

11 August 2023

ThomasLloyd Group Limited

Response to the ThomasLloyd Energy Impact Trust plc Board's Continuation Vote recommendation

ThomasLloyd Group Limited ("TLG"), through its affiliates, is the beneficial owner of approximately 15% of the issued share capital of ThomasLloyd Energy Impact Trust plc ("TLEI") and issues this announcement in this capacity.

TLEI's Investment Manager vigorously refutes the allegations made by the board of directors of TLEI (the "TLEI Board") against it in announcements released on both 12 July 2023 and 31 July 2023 and, given its confidentiality restrictions, has written privately to the TLEI Board explaining why these allegations are untrue. While TLG calls on the TLEI Board to immediately withdraw these untrue allegations and desist from making further public communications which TLG and its affiliates consider to be both inaccurate and not in the interests of TLEI shareholders, this announcement explains why TLEI has a bright future and why TLEI shareholders should vote in favour of the continuation of TLEI at both general meetings of TLEI to be held on 24 August 2023, even if shareholders voted ahead of the annual general meeting in June 2023.

TLG notes that TLEI has convened the general meeting, which TLG requisitioned, in order to vote on the continuation of TLEI as an investment trust company (the "**Continuation Resolution**"). The general meeting is to be held on 24 August 2023 with the reconvened 2023 annual general meeting of TLEI to take place immediately afterwards. The requisition followed the adjournment of the 2023 annual general meeting of TLEI on 30 June 2023 (the "**June AGM**") by the Chair of TLEI without taking into account the objections made in person at the June AGM by TLG and another significant shareholder in TLEI. TLG notes that the TLEI Board recommended to shareholders on 31 July 2023 to vote against the Continuation Resolution. Under the articles, a vote against the Continuation Resolution means that the TLEI Board must propose the reconstruction, reorganisation or winding up (i.e. winding down) of TLEI to TLEI shareholders by Christmas Eve, 24 December 2023. TLG strongly believes that such a course of action will be immediately value destructive for TLEI shareholders and is not in the best interests of TLEI shareholders as a whole. TLG is also strongly of the view that voting against the Continuation Resolution will only result in immediate serious negative consequences for TLEI, including:

- TLEI's ability to continue on a going concern basis, creating a perception of financial risk;
- TLEI's reputation in the UK and Europe;
- the reputation of both TLEI and its investment portfolio companies in the countries in which it invests;
- TLEI's current and future investment pipeline and development potential;
- failure to secure full value for the current investment portfolio, in particular at this point in TLEI's growth journey; and
- TLEI's future share price performance.

TLG believes that voting against the Continuation Resolution on 24 August 2023 would immediately and permanently destroy shareholder value in TLEI.

This communication sets out the reasons for the following:

- why TLG felt compelled to requisition TLEI to hold the Continuation Resolution now;
- why TLG viewed the requisition as the only route left open to it to exercise its shareholder rights in TLEI, after the TLEI Board failed to meaningfully engage with shareholders after Suspension, which TLG believes left TLEI's market reputation in the UK, Europe and the countries in which it invests exposed; and
- why TLG strongly believes that it is in the best interests of shareholders as a whole for TLEI to continue in its present form.

The passing of the Continuation Resolution will be a critical milestone and a significant step forward to secure the future of TLEI.

What does a positive continuation vote mean for shareholders?

TLG recognises that the recent months have been challenging for shareholders. TLG also recognises that shareholders have suffered from the material uncertainty over the future of TLEI caused by the delay in the publication of the TLEI annual report and accounts for the year ended 31 December 2022 (the “**2022 Accounts**”) and the resultant suspension of listing of and trading in TLEI’s shares (the “**Suspension**”). The Suspension and delay in the publication of the 2022 Accounts has left TLEI shareholders grappling with the consequences in their own portfolios.

