.3 Ongoing annual expenses

The Company will also incur ongoing annual expenses which will include fees paid to the Investment Manager and other service providers as described above in addition to other expenses which are currently expected to amount to 1.4 per cent. of Net Asset Value per annum (excluding all costs associated with making and realising investments) assuming a Net Asset Value on Initial Admission of £196 million.

### 5 INVESTMENT PROCESS

The investment process undertaken by the Investment Manager is broadly as follows:

#### 5.1 Sourcing investments

The Investment Manager has an extensive network of relationships which will deliver new potential investment opportunities

The Investment Manager will target predominantly operational assets, either as single assets or portfolios of assets which, typically, will have an operator in place.

The Investment Manager will consider broad ESG factors when identifying investments (including development opportunities as outlined below). While considering the individual nature of a target asset, for example, the size and type of asset, region, operational environment and stage of project cycle, there are certain factors which the Investment Manager will also consider in order to understand the longevity of the value of an Energy Efficiency Project and its compatibility with the UK government's overall environmental targets to reduce greenhouse gas emissions to net zero by 2050.

Specifically, the Investment Manager will be mindful of the following factors, as appropriate:

**Environmental:** greenhouse gas emissions and air pollution, and their creation, management and monitoring during build and asset life. Use, generation and intensity of energy, and the nature of the energy (e.g. renewable) along with water use and its pollution. Levels of waste generated, avoided and disposed of, approach to raw material sourcing and supply chain sustainability. Build impacts on biodiversity and habitat, understanding management and protection measures.

**Social:** quality and fit of an asset with a more sustainable economy, including relevance/appropriateness to the locality. Good customer and stakeholder relations, including management of land rights and accessibility and social inclusion of access to the asset. Strong management and reporting of health and safety (during and after build) as well as sound labour management including staff wellbeing, diversity and inclusion practices, appropriate training, and presence of fair pay, including reassurance of the absence of modern slavery.

**Governance:** promotion of a corporate governance structure that is accountable and responsive to stakeholders, considering board structure, remuneration policy, ownership and accounting practices. Business ethics with evidence of best practice in approaches to tax policy, management of bribery and corruption risk, conflicts of interest and appropriate senior level ownership of ESG issues.

## 5.2 Development

The Group may finance the development of new Energy Efficiency Projects in circumstances where the Investment Manager has identified an attractive opportunity which meets the Company's investment objective and the criteria set out in the investment policy.

## 5.3 Review and approval

The Board shall have overall responsibility for the management of the Company and shall oversee compliance with the Company's investment objective and investment policy. When any potential acquisition or disposal, development opportunity or secured debt financing opportunity (an "**Investment Opportunity**") is identified by the investment team, the Investment Manager will undertake an initial due diligence/analysis on the Investment Opportunity in order to verify that it meets the Company's investment objective and investment policy and is commercially sound.

Initial due diligence on an asset acquisition would typically include:

- preparation of an asset-specific ESG scorecard to capture alignment or gaps to key ESG expectations;
- analysis of the energy performance of the project or asset;
- an indicative valuation;
- preparation of a full cash flow model;
- a review of the terms of the operating agreement and any other material commercial agreements;
- a site visit and review of the key parties involved with the project, including those responsible for the operation of the asset and the end user; and
- appropriate market research on the key commercial drivers of the opportunity and an initial review of the financial situation of the off-taker, as required.

If the outcome of the initial due diligence/analysis process is positive, the Investment Manager will seek to agree indicative terms for the Investment Opportunity, and in the case of an acquisition, disposal or development opportunity, seek to enter into a period of exclusivity.

When the Investment Manager expects that an Investment Opportunity is likely to complete, it shall deliver to the Board as soon reasonably practicable a report on the Investment Opportunity ("**Transaction Report**"). The Transaction Report shall include a written confirmation from the Investment Manager that the Investment Opportunity falls within the scope of the investment objective and investment policy.

The Board shall make such observations and comments as they see fit on the Transaction Report and shall communicate them to the Investment Manager as soon as reasonably practicable. Any decision to proceed with the Investment Opportunity shall be the sole responsibility of the Investment Manager but shall only be made having taken account of these observations and comments.

## 5.4 Investment execution

Where an Investment Opportunity proceeds to the execution phase, in addition to carrying out further due diligence on the Investment Opportunity (as applicable), the Investment Manager will:

- project manage the transaction, including co-ordinating the work of other professional advisers and service providers, including technical advisers and engineers, lawyers, accountants, and tax advisers;
- lead in the negotiation with any third party (whether buying, selling, refinancing, or otherwise) and the third party's agent (if any);
- lead in the negotiation and structuring of the transaction to ensure it meets the Company's investment objective and investment policy;
- lead in the negotiation and structuring of any borrowings on the transaction;

- lead in the preparation and negotiation of any new commercial agreements, or review the implications of any existing commercial agreements; and
- lead the preparation of final documentation (in conjunction with legal and accounting advisers).

## 5.5 Investment monitoring and reporting

The Investment Manager will continually monitor the progress of the Company's investments, including participation on the boards of the Project SPVs. This will include regular meetings with the operators, as required, and at a minimum an annual site visit. The Investment Manager will actively monitor the performance of key contractual obligations to ensure that service providers are delivering under service contracts and any output specification to the off-taker is being met. The Investment Manager will also look to optimise investment performance via opportunities which may include (but are not limited to) contract extensions, optimisation of contract terms, reductions in costs via re-contracting and increase in revenues via additional services. Additionally, the Investment Manager will carry out ongoing monitoring of relevant ESG factors that were identified during the identification and early review due diligence stages.

The Investment Manager will prepare valuation statements for the portfolio in each six month period (working with the Administrator and to be reviewed by the Auditor).

The Investment Manager will also prepare the relevant sections of the half year and annual reports for the Company relating to the portfolio, together with the report of the Investment Manager, and will make any periodic disclosures required to be made under the FCA rules in its capacity as an AIFM.

Amongst other general roles, the Investment Manager will also work closely with the Company's advisers to assist in the preparation of relevant regulatory announcements and in the observation of other ongoing regulatory obligations of the Company.

The Investment Manager shall supply to the Board for its information any reports on investments, due diligence reports or any other information in relation to investment opportunities as may be requested from time to time.

## 5.6 Holding and exit strategy

The Group's holding period and exit strategy for each asset will depend on the characteristics of the asset, transaction structure, ESG considerations, exit price potentially achievable, suitability and availability of alternative investments (capital recycling), balance of the portfolio and lot size of the asset as compared to the value of the portfolio. While the Directors intend to hold the Group's investments on a long-term basis, the Group may dispose of investments should an appropriate opportunity arise where, in the Investment Manager's opinion, the value that could be realised from such disposal would represent a satisfactory return on the investment and/or otherwise enhance the value of the Company as a whole, having consideration to the Company's investment objective and investment policy.

## 5.7 Conflict management

### **General**

The Investment Manager has regard to its delegated obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients, when potential conflicts of interest arise. In the event of a conflict of interest arising, the Investment Manager will ensure that it is resolved fairly and in accordance with the COB Rules and in particular, that any transactions are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. The COB Rules require the Investment Manager to ensure fair treatment of all its clients. The COB Rules also require that when an investment is made it should be allocated fairly amongst all of its clients for whom the investment is appropriate.

### ***Asset allocation***

Notwithstanding the Investment Manager's allocation policy, the Investment Manager has undertaken that in relation to any investment opportunity sourced or originated by the Triple Point Group that falls within the scope of the Company's investment policy (a "**Guideline Investment**") the following policy will be followed:

- (a) all Guideline Investments will first be internally allocated by the Investment Manager to the Group in full;
- (b) the Investment Manager will then determine whether the Group is technically able to make the Guideline Investment (in whole or in part) by assessing: (i) the Guideline Investment against the Company's investment restrictions, (ii) whether the Group has the funds available to finance the Guideline Investment, and (iii) whether the Guideline Investment contributes sufficiently to the Company's target returns;
- (c) if the Investment Manager determines that the Group is not technically able to make the Guideline Investment then other funds managed by the Triple Point Group will be free to make the Guideline Investment (to the extent that the opportunity remains);
- (d) if the Group is technically able to make the Guideline Investment, but the Investment Manager determines that either: (i) it would be inappropriate for the Group to make the Guideline Investment, or (ii) recommends that the Group only makes a partial investment in the Guideline Investment alongside one or more other funds managed by the Triple Point Group or a third party investor, the Investment Manager shall discuss this decision with the Board and shall take in account any comments or instructions from the Board;
- (e) if the Board agrees with the Investment Manager's decision, then other funds managed by the Triple Point Group will be free to make the Guideline Investment (to the extent that the opportunity remains);
- (f) if the Group decides to partially invest in the Guideline Investment, then any other fund managed by the Triple Point Group may be offered the opportunity to take up the balance of the investment; and
- (g) in circumstances where both the Group and another fund managed by the Triple Point Group co-invest in the same Guideline Investment, the Investment Manager shall ensure that they will invest on substantially the same terms.

### ***Acquisition of assets***

The Investment Manager may be involved in other financial, investment or professional activities in the future, including managing assets for, or advising, other investment clients. It may provide investment management, investment advice or other services to investment companies which may have substantially similar investment policies to that of the Company.

It is possible that the Group may seek to purchase certain investments from funds or investment vehicles managed or operated by the Triple Point Group to the extent that the investments fall within the Company's investment policy. In order to deal with these potential conflicts of interest, detailed procedures and arrangements have been established to manage transactions between the Company, the Investment Manager (or its affiliates) and other funds or investment vehicles managed by the Triple Point Group. If such acquisitions are to be made, appropriate procedures will be put in place to manage the conflict and ensure any transactions are on an arms' length basis and are at fair market value. The acquisition of assets by the Company from other funds or investment vehicles managed by the Triple Point Group will be subject to approval from the Board (all of whom are independent of the Investment Manager) prior to the acquisition proceeding.

In particular, the Company will adopt a related party policy (in relation to which Akur and RBC as joint financial advisers, will guide the Company) which shall apply to any transaction which it may enter into with the Investment Manager which would constitute a "related party transaction" as defined in, and to which would apply, Chapter 11 of the Listing Rules. In accordance with its related party policy, the Company shall not enter into any such related party transaction without first obtaining: (i) the approval of a majority of the Directors who are

independent of the relevant related party; and (ii) a fairness opinion or third-party valuation (as appropriate) in respect of such related party transaction from an appropriately qualified independent adviser.

## **6 CORPORATE GOVERNANCE**

The Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements. The Board has considered the principles and recommendations of the AIC Code. The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to listed investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code, will provide better information to Shareholders. As a recently incorporated company, the Company does not yet comply with the UK Corporate Governance Code or the principles of good governance contained in the AIC Code. However, the Company intends to join the AIC as soon as practicable following Initial Admission, and arrangements have been put in place so that, with effect from Initial Admission, the Company will comply with the AIC Code.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

It is acknowledged in the UK Corporate Governance Code that some of its provisions may not be relevant to externally managed investment companies (such as the Company). The Board does not consider that the above provisions are relevant to the Company. The Company will therefore not comply with these provisions.

The Company's Audit Committee is chaired by Rosemary Boot and also includes Dr. Anthony White and Sonia McCorquodale. The Audit Committee will meet at least three times a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee will examine the effectiveness of the Company's control systems. It will review the half-yearly and annual reports and receive information from the Investment Manager. It will also review the scope, results, cost effectiveness, independence and objectivity of the external auditor.

In accordance with the AIC Code, the Company has established a Management Engagement Committee which is chaired by Dr. Anthony White and consists of all the Directors. The Management Engagement Committee will meet at least once a year or more often if required. Its principal duties will be to consider the terms of appointment of the Investment Manager and other service providers and it will annually review those appointments and the terms of engagement.

The Company's Nomination Committee consists of all the Directors and is chaired by Sonia McCorquodale. The Nomination Committee will meet at least once a year or more often if required. Its principal duties will be to advise the Board on succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will make recommendations to the Board in this regard. The Nomination Committee will advise the Board on its balance of relevant skills, experience, gender, race, age and length of service of the Directors serving on the Board. All appointments to the Board will be made in a formal and transparent matter.

As the Company has no executive directors, the Board has not established a separate remuneration committee, and discussions regarding Directors' remuneration shall be undertaken by the full Board.

## **7 DIRECTORS' SHARE DEALINGS**

The Directors will comply with the share dealing code adopted by the Company in relation to their dealings in Ordinary Shares. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

## PART 7

### THE INITIAL ISSUE

#### 1 INTRODUCTION

The Company is targeting an issue of 200 million Ordinary Shares pursuant to the Initial Issue comprising the Initial Placing and the Offer for Subscription. The Initial Issue has not been underwritten. The maximum number of Ordinary Shares to be issued under the Initial Issue is 250 million. The minimum size of the Initial Issue is 100 million Ordinary Shares.

The total number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Initial Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement and the Company's website prior to Initial Admission.

The Net Proceeds, after deduction of expenses, are expected to be approximately £196 million on the assumption that the Initial Gross Proceeds are £200 million.

Application will be made for the Ordinary Shares issued and to be issued pursuant to the Initial Issue to be admitted to trading on the Specialist Fund Segment of the Main Market. It is expected that Initial Admission will become effective and dealings in the Ordinary Shares will commence at 8.00 a.m. on 19 October 2020.

#### 2 THE INITIAL ISSUE

##### **Overview**

Ordinary Shares will be issued pursuant to the Initial Issue at an Issue Price of 100 pence per Ordinary Share.

The Initial Issue is conditional, *inter alia*, on: (i) Initial Admission having become effective on or before 8.00 a.m. on 19 October 2020 or such later time and/or date as the Company, the Investment Manager, Akur, RBC and Winterflood may agree (being not later than 8.00 a.m. on 31 December 2020); (ii) the Placing and Offer Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood may agree) being raised.

If the Initial Issue does not proceed (due to the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood may agree) not being raised or otherwise), any monies received under the Initial Issue will be returned without interest (at the risk of the applicant) to the applicant from whom the money was received, within 14 calendar days.

If the Minimum Gross Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

##### **Initial Placing**

RBC and Winterflood have agreed to use their respective reasonable endeavours to procure subscribers pursuant to the Initial Placing on the terms and subject to the conditions set out in the Placing and Offer Agreement.

The Ordinary Shares are being made available under the Initial Placing at the Issue Price. The terms and conditions that shall apply to any subscription for Ordinary Shares under the Initial Placing are set out in Part 14 of this document. The latest time and date for receipt of commitments under the Initial Placing is 2.00 p.m. on 13 October 2020 (or such later date, not being later than 31 December 2020, as the Company, the Investment Manager, Akur, RBC and Winterflood may agree).

If the Initial Placing is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

Each Placee agrees to be bound by the Articles once the Ordinary Shares that the Placee has agreed to subscribe for pursuant to the Initial Placing have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the Initial Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

### ***Offer for Subscription***

The Company is making an offer of Ordinary Shares pursuant to the Offer for Subscription at the Issue Price, subject to the Terms and Conditions of Application as set out in Part 15 of this document. The Terms and Conditions of Application and the Application Form set out at Appendix 1 to this document should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of this document or the acquisition of Ordinary Shares.

The Offer for Subscription is being made in the UK and Isle of Man only.

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of £1,000 and thereafter in multiples of £100 or such lesser amount as the Company may determine (at its discretion). Multiple applications will be accepted. Commitments under the Offer for Subscription once made, may not be withdrawn without the consent of the Directors.

Application Forms accompanied by a cheque or banker's draft in Sterling must be made payable to "**CIS PLC re: Triple Point EEIC OFS a/c**" for the appropriate sum should be returned to the Receiving Agent by no later than 11.00 a.m. on 12 October 2020.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 12 October 2020. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 567890. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to the Receiving Agent's Participant Account 3RA43 by no later than 11.00 a.m. on 16 October 2020, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share in Sterling through the CREST system upon the settlement date, following the CREST matching criteria set out in the Application Form.

If the Offer for Subscription is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

## **3 SCALING BACK AND ALLOCATION**

The results of the Initial Issue will be announced by the Company via a Regulatory Information Service.

In the event that commitments under the Initial Placing and valid applications under the Offer for Subscription exceed the maximum number of Ordinary Shares available under the Initial Issue (being 250 million Ordinary Shares), applications under the Initial Placing and Offer for Subscription will be scaled back at the discretion of RBC, Winterflood and Akur (in consultation with the Company and the Investment Manager).

The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Initial Issue.

Monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest (at the risk of the applicant) to the applicant from whom the money was received, within 14 calendar days following the close of the Initial Issue.

#### **4 REASONS FOR THE INITIAL ISSUE AND USE OF PROCEEDS**

The Initial Issue is intended to raise money for investment in accordance with the Company's investment objective.

The Directors intend to use the Net Proceeds, after providing for the Company's operational expenses, to purchase investments in line with the Company's investment objective and investment policy.

The Company expects the Net Proceeds to be invested or committed within a period of six to nine months after Initial Admission (subject to market conditions). There can be no guarantee that initial deployment of the Net Proceeds will be achieved in the timeframe referred to above.

#### **5 COSTS OF THE INITIAL ISSUE**

The formation and initial expenses of the Company are those that arise from, or are incidental to, the establishment of the Company, the Initial Issue and Initial Admission.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are expected to be approximately £4 million, equivalent to approximately 2 per cent. of the Initial Gross Proceeds, assuming Initial Gross Proceeds of £200 million. The costs will be deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Ordinary Share will be approximately 98 pence, assuming Initial Gross Proceeds of £200 million.

#### **6 WITHDRAWAL**

In the event that the Company is required to publish a supplementary prospectus prior to Initial Admission, applicants who have applied for Ordinary Shares under the Offer for Subscription shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their offer to acquire Ordinary Shares in the Offer for Subscription in its entirety. If the application is not withdrawn within the stipulated period, any offer to apply for Ordinary Shares in the Offer for Subscription will remain valid and binding.

Investors under the Offer for Subscription wishing to exercise statutory withdrawal rights after the publication of a supplementary prospectus prior to Initial Admission must do so by lodging written notice of withdrawal to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH or by emailing [OFSpaymentqueries@computershare.co.uk](mailto:OFSpaymentqueries@computershare.co.uk) so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received after expiry of such period will not constitute a valid withdrawal.

#### **7 THE PLACING AND OFFER AGREEMENT**

The Placing and Offer Agreement contains provisions entitling RBC and Winterflood to terminate the Initial Issue (and the arrangements associated with it) at any time prior to Initial Admission in certain circumstances. If this right is exercised, the Initial Issue and these arrangements will lapse and any monies received in respect of the Initial Issue will be returned to each applicant without interest (at the risk of the applicant) to the applicant from whom the money was received.

The Placing and Offer Agreement provides for Akur, RBC and Winterflood to be paid commissions by the Company in respect of the Ordinary Shares to be allotted pursuant to the Initial Issue. Any Ordinary Shares subscribed for by Akur, RBC and Winterflood may be retained or dealt in by it for its own benefit. Under the Placing and Offer Agreement, Akur, RBC or Winterflood is also entitled at its discretion and out of its own resources at any time to rebate to any third party part or all of its fees relating to the Initial Placing.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 6.1 of Part 10 of this document.

## **8 GENERAL**

Pursuant to anti-money laundering laws and regulations with which the Company must comply, the Company (and its agents) may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued to the relevant applicant pursuant to the Initial Issue.

If there are any material changes affecting any of the matters described in this document or where any significant new factors have arisen after the publication of this document, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the material change(s) or the significant new factor(s).

## **9 INITIAL ADMISSION, CLEARING AND SETTLEMENT**

Application will be made for the Ordinary Shares issued pursuant to the Initial Issue to be admitted to trading on the Specialist Fund Segment of the Main Market. It is expected that Initial Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 19 October 2020.

An investor applying for Ordinary Shares in the Initial Issue may receive Ordinary Shares in certificated or uncertificated form. The Ordinary Shares are in registered form. No temporary documents of title will be issued. Dealings in Ordinary Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. It is expected that CREST accounts will be credited on 19 October 2020 in respect of Ordinary Shares issued in uncertificated form and definitive share certificates in respect of Ordinary Shares held in certificated form will be despatched by post after the week commencing 2 November 2020, at the Shareholder's own risk.

The ISIN of the Ordinary Shares is GB00BMCBZL07 and the SEDOL is BMCBZL0.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

## **10 CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Initial Admission. Accordingly, settlement of transactions in the Ordinary Shares following Initial Admission may take place within the CREST system if any Shareholder so wishes.

