

16 August 2023

## ThomasLloyd Global Asset Management (Americas) LLC

### Response to the ThomasLloyd Energy Impact Trust plc Board's update re material new information

**The Investment Manager, together with ThomasLloyd Group Limited, refute the material inaccuracies and unsubstantiated allegations contained in the announcement made by the board of directors of ThomasLloyd Energy Impact Trust plc on 15 August 2023 (the "TLEI Board Announcement").**

The TLEI Board's actions are deeply disappointing to both the Investment Manager and TLG on the basis that they are self-serving and value destructive. Until now, the Investment Manager has sought to avoid making any public announcements and has worked tirelessly with the aim of lifting the Suspension as soon as possible. However, the Investment Manager has now been left with no option but to make the announcement below. The TLEI Board's announcement of 11 August 2023 states that "*the announcement related by ThomasLloyd Group Limited today still fails to address the concerns raised by the Board*". As stated in TLG's announcement of the same date, the Investment Manager vigorously refutes the allegations made by the TLEI Board and has, in fact, written privately to the TLEI Board with a detailed, 14 page rebuttal of these allegations. Unless stated otherwise, defined terms used in this announcement have the meaning given to them in TLG's announcement of 11 August 2023.

### FALSE ALLEGATIONS OF MATERIAL NEW INFORMATION

The Investment Manager vehemently denies that:

- the Investment Manager had key information that ought to have been disclosed to the TLEI Board;
- misleading information was given to the TLEI Board; and
- the allegations constitute material new information.

Indeed, the Investment Manager provided, at all times, all relevant and known information on projected costs and capital requirements of the RUMS Project, to the TLEI Board. Without going into the detail of all of these false allegations and a point-by-point rebuttal, we would highlight:

- Crucially, shareholders need to be aware that, on the advice of the Investment Manager, the **RUMS Project costs, as of today, have not yet been contracted or committed to**. The TLEI Board's assertions of exposure are therefore theoretical:
  - input prices have been falling and continue to fall;
  - project returns are therefore increasing;
  - additional capital which may be required to be provided by TLEI or through other sources is therefore reducing;
  - consequently, following a recent meeting with representatives of the local Indian authority, the Investment Manager has advised the TLEI Board to proceed with the RUMS Project in line with the envisaged timetable; and
  - the Investment Manager believes that the RUMS Project can proceed in accordance with its recommendation without breaching TLEI's investment restrictions.
- Contrary to the TLEI Announcement, at the 31 August 2022 TLEI Board Meeting, the Investment Manager informed the Board in relation to the increasing solar panel prices at that date, the outlook for prices 12-15 months into 2023 and also the requirement for TLEI to replenish c. US\$8million of SolarArise cash, which had been earmarked for the RUMS Project but had been used to pay outstanding interest to the other shareholders in SolarArise – as approved by the TLEI Board on 16 June 2022.
- Contrary to the TLEI Announcement, at the 2 November 2022 Board Meeting, the Board was informed in writing, consistent with the October 2022 internal management presentation, that there potentially could be an additional funding requirement of up to US\$30million, to be sourced from either TLEI or from other external financing sources. It was highlighted to the TLEI Board that the actual amount of funding was dependent on a number of known unknowns, including timing, module prices, construction costs, foreign exchange and external debt financing terms.

- Contrary to the TLEI Announcement, the minutes of the 5 December 2022 TLEI Board Meeting omit to mention the following points which were included in the TLEI Board pack:
  - **Uncertainties over RUMS Project completion date** - The Investment Manager stated its view, taking into account the experience of the developer and communication with the solar park operator, that the completion date was likely to be extended to December 2023 due to delays in a sub-station construction.
  - **Module prices** – The Investment Manager again highlighted volatility in module prices in H2 2022 and stated that the extension to the date of completion was potentially helpful and the Investment Manager was of the view that module prices would fall in 2023.
  - **Construction costs** - The Investment Manager was actively reviewing and negotiating proposals to mitigate additional cost, balanced with mitigating construction risk, and would report back to the TLEI Board when the known unknowns are finally known.
  - **Updates on the assessment of project cost** – The Investment Manager advised that the RUMS Project cost would be further reassessed, specifically when the known unknowns are finally known, such as when the EPC contract is finalised and the solar modules are ascertained and ordered.