TLG would expect that TLEI’s Investment Manager, on behalf of TLEI, would undertake the following actions as soon as possible after a positive continuation vote:

- Publish a detailed timeline for the 2022 Accounts and TLEI’s interim report and accounts for the six months ended 30 June 2023 (the “**2023 Interim Accounts**”), with the aim to publish both no later than 30 September 2023 and lift the Suspension immediately thereafter;
- Hold a Capital Markets day and one-on-one roadshow with existing and new investors to set out the steps to be taken to support a positive return to trading at lifting of the Suspension and to address the following:
 - o provide insight into the viability of the SolarArise construction project of the 200MW DC solar plant at the Rewa Ultra Mega Solar Park (the “**RUMS Project**”), in addition to the 100MW AC solar plant in Maharashtra (the “**Maharashtra Project**”);
 - o provide updates on market opportunities in TLEI’s target markets, with a presentation of both a short-term investment pipeline and the route map to delivering a larger, balanced and diversified investment portfolio to generate the target returns, including dividends;
 - o in respect of construction-ready projects, TLEI’s Investment Manager will only propose investments in projects where all significant costs are contractually secured;
 - o set-out a detailed action plan to re-establish relationships and SolarArise/TLEI reputations, in particular in the Indian market, following the recent press and announcements made by the TLEI Board. The construction of both the RUMS Project and the Maharashtra Project is significant, increasing SolarArise’s installed capacity by 2.5 times and thus transformative to the SolarArise platform, in terms of scale, growth and market positioning;
 - o introduce the expanded TLEI Investment Manager team, including the Chief Investment Officer, Head of Asset Management and Chief Operating Officer; and
 - o lay-out out the detailed future growth strategy of TLEI, including future capital raises, stakeholder engagement and market making engagement to support NAV evolution and share price performance.
- Fully deploy the remaining c.US\$40 million of uncommitted capital raised at IPO and in November 2022 on Vietnamese and Philippine opportunities (after deployment of capital to the RUMS Project and Maharashtra Project, dividends announced and paid and operating costs).
- Propose an amendment to the investment management fee structure, where fees would be payable on the TLEI net asset value, excluding uncommitted capital, 12 months after the relevant capital raise, net of fees and expenses. This amendment is proposed with the sole purpose of further aligning TLEI’s Investment Manager remuneration with investors’ interests and to demonstrate TLEI’s Investment Manager’s confidence in its deployment abilities.
- Consider whether TLG’s project development business should acquire all of TLEI’s development activities at fair market value, subject to shareholder consultation and any required or customary approvals, with the purpose of being TLEI NAV accretive.
- Publicly state its continued commitment to the target returns of 10-12%, net of fees, and a target dividend of 7%.

The investment opportunity remains imperative and attractive

TLEI was launched to provide finance for the transition to sustainable energy in emerging economies of Asia. Such investment opportunities offer highly attractive investment returns which enable TLEI to target a total return of 10-12% per annum (net of fees, expenses and taxes, in US dollars and based on an issue price per share of US\$1) as well as to target a sustainable, progressively increasing dividend. This financial return is provided at the same time as delivering economic and social progress and protecting natural resources and the environment (the “**Triple Return**”).

TLG still fully believes that such returns remain available in TLEI’s target geographies. These investments also significantly reduce fossil fuel consumption in those economies as Asia already accounts for over half of the world’s greenhouse gas emissions.

Despite geopolitical shocks, such as the war in Ukraine that contributed to a new focus on energy security and commodity price volatility, there has been continued commitment to sustainable energy investment and climate action in TLEI’s target markets:

- India aims to bring 250GW of renewable energy capacity online over the next 5 years. India’s commercial and industrial renewable energy market has matured and promises attractive returns. India aims for 50% of electricity to come from non-fossil fuel energy sources and Net Zero emissions by 2070.
- The Philippines has opened solar, wind, hydro and ocean energy investments to 100% foreign ownership as part of its efforts to attract investment in renewable energy to meet its renewable energy target of 35% by 2030 and 50% by 2040. In 2021, it committed to a 75% emissions reduction by 2030 and a moratorium on new coal power.
- In 2022, Indonesia committed to a Just Energy Transition Partnership to accelerate the retirement of coal fired power plants while accelerating renewable energy production. Indonesia is developing a range of reforms aimed at facilitating private investment in renewable energy.
- Vietnam has also committed to a Just Energy Transition Partnership, aiming to accelerate coal phase-out and carbon reduction timelines, while strengthening incentives for private investment in renewable energy generation.
- Bangladesh aims to lower greenhouse gas emissions by approximately 7% by 2030, aiming for 40% clean energy generation by 2041.

