

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other appropriately qualified independent financial adviser, authorised under the UK Financial Services and Markets Act 2000 or, if you are in a territory outside the United Kingdom, an appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all your Shares in SDCL Energy Efficiency Income Trust plc (the “**Company**”), please send this Circular, but not the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into Canada, Australia, South Africa or Japan or into any other jurisdiction if to do so would constitute a violation of the relevant laws and regulations in such other jurisdiction. If you have sold or transferred only part of your holding of Shares please consult the bank, stockbroker or other agent through which the sale or transfer was effected.

The Shares are, and following the Extraordinary General Meeting will continue to be, admitted to trading on the Main Market of the London Stock Exchange and to listing on the premium listing category of the Official List of the UK Financial Conduct Authority (the “**FCA**”).

The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred, directly or indirectly, into or within the United States, or to or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act) (“**US Persons**”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not require the Company to register under the Investment Company Act.

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## **SDCL ENERGY EFFICIENCY INCOME TRUST PLC**

*(Incorporated in England and Wales with registered no. 11620959 and registered as an investment company under section 833 of the Companies Act 2006)*

### **NOTICE OF EXTRAORDINARY GENERAL MEETING AMENDMENT TO INVESTMENT OBJECTIVE AND POLICY**

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The Proposal described in this Circular is conditional on approval from Shareholders, which is being sought at an Extraordinary General Meeting of the Company to be held at Herbert Smith Freehills LLP, Exchange House, Primrose St, London, United Kingdom, EC2A 2EG at 10.00 a.m. GMT on 18 March 2020. Notice of the Extraordinary General Meeting is set out at the end of this Circular.

The Company was incorporated in England and Wales on 12 October 2018 with registered number 11620959, as an investment company under section 833 of the Companies Act 2006. The FCA does not take any 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.

Shareholders are requested to return the Form of Proxy enclosed with this Circular. Shareholders are asked to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon, by one of the following means: (i) in hard copy form by post, by courier, or by hand to the Company’s Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY; or (ii) in the case of CREST members, by utilising the CREST system service (details of which are contained in this Circular), in each case as soon as possible and, in any event, not later than 10.00 a.m. on 16 March 2020. The lodging of a Form of Proxy will not prevent a Shareholder from attending the Extraordinary General Meeting and voting in person if they so wish.

Capitalised terms used throughout this document have the meanings given to them in Part II of this document.

**This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 4 to 10 of this Circular and which recommends that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting. Your attention is drawn to the section entitled “Action to be Taken by Shareholders” on page 10 of this Circular. The definitions used in this Circular are set out in Part II on pages 11 to 13.**

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## EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting\* 10.00 a.m. on 16 March 2020

Extraordinary General Meeting 10.00 a.m. on 18 March 2020

Announcement of the result of the Extraordinary General Meeting 18 March 2020

Each of the times and dates in the expected timetable of events may be extended or brought forward without further notice. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an announcement through a RIS provider. All references to times are to London times.

\* Please note that the latest time for receipt of the Forms of Proxy in respect of the Extraordinary General Meeting is forty-eight hours (excluding weekends) prior to the time allotted for the meeting.

## PART I – LETTER FROM THE CHAIRMAN

# SDCL ENERGY EFFICIENCY INCOME TRUST PLC

*(Incorporated in England and Wales with registered no. 11620959 and registered as an investment company under section 833 of the Companies Act 2006)*

### *Directors*

Anthony (Tony) Roper (*Chairman*)  
Helen Clarkson  
Christopher Knowles

### *Registered Office*

Asticus Building  
2nd Floor, 21 Palmer Street  
London  
United Kingdom  
SW1H 0AD

28 February 2020

Dear Shareholders,

## **EXTRAORDINARY GENERAL MEETING AND RECOMMENDED PROPOSAL FOR AN AMENDMENT TO THE COMPANY'S INVESTMENT OBJECTIVE AND POLICY**

### **1. Introduction**

The Company is a closed ended investment company which launched in December 2018, with its ordinary shares with a nominal value £0.01 in the capital of the Company (the “**Shares**”) first being admitted to trading on the Main Market of the London Stock Exchange and to listing on the premium listing category of the FCA's Official List on 11 December 2018 (“**Admission**”). The Company raised £100 million on Admission, with the investment objective to generate an attractive total return for investors comprising stable dividend income and capital preservation, with the opportunity for capital growth, through investing principally in a diversified portfolio of Energy Efficiency Projects. Since Admission, the Company has raised a further £226 million of equity capital through the issue of a further 220,374,508 Shares, with the net proceeds of such raisings having been substantially deployed in accordance with the Company's investment objective and policy.

On 11 February 2020, the Company announced that it was minded to seek shareholder approval to remove the 25 per cent. minimum exposure limit to UK based investment assets which was adopted following Admission (the “**Amended Investment Policy**”).

Following consultation with investors and a review of the immediate pipeline, the Board and Sustainable Development Capital LLP (the “**Investment Manager**”) has concluded that an amendment to the investment policy in line with the announcement would be in the best interests of the Company.

The proposed amendment is considered to constitute a material change to the Company's published investment objective and policy. Therefore, as stated in its prospectus dated 22 November 2018 and pursuant to LR 15.4.8(2) of the Listing Rules, the Company is required to obtain the approval of the Company's Shareholders by way of an Ordinary Resolution.