## **11 OVERSEAS PERSONS**

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Ordinary Shares under the Initial Issue to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Ordinary Shares under the Initial Issue. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Ordinary Shares under the Initial Issue to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares are being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

In addition, until 40 calendar days after the commencement of the Initial Issue, an offer or sale of the Ordinary Shares within the United States by any dealer (whether or not participating in the Initial Issue) may violate the registration requirements of the U.S. Securities Act.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Initial Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

#### ***United States transfer restrictions***

Each of Akur, RBC, Winterflood and the Company has acknowledged and warranted in the Placing and Offer Agreement that it will not offer or sell or procure the offer or sale of the Ordinary Shares except in compliance with Regulation S. The Ordinary Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any Ordinary Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

## **12 PROFILE OF A TYPICAL INVESTOR**

The Specialist Fund Segment is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of the potential risk of investing in companies admitted to the Specialist Fund Segment.

The Ordinary Shares are designed to be suitable for institutional investors and private investors. Accordingly, typical investors in the Ordinary Shares are expected to be institutional investors, private clients through their wealth managers, experienced investors, high net worth investors, professionally advised investors and knowledgeable unadvised retail investors who have taken appropriate steps to ensure that they understand the risks involved in investing in the Company and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.

Furthermore, an investment in the Ordinary Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up. The Ordinary Shares are being offered under the Offer for Subscription only to facilitate the participation of investors who understand, or have been advised of, the potential risk from investing in companies admitted to trading on the Specialist Fund Segment.

## PART 8

### THE PLACING PROGRAMME

#### 1 INTRODUCTION

The Company may issue up to 200 million Ordinary Shares on a non-pre-emptive basis pursuant to the Placing Programme.

The Placing Programme is flexible and may have several closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The Placing Programme is intended to satisfy market demand for Ordinary Shares and to raise further money after the Initial Issue to increase the size of the Company and invest in accordance with the Company's investment policy.

#### 2 THE PLACING PROGRAMME

The Placing Programme will open on 19 October 2020 and will close on 24 August 2021 (or any earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors). The terms and conditions that apply to the purchase of the Ordinary Shares under the Placing Programme are set out in Part 14 of this document.

The Company will have the flexibility to issue Ordinary Shares on a non-pre-emptive basis where there appears to be reasonable demand for Ordinary Shares in the market, for example if the Ordinary Shares trade at a premium to the Net Asset Value per Ordinary Share.

Any issue of Ordinary Shares under the Placing Programme is at the discretion of the Directors. Issues may take place at any time prior to the final closing date of 24 August 2021 (or any earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors). An announcement of each Subsequent Placing under the Placing Programme will be released via a Regulatory Information Service, including details of the number of Ordinary Shares to be issued and the Placing Programme Price for the issue.

There is no minimum subscription. The Placing Programme is not being underwritten and, as at the date of this document, the actual number of Ordinary Shares to be issued under the Placing Programme is not known. The maximum number of Ordinary Shares available under the Placing Programme should not be taken as an indication of the number of Ordinary Shares finally to be issued.

Where new Ordinary Shares are issued pursuant to the Placing Programme, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Placing Programme Price less the expenses of such issuance.

The net proceeds of any Subsequent Placing under the Placing Programme are dependent, *inter alia*, on the level of subscriptions received, the price at which such Ordinary Shares are issued and the costs of the Subsequent Placing.

The Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment and issue of the relevant Ordinary Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue Ordinary Shares under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such conditions cease to exist.

#### **Conditions**

Each issue of Ordinary Shares pursuant to a Subsequent Placing under the Placing Programme will be conditional, *inter alia*, on:

- Admission of the relevant Ordinary Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager, Akur, RBC and Winterflood may agree from time to time in relation to that Admission, not being later than 24 August 2021;

- a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; and
- the Placing and Offer Agreement being wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

### **3 THE PLACING PROGRAMME PRICE**

The minimum price at which Ordinary Shares will be issued pursuant to the Placing Programme, will be equal to the prevailing published Net Asset Value per Ordinary Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions), which are not expected to exceed 2 per cent. of the gross proceeds of such Subsequent Placing.

In accordance with Chapter 15 of the Listing Rules (with which the Company has voluntarily undertaken to comply), the Company may not issue Ordinary Shares on a non-pre-emptive basis at a price below the prevailing published Net Asset Value per Ordinary Share at the time of announcement of the issue without Shareholder approval.

The Placing Programme Price will be announced via a Regulatory Information Service as soon as practicable in conjunction with each Subsequent Placing.

### **4 BENEFITS OF THE PLACING PROGRAMME**

The Directors believe that the issue of Ordinary Shares pursuant to the Placing Programme should yield the following principal benefits:

- give the Company the ability to issue Ordinary Shares to better manage the premium at which the Ordinary Shares may trade relative to the Net Asset Value per Ordinary Share;
- enhance the Net Asset Value per Ordinary Share of existing Ordinary Shares through new issuance of Ordinary Shares at a premium to the prevailing published Net Asset Value per Ordinary Share;
- grow the Company, thereby spreading operating costs over a larger capital base which should reduce the Ongoing Charges Ratio;
- the Company will be able to raise additional capital promptly, allowing it to take advantage of future investment opportunities as and when they arise; further diversifying the Company's portfolio of investments; and
- improve liquidity in the market for the Ordinary Shares.

### **5 COSTS OF THE PLACING PROGRAMME**

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Ordinary Shares pursuant to Subsequent Placings. These include the fees payable in relation to each subsequent Admission, including admission fees, as well as fees and commissions due under the Placing and Offer Agreement and any other applicable expenses in relation to the Placing Programme.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing published Net Asset Value per Ordinary Share at the time of announcement of the issue, together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions).

The costs and expenses of issuing Ordinary Shares pursuant to a Subsequent Placing are not expected to exceed 2 per cent. of the gross proceeds of such Subsequent Placing.

## **6 SCALING BACK**

In the event of oversubscription of a Subsequent Placing, applications under the relevant Subsequent Placing will be scaled back at the absolute discretion of Akur, RBC and Winterflood (in consultation with the Company and the Investment Manager).

## **7 THE PLACING AND OFFER AGREEMENT**

Under the Placing and Offer Agreement, RBC and Winterflood have each undertaken, as agent for the Company, to use their respective reasonable endeavours to procure subscribers under the Placing Programme for Ordinary Shares at the Placing Programme Price. Details of the Placing and Offer Agreement are set out in paragraph 6.1 of Part 10 of this document.

The Placing and Offer Agreement provides for Akur, RBC and Winterflood to be paid commissions by the Company in respect of the Ordinary Shares to be issued pursuant to the Placing Programme. Any Ordinary Shares subscribed for by Akur, RBC or Winterflood may be retained or dealt in by it for its own benefit. Under the Placing and Offer Agreement, Akur, RBC or Winterflood is also entitled at its discretion and out of its own resources at any time to rebate to any third party part or all of its fees relating to any Subsequent Placing

In circumstances in which the conditions to a Subsequent Placing are not fully met, the relevant issue of Ordinary Shares pursuant to the Placing Programme will not take place.

## **8 VOTING DILUTION**

If 200 million Ordinary Shares were to be issued pursuant to Subsequent Placings, and assuming the Initial Issue had been subscribed as to 200 million Ordinary Shares and a Shareholder did not participate in such Subsequent Placings, there would be a dilution of approximately 50 per cent. in such Shareholder's voting control of the Company immediately after the Initial Issue. It is not anticipated that there would be any dilution in the Net Asset Value per Ordinary Share as a result of the Placing Programme.

## **9 USE OF PROCEEDS**

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's investment objective and investment policy and for working capital purposes.

## **10 ADMISSION AND SETTLEMENT**

The Placing Programme may have several closing dates to provide the Company with the ability to issue Ordinary Shares over the duration of the Placing Programme. Ordinary Shares may be issued under the Placing Programme from 19 October 2020 until 24 August 2021 (or any earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors).

Application will be made to the London Stock Exchange for all of the Ordinary Shares issued pursuant to the Placing Programme to be admitted to trading on the Specialist Fund Segment of the Main Market. It is expected that any Admissions pursuant to Subsequent Placings will become effective and dealings will commence between 19 October 2020 and 24 August 2021. All Ordinary Shares issued pursuant to the Placing Programme will be allotted conditionally on such Admission occurring.

Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Ordinary Shares to be issued in uncertificated form pursuant to a Subsequent Placing, these will be transferred to successful applicants through the CREST system. Dealing in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. Whilst it is expected that all Ordinary Shares allotted pursuant to the Placing Programme will be issued in uncertificated form, if any Ordinary Shares are issued in certificated form it is expected that share certificates will be despatched approximately one week following Admission of the Ordinary Shares, at the Shareholder's own risk.

The ISIN number of the Ordinary Shares is GB00BMCBZL07 and the SEDOL code is BMCBZL0.

Any Ordinary Shares issued pursuant to any Subsequent Placing will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant Ordinary Shares).

## **11 CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company shall apply for the Ordinary Shares offered under the Placing Programme to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following an Admission may take place within the CREST system if any holder of such Ordinary Shares so wishes.

## **12 OVERSEAS PERSONS**

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Ordinary Shares under the Placing Programme to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Ordinary Shares under the Placing Programme. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Ordinary Shares under the Placing Programme to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her under the Placing Programme, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares are only being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S.

Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Placing Programme if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

## **13 PROFILE OF A TYPICAL INVESTOR**

The Specialist Fund Segment is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment.

The Ordinary Shares are designed to be suitable for institutional investors and private investors. Accordingly, typical investors in the Ordinary Shares are expected to be institutional investors, private clients through their wealth managers, experienced investors, high net worth investors, professionally advised investors and knowledgeable unadvised retail investors who have taken appropriate steps to ensure that they understand the risks involved in investing in the Company and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment.

Furthermore, an investment in the Ordinary Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

## PART 9

### TAXATION

**Prospective investors should consult their professional advisers concerning the possible tax consequences of their subscribing for, purchasing, holding or selling Ordinary Shares. The following summary of the principal United Kingdom tax consequences applicable to the Company and its Shareholders is based upon interpretations of existing laws in effect on the date of this document and no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with the interpretations or that changes in such laws will not occur. The tax and other matters described in this document are not intended as legal or tax advice. Each prospective investor must consult its own advisers regarding the tax consequences of an investment in Ordinary Shares. None of the Company, the Directors, the Investment Manager, Akur, RBC, Winterflood or any of their respective affiliates or agents accept any responsibility for providing tax advice to any prospective investor.**

#### ***Introduction***

The information below, which relates only to United Kingdom taxation, summarises the advice received by the Board in so far as applicable to the Company and to persons who are resident in the United Kingdom for taxation purposes and who hold Ordinary Shares as an investment. It is based on current United Kingdom tax law and published practice, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Ordinary Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

There may be other tax consequences of an investment in the Company and all Shareholders or potential investors, in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult an appropriate professional adviser without delay. In particular, the tax legislation of the Shareholder's or potential investor's country of domicile or residence and of the Company's country of incorporation may have an impact on income received from the Ordinary Shares.

#### ***The Company***

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies and continues to satisfy the conditions necessary for it to be approved by HMRC as an investment trust under sections 1158 to 1159 of the CTA 2010. However, neither the Directors nor the Investment Manager can guarantee that this approval will be maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company. The Directors intend that the Company should not be a close company immediately following Initial Admission. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK taxation on its capital gains. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

An investment trust approved under sections 1158 to 1159 of the CTA 2010, or one that intends to seek such approval, is able to elect to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under regulations made pursuant to the Finance Act 2009, the Company may, if it so chooses, designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends in respect of the accounting period, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its taxable interest income in calculating its taxable profit for the relevant accounting period.

The Company should in practice be exempt from UK corporation tax on any dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the "exempt classes" in Part 9A of the CTA 2009.

## **Shareholders**

### ***Taxation of capital gains***

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2020–2021. Capital gains tax chargeable will be at the current rate of 10 per cent. (for basic rate taxpayers) and 20 per cent. (for higher and additional rate taxpayers) for the tax year 2020–2021.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their Ordinary Shares.

Capital losses realised on a disposal of Ordinary Shares must be set off as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, except for losses accruing to an individual Shareholder in the year of his death.

### ***Taxation of dividends***

Distributions made by the Company may either take the form of dividend income, or of “qualifying interest income” which may be designated as interest distributions for UK tax purposes. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a Shareholder depending upon the classification of such distributions. Prospective investors who are unsure about the tax treatment which will apply to them in respect of any distributions made by the Company should consult their own tax advisers.

### ***Individual Shareholders***

#### **(a) Non interest distributions**

If the Directors do not elect for the “streaming” regime to apply to any dividends paid by the Company, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the Company. The following statements would also apply to any dividends not treated as “interest distributions” were the Directors to elect for the streaming regime to apply.

A £2,000 annual tax free dividend allowance is available to UK individuals for the tax year 2020-21. Dividends received more than this threshold will be taxed, for the tax year 2020/21 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers).

The Company will not be required to withhold tax at source when paying a dividend.

#### **(b) Interest distributions**

Should the Directors elect to apply the “streaming” regime to any dividends paid by the Company, were the Company to designate any dividends paid as an “interest distribution”, a UK resident Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder's income. No withholding tax will be applied to such distributions.

Each UK resident individual who is a basic rate taxpayer is entitled to a Personal Saving Allowance which exempts the first £1,000 of savings income (including distributions deemed as ‘interest distributions’ from an investment trust company). The exempt amount is reduced to £500 for higher rate taxpayers and additional rate taxpayers do not receive an allowance.

### ***Other Shareholders***

UK resident corporate Shareholders may be subject to corporation tax on dividends paid by the Company unless they fall within one of the exempt classes in Part 9A of CTA 2009. If, however, the Directors did elect for the “streaming” rules to apply, and such corporate Shareholders were to receive dividends designated by the Company as “interest distributions”, they would be subject to corporation tax in the same way as a creditor in a loan relationship.

It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

### ***Stamp Duty and Stamp Duty Reserve Tax***

No UK stamp duty or stamp duty reserve tax (“SDRT”) will normally arise on the issue of Ordinary Shares by the Company.

Transfers on sale of Ordinary Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the nearest £5). The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT unless the transfer into CREST is itself for consideration.

### ***ISA, SSAS and SIPP***

Ordinary Shares acquired by a UK resident individual Shareholder in the Offer for Subscription or on the secondary market (but not the Placing) should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£20,000 in the tax year 2020-2021). Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available to children under the age of 18 who are resident in the UK subject to the annual allowance of £9,000 for the 2020-2021 tax year. Sums received by a Shareholder on a disposal of Ordinary Shares would not count towards the Shareholder’s annual limit; but a disposal of Ordinary Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility.

The Directors have been advised that the Ordinary Shares should be eligible for inclusion in a SIPP or a SSAS, subject to the discretion of the trustees of the SIPP or the SSAS.

### ***Information reporting***

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information to combat tax evasion and improve tax compliance. These include, but are not limited to, an Inter-governmental Agreement with the U.S. in relation to FATCA and International Tax Compliance Agreements with Guernsey, Jersey, the Isle of Man and Gibraltar. The UK has also introduced legislation implementing other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions.

### ***Prevention of the Criminal Facilitation of Tax Evasion***

Two new United Kingdom corporate criminal offences for failure to prevent the facilitation of tax evasion (“**FTP offences**”) have been created by the Criminal Finances Act 2017. The offences came into force on 30 September 2017. The FTP offences impose criminal liability on a company or a partnership (a “relevant body”) if it fails to prevent the criminal facilitation of tax evasion by a “person associated” with the relevant body. There is a defence to the charge if the relevant body can show that it had in place “reasonable prevention procedures” at the time the facilitation took place. To comply with the Criminal Finances Act 2017, the Company and/or the Investment Manager may require additional information from Shareholders or prospective investors in the Company regarding their tax affairs.

## PART 10

### GENERAL INFORMATION

#### 1 THE COMPANY

- 1.1 The Company was incorporated with the name Triple Point Energy Efficiency Infrastructure Company plc in England and Wales on 23 June 2020 with registered number 12693305 as a public company limited by shares under the Companies Act. The Company's LEI number is 213800UDP142E67X9X28.
- 1.2 The registered office and principal place of business of the Company is 1 King William Street, London EC4N 7AF with telephone number +44 (0)20 7201 8989.
- 1.3 The principal legislation under which the Company operates is the Companies Act. As an investment company, the Company will not be regulated as a collective investment scheme by the FCA. However, from Initial Admission, the Company and the Shareholders will be subject to the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation, MAR and the rules of the London Stock Exchange.
- 1.4 Save for entry into of the material contracts summarised in paragraph 6 of this Part 10, the Company has not commenced operations since incorporation and, as at the date of this document, no financial statements have been made up and no dividends have been declared by the Company.
- 1.5 The Company's accounting period will end on 31 March of each year. The first accounting period will end on 31 March 2021. The annual report and accounts will be prepared in Sterling according to accounting standards laid out under IFRS.
- 1.6 On 3 August 2020, the Company was granted a certificate under section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers.
- 1.7 The Company is domiciled in England and Wales, does not have any employees and does not own any premises.
- 1.8 The Company is the holding company of the Group and has the following wholly-owned subsidiary (which is incorporated in England and Wales):

<b>Name</b>	<b>Principal activity</b>
TEEC Holdings Limited	Intermediate holding company

The Board intends that further companies and intermediate holding companies may be set up to hold assets which may be acquired by the Group.

- 1.9 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.
- 1.10 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of sections 1158 and 1159 (and regulations made thereunder) of the CTA 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the conditions and requirements that must be met for approval by HMRC as an investment trust, and which must continue to be met for each accounting period in respect of which the Company is approved as an investment trust, are that:
- all, or substantially all, of the business of the Company is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;
  - the Company is not a close company at any time during the accounting period;
  - the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period;
  - the Company must not retain in respect of the accounting period an amount greater than the higher of: (a) 15 per cent. of its income for the period; and (b) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated

losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses; and

- the Company notifies HMRC if it revises its published investment policy.

## 2 SHARE CAPITAL

2.1 On incorporation, the issued share capital of the Company was £0.01 represented by one Ordinary Share, which was subscribed for by the Investment Manager.

2.2 Set out below is the issued share capital of the Company as at the date of this document:

	<b>Aggregate nominal value</b>	<b>Number</b>
Ordinary Share	£0.01	1
Management Shares of £1.00 each	£50,000	50,000

The Ordinary Share in issue is fully paid up. To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under section 761 of the Companies Act, on 23 July 2020, 50,000 Management Shares were allotted to the Investment Manager. The Management Shares are fully paid up and will be redeemed immediately following Initial Admission out of the proceeds of the Initial Issue.

2.3 Set out below is the issued share capital of the Company as it will be immediately following the Initial Issue (assuming 200 million Ordinary Shares are allotted):

	<b>Aggregate Nominal value (£)</b>	<b>Number</b>
Ordinary Shares	2,000,000.01	200,000,001

All Ordinary Shares will be fully paid up.