TLG considers that TLEI’s investments are critical in helping to achieve global Net Zero goals and that TLEI has created a much-needed investment vehicle for investors seeking to act on climate change where it is needed most. TLG’s belief is that TLEI is a strong and clearly differentiated investment offering and TLG remains pleased that TLEI’s cornerstone investor invested as a result of the MOBILIST competition.

Why did TLG requisition a general meeting?

When the TLEI Board convened the June AGM, it announced that it would seek to adjourn the June AGM prior to putting the Continuation Resolution, together with the special resolutions regarding TLEI’s authority to undertake share buybacks and to reduce the notice period to be given to convene a general meeting from 21 to 14 days, to shareholders. The reason given by the TLEI Board for this decision was that shareholders needed to receive the 2022 Accounts before considering the future of TLEI.

TLG is disappointed in this decision taken by the TLEI Board and considers that this reasoning was flawed because:

1. The TLEI Board, in common with the board of any investment trust company with a continuation resolution in its articles, ought to have known that for the 2022 Accounts to be presented on a going concern basis, an auditor would want to be confident that the Continuation Resolution would be put to shareholders and would pass.
2. For the reasons given above, holding the Continuation Resolution and the vote passing will be a critical and significant step towards getting the 2022 Accounts published and therefore the Suspension lifted. Postponement had and still has real negative consequences for TLEI and its shareholders.
3. The continued delay in determining the future of TLEI erodes value, in that the uncertainty may lead to the loss of access to current pipeline opportunities and ongoing construction-ready projects, and could tarnish the relationships and reputation of TLEI and its investee companies in the markets and communities in which it operates.

It is therefore in the interests of the shareholders of TLEI as a whole for the Continuation Resolution to be passed and TLG strongly urges shareholders to vote in favour of all of the resolutions at both shareholder meetings on 24 August 2023, even if shareholders voted ahead of the June AGM.

The Suspension

TLG was surprised that the TLEI Board took the decision to proceed with the Suspension on 25 April 2023. The reason given for the Suspension by TLEI when the TLEI Board took the decision was that there was “*material uncertainty regarding the fair value of certain of its assets and liabilities, in particular regarding the 200MW construction-ready asset owned by SolarArise in India*” where price rises in relation to the components and construction costs of the 200 MW plant indicated that additional equity was likely to be required, based upon the input costs as at the financial year end on 31 December 2022. If, at 31 December 2022, these increased prices had been expected to crystallise, the projected returns of the RUMS Project would have been significantly reduced, potentially leading to questions in relation to the project’s commercial viability. Focussing on this date was for the purpose of producing the 2022 Accounts, which led to the TLEI Board stating that this uncertainty meant that the TLEI Board would have to undertake further work to clarify TLEI’s financial position and that TLEI would be unable to meet the deadline for publishing the 2022 Accounts.

The TLEI Board ought to have known that the component and construction costs were continuing to evolve, that input prices, being construction and solar panel prices (“**Input Prices**”) in March/April 2023 were falling and were expected to continue to fall and that an impairment of the asset while monitoring the situation was the most sensible, practicable and prudent approach. Further, the TLEI Board ought to have understood the significant negative impact of the Suspension on TLEI and its shareholders and that Suspension was not the only route and instead, was the most extreme option available for such a situation.

