

This document is issued by Sustainable Development Capital LLP (the 'AIFM' or 'Manager') in order to make certain particular information available to investors in the alternative investment fund ('AIF') noted below before they invest, in accordance with the requirements of the Financial Conduct Authority's rules implementing the Alternative Investment Fund Managers Directive in the United Kingdom. It is made available to investors by being available at www.sdcleeit.com. The Manager is authorised and regulated by the Financial Conduct Authority.

SDCL Energy Efficiency Income Trust plc

INVESTOR DISCLOSURE DOCUMENT

IMPORTANT INFORMATION

Regulatory status of the Company

SDCL Energy Efficiency Income Trust plc (the 'Company') is an AIF for the purposes of the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the 'AIFM Directive').

The Company's shares are listed on the premium listing category of the Official List of the UK Financial Conduct Authority and are admitted to trading on the premium segment of the main market of the London Stock Exchange. The Company is subject to its articles of association, the Listing Rules, the Disclosure Guidance and Transparency Rules, the UK Corporate Governance Code and the Companies Act 2006. The Company is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

The provisions of the Company's articles of association are binding on the Company and its shareholders ('Shareholders'). The articles of association set out the respective rights and restrictions attaching to the Company's shares. These rights and restrictions apply equally to all Shareholders. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by English law.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company and its Directors will not be responsible to persons other than the Company's Shareholders for their use of this document, nor will they be responsible to any person (including the Company's Shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares.

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.

No advice

The Company and its Directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in shares.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Investors' rights

The Company is reliant on the performance of third party service providers, including the AIFM, the Depositary and the Registrar. 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 the Company's 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.

In the event that 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.

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 FSMA (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 FSMA, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.

Recognition and enforcement of foreign judgments

Regulation (EC) 593/2008 ("Rome I") must be applied in all member states of the European Union (other than Denmark). Accordingly, where a matter comes before the courts of a relevant member state, the choice of a governing law in any given agreement is subject to the provisions of Rome I. Under Rome I, the member state's courts may apply any rule of that member state's own law which is mandatory irrespective of the governing law and may refuse to apply a rule of governing law if it is manifestly incompatible with the public policy of that member state. Further, where all other elements relevant to the situation at the time of the choice are located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement. Shareholders should note that there are 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, Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, Regulation (EC) No 805/2004 of the European Parliament and of the Council of 21 April 2004 creating a European Enforcement Order for uncontested claims, the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters done at Lugano on 30 October 2007, the Administration of Justice Act 1920 and the Foreign Judgments (Reciprocal Enforcement) Act 1933 may apply. 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.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of any overseas territory. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA or any overseas territory unless an exemption from registration is available. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of 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 shares.

THE COMPANY

Investment Objective and Policy

Investment objective

The Company's investment objective is to generate an attractive total return for investors comprising stable dividend income and capital preservation, with the opportunity for capital growth.

Investment policy

The Company intends to achieve its investment objective by investing principally in a diversified portfolio of Energy Efficiency Projects with high quality, private and public sector Counterparties. The contracts governing these Energy Efficiency Projects entitle the Company to receive stable, predictable cash flows in respect of predominantly operational Energy Efficiency Equipment installed at Counterparties' premises. The Company's returns take the form of Contractual Payments by Counterparties in respect of the relevant Energy Efficiency Equipment used by them.

Whilst the Company invests predominantly in operational Energy Efficiency Projects, the Company may under certain circumstances invest in Energy Efficiency Projects while such project is in its construction phase or development phase.

In respect of each type of Energy Efficiency Equipment, the Company seeks to diversify its exposure to engineers, manufacturers or other service providers by contracting, where commercially practicable, with a range of different engineers, manufacturers or other service providers.

Energy Efficiency Projects may be acquired individually or as a portfolio from a single or a range of vendors. The Company may also invest in Energy Efficiency Projects jointly with a co-investor. The Company aims to achieve diversification by investing in different energy efficiency technologies and contracting with a wide range of Counterparties.

The Company invests and manage its Energy Efficiency Projects with the objective of assembling a high quality, diversified Portfolio.

The Company initially focuses its attention on the UK. It is, however, anticipated that the Company makes investments in continental Europe, North America and the Asia Pacific region.