2.4 By ordinary and special resolutions passed on 22 July 2020:

2.4.1 the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal value of £2,500,000 pursuant to the Initial Issue, such authority to expire at the end of the period of five years from the date of passing of the resolution, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted in pursuance of such an offer or agreement as if such authority had not expired;

2.4.2 the Directors were generally empowered (pursuant to sections 570 and 573 of the Companies Act) to allot Ordinary Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2.4.1 above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the end of period of five years from the date of passing of the resolution, save that the Company may, at any time prior to the expiry of such power make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired;

2.4.3 the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot Ordinary Shares and/or C Shares convertible into Ordinary Shares, up to an aggregate nominal amount of £10,000,000, such authority to expire (unless previously revoked, varied or renewed) at the end of the period five years from the date of the passing of the resolution, save that the Company may, at any time prior to the expiry of such authority,

- make an offer or enter into an agreement which would or might require Ordinary Shares and/or C Shares as the case may be to be allotted in pursuance of such an offer or agreement as if such authority had not expired;
- 2.4.4 the Directors were generally empowered (pursuant to sections 570 and 573 of the Companies Act) to allot Ordinary Shares and/or C Shares in aggregate, and to sell Ordinary Shares and/or C Shares from treasury for cash pursuant to the authority referred to in paragraph 2.4.3 above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire (unless previously revoked, varied or renewed) at the end of the period five years from the date of the passing of the resolution, save that the Company may, at any time prior to the expiry of such power make an offer or enter into an agreement which would or might require Ordinary Shares and/or C Shares as the case may be to be allotted or sold from treasury after the expiry of such power, and the Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired;
- 2.4.5 the Company was authorised in accordance with section 701 of the Companies Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of Ordinary Shares provided that the maximum number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the Ordinary Shares in issue immediately following Initial Admission. The minimum price which may be paid for an Ordinary Share is £0.01. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of, (i) 5 per cent. above the average of the mid-market quotations for the five Business Days before the purchase is made, and (ii) the higher of (a) the price of the last independent trade, and (b) the highest current independent bid for Ordinary Shares on the London Stock Exchange at the time the purchase is carried out. Such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and 31 December 2021, save that the Company may contract to purchase Ordinary Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Ordinary Shares in pursuance of such contract;
- 2.4.6 the Company resolved that, conditional upon Initial Admission and subject to the confirmation and approval of the Court, the amount standing to the credit of the share premium account of the Company immediately following completion of the Initial Issue be cancelled, and the amount of the share premium account so cancelled be credited to a reserve;
- 2.4.7 the Directors were authorised to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that is subject to shareholder approval; and
- 2.4.8 the Company was authorised to call a general meeting of the Company other than an annual general meeting on not less than 14 clear days' notice.
- 2.5 The provisions of section 561(1) of the Companies Act (which, to the extent not disapplied pursuant to sections 570 and 573 of the Companies Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to issues by the Company of equity securities save to the extent disapplied as mentioned in paragraphs 2.4.2 and 2.4.4 above.
- 2.6 In accordance with the authorities referred to in paragraphs 2.4.1 and 2.4.3 above, it is expected that the Ordinary Shares to be issued pursuant to the Initial Issue or any Subsequent Placing will be allotted (conditionally upon Initial Admission or the relevant Admission (as the case may be)) pursuant to a resolution of the Board to be passed shortly before Initial Admission or the relevant Admission (as the case may be) in accordance with the Companies Act.
- 2.7 Save as disclosed in this paragraph 2, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and, other than pursuant to the Initial Issue or the Placing Programme, no such issue is now proposed.

- 2.8 As at the date of this document, the Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.9 All of the Ordinary Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.

### 3 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

- 3.1 The Directors intend to subscribe for Ordinary Shares pursuant to the Initial Issue in the amounts set out below:

<b>Director</b>	<b>Number of Ordinary Shares</b>	<b>% of issued ordinary share capital*</b>
Dr. John Roberts CBE	40,000	0.02
Rosemary Boot	40,000**	0.02
Dr. Anthony White MBE	40,000	0.02
Sonia McCorquodale	10,000	0.005

\* Assuming that the Initial Issue is subscribed as to 200 million Ordinary Shares

\*\* To be invested via a SIPP of which Rosemary Boot is the beneficiary.

Save as disclosed in this paragraph, immediately following Initial Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

- 3.2 The Wider Triple Point Group intends to subscribe for, in aggregate, 250,000 Ordinary Shares pursuant to the Initial Issue.
- 3.3 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. Each Director will retire from office at each annual general meeting except any Director appointed by the Board after the notice of that annual general meeting has been given and before that annual general meeting has been held. The Directors' appointments can be terminated by either party in accordance with the Articles and on three months' written notice, in both cases without compensation. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.
- 3.4 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairperson, the initial fees will be £40,000 for each Director per annum. The Chairperson's initial fee will be £75,000 per annum. The Chairperson of the Audit Committee will receive an additional £5,000 per annum. The Directors are also entitled to reasonable out-of-pocket expenses incurred in the proper performance of their duties.
- 3.5 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 3.6 Save as set out in this paragraph, none of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or that has been effected by the Company since its incorporation.
- 3.7 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

3.8 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

<b>Name</b>	<b>Current</b>	<b>Previous</b>
<b>Dr. John Roberts CBE</b>	Electricity North West Limited The Ecofin Research Foundation	Anglesey LNG Limited Halite Energy Group Limited BlueBay Asset Management (Services) Ltd RBC Europe Limited First Utility Foundation Impello Limited
<b>Rosemary Boot</b>	Chapter Zero Limited Urban&Civic Plc Impact Healthcare REIT plc Southern Water Services Limited The Green Alliance The Green Alliance Trust	The Conservatoire for Dance and Drama Future Cities Catapult
<b>Dr. Anthony White MBE</b>	The Ecofin Research Foundation Green Energy Options Ltd B W Energy Limited Pickfords Wharf RTM Company Limited	First Utility Foundation Electricity Settlements Company Ltd Low Carbon Contracts Company Ltd 2OC Ltd GDFC Services Plc TGDFC Limited The Crown Estate
<b>Sonia McCorquodale</b>	Cairnbe Limited	Welsh Water Infrastructure Limited Welsh Water Organic Energy (Cardiff) Limited Welsh Water Organic Energy Limited Welsh Water Organic Waste Limited Cambrian Utilities Limited

3.9 The Directors in the five years before the date of this document:

3.9.1 do not have any convictions in relation to fraudulent offences;

3.9.2 have not been associated with any bankruptcies, receiverships, liquidations or administration of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

3.9.3 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

3.10 As at the date of this document insofar as known to the Company, there are no parties known to have a notifiable interest under English law in the Company's capital or voting rights.

3.11 All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.

3.12 Pending the allotment of Ordinary Shares pursuant to the Initial Issue, the Company is controlled by the Investment Manager, as described in paragraphs 2.1 and 2.2 of this Part 10. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

- 3.13 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 3.14 Save for the entry into of the Directors' appointment letters, the Investment Management Agreement and the Option Agreement, the Group has not entered into any related party transaction at any time during the period from incorporation to 24 August 2020 (the latest practicable date prior to the publication of this document).
- 3.15 As at the date of this document, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.
- 3.16 The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

#### **4 THE ARTICLES**

The Articles contain provisions, *inter alia*, to the following effect:

##### **4.1 Objects/Purposes**

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

##### **4.2 Voting rights**

4.2.1 Subject to the provisions of the Companies Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and any suspension or abrogation of voting rights pursuant to the Articles, at a general meeting of the Company every shareholder who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a shareholder entitled to vote on the resolution shall, on a show of hands, have one vote and every shareholder present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

4.2.2 Unless the Board otherwise determines, no shareholder is entitled to vote at a general meeting or at a separate meeting of shareholders of any class of shares, either in person or by proxy, or to exercise any other right or privilege as a shareholder in respect of any share held by him, unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by such shareholder to the Company have been paid.

##### **4.3 Dividends**

4.3.1 Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to shareholders according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.

4.3.2 Subject to the provisions of the Companies Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.

4.3.3 All dividends, interest or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a

trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall, if the Board so resolves, be forfeited, and shall cease to remain owing by, and shall become the property of, the Company.

- 4.3.4 The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- 4.3.5 The Board may also, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- 4.3.6 Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 calendar days. Furthermore, such a holder shall not be entitled to elect to receive shares instead of a dividend.

#### **4.4 Distribution of assets on a winding-up**

If the Company is wound up, with the sanction of a special resolution and any other sanction required by law and subject to the Companies Act, the liquidator may divide among the Shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may with the like sanction determine, but no Shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

#### **4.5 Transfer of shares**

- 4.5.1 Subject to any applicable restrictions in the Articles, each shareholder may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of shareholders.
- 4.5.2 The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
- 4.5.2.1 it is in respect of a share which is fully paid up;
  - 4.5.2.2 it is in respect of only one class of shares;
  - 4.5.2.3 it is in favour of a single transferee or not more than four joint transferees;
  - 4.5.2.4 it is duly stamped (if so required); and
  - 4.5.2.5 it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,

provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading.

The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the regulations and the relevant electronic system provided that such refusal does not prevent dealings in shares from taking place on an open and proper basis.

- 4.5.3 Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within the prescribed period from the service of the notice and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the shareholder is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.
- 4.5.4 If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company or, in the case of an uncertificated share, the date on which appropriate instructions were received by or on behalf of the Company in accordance with the regulations of the relevant electronic system.
- 4.5.5 No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- 4.5.6 If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under section 3(42) of ERISA or the U.S. Tax Code; or (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to register or qualify under the U.S. Investment Company Act, and/or U.S. Investment Advisers Act of 1940, as amended and/or the U.S. Securities Act and/or the U.S. Securities Exchange Act 1934, as amended and/or any laws of any state of the U.S. or other jurisdiction that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the U.S. Securities Exchange Act 1934, as amended; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the U.S. Tax Code; or (v) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act 1956, as amended or regulations or interpretations thereunder; or (vi) would cause the Company adverse consequences under the foreign account tax compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 or any similar legislation in any territory or jurisdiction (including the International Tax Compliance Regulation 2015), including the Company becoming subject to any withholding tax or reporting obligation or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the Shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligations) then any shares which the Directors decide are shares which are so held or beneficially owned ("**Prohibited Shares**") must be dealt with in

accordance with paragraph 4.5.7 below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether the share is a Prohibited Share.

4.5.7 The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 calendar days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the Chairperson of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 calendar days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).

4.5.8 Upon transfer of a share the transferee of such share shall be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as "plan assets" of any benefit plan investor under section 3(42) of ERISA; and/or (ii) a U.S. Person.

#### **4.6 Variation of rights**

4.6.1 Subject to the provisions of the Companies Act, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class.

4.6.2 The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned meeting not less than one person holding shares of the relevant class or his proxy.

#### **4.7 Alteration of share capital**

The Company may by ordinary resolution:

4.7.1 consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;

4.7.2 subject to the provisions of the Companies Act, sub-divide its shares, or any of them, into shares of smaller nominal value than its existing shares;

4.7.3 determine that, as between the shares resulting from such a sub-division, one or more shares may, as compared with the others, have any such preferred, deferred or other rights or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; and

4.7.4 redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

#### 4.8 General meetings

- 4.8.1 The Board may convene a general meeting (which is not an annual general meeting) whenever and at such time and place, and/or on such electronic platform(s), as it thinks fit.
- 4.8.2 The Board shall determine whether a general meeting is to be held as a physical general meeting and/or an electronic general meeting.
- 4.8.3 The Board may enable persons entitled to attend a general meeting to do so by simultaneous attendance by electronic means. The right of a member to participate in the business of any electronic general meeting shall include the right to speak, vote on a poll, be represented by a proxy and have access (including by electronic means) to all documents which are to be made available. The members or proxies so present shall count in the quorum for the general meeting in question.
- 4.8.4 A general meeting shall be convened by such notice as may be required by law from time-to-time.
- 4.8.5 The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:
- 4.8.5.1 whether the meeting is convened as an annual general meeting or any other general meeting;
  - 4.8.5.2 whether the meeting will be physical and/or electronic;
  - 4.8.5.3 the place and/or electronic platform(s), the day, and the time of the meeting;
  - 4.8.5.4 the general nature of the business to be transacted at the meeting;
  - 4.8.5.5 if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
  - 4.8.5.6 with reasonable prominence, that a shareholder entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the shareholder) more proxies to attend and to speak and vote instead of the shareholder and that a proxy need not also be a shareholder.
- 4.8.6 The notice must be given to the shareholders (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any general meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.
- 4.8.7 The right of a shareholder to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Act or the Articles to be made available at the meeting.
- 4.8.8 A Director shall, notwithstanding that he is not a shareholder, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The Chairperson of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.
- 4.8.9 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a shareholder so entitled or a proxy for a shareholder so entitled or a duly authorised representative of a corporation which is a shareholder so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole shareholder so entitled or a proxy for such sole shareholder so

entitled or a duly authorised representative of a corporation which is such sole shareholder so entitled, shall be a quorum. The Chairperson of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 calendar days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

4.8.10 A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded by:

4.8.10.1 the Chairperson;

4.8.10.2 at least five shareholders having the right to vote on the resolution;

4.8.10.3 a shareholder or shareholders representing not less than 10 per cent. of the total voting rights of all the shareholders having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or

4.8.10.4 shareholder or shareholders holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

4.8.11 Resolutions put to shareholders at electronic general meetings shall be voted on by a poll. Poll votes may be cast by such electronic means as the Board deems appropriate.

#### **4.9 Borrowing powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and, subject to the provisions of the Companies Act, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### **4.10 Issue of shares**

Subject to the provisions of the Companies Act and to any rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine, and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.

#### **4.11 Powers of the Board**

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

#### **4.12 Directors' fees**

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £300,000 per annum or such other sum as the Company in general

meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day to day.

The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

#### **4.13 Directors' interests**

4.13.1 The Board may authorise any matter proposed to it in accordance with the Articles which would otherwise involve a breach by a Director of his duty to avoid conflicts of interest under the Companies Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company or the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it (excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.

4.13.2 Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director and in respect of which he has a duty of confidentiality to another person and will not be in breach of the general duties he owes to the Company under the Companies Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.

4.13.3 Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Act, a Director, notwithstanding his office:

4.13.3.1 may be a party to or otherwise be interested in any transaction arrangement or proposal with the Company or in which the Company is otherwise interested;

4.13.3.2 may hold any other office or place of profit at the Company (except that of auditor of the Company or any of its subsidiaries) and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;

4.13.3.3 may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has powers of appointment; and

4.13.3.4 shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction, arrangement or proposal, or from any interest in any body corporate. No such transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.

4.13.4 A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.

4.13.5 The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.

#### **4.14 Restrictions on Directors voting**

4.14.1 A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote will not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:

4.14.1.1 any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;

4.14.1.2 the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;

4.14.1.3 the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

4.14.1.4 the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;

4.14.1.5 any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

4.14.1.6 any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Companies Act) in 1 per cent. or more of the issued equity share capital of any class of such body corporate nor to his knowledge holds 1 per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure Guidance and Transparency Rules) in such body corporate;

4.14.1.7 any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;

4.14.1.8 any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;

4.14.1.9 any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or

4.14.1.10 any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.

4.14.2 A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

#### **4.15 Number of Directors**

Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall be not less than two and the number is not subject to a maximum.

#### **4.16 Directors' appointment and retirement**

4.16.1 Directors may be appointed by the Company by ordinary resolution or by the Board. If appointed by the Board, a Director shall hold office only until the next annual general meeting, except as provided in paragraph 4.16.2 below.

4.16.2 At each annual general meeting all of the Directors will retire from office except any Director appointed by the Board after the notice of that annual general meeting has been given and before that annual general meeting has been held.

#### **4.17 Notice requiring disclosure of interest in shares**

4.17.1 The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

4.17.2 If any shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 calendar days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "default shares") the shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned (excluding treasury shares), the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

#### **4.18 Untraced shareholders**

Subject to the Articles, the Company may sell any shares registered in the name of a shareholder remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the shareholder, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

#### **4.19 Indemnity of officers**

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which he might otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and

liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in section 235(6) Companies Act). In addition, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

#### 4.20 Management Shares

The Management Shares can be redeemed at any time (subject to the provisions of the Companies Act) by the Company and carry the right to receive a fixed annual dividend equal to 0.01 per cent. of the nominal amount of each of the Management Shares payable on demand. For so long as there are shares of any other class in issue, the holders of the Management Shares will not have any right to receive notice of or vote at any general meeting of the Company. If there are no shares of any other class in issue, the holders of the Management Shares will have the right to receive notice of, and to vote at, general meetings of the Company. In such circumstances, each holder of a Management Share who is present in person (or, being a corporation, by representative) or by proxy at a general meeting will have on a show of hands one vote and on a poll every such holder who is present in person (or being a corporation, by representative) or by proxy will have one vote in respect of each Management Share held by him.

#### 4.21 C Shares and Deferred Shares

4.21.1 The following definitions apply for the purposes of this paragraph 4.21 only:

“**Calculation Date**” means, in relation to any tranche of C Shares, the earliest of the:

- (i) the close of business on the date on which the Board becomes aware or is notified by the Investment Manager that at least 85 per cent. of the net issue proceeds attributable to that class of C Share shall have been deployed in accordance with the Company’s investment objective and investment policy;
- (ii) the close of business on the date falling 18 calendar months after the allotment of that tranche of C Shares or if such date is not a Business Day, the next following Business Day;
- (iii) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of Conversion of that tranche of C Shares; or
- (iv) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are in contemplation in relation to any tranche of C Shares;

“**Conversion**” means conversion of any tranche of C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph 4.21.8 below;

“**Conversion Date**” means, in relation to any tranche of C Shares, the close of business on such Business Day as may be selected by the Directors falling not more than 40 Business Days after the Calculation Date of such tranche of C Shares;

“**Conversion Ratio**” is the ratio of the Net Asset Value per C Share of the relevant tranche to the Net Asset Value per Ordinary Share, which is calculated as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

$$A = \frac{C - D}{E}$$

$$B = \frac{F - G}{H}$$

where:

“C” is the aggregate of:

- (i) the value of the investments of the Company attributable to the C Shares of the relevant tranche (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are in each case to be valued in accordance with (ii) below) which are listed, quoted, dealt in or traded on a stock exchange calculated by reference to the bid-market quotations at close of business of, or, if appropriate, the daily average of the prices marked for, those investments on the relevant Calculation Date on the principal stock exchange or market where the relevant investment is listed, quoted, dealt in or traded, as derived from the relevant exchange’s or market’s recognised method of publication of prices for such investments where such published prices are available;
- (ii) the value of all other investments of the Company attributable to the C Shares of the relevant tranche (other than investments included in (i) above) calculated by reference to the Directors’ belief as to an appropriate current value for those investments on the relevant Calculation Date calculated in accordance with the valuation policy adopted by the Company from time to time after taking into account any other price publication services reasonably available to the Directors; and
- (iii) the amount which, in the Directors’ opinion, fairly reflects, on the relevant Calculation Date, the value of the current assets of the Company attributable to the C Shares of the relevant tranche (excluding the investments valued under (i) and (ii) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature calculated in accordance with the valuation policy adopted by the Company from time to time);

“D” is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares of the relevant tranche) which, in the Directors’ opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares of the relevant tranche on the relevant Calculation Date (including the amount of any declared but unpaid dividends in respect of such C Shares);

“E” is the number of C Shares of the relevant tranche in issue on the relevant Calculation Date;

“F” is the aggregate of:

- (i) the value of all the investments of the Company attributable to the Ordinary Shares (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are in each case to be valued in accordance with (ii) below) which are listed, quoted, dealt in or traded on a stock exchange calculated by reference to the bid price at close of business of, or, if appropriate, the daily average of the prices marked for, those investments on the relevant Calculation Date on the principal stock exchange or market where the relevant investment is listed, quoted, dealt in or traded as derived from the relevant exchange’s or market’s recognised method of publication of prices for such investments where such published prices are available;
- (ii) the value of all other investments of the Company attributable to the Ordinary Shares (other than investments included in (i) above) calculated by reference to the Directors’ belief as to an appropriate current value for those investments on the relevant Calculation Date calculated in accordance with the valuation policy adopted by the Company from time to time after taking into account any other price publication services reasonably available to the Directors; and
- (iii) the amount which, in the Directors’ opinion, fairly reflects, on the relevant Calculation Date, the value of the current assets of the Company attributable to the Ordinary Shares (excluding the investments valued under (i) and (ii) above

but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature calculated in accordance with the valuation policy adopted by the Company from time to time);

“**G**” is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors’ opinion, fairly reflects the amount of the liabilities of the Company attributable to the Ordinary Shares on the relevant Calculation Date (including the amount of any declared but unpaid dividends in respect of such Ordinary Shares); and

“**H**” is the number of Ordinary Shares in issue on the relevant Calculation Date (excluding any Ordinary Shares held in treasury),

provided that the Directors shall make such adjustments to the value or amount of A and B as the Directors believe to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the net proceeds of an issue of C Shares of the relevant tranche and/or to the reasons for the issue of the C Shares of the relevant tranche;

“**Deferred Shares**” means deferred shares of £0.01 each in the capital of the Company arising on Conversion;

“**Existing Shares**” means the Ordinary Shares in issue immediately prior to Conversion;

“**Force Majeure Circumstances**” means, in relation to any tranche of C Shares (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant tranche with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest.

References to “Shareholders”, “C shareholders” and “deferred shareholders” should be construed as references to holders for the time being of Ordinary Shares, C Shares of the relevant tranche and Deferred Shares, respectively.