The RUMS Project accounted for less than 5% of TLEI’s last reported net asset value at 30 September 2022, the last publicly reported NAV prior to the Suspension, adjusting for the capital raise in November 2022. It is TLG’s view that at such a modest level it was open to TLEI to temporarily write the value of the RUMS Project down to nil pending review following an anticipated fall in component and construction costs and given the completion date of the project could be up to 12 months in the future. This would have allowed the 2022 Accounts to have been published on time and TLEI’s shares **NOT** be suspended. This is not an unprecedented approach in the investment trust company sector and there are several recent examples of boards making such provisions without delaying the publication of their annual reports or suspending their company’s shares. Further, it is TLG’s opinion that given that construction of the RUMS Project was not expected to commence until Summer 2023, it would be expected that TLEI’s Investment Manager would continue to review Input Prices in relation to component and construction costs and update the TLEI Board accordingly. If prices declined, the RUMS Project’s viability could be re-assessed. This could result in the RUMS Project being progressed, the reduced Input Prices secured and the value of the RUMS Project retained. If a write-back of its value was appropriate when Input Prices were

committed to, this could occur and be announced to the market. Following this course of action would not have required that TLEI's shares be suspended. In any event, it is widely known that completion dates for projects of this nature are fluid in the Indian market. **Fundamentally, the Suspension was not in the best interests of shareholders as a whole and TLG believes the TLEI Board should have recognised that.**

The uncertainties as to Input Prices, being construction and solar panel prices, in relation to TLEI's assets (which would necessarily include the RUMS Project) were stated in the IPO prospectus and were therefore known by the TLEI Board and all parties at the time of the IPO and from regular updates including investor presentations and the interim report of 30 June 2022 published in September 2022. TLG is pleased to note that global construction cost pressures have since dissipated. TLG urges the TLEI Board to update shareholders on the impact of this decrease in costs on the RUMS Project, including on any potential non-completion liabilities, litigation, potential to develop in the future (both the RUMS Project and any other projects) and the ability to extract value from the RUMS Project in favour of TLEI. TLG also urges the TLEI Board to advise shareholders of the other investment options and opportunities that have arisen since the Suspension.

The June AGM

The TLEI Board announced its proposal to adjourn the vote on the Continuation Resolution at the June AGM. Representatives of TLG (for the nominee shareholders) were present in person at the June AGM, along with other shareholders. Together, shareholders representing a majority of the issued share capital of TLEI were in the room at the June AGM. TLG representatives present in person at the June AGM along with another significant shareholder demanded a poll vote using the rights accorded to them under the articles of TLEI and objected to the adjournment of the June AGM. The Chair refused their demand for a poll and nevertheless continued with the June AGM's adjournment. TLG believes that the TLEI Board's decision to adjourn the June AGM was invalid. **TLG strongly believes that if the Continuation Resolution had been voted upon at the June AGM and the shareholders present had not been denied their shareholder rights, the Continuation Resolution would have passed comfortably and, in accordance with the articles of TLEI, TLEI would be continuing as an investment trust company until the next continuation vote in 5 years. TLG believes that the TLEI Board denied TLG and other shareholders their rights and TLG therefore had no option but to requisition.**

TLEI's Investment Manager position

As stated above, TLEI's Investment Manager refutes all of the allegations made by the TLEI Board, including that its conduct has resulted in the delay in finalising the 2022 Accounts and audit. TLG is informed by TLEI's Investment Manager that TLEI's Investment Manager has engaged and co-operated with the TLEI Board, the independent valuation expert, TLEI's auditor and all the other specialists and experts engaged by the TLEI Board transparently in relation to the relevant workstreams, and will continue to do so. TLEI's Investment Manager, given its confidentiality restrictions, is not able to provide a detailed rebuttal of the TLEI Board's allegations in public and also believes this would not be in the best interests of shareholders. However, TLG has been informed that TLEI's Investment Manager has written privately to the TLEI Board with a detailed rebuttal of their allegations.

Resolving the current situation

Proposal for a new TLEI Board

As set out in TLEI's announcement of 31 July 2023 and the related circular, the current TLEI Board has recommended shareholders vote against the resolution for TLEI to continue as an investment trust company and has indicated that if this resolution does not pass it may consider "*an orderly managed wind-down*" of TLEI, a proposal which TLG believes is contrary to the wishes of a majority of TLEI's shareholders and is not in the best interests of TLEI's shareholders. In light of these statements, TLG believes if the Continuation Resolution passes the current TLEI Board will no longer be able to credibly oversee the activities of TLEI on a going concern basis, nor be in a position to deliver value to TLEI's shareholders. Further, as a consequence of the TLEI Board's recommendation to vote against the Continuation Resolution, TLG believes that the current TLEI Board is not incentivised to complete the audit and lift the Suspension, both of which are in the best interests of TLEI's shareholders. **TLG no longer has confidence in the current TLEI Board.**

Today, TLG has requisitioned another general meeting of TLEI shareholders to consider resolutions for the removal of the current TLEI Board and their replacement by a new board.