Investment restrictions

In order to ensure a spread of investment risk, the Company has adopted the following investment restrictions:

- no Energy Efficiency Project investment by the Company will represent more than 20 per cent. of Gross Asset Value, calculated at the time of investment;
- the aggregate maximum exposure to any Counterparty will not exceed 20 per cent. of Gross Asset Value, calculated at the time of investment;
- at least [25] per cent. of the Gross Asset Value, calculated at the time of investment, will be in respect of Energy Efficiency Equipment based in the UK;
- the aggregate maximum exposure to Energy Efficiency Projects in either a development phase or construction phase will not exceed [35] per cent. of Gross Asset Value, calculated at the time of investment, provided that, of such aggregate amount, the aggregate

maximum exposure to Energy Efficiency Projects in a development phase will not exceed [10] per cent. of Gross Asset Value, calculated at the time of investment; and

- the Company will not invest in other UK listed closed-ended investment companies.

Use of derivatives

The Company may use derivatives for efficient portfolio management but not for investment purposes. In particular, the Company may engage in full or partial interest rate hedging or otherwise to seek to mitigate the risk of interest rate increases as a result of currency fluctuations.

The Company will only enter into hedging contracts and other derivative contracts when they are available in a timely manner and on terms acceptable to it. The Company reserves the right to terminate any hedging arrangement in its absolute discretion.

Cash management

Whilst it is the intention of the Company to be fully or near fully invested in normal market conditions, the Company may hold cash on deposit and may invest in cash equivalent investments, which may include short term investments in money market type funds and tradeable debt securities ("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 Equivalent position instead of being fully or near fully invested.

No material change will be made to the Company's investment policy without the prior approval by ordinary resolution of Shareholders.

Leverage

The Company will maintain a conservative level of aggregate gearing in the interests of capital efficiency, in order to seek to enhance income returns, long term capital growth and capital flexibility. The Company's target medium term gearing will be up to 35 per cent. of NAV, calculated at the time of borrowing (the "Structural Gearing").

The Company may also enter into borrowing facilities on a short term basis to finance acquisitions ("Acquisition Finance"), provided that the aggregate consolidated borrowing of the Company and the Project SPVs, including any Structural Gearing, shall not exceed 50 per cent. of NAV, calculated at the time of borrowing. The Company would intend to repay any Acquisition Finance with the proceeds of a Share issue in the short to medium term.

Structural Gearing and Acquisition Finance will be employed either at the level of the Company, at the level of the relevant Project SPV or at the level of any intermediate wholly owned subsidiary of the Company any limits set out in this Prospectus shall apply on a consolidated basis across the Company, the Project SPVs and such intermediary holding company. It is expected that Structural Gearing and Acquisition Finance will primarily comprise bank borrowings, though small overdraft facilities may be utilised for flexibility in corporate actions.

Investment Strategy and Techniques

Please see the sections entitled "Investment Objective and Policy" and "Leverage" above.

Material changes to the information disclosed in this document will be disclosed to existing Shareholders in the following Annual Report and Financial Statements.

Any changes in information shall be deemed material if there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the Company, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the Company.

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The AIFM

Sustainable Development Capital LLP is the authorised Alternative Investment Fund Manager ("AIFM") of the Company. The annual management fee payable to the AIFM under the terms of the Investment Management Agreement, the Investment Manager is entitled to a fee calculated at the rate of:

- 0.9 per cent. per annum of the Adjusted NAV in respect of the Net Asset Value of up to, and including, £750 million; and
- 0.8 per cent. per annum of the Adjusted NAV in respect of the Net Asset Value in excess of £750 million (the "Investment Management Fee").

The Investment Management Fee is calculated and accrues monthly and shall be invoiced monthly in arrear.

The Adjusted NAV is calculated from the latest published NAV at the relevant time, less uncommitted cash and adjusted on a daily basis for new acquisitions, new cash committed to investments, disposals and changes in amounts of debt drawn.

The Company Secretary and Administrator

Sanne Group UK Limited has been appointed as the Company's Administrator and the Company Secretary. The Company Secretary and Administrator is responsible for the day to day administration of the Company (including but not limited to the maintenance of the Company's fund accounting records and the calculation and publication of the estimated six-monthly NAV).