4.21.2 The holders of the Ordinary Shares, the Management Shares, any tranche of C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:

4.21.2.1 the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative annual dividend at a fixed rate of 1 per cent. of the nominal amount thereof, the first such dividend (adjusted *pro rata* temporis) (the “**Deferred Dividend**”) being payable on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph 4.21.8 (the “**Relevant Conversion Date**”) and thereafter on each anniversary of such date payable to the holders thereof on the register of shareholders on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Relevant Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of shareholders of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed redemption of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;

4.21.2.2 the holders of any tranche of C Shares shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of the assets attributable to the C Shares of that tranche and from profits available for distribution which are attributable to the C Shares of that tranche;

- 4.21.2.3 a holder of Management Shares shall be entitled (in priority to any payment of dividend on any other class of share) to a fixed cumulative preferential dividend 0.01 per cent. per annum on the nominal amount of the Management Shares held by him, such dividend to accrue annually and to be payable in respect of each accounting reference period of the Company within 21 calendar days of the end of such period;
- 4.21.2.4 the Existing Shares shall confer the right to dividends declared in accordance with the Articles; and
- 4.21.2.5 the Ordinary Shares into which any tranche of C Shares shall convert shall rank *pari passu* with the Existing Shares for dividends and other distributions made or declared by reference to a record date falling after the relevant Calculation Date.
- 4.21.3 The holders of the Ordinary Shares, the Management Shares any tranche of C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital:
- 4.21.3.1 the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when no C Shares of any tranche are for the time being in issue be applied as follows:
- 4.21.3.1.1 first, if there are Deferred Shares in issue, in paying to the deferred shareholders one penny (£0.01) in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders;
- 4.21.3.1.2 secondly, in paying to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon; and
- 4.21.3.1.3 thirdly, the surplus shall be divided amongst the Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.
- 4.21.3.2 the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when one or more tranches of C Shares are for the time being in issue and prior to the Conversion Date be applied amongst the holders of the Existing Shares *pro rata* according to the nominal capital paid up on their holdings of Existing Shares, after having deducted therefrom:
- 4.21.3.2.1 first, an amount equivalent to (C-D) for each tranche of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount(s) shall be applied amongst the C shareholders of the relevant tranche(s) *pro rata* according to the nominal capital paid up on their holdings of C Shares of the relevant tranche;
- 4.21.3.2.2 secondly, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares one penny (£0.01) in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders; and
- 4.21.3.2.3 thirdly, in paying to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon,
- for the purposes of this paragraph 4.21.3.2 the Calculation Date shall be such date as the liquidator may determine.

4.21.4 As regards voting:

4.21.4.1 the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Shares as set out in the Articles as if the C Shares and Existing Shares were a single class; and

4.21.4.2 the Deferred Shares and, save as provided in paragraph 4.20 of this Part 10, the Management Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.

4.21.5 The following shall apply to the Deferred Shares:

4.21.5.1 the C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be redeemed by the Company in accordance with the terms set out herein;

4.21.5.2 immediately upon Conversion of any tranche of C Shares, the Company shall redeem all of the Deferred Shares which arise as a result of Conversion of that tranche for an aggregate consideration of one penny (£0.01) for all of the Deferred Shares so redeemed and the notice referred to in paragraph 4.21.8.2 below shall be deemed to constitute notice to each C shareholder of the relevant tranche (and any person or persons having rights to acquire or acquiring C Shares of the relevant tranche on or after the Calculation Date) that the Deferred Shares shall be so redeemed; and

4.21.5.3 the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the redemption moneys in respect of such Deferred Shares.

4.21.6 Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Articles:

4.21.6.1 no alteration shall be made to the Articles;

4.21.6.2 no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and

4.21.6.3 no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt, but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Shares and C Shares, as described above, shall not be required in respect of:

4.21.6.4 the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Shares; or

4.21.6.5 the sale of any shares held as treasury shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

4.21.7 For so long as any tranche of C Shares are for the time being in issue, until Conversion of such tranche of C Shares and without prejudice to its obligations under applicable laws the Company shall:

4.21.7.1 procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares of that tranche can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts,

broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of that tranche;

4.21.7.2 allocate to the assets attributable to the C Shares of that tranche such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the net proceeds of an issue of C Shares and the Calculation Date relating to such tranche of C Shares (both dates inclusive) as the Directors fairly consider to be attributable to that tranche of C Shares; and

4.21.7.3 give appropriate instructions to the Investment Manager to manage the Group's assets so that such undertakings can be complied with by the Company.

4.21.8 In relation to any tranche of C Shares, the C Shares for the time being in issue of that tranche shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the relevant Conversion Date in accordance with the following provisions of this paragraph 4.21.8:

4.21.8.1 the Directors shall procure that within 20 Business Days of the relevant Calculation Date:

4.21.8.1.1 the Conversion Ratio as at the relevant Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C shareholder of that tranche shall be entitled on Conversion of that tranche shall be calculated; and

4.21.8.1.2 the Auditors shall confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H in paragraph 4.21.1 above;

4.21.8.2 the Directors shall procure that, as soon as practicable following such confirmation and in any event within 30 Business Days of the relevant Calculation Date, a notice is sent to each C shareholder of the relevant tranche advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C shareholder of the relevant tranche will be entitled on Conversion;

4.21.8.3 on conversion each C Share of the relevant tranche shall automatically subdivide into 10 conversion shares of £0.01 each and such conversion shares of £0.01 each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:

4.21.8.3.1 the aggregate number of Ordinary Shares into which the same number of conversion shares of one penny (£0.01) each are converted equals the number of C Shares of the relevant tranche in issue on the relevant Calculation Date multiplied by the relevant Conversion Ratio (rounded down to the nearest whole new Ordinary Share); and

4.21.8.3.2 each conversion share of one penny (£0.01) which does not so convert into an Ordinary Share shall convert into one Deferred Share;

4.21.8.4 the Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C shareholders of the relevant tranche *pro rata* according to their respective former holdings of C Shares of the relevant tranche (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares

arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company);

4.21.8.5 forthwith upon Conversion, the share certificates relating to the C Shares of the relevant tranche shall be cancelled and the Company shall issue to each former C shareholder of the relevant tranche new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued; and

4.21.8.6 the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

## **5 TAKEOVER CODE**

### **5.1 Mandatory bid**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

### **5.2 Compulsory acquisition**

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises its rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

## 6 MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business that have been entered into by the Company and/or TEEC Holdings Limited since incorporation and are, or may be, material or contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this document:

### 6.1 Placing and Offer Agreement

The Placing and Offer Agreement dated 25 August 2020 between the Company, the Directors, the Investment Manager, Akur, RBC and Winterflood, pursuant to which, subject to certain conditions, Akur and RBC have agreed to act as the joint financial advisers to the Company in connection with the Initial Issue and the Placing Programme, and RBC and Winterflood have agreed to use their reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Initial Placing at the Issue Price and to use reasonable endeavours to procure subscribers under the Placing Programme for Ordinary Shares at the Placing Programme Price.

The Placing and Offer Agreement provides for Akur, RBC and Winterflood to be paid commissions by the Company in respect of the Ordinary Shares to be allotted pursuant to the Initial Issue and the Placing Programme. Any Ordinary Shares subscribed for by Akur, RBC or Winterflood may be retained or dealt in by it for its own benefit.

Under the Placing and Offer Agreement, Akur, RBC or Winterflood is entitled at its discretion and out of its own resources at any time to rebate to any third party part or all of its fees relating to the Initial Placing and/or any Subsequent Placing and to retain agents and may pay commission in respect of the Initial Placing or any Subsequent Placing to any or all of those agents out of its own resources.

The Placing and Offer Agreement may be terminated by RBC and Winterflood in certain customary circumstances.

The obligation of the Company to issue the Ordinary Shares and the obligation of RBC and Winterflood to use their respective reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Initial Placing is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Initial Admission having become effective on or before 8.00 a.m. on 19 October 2020 (or such later time and/or date as the Company, the Investment Manager, Akur, RBC and Winterflood may agree (not being later than 8.00 a.m. on 31 December 2020)); (ii) the Placing and Offer Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds being raised (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood may agree).

Each issue of Ordinary Shares pursuant to a Subsequent Placing under the Placing Programme will be conditional, *inter alia*, on (i) Admission of the relevant Ordinary Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager, Akur, RBC and Winterflood may agree from time to time in relation to that Admission, not being later than 24 August 2021; (ii) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; (iii) the Placing Programme Price being determined by the Directors as described in Part 8 of this document; and (iv) the Placing and Offer Agreement becoming wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

The Company, the Directors and the Investment Manager have given warranties to Akur, RBC and Winterflood concerning, *inter alia*, the accuracy of the information contained in this document. The Company and the Investment Manager have also given indemnities to Akur, RBC and Winterflood. The warranties and indemnities are standard for an agreement of this nature.

The Placing and Offer Agreement is governed by the laws of England and Wales.

## 6.2 Investment Management Agreement

The Investment Management Agreement dated 25 August 2020 between the Company and the Investment Manager, pursuant to which the Investment Manager is appointed to act as the Company's alternative investment fund manager for the purposes of the AIFM Directive, and accordingly the Investment Manager is responsible for providing portfolio management and risk management services to the Company, subject to the overall control and supervision of the Directors. The Investment Manager, in its capacity as the Company's AIFM, will also make the relevant notifications for the marketing of the Ordinary Shares in the United Kingdom and elsewhere (if required).

Pursuant to the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a stepped annual management fee (the "**Annual Management Fee**") on the following basis:

<b>Net Asset Value<sup>(1)</sup></b>	<b>Annual Management Fee (percentage of Net Asset Value)</b>
On such part of the Net Asset Value that is up to and including £650 million	0.9 per cent.
On such part of the Net Asset Value that is above £650 million	0.8 per cent.

(1) For the avoidance of doubt, the different percentages set out above shall be applied incrementally and not as against the total Net Asset Value.

In relation to each issue of Ordinary Shares or C Shares by the Company (a "**Relevant Issue**"), no Annual Management Fee shall accrue or be charged on the undeployed cash funds arising from such Relevant Issue until such time as 75 per cent. or more of the net proceeds of such Relevant Issue have been Deployed. For these purposes, "**Deployed**" shall mean: (i) invested in the acquisition or development of Energy Efficiency investment assets, or (ii) used to pay down any existing drawn down debt facilities of the Group, or (iii) such other use as the Board shall determine in its reasonable discretion.

The Annual Management Fee is calculated and accrues monthly and shall be invoiced monthly in arrears.

On a semi-annual basis, following the announcement of the Net Asset Value for the semi-annual periods ending 31 March and 30 September in each year, the Investment Manager shall procure that the Wider Triple Point Group shall apply an amount, in aggregate, equal to 20 per cent. of the Annual Management Fee (net of any applicable tax) for the relevant six-month period as follows:

- (a) where the Ordinary Shares are trading at, or at a premium to, the latest published Net Asset Value per Ordinary Share; the Investment Manager shall procure that the Wider Triple Point Group shall use the relevant amount to subscribe for new Ordinary Shares (rounded down to the nearest whole number of Ordinary Shares) issued at the latest published Net Asset Value per Ordinary Share applicable at the date of issuance; or
- (b) where the Ordinary Shares are trading at a discount to the latest published Net Asset Value per Ordinary Share; the Investment Manager shall procure that the Wider Triple Point Group shall, as soon as reasonably practicable use the relevant amount to make market purchases of Ordinary Shares (rounded down to the nearest whole number of Ordinary Shares) within four months of the relevant Net Asset Value publication date;

Even though the Annual Management Fee is payable on a monthly basis, Ordinary Shares will only be acquired by the Wider Triple Point Group on a half-yearly basis.

In addition, any such Ordinary Shares acquired by the Wider Triple Point Group are subject to a minimum lock-in period of 12 months (subject to usual exceptions).

The Investment Manager is also entitled to reimbursement for all cost and expenses properly incurred by the Investment Manager in the performance of its duties under the Investment Management Agreement.

There is no performance fee payable to the Investment Manager.

The Investment Management Agreement may be terminated by either the Company or the Investment Manager on not less than 12 months' notice to the other party, such notice not to be served before the fourth anniversary of the date of Initial Admission.

The Investment Management Agreement can be terminated at any time in the event of the insolvency of the Company or the Investment Manager or if the Investment Manager ceases to be authorised and regulated by the FCA

The Company has given an indemnity in favour of the Investment Manager (subject to customary exceptions) in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Investment Management Agreement.

The Investment Management Agreement is governed by the laws of England and Wales.

### 6.3 Option Agreement

The Option Agreement dated 25 August 2020 between TEEC Holdings Limited (the Company's wholly-owned subsidiary) and TP Nominees Limited, pursuant to the terms of which, TP Nominees Limited has granted TEEC Holdings Limited an option to acquire the shares held by TP Nominees Limited in Harvest Generation Services Limited and Glasshouse Generation Limited (the Project SPVs holding the Target CHP+ Assets). TP Nominees Limited has also agreed, on exercise of the option, to exercise the "drag along" rights contained in the articles of association of Harvest Generation Services Limited and Glasshouse Generation Limited so as deliver to TEEC Holdings Limited, on completion, the entire issued share capital of both companies.

The aggregate amount payable for the acquisition of the shares in Harvest and Glasshouse, and the repayment of existing debt, is £24,812,804 (not taking into account working capital balances and cash held by the companies and material adjustments for power price variations). The acquisition will take place on a cash-free debt-free basis and it is agreed that part of the consideration payable will be used by TP Nominees Limited to repay existing third party debt on completion.

In addition, if the combined enterprise value of the shares in Harvest and Glasshouse (the "**Combined Value**") as calculated on an agreed basis as at 30 September 2021 (the "**Revised EV**") is greater than the agreed enterprise value calculated on completion (the "**Completion EV**") then TEEC Holdings Limited shall, within 30 days of the publication date of the Net Asset Value for the six month period ending 30 September 2021 pay an additional amount of further consideration equal to 50 per cent, of the amount by which the Revised EV exceeds the Completion EV.

The option may be exercised at the discretion of TEEC Holdings Limited and is subject to completion of due diligence and the agreement of a satisfactory purchase agreement. If completion of the acquisition has not occurred by 14 December 2020 (the "**Lapse Date**"), the Option Agreement shall lapse and be of no further effect.

TEEC Holdings Limited shall pay to TP Nominees Limited a fee of £100,000 in the event that completion of the acquisition has not occurred by the Lapse Date, provided that such fee shall not be paid or payable, (i) where completion does not take place by the Lapse Date due to a material due diligence issue arising which results in the TEEC Holdings Limited being commercially unable to proceed with the acquisition of the shares, (ii) the TEEC Holdings Limited and the TP Nominees Limited are unable to reach agreement on the terms of the required share purchase agreement, and/or (iii) Initial Admission has not occurred by the Lapse Date.

The Option Agreement is governed by the laws of England and Wales.

### 6.4 Administration and Company Secretarial Services Agreement

The Administration and Company Secretarial Services Agreement between the Company and the Administrator dated 25 August 2020, pursuant to which the Administrator has agreed to act as administrator and Company Secretary to the Company.

Under the terms of the Administration and Company Secretarial Services Agreement, the Administrator shall provide the day-to-day administration of the Company and is also responsible for the Company's general administrative functions, such as the calculation and

publication of the Net Asset Value and maintenance of the Company's accounting and statutory records, and to provide the company secretarial functions required by the Companies Act.

The Company has given certain warranties and indemnities in favour of the Administrator that are standard for an agreement of this nature, including warranties concerning the Company's status, capacity and authority to enter into, and perform its obligations under, the Administration and Company Secretarial Services Agreement, and an indemnity in respect of the Administrator's potential losses in carrying on its responsibilities under the Administration and Company Secretarial Services Agreement.

The Administration and Company Secretarial Services Agreement has an initial term of two years and, amongst other termination rights, is thereafter terminable upon not less than six months' written notice. The Administration and Company Secretarial Services Agreement is also terminable immediately upon the occurrence of certain customary termination events including the insolvency of the Company or the Administrator, a party committing a material or persistent breach of the Administration and Company Secretarial Services Agreement (where such breach has not been remedied within 30 calendar days of written notice being given) or the Company, Administrator or Investment Manager acting in violation or default or in non-compliance with any securities or taxation laws or regulations applicable to them. Where such termination rights are exercised by the Administrator, in certain circumstances the Company will be obliged to pay the Administrator an amount equal to six months' of fees payable to the Administrator under the Administration and Company Secretarial Services Agreement.

Details of the fees payable to the Administrator are set out in paragraph 3.1 of Part 6 of this document.

The Administration and Company Secretarial Services Agreement is governed by the laws of England.

#### 6.5 **Depository Agreement**

The Depository Agreement dated 25 August 2020 entered into between the Depository, the Investment Manager and the Company, pursuant to which, the Depository acts as the sole depository of the Company and is responsible for:

- (a) ensuring the Company's cash flows are properly monitored;
- (b) the safe keeping of Scheme Property (as defined therein) entrusted to it (which it shall hold on trust for the Company) by the Company and/or the Investment Manager acting on behalf of the Company; and
- (c) the oversight and supervision of the Investment Manager and the Company.

The duties and obligations of the Depository under the Depository Agreement are construed in accordance with all laws, rules and regulations applicable from time to time, including, the AIFM Directive, FSMA and the FCA Handbook (the "**Applicable Provisions**"). Under the Depository Agreement, the Investment Manager and the Company are responsible for providing the Depository with information required by the Depository to carry out its duties. Subject to the Applicable Provisions, the Company indemnifies the Depository, its officers, agents and employees (each an "**Indemnified Person**") against any liability or loss suffered or incurred by an Indemnified Person as a result or in connection with the proper provision of services under the agreement except as a result of fraud, wilful default or negligence on the part of the Indemnified Person.

Pursuant to the Depository Agreement, the Depository warrants (amongst other things) that it is and will remain an approved depository.

In consideration of its services, the Depository is entitled to be paid a depository fee of £27,000 per annum (exclusive of VAT).

The Depository Agreement is governed by the laws of England and Wales.

#### 6.6 **Registrar Agreement**

The Registrar Agreement dated 25 August 2020 between the Company and the Registrar pursuant to which the Registrar has agreed to act as registrar to the Company.

Under the Registrar Agreement, the Registrar is entitled to a fee calculated based on the number of Shareholders and the number of transfers processed (exclusive of any VAT). In addition, the Registrar is entitled to certain other fees for ad hoc services rendered from time to time. The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

The Registrar Agreement is for an initial period of three year from the date of Initial Admission and is thereafter terminable by either party on not less than six months written notice, such notice not to expire before the third anniversary of Initial Admission.

The Company has given certain market standard indemnities in favour of the Registrar and its affiliates and their directors, officers, employees and agents in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liabilities under the Registrar Agreement are subject to a cap.

The Registrar Agreement is governed by the laws of England and Wales.

#### **6.7 Receiving Agent Agreement**

The Receiving Agent Agreement dated 25 August 2020 between the Company and the Receiving Agent pursuant to which the Receiving Agent has agreed to act as receiving agent in connection with the Offer for Subscription.

Under the terms of the agreement, the Receiving Agent is entitled to a fee from the Company of £5,000 (exclusive of VAT) for set up, placing and disbursements plus a per application processing fee in connection with these services. The Receiving Agent will also be entitled to reimbursement of all out-of-pocket expenses reasonably incurred by it in connection with its duties.

The Company has given certain market standard indemnities in favour of the Receiving Agent and its affiliates and their directors, officers, employees and agents in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the Receiving Agent Agreement. The Receiving Agent's liabilities under the Receiving Agent are subject to a cap.

The agreement is governed by the laws of England and Wales.

### **7 LITIGATION**

There have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Group.

### **8 WORKING CAPITAL**

The Company is of the opinion that, on the basis the Minimum Net Proceeds are raised, the working capital available to the Group is sufficient for its present requirements that is for at least the next 12 months from the date of this document.

If the Minimum Net Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA. In the event that the Company does not wish to prepare and publish a supplementary prospectus incorporating a working capital statement based on a revised minimum net proceeds figure the Initial Issue will not proceed, the arrangements in respect of the Initial Issue will lapse and any monies received in respect of the Initial Issue will be returned to applicants and placees without interest at each applicants' risk.

### **9 CAPITALISATION AND INDEBTEDNESS**

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness, and there have been no material changes to the Company's capitalisation from the date of its incorporation to the date of this document.