The following four proposed independent directors of TLEI have been curated on behalf of TLG and its fellow shareholders (the “**Proposed Independent Directors**”) to replace the current TLEI Board. The Proposed Independent Directors are seasoned leaders with strong backgrounds in corporate strategy and turnaround. TLG considers that they are uniquely placed to bring a fresh perspective as independent non-executive directors to TLEI. TLG believes that the combined strengths of the Proposed Independent Directors means that they are equipped to collaborate with TLEI’s Investment Manager with an appropriate level of oversight for non-executive directors to progress the audit expeditiously and lift the Suspension without further delay and compromising shareholder value. Each of the Proposed Independent Directors is immediately available and independent under the provisions of the Listing Rules and AIC Code of Corporate Governance. Together, TLG believes they have the skills and experience to lead TLEI out of its current challenges and into a bright future. If elected, the Proposed Independent Directors have committed that they would immediately work closely with TLEI’s Investment Manager and TLEI’s auditor to complete the audit of the 2022 Accounts as soon as possible, thereby ending the Suspension and return TLEI to delivering value to shareholders.

Christian Yates

Christian is an investment management professional with significant experience in the renewable energy sector and in governance of investment trusts. He currently serves as Chairman of Gresham House Renewable Energy VCT2 plc and non-executive director of Echo Energy plc. He was previously Head of Chase Asset Management’s activities in Europe, Middle East & Africa, CEO of Julius Baer’s institutional asset management business in London, CEO of Bear Stearns’ international asset management business in London and a partner in and COO of Hazel Capital (now part of Gresham House), a developer and operator of renewable infrastructure.

Russell Downs

Russell is an experienced corporate adviser, having spent over three decades at PricewaterhouseCoopers, including 16 years as a partner. He is a noted corporate turnaround professional, having led as joint practitioner on a range of domestic and international mandates rescheduling over US\$20bn of indebtedness and returning over US\$50bn of value to a variety of stakeholders on many complex situations including protecting the interests of stakeholders of Lehman Brothers and Carillion plc.

Martyn Everett

Martyn is a restructuring professional, with a wealth of M&A experience. He has led many varied and complex strategic, operational and financial restructuring assignments in the publicly quoted, private equity and public arenas. He has a wealth of non-executive director and management experience in the complex corporate turnaround context, including with Interserve Plc, Mar City plc, Redhall Group plc, Biwater plc, Taylor Wimpey plc, Stewart Milne Group Limited, Jessops Group Limited, and Kenmore Property Group Limited.

Sarah Day

Sarah is a chartered accountant and professional with over two decades of experience, notably in the financial services sector. She has led FCA-regulated companies as they successfully navigated complex regulatory and reporting environments, including experience advising on matters of corporate governance, risk reporting and internal audit. She currently serves as the Chief ESG Officer of Non-Standard Finance plc and is a non-executive director of Everyday Lending Limited.

Chair and SID

It is envisaged that Christian Yates and Russell Downs will assume the roles of Chair and Senior Independent Director respectively.

Committee membership

It is intended that, in order to focus on ending the suspension of trading in TLEI shares and navigating the issues currently facing TLEI, the new TLEI Board will initially retain the existing structure and terms of reference for each TLEI Board Committee. The Proposed Independent Directors will, if elected, each serve on the Audit, ESG, Management Engagement, Nomination and Remuneration Committees. The Proposed Independent Directors will also assume Committee Chair positions as follows:

- Martyn Everett will assume the role of Chair of the Audit Committee;
- Sarah Day will assume the role of Chair of the ESG Committee;
- Russell Downs will assume the roles of Chair of the Management Engagement Committee and Chair of the Remuneration Committee; and
- Christian Yates will assume the role of Chair of the Nomination Committee.