The annual fee payable to the Company Secretary and Administrator is £115,000 (exclusive of any applicable VAT and together with certain variable fees payable for additional services or corporate actions of the Company), in respect of its role as Company Secretary and the Administrator, payable quarterly in equal instalments. The Company Secretary and Administrator is also entitled to reimbursement of expenses incurred in the performance of its duties.

The Depositary

Sanne Group Administration Services (UK) Limited has been appointed as the Company's Depositary. The Depositary is responsible for the safe-keeping of the Company's assets, cash monitoring and oversight.

The Depositary has not entered into any arrangement contractually to discharge itself of liability in accordance with Article 21(13) of the AIFM Directive. We will notify Shareholders of any changes with respect to the discharge by the Depositary of its liability in accordance with Article 21(13) through a Regulatory Information Service. The Depositary must not re-use or re-hypothecate any: (i) financial instruments of the Company; or (ii) assets, other than financial instruments or cash, which are held in custody by the Depositary (or a delegate thereof) for the Company, in either case except with the prior consent of the Company or the

AIFM on its behalf and provided all applicable English laws, rules and regulations (other than the AIFM Directive and the UK Alternative Investment Fund Managers Regulations 2013) are complied with.

The annual fee payable to the Depositary in respect of UK depositary services is £35,000. The Depositary is also entitled to reimbursement of expenses incurred in the performance of its duties.

The Auditor

PricewaterhouseCoopers LLP provides audit services to the Company. The annual fee payable to the Auditor is £145,000.

The Registrar

Computershare Investor Services PLC has been appointed as the Company's Registrar. The Registrar's duties include the maintenance of the Company's registers of Shareholders, dealing with routine correspondence and enquiries, and the performance of all the usual duties of a registrar in relation to the Company.

The Registrar is entitled to receive a monthly maintenance fee per Shareholder account, subject to a minimum annual fee of £4,800 (exclusive of VAT). The Registrar is also entitled to levy certain charges on a per item basis, and to reimbursement of all reasonable out of pocket expenses incurred in connection with the provision of its services.

Ongoing Expenses

Ongoing expenses are not currently expected to exceed 2 per cent. of the Company's Net Asset Value annually. Investors should note, however, that some expenses are inherently unpredictable and, depending on circumstances, ongoing expenses may exceed this estimation.

SHAREHOLDER INFORMATION

Annual Report and Financial Statements

Copies of the Company's annual and interim reports, once available, may be accessed at www.sdcleeit.com

Publication of net asset values

The latest net asset value of the Company may be accessed at www.sdcleeit.com

Valuation Methodology

The Investment Manager is responsible for carrying out the fair valuation of the Portfolio, which is presented to the Board for its approval and adoption. The fair valuation of the Portfolio is reviewed by the Company's auditor at each valuation date. The valuation is carried out on a six-monthly basis as at 31 March and 30 September each year and this is reported 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 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 exercises its judgment in assessing the expected future cash flows from each investment. Each Project SPV produces 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:

- latest applicable legal, financial, technical and insurance due diligence;
- 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, taking into account intelligence gained from its bidding activities, discussions with financial advisers in the appropriate market and publicly available information on relevant transactions.

All valuations made by the Investment Manager are made, in part, on valuation information provided by the Project SPVs in which investments have been made. Although the Investment Manager evaluates all such information and data, it may not be in a position 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.

Historical performance of the Company

Details of the Company's historical financial performance, once available, will be provided in the Company's Annual Report and Financial Statements and periodic factsheets, which are available at www.sdcleeit.com

Investors should note that past performance of the Company is not indicative of future performance. Investors may not get back the amount invested.

Purchases and sales of shares by investors

The Company's shares are admitted to the Official List of the FCA and to trading on the premium segment of the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the premium segment of the main market of the London Stock Exchange.

The Company has authority to allot and issue shares on a non-pre-emptive basis.

The Company's shares are not redeemable. While the Company has Shareholder authority to buy back shares, Shareholders do not have the right to have their shares purchased by the Company.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all Shareholders of the same class of shares equally.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or 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.

RISK FACTORS

The risk factors below are a summary and a fuller description of the risks is set out in the prospectus of the Company which is available on the website.

The Company is a listed UK company. The value of its shares and any income from those shares can fall as well as rise and investors may not get back the amount invested.