The Investment Manager believes it is most important that TLEI shareholders understand that, **contrary to what is set out in the TLEI Board Announcement, the TLEI Board knew in November 2022 that an equity injection in an amount of up to US\$30million might be required, as was presented in writing in the Board papers.** In any event, the Investment Manager has advised the TLEI Board that, as a consequence of decreasing module prices, the expected equity injection has reduced significantly since November 2022.

#### **THE ROLE OF AN INVESTMENT MANAGER**

The Investment Manager should be expected to have overall responsibility for portfolio management, including day-to-day running and oversight of the portfolio and strategic deployment of funds. Our team brings with it deep experience of investing and constructing in our target markets and a track record of delivering construction processes on time and on budget. Therefore we fail to understand why the TLEI Board, as a non-executive board, would expect to see the Investment Manager’s internal working documents (including presentations and financial models).

#### **THE FUTURE**

The Investment Manager and TLG are deeply disappointed by the TLEI Board’s failure to believe in the future of TLEI and TLG continues to have no confidence in the current TLEI Board or their ability to oversee the bright future of TLEI.

In the Investment Manager’s view, the construction of both the RUMS Project and the Maharashtra Project is and always has been 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. The Investment Manager’s team has built collaborative working relationships with key Indian stakeholders over a number of years and these will be critical to delivering both the RUMS Project and the Maharashtra Project.

The Investment Manager remains committed to the actions in the “Next Steps” section of the TLG Announcement of 11 August and work has commenced to prepare for delivery including, following a positive continuation vote, the publication of a detailed timeline for the 2022 Accounts with the aim to publish the 2022 Accounts no later than 30 September 2023 and lift the Suspension immediately thereafter.

#### **UNSUBSTANTIATED WHISTLEBLOWING ALLEGATIONS**

The Investment Manager considers it was deeply inappropriate for the TLEI Board to have published whistleblowing allegations which, by its own admission in the TLEI Board Announcement, “*it continues to investigate*”. The Investment Manager would not expect publication of allegations of this nature unless and until they have been fully investigated and appropriately corroborated. The Investment Manager confirms that until it saw the TLEI Board Announcement, it had no knowledge of such allegations. To date, the TLEI Board has not sought to verify the substance of such allegations with the Investment Manager. The Investment Manager has therefore not had an opportunity to respond to these allegations. Today, the Investment Manager has written privately to the TLEI Board to request further details on the whistleblowing allegations (whilst protecting the identity of the whistleblower and within the bounds of any relevant whistleblowing protections) so that the

Investment Manager can respond as appropriate. The Investment Manager will of course consider such detail as and when it is provided (and will undertake its own investigation and, if requested, provide input into the TLEI Board's investigation). To reiterate, the Investment Manager has no reason to believe the allegations to be true and in fact vehemently denies them, as explained above.

#### **NEXT STEPS FOR TLEI SHAREHOLDERS**

The Investment Manager notes that the TLEI Board states in the TLEI Board Announcement that “*in the event that the Continuation Resolution is not passed, the 2022 Accounts would still be prepared on a going concern basis but with enhanced disclosure on both the basis of preparation and material uncertainty pending the outcome of the Board's proposals to be put to shareholders regarding the Company's future*”. The Investment Manager considers that such material uncertainty can be avoided by shareholders voting in favour of the continuation resolution at the general meetings to be held on 24 August 2023.

Shareholders are reminded of TLG's position expressed in the TLG Announcement of 11 August:

**“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 annual general meeting to be held on 24 August 2023**
  - even if a shareholder voted head of the June annual general meeting 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 2022**
  - 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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