TLG believes that the appointment of the Proposed Independent Directors to serve on the TLEI Board is in the best interests of TLEI and its shareholders as a whole. The Proposed Independent Directors are from a diverse background of experience with a particular focus on navigating the issues currently impacting TLEI and its shareholders. They have an exceptional skills mix and experience in leading companies, often in challenging environments, and in corporate governance. TLG considers the Proposed Independent Directors to be the individuals equipped to lead TLEI through the lifting of the Suspension, engaging with shareholders, ensuring any lessons learned from TLEI's recent difficulties are understood and capitalising on investment opportunities.

Statement from the proposed Chair

Christian Yates, proposed Chair, said: *"I, together with my fellow proposed independent non-executive directors of TLEI, see a significant opportunity to achieve in the shortest possible timeframe what shareholders rightly demand: a restart to trading of TLEI's shares in a way which preserves shareholder value. Shareholders have our assurance that, if appointed, we will move quickly to bring the current investigation to an expeditious and appropriate close, work with TLEI's auditor to finalise the 2022 audit and publish the 2022 Accounts and the 2023 Interim Accounts and take all relevant steps with the aim of removing the suspension of TLEI's shares. Shareholders have much to gain by voting in favour of the continuation of TLEI and we offer the fresh start TLEI's governance requires. If we are appointed immediately after the 24 August general meetings, we intend to finalise the 2022 Accounts and the 2023 Interim Accounts as soon as possible and publish within two weeks of appointment a detailed roadmap for this."*

Requisition Withdrawal

Today, TLG has offered to the TLEI Board to withdraw its requisitioned resolutions in relation to TLEI Board changes if the TLEI Board publicly states before the notice of meeting is issued that if the Continuation Resolution passes that each current director will (a) appoint the Proposed Independent Directors as directors of TLEI and (b) resign as directors of TLEI immediately after the result of the Continuation Resolution vote is known.

Why abstaining from voting on the Continuation Resolution risks the future of TLEI

Abstaining or withholding a vote means a vote is not counted. Only votes in favour or against will be counted in the Continuation Resolution. A vote withheld is not a vote in favour of continuation. A shareholder who wishes TLEI to continue must vote in favour to support the passing of the Continuation Resolution. A vote against the Continuation Resolution means that, under TLEI's articles, the TLEI Board will be required to put proposals for the reconstruction, reorganisation or winding up of TLEI to the shareholders for their approval by Christmas Eve, 24 December 2023. **The consequences of not voting in favour of the Continuation Resolution are potentially terminal for TLEI. An abstention could be equally terminal.**

TLG urges shareholders to vote in favour of the Continuation Resolution and the other resolutions at both shareholder meetings (even if shareholders voted ahead of the June AGM) to secure the bright future of TLEI.

Resolving the current situation

TLG believes:

- the Suspension was not the only course of action available to the TLEI Board and the delay to the publication of the 2022 Accounts was avoidable;
- by recommending against the Continuation Resolution, the current TLEI Board has publicly stated it does not have confidence in the future of TLEI and therefore cannot be permitted to oversee the completion of the audit of the 2022 Accounts or the lifting of the Suspension; and
- the proposed new independent non-executive directors of TLEI have the requisite skills and experience to navigate the complexities created by the current TLEI Board with a view to steadfastly dedicating themselves to aiming to lift the Suspension as soon as possible.

For the bright future of TLEI and the opportunity for TLEI shareholder value to return, TLG urges its fellow shareholders to take the following three actions:

1. **VOTE IN FAVOUR of the resolutions at the requisitioned general meeting to be held on 24 August 2023**
2. **VOTE IN FAVOUR of the resolutions at the reconvened June AGM to be held on 24 August 2023**
 - even if a shareholder voted ahead of the June AGM casting a new vote will supersede the earlier vote
3. **CONTACT YOUR CUSTODIAN OR NOMINEE to give your voting instructions - proxy forms can be submitted up until 10.00 a.m. on Tuesday 22 August 2023**
 - note that TLG expects that custodians and nominees will require to receive shareholders' voting instructions by Thursday 17 August 2023 at the latest.

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