The Company will invest predominantly in Energy Efficiency Projects which are highly illiquid and the Company has limited ability to exit.

The valuation of investments in Energy Efficiency Projects is inherently subjective and uncertain.

The due diligence process that the Investment Manager undertakes in evaluating acquisitions of Energy Efficiency Projects may not reveal all facts that may be relevant in connection with such investments.

The Company may suffer losses in excess of insurance proceeds, if any, or from uninsurable events.

The Company may be exposed to currency and foreign exchange risks, through investments denominated in currencies other than Sterling, particularly US Dollars and Euro.

The Company faces risks associated with investing in the energy efficiency sector.

The Company may utilise borrowings in order to increase its investment exposure. While such leverage presents opportunities for increasing total returns, it can also have the opposite effect of increasing losses. If income and capital appreciation on investments acquired with borrowed funds are less than the costs of the leverage, the Company's net asset value will decrease. The use of leverage also increases the investment exposure, which means that if the market moves adversely, the resulting loss to capital would be greater than if leverage were not used.

The Company may engage in derivative transactions in limited circumstances for the purposes of hedging against interest rate risks, for currency hedging purposes to the extent applicable, or for the purposes of efficient portfolio management (in order to reduce, transfer or eliminate investment risk in the Company's portfolio). Derivative transactions may be volatile and involve various risks different from, and in certain cases, greater than the risks presented by other instruments. The primary risks related to derivative transactions include counterparty, correlation, illiquidity, leverage, volatility and OTC trading risks. A small investment in derivatives could have a large potential impact on the Company's performance, effecting a form of investment leverage on the Company's portfolio. In certain types of derivative transactions, the entire amount of the investment could be lost. In other types of derivative transactions, the potential loss is theoretically unlimited.

RISK MANAGEMENT

Risk profile

The Company will periodically disclose the current risk profile of the Company to investors. The Company will make this disclosure at www.sdcleeit.com at the same time as it makes its Annual Report and Financial Statements available to investors, or more frequently at its discretion.

Further detail in relation to the nature and extent of the principal risks of the Company are described in the Company's Annual Report and Financial Statements.

Risk management systems

The Company will periodically disclose to investors the risk management systems which it employs to manage the risks which are most relevant to it. The Company will make this disclosure at www.sdcleeit.com at the same time as it makes its Annual Report and Financial Statements available to investors or more frequently at its discretion.

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor compliance with risk limits. The AIFM has a risk policy which covers the risks associated with the Company, and the adequacy and effectiveness of this policy is reviewed and approved at least annually. This review includes the risk management processes and systems and limits for each risk area.

For the principal relevant risk areas, risk limits are set by the AIFM which take into account the objectives, strategy and risk profile of the Company. These limits are monitored daily, and the sensitivity of the Company's portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables to the Company. Exceptions from limits monitoring and stress testing are escalated to the AIFM along with remedial measures being taken.

Liquidity risk management

The AIFM has a liquidity management policy in relation to the Company which is intended to ensure that the Company's portfolio maintains a level of liquidity which is appropriate to the Company's obligations. This policy involves an assessment by the AIFM of the prices or values at which it expects to be able to liquidate the Company's assets over varying hypothetical periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors.

Shares in the Company are not redeemable and Shareholders do not have the right to require their shares to be purchased by the Company. Accordingly, the liquidity management policy ensures that the Company's portfolio is sufficiently liquid to meet the following principal obligations:

- the Company's operating and financing expenses; and
- the possible need to repay borrowings at short notice, which would be required to be met by the sale of assets.

The liquidity management policy requires the AIFM to identify and monitor its investment in asset classes which are considered to be relatively illiquid. There may be a lack of liquidity in the Company's investments in Energy Efficiency Projects, and the Company's portfolio is monitored on an ongoing basis to assess liquidity.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Investors will be notified, by way of a disclosure at www.sdcleeit.com in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

The Company will periodically disclose to investors the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature. The Company will make this disclosure at www.sdcleeit.com at the same time as it makes its Annual Report and Financial Statements and accounts available to investors or more frequently at its discretion.

Professional negligence liability risks

The requirement to cover potential liability risks arising from professional negligence is covered by the AIFM's own funds. Sufficient capital above the regulatory limit is held which is monitored by the partners of Sustainable Development Capital LLP.

Last updated December 2019