## 10 GENERAL

- 10.1 Where third party information has been referenced in this document, the source of that third party information has been disclosed. All information in this document that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 10.2 No application is being made for the Ordinary Shares to be dealt with in or on any stock exchange or investment exchange other than to the Main Market.
- 10.3 The Investment Manager was incorporated in England and Wales as a limited liability partnership on 28 July 2006 under the Limited Liability Partnership Act 2000 (registration number OC321250). The Investment Manager is authorised and regulated by the Financial Conduct Authority (FCA registration number 456597). The registered office of the Investment Manager is 1 King William Street, London EC4N 7AF (tel. +44 (0)20 7201 8989). The Investment Manager has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear. The Investment Manager accepts responsibility for the following parts of this document for the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) (together the **“Investment Manager Sections”**): (i) Risk Factors – the sections headed “Risks relating the Investment Policy”, “Risk relating to making investments”, “Risk relating to Energy Efficiency Projects” and “Risks relating to the Investment Manager”; (ii) Part 1 – Information on the Company – the sections headed “Investment Objective and Investment Policy”, “Reporting Commitments”, “Competitive Advantages”, and “Dividend Policy and Target Returns”; (iii) Part 3 – Target Market, Track Record of the Investment Manager and Pipeline Assets; (iv) Part 4 – Principal Bases and Assumptions; (v) Part 5 Section A – Information on the Target CHP+ Assets; (vi) Part 6 – Directors, Management and Administration – the sections headed “The Investment Manager” and “The Investment Process”; (vii) Part 11 – AIFMD – Article 23 Disclosures; and (viii) Part 12 – Glossary. To the best of the knowledge of the Investment Manager, the Investment Manager Sections are in accordance with the facts and make no omission likely to affect its import.
- 10.4 EnergyPro Limited has given and not withdrawn its written consent to the inclusion in this document of the Expert Report and has authorised the contents of the Expert Report. For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), EnergyPro Limited accepts responsibility for the Expert Report. To the best of the knowledge of EnergyPro Limited the information contained in the Expert Report is in accordance with the facts and makes no omission likely to affect its import.
- 10.5 Grant Thornton UK LLP was incorporated in England and Wales as a limited liability partnership on 24 April 2004 under the Limited Liability Partnership Act 2000 (registration number OC307742). The registered office of Grant Thornton UK LLP is 30 Finsbury Square, London, England, EC2A 1AG (tel. +44 (0) 20 7383 5100). Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion in this document of the Valuation Opinion and has authorised the contents of the Valuation Opinion. For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f), Grant Thornton UK LLP accepts responsibility for the Valuation Opinion. To the best of the knowledge of Grant Thornton UK LLP the information contained in the Valuation Opinion is in accordance with the facts and makes no omission likely to affect its import. Grant Thornton UK LLP is a member of the Institute of Chartered Accountants in England and Wales.
- 10.6 The auditors of the Company are BDO LLP of 150 Aldersfate St, Barbican, London EC1A 4AB and have been the only auditors of the Company since its incorporation. BDO LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- 10.7 INDOS Financial Limited, whose registered office is located at 54 Fenchurch Street, London EC3M 3JY, acts as the Company’s depositary. The Depositary is a private limited company, registered in England and Wales under number 08255973 and its telephone number is +44 (0)20 3876 2218. The Depositary maintains its registered office and place of central administration in the United Kingdom. The Depositary is authorised and regulated by the FCA.

The Depositary is not involved, directly or indirectly, with the business affairs, organisation, sponsorship or management of the Company and is not responsible for the preparation of this document and accepts no responsibility for any information contained in this document.

The Depositary will not hold the Company's Energy Efficiency Project assets in custody. The Depositary's asset ownership and verification duties with respect to non-custodial assets of the Company apply on a look-through basis to underlying assets held by financial or legal structures established by the Company or by the Investment Manager acting on behalf of the Company for the purpose of investing in the underlying assets and which are controlled directly or indirectly by the Company or the Investment Manager acting on behalf of the Company.

10.8 The effect of the Initial Issue will be to increase the net assets of the Company. On the assumption that the Initial Issue is subscribed as to 200 million Ordinary Shares, the fundraising is expected to increase the net assets of the Company by approximately £196 million.

## **11 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available on the Company's website ([www.tpenergyefficiency.com](http://www.tpenergyefficiency.com)) and for inspection at the registered office of the Company during normal business hours on any Business Day from the date of this document until 19 October 2020:

- the Memorandum and Articles of the Company;
- the Expert Report;
- the Valuation Opinion; and
- this document.

Dated: 25 August 2020

## PART 11

### AIFMD – ARTICLE 23 DISCLOSURES

This document contains the information required to be made available to investors in the Company before they invest, pursuant to Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers (the “**AIFM Directive**”) and UK implementing measures (the Alternative Investment Fund Managers Regulations No.1773/2013, and consequential amendments to the FCA Handbook).

The table below sets out information required to be disclosed pursuant to the AIFM Directive and related national implementing measures.

This document contains solely that information that Triple Point Investment Management LLP (as the alternative investment fund manager of the Company) is required to make available to investors pursuant to the AIFM Directive and should not be relied upon as the basis for any investment decision.

<b>DISCLOSURE REQUIREMENT</b>	<b>DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE</b>
1(a) a description of the investment strategy and objectives of the Company	Information on the investment strategy and objectives of the Company are outlined in paragraph 2 of Part 1 of this document.
(b) if the Company is a feeder fund, information on where the master fund is established;	Not applicable.
(c) if the Company is a fund of funds, information on where the underlying funds are established;	Not applicable.
(d) a description of the types of assets in which the Company may invest;	The types of assets in which the Company may invest are outlined in paragraph 2 of Part 1 of this document.
(e) the investment techniques that the Company may employ and all associated risks;	The investment techniques used by the Company are described in paragraph 2 of Part 1 and paragraph 5 of Part 6 of this document.  The section entitled “Risk Factors” (pages 14 to 30 inclusive) of this document provides an overview of the risks involved in investing in the Company.
(f) any applicable investment restrictions;	The investment restrictions applicable to the Company are set out in paragraph 2 of Part 1 of this document under the heading “Investment Restrictions”.
(g) the circumstances in which the Company may use leverage;  (h) the types and sources of leverage permitted and the associated risks;  (i) the maximum level of leverage which the AIFM is entitled to employ on behalf of the Company;	The circumstances in which the Company may use leverage and the restrictions on the use of leverage are described in paragraph 2 of Part 1 under the heading “Borrowing Policy”.  The AIFM Directive prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of ‘leverage’ the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to be gearing.  Without prejudice to the foregoing (in compliance with the investment policy concerning gearing), the Company has set a maximum leverage limit of 227 per cent. (on both a “gross” and “commitment” basis). Certain risks associated with the Company’s use of

<b>DISCLOSURE REQUIREMENT</b>	<b>DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE</b>
	leverage are described in the “Risk Factors” section of this document.
(j) any collateral and asset reuse arrangements;	Not applicable.
(2) a description of the procedures by which the Company may change its investment strategy or investment policy, or both;	No material change will be made to the investment policy and investment restrictions without the prior approval of Shareholders by ordinary resolution. Any change to the investment policy or investment restrictions which does not amount to a material change to the investment policy may be made by the Company without the approval of the Shareholders.
(3) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established;	<p>The Company is a company limited by shares, incorporated in England and Wales. While investors acquire an interest in the Company on subscribing for or purchasing shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Ordinary Shares held by them.</p> <p>Shareholders’ rights in respect of their investment in the Company are governed by the Articles and the Companies Act. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of association; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims and derivative actions. If a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.</p> <p><b>Jurisdiction and applicable law</b></p> <p>As noted above, Shareholders’ rights are governed principally by the Articles and the Companies Act. By subscribing for Ordinary Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of England and Wales.</p> <p>The European Union (Withdrawal Agreement) Act 2020 gained Royal Assent on 23 January 2020 (the “<b>Withdrawal Agreement Act</b>”).</p> <p>The Withdrawal Agreement Act gives effect to the “Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community” (the “<b>Withdrawal Agreement</b>”).</p> <p>Jurisdiction is dealt with by Article 67(1) of the Withdrawal Agreement. Broadly, that agreement provides “[i]n the United Kingdom, as well as in the</p>

<b>DISCLOSURE REQUIREMENT</b>	<b>DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE</b>
	<p>Member States in situations involving the United Kingdom” for:</p> <ul style="list-style-type: none"> <li>● The continued application of the Brussels (Recast) Regulation (No. 1215/2012) for legal proceedings “instituted before the end of the transition period”: Article 67(1)(a).</li> <li>● The continued application of the Brussels (Recast) scheme for legal proceedings which, although not instituted before the end of the transition period, “are related to such proceedings” pursuant to Articles 29 to 31 of the Brussels (Recast) Regulation: Article 67(1)(a). Articles 29 to 31 of the Brussels (Recast) contain the Regulation’s <i>lis pendens</i> provisions, in particular involving, (i) the same cause of action between the same parties (Article 29), (ii) related actions (Article 30); and (iii) actions which come within the exclusive jurisdiction of several courts (Article 31).</li> </ul> <p>The Withdrawal Agreement provides for the “transition period” to run until 31 December 2020: Article 126 (although there is provision for extension in Article 132). Thus, as regards new actions commenced up to at least 31 December 2020, jurisdiction will continue to be governed by the Brussels (Recast) Regulation.</p> <p><b>Recognition and enforcement of foreign judgments</b> The Withdrawal Agreement provides that “in the United Kingdom, as well as in the Member States in situations involving the United Kingdom” the Brussels (Recast) Regulation will continue to apply to judgments “given in legal proceedings instituted before the end of the transition period”: Article 67(2)(a).</p> <p>The recognition and enforcement of judgments from the remaining 27 Member States of the European Union (the “<b>EU27</b>”) will therefore continue to be governed by the Brussels (Recast) Regulation, at least in respect of judgments handed down by EU27 Courts in proceedings started before 31 December 2020.</p> <p>The European Enforcement Order Regulation 805/2004 (the “<b>EEO Regulation</b>”) deals with the recognition and enforcement of judgments, court settlements and authentic instruments given on “uncontested claims”: Article 3(1) of the EEO Regulation.</p> <p>Provided that the relevant European Enforcement Order Certificate (“<b>EEO Certificates</b>”) was applied for before the end of the transition period, the Withdrawal Agreement provides for the continued application of the EEO Regulation to (Article 67(2)(d)):</p> <ul style="list-style-type: none"> <li>● “judgments given in legal proceedings instituted before the end of the transition period”; and</li> </ul>

<b>DISCLOSURE REQUIREMENT</b>	<b>DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE</b>
	<ul style="list-style-type: none"> <li>• “court settlements approved or concluded and authentic instruments drawn up before the end of the transition period”.</li> </ul> <p>Shareholders should note that there are also a number of legal instruments providing for the recognition and enforcement of foreign judgments in England. Depending on the nature and jurisdiction of the original judgment, the Administration of Justice Act 1920 and the Foreign Judgment (Reciprocal Enforcement) Act 1933 may apply.</p> <p>There are no legal instruments providing for the recognition and enforcement of judgments obtained in jurisdictions outside those covered by the instruments listed above, although such judgments might be enforceable at common law.</p>
<p>(4) the identity of the AIFM, the Company's depository, the auditor and any other service providers and a description of their duties and the investors' rights;</p>	<p><b>The Investment Manager:</b> Pursuant to the Investment Management Agreement, the Company has appointed Triple Point Investment Management LLP to act as the Company's AIFM. The Investment Manager will maintain responsibility for implementing appropriate portfolio and risk management standards and procedures for the Company and will also carry out the on-going oversight functions and ensure compliance with the applicable requirements of the AIFM Rules. Further details of the Investment Management Agreement are set out in paragraph 6.2 of Part 10 of this document.</p> <p><b>Administrator:</b> Hanway Advisory Limited has been appointed as Administrator to the Company. The Administrator will provide the day-to-day administration of the Company and will also be responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value, the maintenance of the Company's accounting records and will also provide company secretarial services required under the Companies Act.</p> <p><b>Registrar:</b> The Company will utilise the services of Computershare Investor Services PLC as registrar in relation to the transfer and settlement of shares.</p> <p><b>Depository:</b> INDOS Financial Limited has been appointed as the sole depository of the Company.</p> <p><b>Auditor:</b> BDO LLP will provide audit services to the Group. The auditor's principal responsibilities are to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. The annual report and accounts will be prepared according to accounting standards laid out under IFRS.</p>

<b>DISCLOSURE REQUIREMENT</b>	<b>DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE</b>
	<p><b>Investors' Rights</b></p> <p>The Company is reliant on the performance of third party service providers, including the Investment Manager, the Administrator, the Depository, the Auditor and the Registrar.</p> <p>Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.</p> <p>If a Shareholder considers that it may have a claim against a third party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.</p> <p>The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.</p> <p>Shareholders who are "Eligible Complainants" for the purposes of the FCA "Dispute Resolutions Complaints" rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against FCA authorised service providers to the Financial Ombudsman Service ("<b>FOS</b>") (further details of which are available at <a href="http://www.fscs.org.uk">www.fscs.org.uk</a>).</p> <p>Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme ("<b>FSCS</b>") if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation. Further information about the FSCS can be found at <a href="http://www.fscs.org.uk">www.fscs.org.uk</a>. To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal advisers.</p>
(5) a description of how the Company complies with the requirements referred to in IPRU-INV 11.3.11G (Professional negligence) relating to professional liability risk;	In order to cover potential professional liability risks resulting from the Investment Manager's activities, the Investment Manager maintains additional own funds of 0.01 per cent. of the value of the portfolio of AIFs it manages. In addition to this, the Investment Manager holds a professional indemnity insurance policy against liability arising from professional negligence which is appropriate to the risks.
(6) a description of:	Not applicable.

<b>DISCLOSURE REQUIREMENT</b>	<b>DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE</b>
(a) any management function delegated by the Manager;	
(b) any safe-keeping function delegated by the depositary;	<p>The Company is not expected to invest in or hold custodial assets. However, to the extent the Company does hold custodial assets in accordance with the terms of the Depositary Agreement, and subject to the provisions of the AIFM Directive, the Depositary may delegate its safe-keeping functions. The liability of the Depositary shall in principle not be affected by any delegation of its custody function and the Depositary shall be liable to the Company or its investors for the loss of financial instruments by the Depositary or a third party to whom the custody of financial instruments has been delegated. The Depositary may discharge its responsibility in case of a loss of a financial instrument: (i) in the event it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary; (ii) where it has contractually discharged its responsibility in compliance with article 21(13) of the AIFM Directive; or (iii) in compliance with the conditions set out under article 21(14) of the AIFM Directive where the laws of a third country require that certain financial instruments be held by a local entity and there are no local entities that satisfy the delegation requirements of article 21(11) of the AIFM Directive. Save as aforesaid, the Depositary shall be liable to the Company for any loss or liability incurred by the Company as a consequence of the Depositary's fraud, wilful default, negligence, or bad faith in failing to properly fulfil its obligations pursuant to the AIFM Directive. In the absence of the Depositary's fraud, wilful default, negligence, or bad faith in failing to properly fulfil its obligations pursuant to the AIFM Directive, the Depositary shall not be liable to the Company or any other person with respect to any act or omission in connection with the services provided under the Depositary Agreement.</p>
(c) the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and	Not applicable.
(d) any conflicts of interest that may arise from such delegations;	Not applicable.
(7) a description of the Company's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);	A description of the Company's valuation procedures is outlined in paragraph 6 of Part 1 of this document.
(8) a description of the Company's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the	The Company is a closed-ended investment company incorporated in England and Wales on 23 June 2020. Shareholders are entitled to participate in the assets of the Company attributable to their Ordinary Shares in a winding-up of the Company or other return of capital,

<b>DISCLOSURE REQUIREMENT</b>	<b>DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE</b>
existing redemption arrangements with investors;	<p>but they have no rights of redemption.</p> <p>Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. The Company will mitigate this risk by maintaining a balance between continuity of funding and flexibility using bank deposits and loans.</p>
(9) a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	<p>The costs and expenses of, and incidental to, the Initial Issue are expected to be approximately 2 per cent. of the Initial Gross Proceeds (assuming Initial Gross Proceeds of £200 million).</p> <p>The on-going annual expenses of the Company for the period ending 31 March 2021 relative to the Net Asset Value is expected to be approximately 1.4 per cent. Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.</p>
(10) a description of how the AIFM ensures a fair treatment of investors;	<p>The Directors of the Company have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Company has voluntarily undertaken to comply with the FCA's Premium Listing Principles which require the Company to treat all Shareholders of a given class equally.</p> <p>The Investment Manager maintains a conflicts of interest policy to avoid and manage any conflicts of interest that may arise between it and the Company. No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.</p> <p>The Ordinary Shares rank <i>pari passu</i> with each other.</p>
(11) whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:	
(a) that preferential treatment;	Not applicable
(b) the type of investors who obtain such preferential treatment; and	Not applicable.
(c) where relevant, their legal or economic links with the AIF or the AIFM;	Not applicable.
(12) the procedure and conditions for the issue and sale of units or shares;	The terms and conditions under which investors can subscribe for Ordinary Shares under the Initial Placing and the Placing Programme are set out in Part 1 of this document.

<b>DISCLOSURE REQUIREMENT</b>	<b>DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE</b>
	<p>The terms and conditions under which investors can subscribe for Ordinary Shares under the Offer for Subscription are set out in Part 15 of this document.</p> <p>New Ordinary Shares may be issued at the Board's discretion and providing relevant Shareholder issuance authorities are in place. Shareholders do not have the right to redeem their Ordinary Shares. While the Company will typically have Shareholder authority to buy back Ordinary Shares any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.</p>
(13) the latest net asset value of the Company or the latest market price of the unit or share of the Company, in line with FUND 3.9 (Valuation);	<p>The Company has not yet published a Net Asset Value in accordance with Article 19 of the AIFM Directive.</p> <p>When published, Net Asset Value announcements can be found on the Company's website: <a href="http://www.tpenergyefficiency.com">www.tpenergyefficiency.com</a>.</p>
(14) the latest annual report, in line with FUND 3.3 (Annual report of an AIF);	<p>The Company has not yet published an annual report in line with Article 22 of the AIFM Directive.</p> <p>When published, annual reports can be found on the Company's website: <a href="http://www.tpenergyefficiency.com">www.tpenergyefficiency.com</a>.</p>
(15) where available, the historical performance of the Company;	<p>The Company has not yet published any annual or interim financial statements.</p> <p>When published, annual and interim financial statements can be found on the Company's website: <a href="http://www.tpenergyefficiency.com">www.tpenergyefficiency.com</a>.</p>
(16) (a) the identity of the prime brokerage firm;	Not applicable.
(b) a description of any material arrangements of the Company with its prime brokerage firm and the way any conflicts of interest are managed;	Not applicable.
(c) the provision in the contract with the depositary on the possibility of transfer and reuse of Company assets; and	Not applicable.
(d) information about any transfer of liability to the prime brokerage firm that may exist; and	Not applicable.
(17) a description of how and when the information required under FUND 3.2.5 R and FUND 3.2.6 R will be disclosed.	<p>The Investment Manager as AIFM is required under the AIFM Directive to make certain periodic disclosures to Shareholders of the Company.</p> <p>Under Article 23(4) of the AIFM Directive, the Investment Manager must periodically disclose to Shareholders:</p> <ul style="list-style-type: none"> <li>• the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;</li> <li>• any new arrangements for managing the liquidity of the Company; and</li> </ul>

<b>DISCLOSURE REQUIREMENT</b>	<b>DISCLOSURE OR LOCATION OF RELEVANT DISCLOSURE</b>
	<ul style="list-style-type: none"> <li>● the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks. This information shall be disclosed as part of the Company's annual and half year reporting to Shareholders.</li> </ul> <p>Under Article 23(5) of AIFM Directive, the Investment Manager must disclose to Shareholders on a regular basis:</p> <ul style="list-style-type: none"> <li>● any changes to: (i) the maximum level of leverage that the Investment Manager may employ on behalf of the Company; and (ii) any right or reuse of collateral (including any security, guarantee or indemnity) or any guarantee granted under the leveraging arrangement; and</li> <li>● the total amount of leverage employed by the Company.</li> </ul> <p>Information on changes to the maximum level of leverage and any right of re-use of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.</p> <p>Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to Shareholders.</p> <p>Without limitation to the generality of the foregoing, any information required under Article 23(4) or 23(5) of the AIFM Directive may be disclosed to Shareholders: (a) in the Company's annual report or half-yearly report; (b) by the Company issuing an announcement via an RIS; (c) a subsequent prospectus; and/or (d) by the Company publishing the relevant information on <a href="http://www.tpenergyefficiency.com">www.tpenergyefficiency.com</a>.</p>

## PART 12

### GLOSSARY OF RELEVANT TERMS

Set out below is an explanation of some of the industry-specific terms which are used in this document:

<b>BEIS</b>	Department for Business, Energy and Industrial Strategy
<b>BMS</b>	building management system
<b>CHP</b>	combined heat and power
<b>CHP+</b>	a CHP plant incorporating additional services, which could include cooling or the supply of carbon dioxide
<b>Capacity Market</b>	the Capacity Market is a mechanism introduced by the UK government to ensure that electricity supply continues to meet demand as more volatile and unpredictable renewable generation plants come on stream. The objective of the Capacity Market is to achieve long-term security of supply
<b>Capacity Market contract</b>	a contract to supply electricity to the Capacity Market
<b>Construction Phase</b>	in respect of a new development project, the phase where contracts have been agreed and relevant permits are in place
<b>Counterparty</b>	the host of the relevant assets and infrastructure with whom the Group has entered into the Energy Efficiency Project, either directly or indirectly using one or more Project SPVs
<b>Development Phase</b>	in respect of a new development project, the initial phase before relevant contracts or permits are in place
<b>Energy Services Agreement or ESA</b>	a performance-based contract through which a service provider agrees to finance, develop and deploy an Energy Efficiency Project for a Counterparty without any up-front capital expenditure
<b>EPC Contract</b>	the engineering, procurement and construction contract between the Group and the relevant EPC Contractor in respect of the assets and infrastructure to be designed, built, commissioned and installed pursuant to an Energy Efficiency Project
<b>EPC Contractor</b>	contractors engaged to perform engineering, procurement and construction obligations in respect of an Energy Efficiency Project
<b>ESG</b>	environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments. Environmental criteria consider how a company performs as a steward of nature. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights
<b>EUA</b>	EU Allowance, the official title of the permits traded under the EU-ETS. Each tradable EUA represents a permit to emit one tonne of carbon dioxide equivalent.
<b>EU Action Plan on Sustainable Finance</b>	the European Commission action plan on sustainable finance developed as part of a strategy to integrate

	environmental, social and governance considerations into its financial policy framework and mobilise finance for sustainable growth
<b>EU-ETS</b>	EU Emissions Trading Scheme
<b>EU Taxonomy</b>	the EU taxonomy is a tool to help investors understand whether an economic activity is environmentally sustainable, and to navigate the transition to a low-carbon economy. Setting a common language between investors, issuers, project promoters and policy makers, it helps investors to assess whether investments are meeting robust environmental standards and are consistent with high-level policy commitments such as the Paris Agreement on Climate Change
<b>Feed-in-Tariff</b>	a UK government programme designed to promote the uptake of renewable and low-carbon electricity generation technologies, via payments at a fixed price for electricity generated
<b>Greenhouse Gas Protocol</b>	the GHG Protocol: A Corporate Accounting and Reporting Standard: Revised Edition
<b>GW</b>	Gigawatt (10 <sup>9</sup> watts)
<b>GWh</b>	gigawatt hour, a measure of power output, a GW of power generated for hour
<b>HNIP</b>	the Heat Networks Investment Project
<b>HVAC</b>	heating, ventilation and air conditioning
<b>KPI</b>	key performance indicator
<b>kV</b>	kilovolt
<b>MW</b>	megawatt (10 <sup>6</sup> watts)
<b>MWe</b>	megawatts of electrical power
<b>MWh</b>	megawatt hour, a measure of power output, a MW of power generated for hour
<b>MWth</b>	megawatts of thermal power
<b>O&amp;M Contract</b>	the operating and maintenance contract between the Group and the relevant O&M Contractor in respect of the assets and infrastructure installed pursuant to an Energy Efficiency Project
<b>O&amp;M Contractor</b>	the contractor appointed by the Group to perform maintenance obligations in relation to the relevant assets and infrastructure relating to an Energy Efficiency Project
<b>power purchase agreement</b>	a power purchase agreement often refers to a long-term electricity supply agreement between two parties, usually between a power producer and a customer (an electricity consumer or trader). The power purchase agreement defines the conditions of the agreement, such as the amount of electricity to be supplied, negotiated prices, accounting, and penalties for non-compliance
<b>PV</b>	photovoltaics
<b>reduction in energy consumption</b>	investments to facilitate a decrease in total energy consumption via the introduction of new technology or a new approach to the utilisation of existing assets such as LED lights, smart metering equipment and electric vehicle charging infrastructure

<b>RHI</b>	the renewable heat incentive scheme operated by Ofgem
<b>ROC</b>	Renewables Obligation Certificate
<b>Stabilisation Phase</b>	in respect of a new development project, the period of one to two years following completion of construction
<b>Task Force on Climate Related Financial Disclosure</b>	the Task Force on Climate-Related Financial Disclosures (TCFD) was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures for use by companies, banks, and investors in providing information to stakeholders. Increasing the amount of reliable information on financial institutions' exposure to climate-related risks and opportunities will strengthen the stability of the financial system, contribute to greater understanding of climate risks and facilitate financing the transition to a more stable and sustainable economy

## PART 13

### DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>Administration and Company Secretarial Services Agreement</b>	the Administration and Company Secretarial Services Agreement between the Company and the Administrator, a summary of which is set out in paragraph 6.4 of Part 10 of this document
<b>Administrator or Company Secretary</b>	Hanway Advisory Limited
<b>Admission</b>	any admission of the Ordinary Shares pursuant to a Subsequent Placing to trading on the Specialist Fund Segment of the Main Market becoming effective in accordance with the Admission and Disclosure Standards
<b>Admission and Disclosure Standards</b>	the Admission and Disclosure Standards published by the London Stock Exchange as amended from time to time
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the AIC Code of Corporate Governance published by the AIC from time to time
<b>AIF</b>	an alternative investment fund within the meaning of the AIFM Directive
<b>AIFM</b>	an alternative investment fund manager within the meaning of the AIFM Directive
<b>AIFM Directive</b>	Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers, as amended from time to time
<b>AIFM Regulations</b>	the Alternative Investment Fund Managers Regulations 2013 of the United Kingdom (SI 2013/1773), as amended from time to time
<b>AIFM Rules</b>	the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK, including, without limitation, the AIFM Regulations and all relevant provisions of the FCA Handbook
<b>Akur</b>	Akur Limited (trading as Akur Capital)
<b>Application Form</b>	the application form attached to this document for use in connection with the Offer for Subscription
<b>Articles</b>	the articles of association of the Company
<b>Audit Committee</b>	the audit committee of the Board
<b>Auditor</b>	BDO LLP
<b>Benefit Plan Investor</b>	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the U.S. Tax Code (including an individual retirement account), (ii) an entity whose underlying assets include “plan assets” by reason of a Plan’s investment in the entity, or (iii) any “benefit plan investor” as otherwise defined in section 3(42) of ERISA or regulations promulgated by the U.S. Department of Labor
<b>Board</b>	the board of Directors of the Company or any duly constituted committee thereof

<b>Business Day</b>	any day which is not a Saturday or Sunday or a bank holiday in the City of London
<b>C Shares</b>	C shares of £0.10 each in the capital of the Company
<b>Calculation Date</b>	has the meaning given in paragraph 4.21.1 of Part 10 of this document
<b>Capital gains tax or CGT</b>	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
<b>certificated or in certificated form</b>	not in uncertificated form
<b>Companies Act</b>	the Companies Act 2006 and any statutory modification or re-enactment thereof for the time being in force
<b>Company</b>	Triple Point Energy Efficiency Infrastructure Company plc
<b>Conversion</b>	the conversion of C Shares into Ordinary Shares and Deferred Shares in accordance with the Articles and as described in paragraph 4.21.1 of Part 10 of this document
<b>Conversion Date</b>	has the meaning given in paragraph 4.21.1 of Part 10 of this document
<b>Conversion Ratio</b>	has the meaning given in paragraph 4.21.1 of Part 10 of this document
<b>CPI</b>	the consumer price index calculated and published by the UK's Office for National Statistics
<b>CREST</b>	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>CREST Regulation</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
<b>CTA 2009</b>	Corporation Tax Act 2009 and any statutory modification or re-enactment thereof for the time being in force
<b>CTA 2010</b>	Corporation Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force
<b>Directors</b>	the directors from time to time of the Company and "Director" is to be construed accordingly
<b>Depository</b>	INDOS Financial Limited
<b>Depository Agreement</b>	the depository agreement between the Company, the Investment Manager and the Depository, a summary of which is set out in paragraph 6.5 of Part 10 of this document
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance published by the Financial Conduct Authority and the transparency rules made by the Financial Conduct Authority under section 73A of FSMA, as amended from time to time
<b>DVP</b>	delivery versus payment
<b>EEA</b>	European Economic Area
<b>EEA EFTA States</b>	Iceland, Liechtenstein and Norway
<b>EIS</b>	Enterprise Investment Scheme
<b>Energy Efficiency</b>	using less energy to provide the same level of useful output, or the same energy to provide more useful output. Efficient energy use is achieved primarily through implementation of a more efficient technology or process

<b>Energy Efficiency Project</b>	a project which falls within the parameters of the Company's investment policy set out in paragraph 2 of Part 1, comprising either a single asset (for example, a CHP plant) or a portfolio of smaller assets with a single Counterparty (for example, the installation of improved heating systems across a portfolio of social housing assets owned by a particular housing association)
<b>ERISA</b>	U.S. Employee Retirement Income Security Act of 1974, as amended
<b>Euro or €</b>	the currency adopted by those nations participating in the third stage of the economic and monetary union provisions of the Treaty on European Union, signed at Maastricht on 7 February 1992
<b>Euroclear</b>	Euroclear UK & Ireland Limited, being the operator of CREST
<b>European Union or EU</b>	the European Union first established by the treaty made at Maastricht on 7 February 1992
<b>Expert Report</b>	the report prepared by EnergyPro Limited in relation to the UK energy efficiency sector, as set out at Part 2 of this document
<b>FATCA</b>	the U.S. Foreign Account Tax Compliance Act of 2010, as amended from time to time
<b>FCA</b>	the Financial Conduct Authority or any successor authority
<b>FCA Handbook</b>	the FCA handbook of rules and guidance as amended from time to time
<b>FSMA</b>	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
<b>Gross Asset Value</b>	the aggregate value of the total assets of the Company as determined with the accounting principles adopted by the Company from time to time
<b>Group</b>	the Company, TEEC Holdings Limited and any other companies in the Company's group for the purposes of Section 606 of CTA 2010 from time to time
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>IFRS</b>	international financial reporting standards
<b>Initial Admission</b>	admission of the Ordinary Shares issued pursuant to the Initial Issue to trading on the Specialist Fund Segment of the Main Market becoming effective in accordance with the Admission and Disclosure Standards
<b>Initial Expenses</b>	the commissions, costs and expenses of the Company that are necessary for the establishment of the Company, the Initial Issue and Initial Admission
<b>Initial Gross Proceeds</b>	the gross proceeds of the Initial Issue
<b>Initial Issue</b>	together the Initial Placing and the Offer for Subscription
<b>Initial Placing</b>	the conditional placing of Ordinary Shares at the Issue Price pursuant to the Initial Issue as described in this document
<b>Investment Management Agreement</b>	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 6.2 of Part 10 of this document
<b>Investment Manager</b>	Triple Point Investment Management LLP
<b>IRR</b>	internal rate of return

<b>ISA</b>	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
<b>ISIN</b>	International Securities Identification Number
<b>Issue Price</b>	100 pence per Ordinary Share
<b>Key Information Document(s)</b>	the key information document(s) relating to the Ordinary Shares and/or any other class of shares issued by the Company from time to time (as the context requires), produced pursuant to the PRIIPs Regulation, as amended and updated from time to time
<b>LEI</b>	Legal Entity Identifier
<b>Listing Rules</b>	the listing rules made by the FCA under section 73A of FSMA, as amended from time to time
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Main Market</b>	the London Stock Exchange's main market for listed securities
<b>Management Engagement Committee</b>	the management engagement committee of the Board
<b>Management Shares</b>	redeemable shares of £1.00 each in the capital of the Company
<b>Market Abuse Regulation or MAR</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended from time to time
<b>MiFID II</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID") and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("MiFIR", and together with MiFID, "MiFID II"), as amended from time to time
<b>Minimum Gross Proceeds</b>	the minimum gross proceeds of the Initial Issue, being £100 million
<b>Minimum Net Proceeds</b>	the Minimum Gross Proceeds less the Initial Expenses
<b>Money Laundering Directive</b>	the Council Directive on prevention of the use of the financial system for the purposes of money laundering or terrorist financing (EU/2015/849) as amended by the Money Laundering Directive (EU) 2018/843 of the European Parliament and of the Council of the Europe Union of 9 July 2018 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing
<b>Money Laundering Regulations</b>	the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended from time to time
<b>Net Asset Value</b>	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time-to-time
<b>Net Asset Value per Ordinary Share</b>	at any time, the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation
<b>Net Proceeds</b>	the proceeds of the Initial Issue, after deduction of the Initial Expenses
<b>Nomination Committee</b>	the nomination committee of the Board

<b>Offer for Subscription</b>	the offer for subscription of Ordinary Shares at the Issue Price on the terms set out in this document
<b>Official List</b>	the official list maintained by the FCA pursuant to Part VI of FSMA
<b>Ongoing Charges Ratio</b>	the annual percentage reduction in shareholder returns because of recurring operational expenses assuming markets remain static and the portfolio is not traded (calculated according to the AIC's ongoing charges calculation)
<b>Option Agreement</b>	the option agreement dated 25 August 2020 entered into between TP Nominees Limited and TEEC Holdings Limited, giving TEEC Holdings Limited the option to acquire the Project SPVs owning the Target CHP+ Assets following Initial Admission
<b>Ordinary Shares</b>	ordinary shares of £0.01 each in the capital of the Company and " <b>Ordinary Share</b> " shall be construed accordingly
<b>Overseas Persons</b>	a potential investor who is not resident in, or who is not a citizen of, the UK
<b>Placee</b>	any person who agrees to subscribe for Ordinary Shares pursuant to the Initial Placing or any Subsequent Placing
<b>Placing and Offer Agreement</b>	the conditional placing and offer agreement between the Company, the Directors, the Investment Manager, Akur, RBC and Winterflood, a summary of which is set out in paragraph 6.1 of Part 10 of this document
<b>Placing Programme</b>	the proposed placing programme of Ordinary Shares incorporating any Subsequent Placing as described in this document
<b>Placing Programme Price</b>	the price at which Ordinary Shares will be issued to Placees pursuant to a Subsequent Placing under the Placing Programme, as set out in Part 8 of this document
<b>Plan Asset Regulations</b>	the U.S. Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA
<b>PRIIPs Regulation</b>	Regulation EU No.1286/2014 on key information documents for packaged retail and insurance-based investment products, as amended from time to time
<b>Principal Bases and Assumptions</b>	the principal bases and assumptions set out in Part 4 of this document
<b>Project SPV</b>	a special purpose vehicle used as the project company in respect of an Energy Efficiency Project
<b>Prospectus Regulation</b>	Regulation (EU) No. 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
<b>Prospectus Regulation Rules</b>	the prospectus regulation rules made by the FCA under section 73A of FSMA, as amended from time to time
<b>RBC</b>	RBC Europe Limited (trading as RBC Capital Markets)
<b>Receiving Agent or Computershare</b>	Computershare Investor Services PLC
<b>Receiving Agent Agreement</b>	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 6.7 of Part 10 of this document
<b>Register</b>	the register of Shareholders of the Company
<b>Registrar</b>	Computershare Investor Services PLC

<b>Registrar Agreement</b>	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 6.6 of Part 10 of this document
<b>Regulation S</b>	Regulation S promulgated under the U.S. Securities Act, as amended from time to time
<b>Regulatory Information Service or RIS</b>	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange
<b>Relevant State</b>	each member state of the EU, the EEA EFTA States and the United Kingdom
<b>RPI</b>	the retail price index calculated and published by the UK's Office for National Statistics
<b>SEDOL</b>	the Stock Exchange Daily Official List
<b>Shareholder</b>	a holder of Ordinary Shares
<b>SIPP</b>	a self-invested personal pension as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 of the UK
<b>SOHO</b>	Triple Point Social Housing REIT plc
<b>Specialist Fund Segment</b>	the Specialist Fund Segment of the Main Market
<b>SSAS</b>	a small self-administered scheme as defined in Regulation 2 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991 of the UK
<b>Sterling or GBP or £ or pence</b>	the lawful currency of the United Kingdom
<b>Subsequent Placing</b>	any placing of Ordinary Shares pursuant to the Placing Programme described in this document
<b>Takeover Code</b>	the City Code on Takeovers and Mergers, as amended from time to time
<b>Target CHP+ Assets</b>	the two CHP+ Energy Efficiency Projects (Harvest and Glasshouse), further details of which are set out in Part 5 of this document
<b>Target Market Assessment</b>	has the meaning defined on page 35 of this document
<b>Terms and Conditions of Application</b>	the terms and conditions to which subscriptions under the Offer for Subscription are subject as set out in Part 15 of this document
<b>Total Shareholder Return</b>	together Net Asset Value growth and distributions
<b>Triple Point Group</b>	the Investment Manager and any the other entities in its group for the purposes of Section 606 of CTA 2010
<b>U.S. Investment Company Act</b>	U.S. Investment Company Act of 1940, as amended from time to time
<b>U.S. Person</b>	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
<b>U.S. Securities Act</b>	U.S. Securities Act of 1933, as amended from time to time
<b>U.S. Tax Code</b>	the U.S. Internal Revenue Code of 1986, as amended from time to time
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time

<b>uncertificated or in uncertificated form</b>	a share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States of America, United States or U.S.</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>USD</b>	U.S. dollars, being the lawful currency of the United States of America
<b>Valuation Opinion</b>	the opinion provided by Grant Thornton UK LLP in relation to the valuation of the Target CHP+ Assets, as reproduced at Part B of Part 5 of this document
<b>VAT</b>	value added tax
<b>Wider Triple Point Group</b>	together, the Triple Point Group, and all partners and employees of each member of the Triple Point Group
<b>Winterflood</b>	Winterflood Securities Limited

## PART 14

### TERMS AND CONDITIONS OF THE INITIAL PLACING AND THE PLACING PROGRAMME

#### 1 INTRODUCTION

- 1.1 Each Placee which confirms its agreement (whether orally or in writing) to RBC and/or Winterflood to subscribe for Ordinary Shares under the Initial Placing or any Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 RBC and/or Winterflood may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and may require any such Placee to execute a separate placing letter ("**Placing Letter**").

#### 2 AGREEMENT TO SUBSCRIBE FOR ORDINARY SHARES

- 2.1 Conditional on, amongst other things: (i) in respect of the Initial Placing only, Initial Admission occurring and becoming effective by 8.00 a.m. on or prior to 19 October 2020 (or such later time and/or date, not being later than 31 December 2020, as agreed by the Company, the Investment Manager, Akur, RBC and Winterflood); (ii) in respect of a Subsequent Placing only, Admission of the Ordinary Shares issued pursuant to the relevant Subsequent Placing occurring and becoming effective by 8.00 a.m. on or prior to the date agreed by the Company, Akur, RBC and Winterflood in respect of that Subsequent Placing, not being later than 24 August 2021; (iii) in the case of the Initial Placing, the Minimum Gross Proceeds (being £100 million) (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood may agree) being raised; (iv) the Placing and Offer Agreement becoming otherwise unconditional in all respects in respect of the Initial Placing or the relevant Subsequent Placing, as applicable and, not having been terminated on or before the date of the Initial Placing or the relevant Subsequent Placing; and (v) RBC and/or Winterflood confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a Shareholder of the Company and agrees to subscribe for those Ordinary Shares allocated to it by RBC and/or Winterflood at the Issue Price or applicable Placing Programme Price (as the case may be). To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.
- 2.2 Applications under the Initial Placing and any Subsequent Placing must be for a minimum subscription amount of £1,000.
- 2.3 Any commitment to acquire Ordinary Shares under the Initial Placing and/or any Subsequent Placing agreed orally with RBC and/or Winterflood, as agent for the Company, will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company, RBC and/or Winterflood, to subscribe for the number of Ordinary Shares allocated to it on the terms and subject to the conditions set out in this Part 14 and the contract note or oral or email placing confirmation as applicable (for the purpose of this Part 14, the "**Contract Note**" or the "**Placing Confirmation**") and in accordance with the Articles. Except with the consent of RBC and/or Winterflood, such oral commitment will not be capable of variation or revocation after the time at which it is made.
- 2.4 Each Placee's allocation of Ordinary Shares under the Initial Placing and/or any Subsequent Placing will be evidenced by a Contract Note confirming: (i) the number of Ordinary Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares; and (iii) settlement instructions to pay RBC and/or Winterflood, as agent for the Company. The provisions as set out in this Part 14 will be deemed to be incorporated into that Contract Note.
- 2.5 If the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood may agree) are not raised, the Initial Placing will lapse and all proceeds will be returned to Placees without interest and at the Placee's risk.

### **3 PAYMENT FOR ORDINARY SHARES**

- 3.1 Each Placee undertakes to pay the Issue Price or Placing Programme Price (as the case may be) for the Ordinary Shares issued to the Placee in the manner and by the time directed by RBC and/or Winterflood. In the event of any failure by any Placee to pay as so directed and/or by the time required by RBC and/or Winterflood, the relevant Placee's application for Ordinary Shares may, at the discretion of RBC and/or Winterflood, either be accepted or rejected and, in the former case, paragraph 3.2 below shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant Issue Price or Placing Programme Price (as the case may be) for the Ordinary Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and RBC and/or Winterflood elects to accept that Placee's application, RBC and/or Winterflood may sell all or any of the Ordinary Shares allocated to the Placee on such Placee's behalf and retain from the proceeds an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Ordinary Shares on such Placee's behalf.
- 3.3 Settlement of transactions in the Ordinary Shares following Initial Admission will take place in CREST but each of RBC and Winterflood reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

### **4 REPRESENTATIONS AND WARRANTIES**

By agreeing to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing, each Placee which enters into a commitment to subscribe for Ordinary Shares will (for itself and for any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company, the Investment Manager, Akur, RBC, Winterflood and the Registrar that:

- 4.1 in agreeing to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing, it is relying solely on this document and any supplementary prospectus issued by the Company prior to Initial Admission or any Admission of the relevant Ordinary Shares issued pursuant to any Subsequent Placing and not on any other information given, or representation or statement made at any time by any person concerning the Company, the Ordinary Shares, the Initial Placing or any Subsequent Placing, including without limitation, the Key Information Document. It agrees that none of the Company, the Investment Manager, Akur, RBC, Winterflood or the Registrar, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, Akur, RBC, Winterflood or the Registrar or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or Subsequent Placing;
- 4.3 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part 14 and, as applicable, in the Contract Note or Placing Confirmation and the Articles as in force at the date of Initial Admission or the date of Admission in relation a the Subsequent Placing (as the case may be);

- 4.4 the price payable per Ordinary Share is payable to RBC or Winterflood (as the case may be) on behalf of the Company in accordance with the terms of these terms and conditions and in the Contract Note or Placing Confirmation;
- 4.5 it has the funds available to pay for in full the Ordinary Shares for which it has agreed to subscribe and it will pay the total subscription amount in accordance with the terms set out in these terms and conditions and as set out in the Contract Note or Placing Confirmation on the due time and date;
- 4.6 it has not relied on RBC, Winterflood, Akur or any person affiliated with RBC, Winterflood or Akur in connection with any investigation of the accuracy of any information contained in this document;
- 4.7 it acknowledges that the content of this document and any supplementary prospectus issued by the Company prior to Initial Admission or any Admission of the relevant Ordinary Shares issued pursuant to any Subsequent Placing is exclusively the responsibility of the Company, the Directors and the Investment Manager, and none of RBC, Winterflood and Akur nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or such supplementary prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Initial Placing or any Subsequent Placing based on any information, representation or statement contained in this document, such supplementary prospectus or otherwise;
- 4.8 it acknowledges that no person is authorised in connection with the Initial Placing or any Subsequent Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Akur, RBC, Winterflood, the Company or the Investment Manager;
- 4.9 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.10 its commitment to acquire Ordinary Shares under the Initial Placing and/or any Subsequent Placing will be agreed orally or in writing (which shall include by email) with RBC or Winterflood (as the case may be) as agents for the Company and that a Contract Note or Placing Confirmation will be issued by RBC or Winterflood (as the case may be) as soon as possible thereafter. That oral or written agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and RBC or Winterflood (as the case may be) to subscribe for the number of Ordinary Shares allocated to it and comprising its Placing Commitment at the Issue Price or the applicable Placing Programme Price (as the case may be) on the terms and conditions set out in this Part 14 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of Initial Admission or the relevant Admission (as the case may be). Except with the consent of RBC or Winterflood (as the case may be) such oral or written commitment will not be capable of variation or revocation after the time at which it is made;
- 4.11 its allocation of Ordinary Shares under the Initial Placing or any Subsequent Placing will be evidenced by a Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Ordinary Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares; and (iii) the settlement instructions to pay RBC or Winterflood (as the case may be) as agent for the Company. The terms of this Part 14 will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.12 settlement of transactions in the Ordinary Shares following Initial Admission or any Admission (as the case may be) will take place in CREST but RBC or Winterflood (as the case may be) reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within

the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;

- 4.13 it accepts that none of the Ordinary Shares have been or will be registered under the securities laws, or with any securities regulatory authority of, the United States, Australia, Canada, the Republic of South Africa or Japan (each a "**Restricted Jurisdiction**"). Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.14 if it is within the United Kingdom, it is (a) a person who falls within (i) Articles 49(2)(A) to (D) or (ii) Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**Order**") or is a person to whom the Ordinary Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations and (b) a qualified investor (as such term is defined in Article 2(e) of the Prospectus Regulation);
- 4.15 if it is resident in the United Kingdom or the EEA, it is, (a) a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation, and (b) it is a person to whom the Ordinary Shares may lawfully be marketed to under the AIFM Directive or under the applicable implementing legislation (if any) of the United Kingdom or the relevant EEA member state;
- 4.16 if it is a resident of Guernsey, it is a person licensed under the POI Law, or the Banking Supervision (Bailiwick of Guernsey) Law, 1994, or the Insurance Business (Bailiwick of Guernsey) Law, 2002, or the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000;
- 4.17 if it is a professional investor (as such term is given meaning in the AIFM Directive) resident, domiciled in, or with a registered office in the EEA, it confirms that the Ordinary Shares have only been promoted, offered, placed or otherwise marketed to it, and the subscription will be made from, (a) a country outside the EEA; (b) a country in the EEA that has not transposed the AIFM Directive as at the date of the Placee's commitment to subscribe is made; or (c) the Republic of Ireland, Italy, the Netherlands, Sweden, Belgium, France or Germany; or (d) a country in the EEA in respect of which the Investment Manager has confirmed that it has made the relevant notification to the FCA and is lawfully able to market Ordinary Shares into that EEA county;
- 4.18 in the case of any Ordinary Shares acquired by an investor as a financial intermediary as that term is used in Article 5(2) of the Prospectus Regulation, (i) the Ordinary Shares acquired by it in the Initial Placing or the relevant Subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant State other than qualified investors, as that term is defined in the Prospectus Regulation, or in circumstances in which the prior consent of RBC or Winterflood (as the case may be) has been given to the offer or resale; or (ii) where Ordinary Shares have been acquired by it on behalf of persons in any Relevant State other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- 4.19 it: (i) is entitled to subscribe for the Ordinary Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Ordinary Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.20 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing and/or any Subsequent Placing (for the purposes of this Part 14, each a "**Placing Document**") constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for

Ordinary Shares pursuant to the Initial Placing or any Subsequent Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

- 4.21 it does not have a registered address in, and is not a citizen, resident or national of a Restricted Jurisdiction or any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- 4.22 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for Ordinary Shares under the Initial Placing or relevant Subsequent Placing (as the case may be);
- 4.23 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Ordinary Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and acknowledges and agrees that no Placing Document is being issued by RBC, Winterflood or Akur in its capacity as an authorised person under section 21 of FSMA and such documents may not therefore be subject to the controls which would apply if they were made or approved a financial promotion by an authorised person;
- 4.24 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Ordinary Shares in, from or otherwise involving, the United Kingdom;
- 4.25 it is aware of the provisions of the Criminal Justice Act 1993 regarding insider dealing, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with any obligations imposed by such statutes;
- 4.26 unless it is otherwise expressly agreed with the Company and RBC or Winterflood in the terms of any particular placing, it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other Placing Document to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 4.27 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5 below;
- 4.28 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Ordinary Shares or possession of this document (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.29 it acknowledges that none of RBC, Winterflood or Akur nor any of their respective affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or any Subsequent Placing or providing any advice in relation to the Initial Placing or any Subsequent Placing and participation in the Initial Placing or any relevant Subsequent Placing is on the basis that it is not and will not be a client of RBC, Winterflood or Akur and that none of RBC, Winterflood or Akur has any duties or responsibilities to it for providing the protections afforded to their respective clients or for providing advice in relation to the Initial Placing or any Subsequent Placing (as applicable);
- 4.30 that, save in the event of fraud on the part of RBC, Winterflood or Akur, none of RBC, Winterflood, Akur and their ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective directors, members, partners, officers and employees, shall be responsible or liable to a Placee or any of its clients for any matter arising out of RBC's, Akur's or Winterflood's respective roles as financial adviser, sole bookrunner, global co-ordinator or co-lead manager (as the case may be) or otherwise in connection with the Initial Placing or any Subsequent Placing and that where any

such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;

- 4.31 it acknowledges that where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing or relevant Subsequent Placing (as applicable) in the form provided by the Company and/or RBC or Winterflood (as the case may be). It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- 4.32 it irrevocably appoints any Director and any director of RBC or Winterflood to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the Initial Placing or any Subsequent Placing (as applicable), in the event of its own failure to do so;
- 4.33 it accepts that if the Initial Placing or relevant Subsequent Placing does not proceed or the relevant conditions to the Placing and Offer Agreement are not satisfied as regards the relevant placing or the Ordinary Shares for which valid applications are received and accepted are not admitted to trading on the Specialist Fund Segment of the Main Market for any reason whatsoever, then none of RBC, Winterflood, Akur or the Company and the Investment Manager, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.34 that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;
- 4.35 if it is acting as a "distributor" (for the purposes of MiFID II Product Governance Requirements):
- 4.35.1 it acknowledges that the Target Market Assessment undertaken by the Investment Manager, RBC and Winterflood does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares and each distributor is responsible for undertaking its own Target Market Assessment in respect of the Ordinary Shares and determining appropriate distribution channels;
- 4.35.2 notwithstanding any Target Market Assessment undertaken by the Investment Manager, RBC and Winterflood, it confirms that, other than where it is providing an execution-only service to investors, it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Ordinary Shares and that it has considered the compatibility of the risk/reward profile of such Ordinary Shares with the end target market; and
- 4.35.3 it acknowledges that the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom;
- 4.36 RBC, Winterflood, Akur and the Company are entitled to exercise any of their rights under the Placing and Offer Agreement or any other right in their absolute discretion without any liability whatsoever to it;

- 4.37 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that RBC, Winterflood, Akur the Company and the Investment Manager and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of Ordinary Shares are no longer accurate, it shall promptly notify RBC, Winterflood and the Company;
- 4.38 where it or any person acting on behalf of it is dealing with RBC or Winterflood, any money held in an account with RBC or Winterflood on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require RBC or Winterflood (as the case may be) to segregate such money, as that money will be held by RBC and Winterflood (as the case may be) under a banking relationship and not as trustee;
- 4.39 any of its clients, whether or not identified to RBC or Winterflood, will remain its sole responsibility and will not become clients of RBC or Winterflood for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.40 it accepts that the allocation of Ordinary Shares shall be determined by RBC, Winterflood and Akur (in consultation with the Company and the Investment Manager) and that they may scale down the Initial Placing or any Subsequent Placing commitments for this purpose on such basis as they may determine;
- 4.41 time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the Initial Placing or relevant Subsequent Placing (as applicable);
- 4.42 it authorises RBC or Winterflood (as the case may be) to deduct from the total amount subscribed under the Initial Placing or relevant Subsequent Placing (as applicable) the aggregate commission (if any) payable on the number of Ordinary Shares allocated under the Initial Placing or relevant Subsequent Placing;
- 4.43 the commitment to subscribe for Ordinary Shares on the terms set out in these terms and conditions will continue notwithstanding any amendment that may in the future be made to the terms of the Initial Placing or any Subsequent Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Initial Placing and/or any Subsequent Placing; and
- 4.44 it is capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook.

## **5 UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS**

Unless it is otherwise expressly agreed with the Company, RBC or Winterflood, by participating in the Initial Placing or the relevant Subsequent Placing (as applicable), each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, Akur, RBC, Winterflood and the Registrar that:

- 5.1 it is not a U.S. Person, is not located within the United States, is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Ordinary Shares for the account or benefit of a U.S. Person;
- 5.2 it acknowledges that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;
- 5.3 it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;

- 5.4 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an “employee benefit plan” as defined in section 3(3) of ERISA that is subject to Part 4 of subtitle B of fiduciary responsibility or prohibited transaction Title I of ERISA; (ii) a “plan” as defined in section 4975 of the U.S. Tax Code, including an individual retirement account, that is subject to section 4975 of the U.S. Tax Code; or (iii) an entity whose underlying assets include the assets of any such “employee benefit plan” or “plans” by reason of ERISA or the U.S. Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA (the “**Plan Assets Regulation**”), or otherwise (including certain insurance company general accounts) for the purposes of section 4.6 of ERISA or section 4975 of the U.S. Tax Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA or section 4975 of the U.S. Tax Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 5.5 that if any Ordinary Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:
- “TRIPLE POINT ENERGY EFFICIENCY INFRASTRUCTURE COMPANY PLC (THE “**COMPANY**”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. FURTHER, NO PURCHASE, SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE UNLESS SUCH PURCHASE, SALE OR TRANSFER WILL NOT RESULT IN THE ASSETS OF THE COMPANY CONSTITUTING “PLAN ASSETS” WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR THE PLAN ASSETS REGULATION;”
- 5.6 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which: (a) will not require the Company to register under the U.S. Investment Company Act; and (b) will not result in the assets of the Company constituting “plan assets” within the meaning of ERISA or the Plan Assets Regulation;
- 5.7 it is purchasing the Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- 5.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person’s status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that the holding of Ordinary Shares by such person will not violate or require registration under the U.S. securities laws to transfer such Ordinary Shares or interests in accordance with the Articles;

- 5.9 it is entitled to acquire the Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, Akur, RBC, Winterflood or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with its acceptance of participation in the Initial Placing and/or any Subsequent Placing (as the case may be);
- 5.10 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Ordinary Shares to or within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- 5.11 if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Investment Manager, Akur, RBC, Winterflood and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor must immediately notify the Company, Akur, RBC and Winterflood.

## **6 SUPPLY OF INFORMATION**

If RBC, Winterflood, Akur, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares under the Initial Placing and/or Subsequent Placing, such Placee must promptly disclose it to them.

## **7 MONEY LAUNDERING**

Each Placee acknowledges and agrees that:

- 7.1 in connection with its participation in the Initial Placing and/or the relevant Subsequent Placing (as the case may be) it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing ("**Money Laundering Legislation**") and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations in force in the United Kingdom; or (ii) subject to the Money Laundering Directive; or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 7.2 due to anti-money laundering requirements, RBC, Winterflood, the Administrator, the Registrar and the Company and/or their agents may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, RBC, Winterflood, the Company and/or their agents may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify RBC, Winterflood, the Company and/or their agents against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it or has not been provided on a timely basis.

## **8 DATA PROTECTION**

- 8.1 Each Placee acknowledges that it has been informed that, pursuant to the General Data Protection Regulation 2016/679 (the "**DP Legislation**") the Company and/or the Registrar will following Initial Admission or Admission (as the case may be), hold personal data (as defined

in the DP Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company's privacy notice (the "**Purposes**") which is available for consultation on the Company's website at [www.tpenergyefficiency.com](http://www.tpenergyefficiency.com) (the "**Privacy Notice**") which include to:

8.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the Placee's holding of Ordinary Shares, including processing personal data in connection with credit and anti-money laundering checks on it;

8.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;

8.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and

8.1.4 process its personal data for the Registrar's internal administration.

8.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:

8.2.1 third parties located either within, or outside of the United Kingdom or the EEA, if necessary for the Registrar to perform its functions, or when it is within its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or

8.2.2 its affiliates, the Registrar or the Investment Manager and their respective associates, some of which may be located outside of the United Kingdom and the EEA.

8.3 Any sharing of personal data between parties will be carried out in compliance with the DP Legislation and as set out in the Company's Privacy Notice.

8.4 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined under DP Legislation). In providing the Registrar with information, the Placee hereby represents and warrants to the Company, the Registrar and the Administrator that: (i) it complies in all material aspects with its data controller obligations under DP Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice; and (ii) where consent is legally competent and/or required under DP Legislation the Placee has obtained the consent of any data subject to the Company and Registrar and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).

8.5 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is a natural person he or she has read and understood the terms of the Company's Privacy Notice.

8.6 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the Placee is not a natural person it represents and warrants that:

8.6.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing; and

8.6.2 the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

8.7 Where the Placee acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Initial Placing and or the relevant Subsequent Placing (as the case may be):

8.7.1 comply with all applicable DP Legislation;

8.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;

8.7.3 if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and

8.7.4 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions set out above.

## **9 MISCELLANEOUS**

9.1 The rights and remedies of the Company, the Investment Manager, Akur, RBC, Winterflood and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

9.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Initial Placing and/or any Subsequent Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

9.3 Each Placee agrees to be bound by the Articles once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or the relevant Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Initial Placing or relevant Subsequent Placing (as the case may be) and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of RBC, Winterflood, Akur the Company, the Investment Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

9.4 In the case of a joint agreement to subscribe for Ordinary Shares under the Initial Placing or a Subsequent Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

9.5 RBC, Winterflood and the Company expressly reserve the right to modify the Initial Placing and/or any Subsequent Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined. The Initial Placing and each Subsequent Placing is subject to the satisfaction of the conditions contained in the Placing and Offer Agreement and the Placing and Offer Agreement not having been terminated. Further details of the terms of the Placing and Offer Agreement are contained in paragraph 6.1 of Part 10 of this document.

## PART 15

### TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

#### 1 INTRODUCTION

Ordinary Shares are available under the Offer for Subscription at a price of 100 pence per Ordinary Share.

Applications must be made on the Application Form attached at the end of this document or otherwise published by the Company.

#### 2 EFFECT OF APPLICATION

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of £1,000 and thereafter in multiples of £100 or such lesser amount as the Company may determine (at its discretion). Multiple applications will be accepted.

#### 3 OFFER TO ACQUIRE ORDINARY SHARES

By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- 3.1 offer to subscribe for such number of Ordinary Shares at 100 pence per Ordinary Share as may be purchased by the subscription amount specified in the box in section 1 on your Application Form (being a minimum of £1,000 and thereafter in multiples of £100; or such smaller number for which such application is accepted) on the terms, and subject to the conditions, set out in this document, including these Terms and Conditions of Application and the Articles;
- 3.2 agree that, in consideration of the Company agreeing that it will not, prior to the date of Initial Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus prior to Initial Admission) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to the Receiving Agent of your Application Form;
- 3.3 undertake to pay the subscription amount specified in the box in section 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company, Akur, RBC and Winterflood against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were received at your risk or direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
- 3.4 agree, that where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account (a "**CREST Account**"), (i) the Receiving Agent may in its absolute discretion amend the Application Form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your

remittance in cleared funds) and (ii) the Receiving Agent, the Company, Akur, RBC or Winterflood may authorise your financial adviser or whoever he or she may direct to send a document of title for, or credit your CREST Account in respect of, the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;

3.5 agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 3.4 above to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 3.4 above (and any monies returnable to you) may be retained by the Receiving Agent:

- pending clearance of your remittance;
- pending investigation of any suspected breach of the warranties contained in paragraphs 7.2, 7.6, 7.13, 7.14 or 7.15 below or any other suspected breach of these Terms and Conditions of Application; or
- pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Money Laundering Regulations and any other regulations applicable thereto,

and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;

3.6 agree, on the request of the Receiving Agent to disclose promptly in writing to them such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which they may consider appropriate;

3.7 agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received, at your risk and without interest of any proceeds of the payment accompanying the application or direct to the bank account of the bank or building society on which the relevant cheque or banker's draft was drawn;

3.8 agree that you are not applying on behalf of a person engaged in money laundering;

3.9 undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or a bank) is enclosed with your Application Form together with full identity documents for the person so signing;

3.10 undertake to pay interest at the rate described in paragraph 4 below if the remittance accompanying your Application Form is not honoured on first presentation;

3.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed the relevant payment method box in section 1 on your Application Form, but subject to paragraph 3.4 above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable without payment of interest (at your risk) either as a cheque by first class post to the address completed in section 2 on the Application Form or return funds direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn;

3.12 confirm that you have read and complied with paragraph 9 below;

3.13 agree that all subscription cheques and payments will be processed through a bank account in the name of "**CIS PLC re: Triple Point EEIC OFS a/c**" opened by the Receiving Agent;

- 3.14 agree that your Application Form is addressed to the Company and the Receiving Agent;
- 3.15 agree that your application must be for a whole number of Ordinary Shares and the number of Ordinary Shares issued to you will be rounded down to the nearest whole number;
- 3.16 acknowledge that the offer to the public of Ordinary Shares is being made only in the United Kingdom and Isle of Man and represent that you are a United Kingdom or Isle of Man resident (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for Ordinary Shares); and
- 3.17 agree that any application may be rejected in whole or in part at the sole discretion of the Company.

#### **4 ACCEPTANCE OF YOUR OFFER**

The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying the FCA via a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

The basis of allocation will be determined by the Company in consultation with Akur, RBC and Winterflood. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of Application.

Payments must be in Sterling and paid by cheque or bankers' draft, electronic bank transfer or delivery versus payment in accordance with this paragraph 4. Fractions of Ordinary Shares will not be issued.

The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payments.

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by no later than 11:00 a.m. on 12 October 2020.

Should you wish to apply for Ordinary Shares by delivery versus payment method ("**DVP**"), you will need to match your instructions to the Receiving Agent's Participant Account 3RA43 by no later than 11:00 a.m. on 16 October 2020, allowing for the delivery and acceptance of your Ordinary Shares to your CREST account against payment of the Issue Price in Sterling through the CREST system upon the settlement date, following the CREST matching criteria set out in the Application Form.

The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 4 per cent. per annum.

Except as provided below, payments may be made by cheque or banker's draft drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or that has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of an individual applicant where they have sole or joint title to the funds, must be made payable to "**CIS PLC re: Triple Point EEIC OFS a/c**" opened by the Receiving

Agent. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping/endorsing the cheque or banker's draft to that effect or have provided a supporting letter confirming the source of funds. The account name should be the same as that shown on the Application Form.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 12 October 2020. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 567890. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to Computershare Investor Services PLC's Participant Account 3RA43, by no later than 11.00 a.m. on 16 October 2020, allowing for the delivery and acceptance of the Ordinary Shares to be made against payment of the Issue Price per Ordinary Share, following the CREST matching criteria set out in the Application Form.

## **5 CONDITIONS**

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- Initial Admission occurring by 8.00 a.m. (London time) on 19 October 2020 or such later time or date as the Company, the Investment Manager, Akur, RBC and Winterflood may agree (being not later than 8.00 a.m. on 31 December 2020);
- the Placing and Offer Agreement becoming otherwise unconditional (save as to Initial Admission) and not being terminated in accordance with its terms at any time before Initial Admission; and
- the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager, Akur, RBC and Winterflood may agree) being raised.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

## **6 RETURN OF APPLICATION MONIES**

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest (at the applicants' risk) either by first class post as a cheque to the address set out on the Application Form or returned direct to the account of the bank or building society on which the relevant cheque or banker's draft was drawn. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

## **7 WARRANTIES**

By completing an Application Form, you:

- 7.1 undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or a bank;

- 7.2 warrant, if the laws of any territory or jurisdiction outside the United Kingdom or Isle of Man are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Investment Manager, Akur, RBC, Winterflood or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the United Kingdom in connection with the Offer for Subscription in respect of your application;
- 7.3 confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in this document and any supplementary prospectus published prior to Initial Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this document or such supplementary prospectus or any part thereof shall have any liability for any such other information or representation;
- 7.4 agree that, having had the opportunity to read this document and the Key Information Document relating to the Ordinary Shares each in its entirety, you shall be deemed to have had notice of all information and representations contained in this document and the Key Information Document relating to the Ordinary Shares;
- 7.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, Akur, RBC, Winterflood or the Receiving Agent;
- 7.6 warrant that you are not under the age of 18 on the date of your application;
- 7.7 agree that all documents and monies sent by post to, by, from or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first named holder) as set out in your Application Form;
- 7.8 confirm that you have reviewed the restrictions contained in paragraph 9 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- 7.9 agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- 7.10 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 7.11 irrevocably authorise the Company or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- 7.12 agree to provide the Company with any information which it, Akur, RBC and/or Winterflood or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time-to-time) including, without limitation, satisfactory evidence of identity to ensure compliance with the Money Laundering Regulations;

- 7.13 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, the Investment Manager, Akur, RBC and/or Winterflood or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- 7.14 represent and warrant to the Company that; (i) you are not a U.S. Person, are not located within the United States and are not acquiring the Ordinary Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons; and (iv) you understand and acknowledge that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act;
- 7.15 represent and warrant to the Company that if in the future you decide to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, you will do so only (i) in an offshore transaction complying with the provisions of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise, or (ii) to the Company or a subsidiary thereof. You understand and acknowledge that any sale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 7.16 agree that Akur, RBC, Winterflood and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;
- 7.17 warrant that you are not subscribing for the Ordinary Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the Ordinary Shares;
- 7.18 warrant that the information contained in the Application Form is true and accurate; and
- 7.19 agree that if you request that Ordinary Shares are issued to you on a date other than Initial Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date.

## **8 MONEY LAUNDERING**

You agree that, in order to ensure compliance with the Money Laundering Regulations, the Proceeds of Crime Act 2002 and any other applicable regulations, the Receiving Agent may at its absolute discretion require verification of identity of you (the “**holder(s)**”) as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:

- the owner(s) and/or controller(s) (the “**payor**”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or
- where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons.

Any delay or failure to provide the necessary evidence of identity may result in your application being rejected or delays in crediting CREST accounts or the despatch of documents.

Without prejudice to the generality of this paragraph 8, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (or the Sterling equivalent). If you use a building society cheque or banker's draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp.

If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of the following no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees' risk) together with a signed declaration as to the relationship between the payor and you the holder.

For the purpose of the Money Laundering Regulations a person making an application for Ordinary Shares will not be considered as forming a business relationship with the Company or the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent. Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Receiving Agent from the applicant that the Money Laundering Regulations will not be breached by the application of such remittance.

The person(s) submitting an application for Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s). Whilst the Receiving Agent may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is €15,000 (or the Sterling equivalent).

## **9 NON-UNITED KINGDOM OR ISLE OF MAN INVESTORS**

The Offer for Subscription is only being made in the United Kingdom and the Isle of Man. If you receive a copy of this document or an Application Form in any territory other than the United Kingdom or the Isle of Man you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK or Isle of Man and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

None of the Ordinary Shares have been or will be registered under the laws of Canada, Japan, Australia, the Republic of South Africa or under the U.S. Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, Australia or the Republic of South Africa. If you subscribe for Ordinary Shares you will, unless the Company and the Receiving Agent agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a U.S. Person or a resident of Canada, Japan, Australia, the Republic of South Africa or a corporation, partnership or other entity organised under the laws of the U.S. or Canada (or any political subdivision of either) or Japan or Australia or the Republic of South Africa and that you are not subscribing for such Ordinary Shares for the account of any U.S. Person or resident of Canada, Japan, Australia or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into the United States, Canada, Japan, Australia or the Republic of South Africa or to any U.S. Person or person resident in Canada, Japan, Australia or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a holder having an address other than in the United Kingdom.

## 10 DATA PROTECTION

Each applicant acknowledges that it has been informed that, pursuant to the General Data Protection Regulation 2016/679 (the “**DP Legislation**”) the Company and/or the Registrar will following Initial Admission, hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company’s privacy notice (the “**Purposes**”) which is available for consultation on the Company’s website at [www.tpenergyefficiency.com/privacy](http://www.tpenergyefficiency.com/privacy) (the “**Privacy Notice**”) which include to:

- 10.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the applicant’s holding of Ordinary Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
  - 10.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
  - 10.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and
  - 10.1.4 process its personal data for the Registrar’s internal administration.
- 10.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:
- 10.2.1 third parties located either within, or outside of the United Kingdom or the EEA, if necessary for the Registrar to perform its functions, or when it is within its legitimate interests, and in particular in connection with the holding of Ordinary Shares; or
  - 10.2.2 its affiliates, the Registrar or the Investment Manager and their respective associates, some of which may be located outside of the United Kingdom and the EEA.
- 10.3 Any sharing of personal data between parties will be carried out in compliance with the DP Legislation and as set out in the Company’s Privacy Notice.
- 10.4 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined under DP Legislation). In providing the Registrar with information, the applicant hereby represents and warrants to the Company, the Registrar and the Administrator that: (i) it complies in all material aspects with its data controller obligations under DP Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company’s Privacy Notice; and (ii) where consent is legally competent and/or required under DP Legislation the applicant has obtained the consent of any data subject to the Company and Registrar and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).
- 10.5 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is a natural person he or she has read and understood the terms of the Company’s Privacy Notice.
- 10.6 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is not a natural person it represents and warrants that:
- 10.6.1 it has brought the Company’s Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for Ordinary Shares under the Offer for Subscription; and
  - 10.6.2 the applicant has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

10.7 Where the applicant acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Offer for Subscription:

- 10.7.1 comply with all applicable DP Legislation;
- 10.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
- 10.7.3 if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- 10.7.4 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the applicant to comply with the provisions set out above.

## **11 MISCELLANEOUS**

To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.

The rights and remedies of the Company, the Investment Manager, Akur, RBC, Winterflood and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 11.00 a.m. on 12 October 2020. In that event, the new closing time and/or date will be notified to applicants via an RIS.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest.

You agree that Akur, RBC, Winterflood and the Receiving Agent are acting for the Company in connection with the Initial Issue and for no-one else, and that none of Akur, RBC, Winterflood nor the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Initial Issue or for providing the protections afforded to their customers.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as where used in the document.

## APPENDIX 1 – APPLICATION FORM

For official use only

Application form for the Offer for Subscription

### TRIPLE POINT ENERGY EFFICIENCY INFRASTRUCTURE COMPANY PLC

**Important:** before completing this form, you should read the accompanying notes.

To: Triple Point Energy Efficiency Infrastructure Company plc

#### 1 Application

I/We the person(s) detailed in section 2 below offer to subscribe for the amount shown in the box in section 1 subject to the Terms and Conditions set out in Part 15 of the Prospectus dated 25 August 2020 and subject to the Articles of the Company.

In the box in this section 1 (write in figures, the aggregate value, at the Issue Price (being 100 pence per Ordinary Share), of the Ordinary Shares that you wish to apply for – a minimum of £1,000 and thereafter in multiples of £100).

**Payment Method** (Tick appropriate box)

Cheque / Banker's draft

Bank transfer

CREST Settlement (DvP)

#### 2 Details of Holder(s) in whose name(s) Ordinary Shares will be issued (BLOCK CAPITALS)

Mr, Mrs, Miss or Title.....

Forenames (in full) .....

Surname/Company Name .....

Address (in full) .....

Designation (if any) .....

Date of Birth .....

Mr, Mrs, Miss or Title.....

Forenames (in full) .....

Surname.....

Date of Birth .....

Mr, Mrs, Miss or Title.....

Forenames (in full) .....

Surname.....

Date of Birth .....

Mr, Mrs, Miss or Title.....

Forenames (in full) .....

Surname.....

Date of Birth .....



### 3 CREST details

(Only complete this section if Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 2).

CREST Participant ID: 

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CREST Member Account ID: 

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### 4 Signature(s) – all holders must sign

Execution by individuals:

First Applicant Signature		Date	
Second Applicant Signature		Date	
Third Applicant Signature		Date	
Fourth Applicant Signature		Date	

Execution by a company:

Executed by (Name of company):		Date	
Name of Director:		Signature:	
Name of Director/Secretary:		Signature:	
If you are affixing a company seal, please mark a cross here:		Affix Company Seal here:	

### 5 Settlement details

#### (a) Cheque/Banker's Draft

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft, attach to this form your cheque or banker's draft for the exact amount shown in the box in section 1. Cheques or bankers' drafts must be made payable to **"CIS PLC re: Triple Point EEIC OFS a/c"**. Cheques and bankers' drafts must be drawn on an account at a branch of a bank or building society in the United Kingdom and must bear the appropriate sort code in the top right hand corner. You should tick the relevant payment method box in section 1.

#### (b) Bank transfer

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 11.00 a.m. on 12 October 2019. Applicants wishing to make a CHAPs payment should contact Computershare Investor Services PLC stating "TRIPLE POINT EEIC OFS 2020" by email at [OFSpaymentqueries@computershare.co.uk](mailto:OFSpaymentqueries@computershare.co.uk) for full bank details or telephone the shareholder helpline on 0370 703 6156 or on +44 370 703 6156 (if calling from outside the UK) for further information. Applicants will be provided with a unique reference number which must be used when making the payment.

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. The account name should be the same as that inserted below and payments must relate solely to your Application. You should tick the relevant payment method box in section 1. It is recommended that such transfers are actioned within 24 hours of posting your application.

Sort Code:	Account name:
Account Number:	Contact name at branch and telephone number

Evidence of the source of funds may also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned and emailed to [OFSpaymentqueries@computershare.co.uk](mailto:OFSpaymentqueries@computershare.co.uk). Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

**Please Note** – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying application form.

(c) *CREST Settlement*

If you so choose to settle your application within CREST, that is by DvP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share using the CREST matching criteria set out below:

Trade date:	14 October 2020
Settlement date:	19 October 2020
Company:	TRIPLE POINT ENERGY EFFICIENCY INFRASTRUCTURE COMPANY PLC
Security description:	Ordinary Shares of £0.01
SEDOL:	BMCBZL0
ISIN:	GB00BMCBZL07
CREST message type:	DEL

Should you wish to settle by DvP, you will need to input your CREST DEL instructions to Computershare's Participant Account 3RA43 by no later than 11.00 a.m. on 16 October 2020.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form by 11.00 a.m. on 12 October 2020. You should tick the relevant payment method box in section 1.

Note: Computershare Investor Services PLC will not take any action until a valid DEL message has been alleged to the Participant Account by the applicant. No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver Ordinary Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.



**6 Anti-money Laundering**

Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that Computershare itself is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money.

Whilst Computershare may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is €15,000 (or the Sterling equivalent).

Computershare will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks do not mean the investor is suspected of anything illegal and there is nothing to worry about.

The checks made at credit reference agencies leave an ‘enquiry footprint’ – an indelible record so that the investor can see who has checked them out. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-Money Laundering Checks appear as an enquiry/soft search on the applicant’s credit report. The report may contain a note saying “Identity Check to comply with Anti Money Laundering Regulations”.

Computershare reserves the right to request any further additional information it deems necessary to confirm the identity, address, source of funds and wealth of all parties, and further it reserves the right to decline an application for any individual or business where it considers that the information available is unsuitable or unreliable.

If at any time the Company has reasonable grounds for suspecting that the funds contributed to the Company may represent the proceeds of crime, it reserves the right to refuse to issue Ordinary Shares or pay income or dividends on Ordinary Shares to the applicant or investor until sufficient information has been supplied to satisfy the Receiving Agent’s anti-money laundering requirements. To the extent that the applicant or, where relevant, the beneficial owner has been identified as a politically exposed person or an associate of a politically exposed person, the Receiving Agent may request additional information. These requirements apply both at the time of investment and on an ongoing basis.

**7 Contact details**

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Company (or any of its agents) may contact with all enquiries concerning this application. If no details are provided this may delay obtaining the additional information required and may result in your application being rejected or revoked.

E-mail address
Telephone No

**8 Queries**

If you have any queries on how to complete this form or if you wish to confirm your final allotment of shares, please call the Computershare help line on 0370 703 6156. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and randomly monitored for security and training purposes. Please note that Computershare cannot provide any financial, legal or tax advice.

## Notes on how to complete the Offer for Subscription Application Form

**Applications should be returned to be received by Computershare Investor Services PLC no later than 11.00 a.m. on 12 October 2020.**

**Helpline:** If you have a query concerning the completion of this Application Form, please telephone Computershare on 0370 703 6156. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### 1 Application

Fill in (in figures) in the box in section 1 the aggregate value, at the Issue Price (being 100 pence per Ordinary Share), of the Ordinary Shares being subscribed for. The value must be a minimum of £1,000, and thereafter in multiples of £100.

Financial intermediaries who are investing on behalf of clients should make separate applications for each client.

### 2 Payment method

Mark in the relevant box in section 1 to confirm your payment method, i.e. cheque/banker's draft, bank transfer or settlement via CREST.

### 3 Holder details

Fill in (in block capitals) the full name(s) of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form in section 4.

### 4 CREST

If you wish your Ordinary Shares to be deposited in a CREST account in the name of the holders given in section 2, enter in section 3 the details of that CREST account. Where it is requested that Ordinary Shares be deposited into a CREST account, please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued, unless settling by DvP in CREST.

### 5 Signature

All holders named in section 2 must sign section 4 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated, and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

### 6 Settlement details

#### (a) Cheque/Banker's draft

All payments by cheque or banker's draft must accompany your application and be for the exact amount inserted in the box in section 1 of the Application Form. Your cheque or banker's draft must be made payable to "CIS PLC re: Triple Point EEIC OFS a/c", in respect of an application and crossed "A/C Payee Only". Applications accompanied by a post-dated cheque will not be accepted.

Cheques or bankers' drafts must be drawn on an account where the applicant has sole or joint-title to the funds and on an account at a branch of a bank or building society in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of



the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner.

Third party cheques may not be accepted, with the exception of building society cheques or bankers' drafts where the building society or bank has inserted on the back of the cheque the full name of the building society or bank account holder and have added the building society or bank branch stamp. The name of the building society or bank account holder must be the same as the name of the current shareholder or prospective investor. Please do not send cash. Cheques or bankers' drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and bankers' drafts to allow the Company to obtain value for remittances at the earliest opportunity.

(b) *Bank transfer*

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 11.00 a.m. on 12 October 2019. Applicants wishing to make a CHAPs payment should contact Computershare Investor Services PLC stating "TRIPLE POINT EEIC OFS 2020" by email at [OFSpaymentqueries@computershare.co.uk](mailto:OFSpaymentqueries@computershare.co.uk) for full bank details or telephone the shareholder helpline on 0370 703 6156 or on +44 370 703 6156 (if calling from outside the UK) for further information. Applicants will be provided with a unique reference number which must be used when making the payment.

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. The account name should be the same as that inserted in section 5(b) of the Application Form and payments must relate solely to your Application. You should tick the relevant payment method box in section 1. It is recommended that such transfers are actioned within 24 hours of posting your application.

Evidence of the source of funds may also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned and emailed to [OFSpaymentqueries@computershare.co.uk](mailto:OFSpaymentqueries@computershare.co.uk). Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

**Please Note** – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying application form.

(c) *CREST settlement*

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Initial Admission (being the settlement date). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Company's Receiving Agent, Computershare Investor Services PLC, will require from you to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Computershare to match to your CREST account, Computershare will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with Computershare, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system of Computershare in connection with CREST.

The person named for registration purposes in your Application Form must be: (a) the person procured by you to subscribe for or acquire the Ordinary Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither Computershare nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. You will need to input the delivery versus payment (“DvP”) instructions into the CREST system in accordance with your application. The input returned by Computershare of a matching or acceptance instruction to our CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price in Sterling through the CREST system upon the settlement date.

By returning your Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian’s CREST account allows for the delivery and acceptance of Ordinary Shares to be made prior to 11.00 a.m. on 12 October 2020 against payment of the Issue Price. Failure by you to do so will result in you being charged interest at the rate of two percentage points above the then published bank base rate of a clearing bank selected by Computershare.

If you so choose to settle your application within CREST, that is by DvP, you or your settlement agent/custodian’s CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share using the following CREST matching criteria set out below:

Trade date:	14 October 2020
Settlement date:	19 October 2020
Company:	TRIPLE POINT ENERGY EFFICIENCY INFRASTRUCTURE COMPANY PLC
Security description:	Ordinary Shares of £0.01
SEDOL:	BMCBZL0
ISIN:	GB00BMCBZL07
CREST message type:	DEL

Should you wish to settle by DvP, you will need to input your CREST DEL instructions to Computershare’s Participant Account 3RA43 by no later than 11.00 a.m. on 16 October 2020.

You must also ensure that you or your settlement agent/custodian has a sufficient “debit cap” within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

Applicants wishing to settle by DvP will still need to complete and submit a valid Application Form by 11.00 a.m. on 12 October 2020. You should tick the relevant payment method box in section 1.

Note: Computershare will not take any action until a valid DEL message has been alleged to the Participant Account by the applicant.

No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver Ordinary Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.







Triple Point  
**Energy Efficiency**  
INFRASTRUCTURE COMPANY

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