The purpose of this Circular is to convene an Extraordinary General Meeting at which the Resolution will be proposed, to provide shareholders with details of the Proposal, to explain why the Board considers the Proposal to be in the best interests of the Company as a whole and to recommend that the Shareholders vote in favour of the Resolution.

### **2. Proposal**

The Company is proposing to amend its investment objective and policy in the manner set out in paragraph 3 of Part I of this Circular (the “**Proposal**”).

The Proposal is subject to the approval of Shareholders by way of Ordinary Resolution (the “**Resolution**”); and this Circular contains a notice of the Extraordinary General Meeting at which the Resolution to approve the Proposal will be considered. The Proposal, if approved by Shareholders and the FCA, will result in the Company adopting the Amended Investment Policy with effect from the conclusion of the Extraordinary General Meeting.

In the event that the Resolution to be proposed at the Extraordinary General Meeting is not passed, the Company will continue to operate under its current investment objective and policy.

**The Board considers that the Proposal is in the best interests of Shareholders as a whole and accordingly recommends that Shareholders vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.**

### **3. Amended Investment Policy**

For the reasons set out in paragraph 4 below, the Company is proposing to amend its investment objective and policy to remove the requirement for at least 25 per cent. of the Gross Asset Value to be in respect of Energy Efficiency Equipment based in the UK. All other material terms remain the same. Other minor amendments have been made to the current investment objective and policy to remove certain forward-looking language in order to reflect the fact that the Company is now in existence and has been implementing its investment objective and policy for over a year. The current investment objective and policy of the Company is set out in the Appendix to this Circular.

It is proposed that, if the Proposal is approved, the new investment objective and policy of the Company will be as follows:

#### ***“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 seeks 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 projects are in a 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 manages its Energy Efficiency Projects with the objective of assembling a high quality, diversified Portfolio.

The Company initially focussed its attention on investing in the UK. However, over time, the Company has made, and may continue to make, 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:

- (a) 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;

- (b) the aggregate maximum exposure to any Counterparty will not exceed 20 per cent. of Gross Asset Value, calculated at the time of investment;
- (c) 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
- (d) the Company will not invest in other UK listed closed-ended investment companies.

#### *Gearing*

The Company maintains 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 is 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 intends to repay any Acquisition Finance with the proceeds of a Share issue in the short to medium term.

Structural Gearing and Acquisition Finance are 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, and any limits set out in this investment objective and policy shall apply on a consolidated basis across the Company, the Project SPVs and such intermediary holding company. Structural Gearing and Acquisition Finance primarily comprise bank borrowings, though small overdraft facilities may be utilised for flexibility in corporate actions.

#### *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 seek to mitigate the risk of interest rate increases and full or partial foreign exchange hedging to mitigate the risk of currency inflation.

The Company only enters 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."

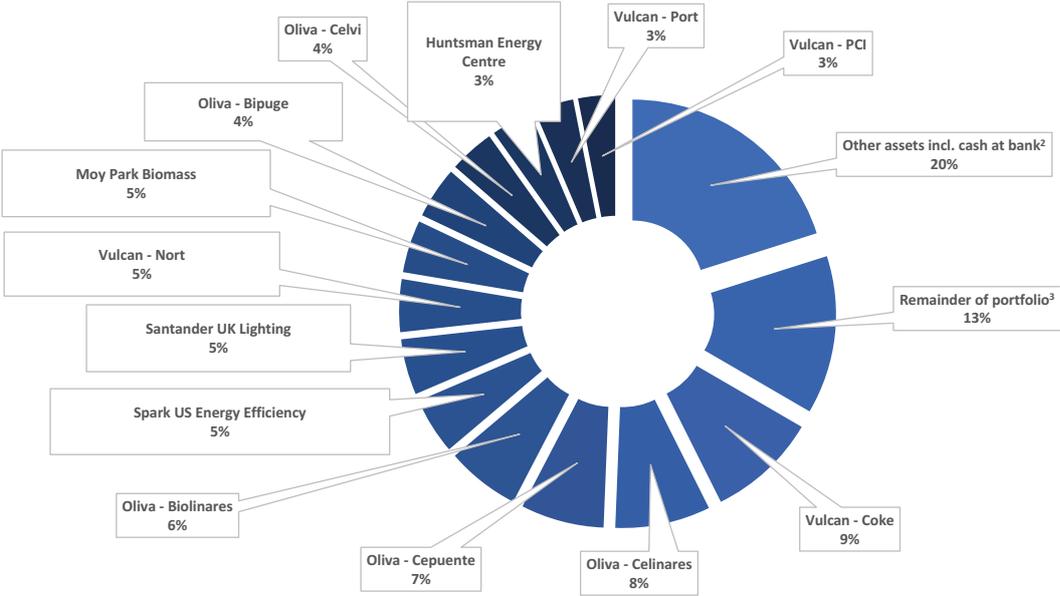
## **4. Rationale for the Proposal**

The Company aims to assemble a high quality portfolio with diversification across different energy efficiency technologies by entering into a number of contractual agreements with a wide range of counterparties.

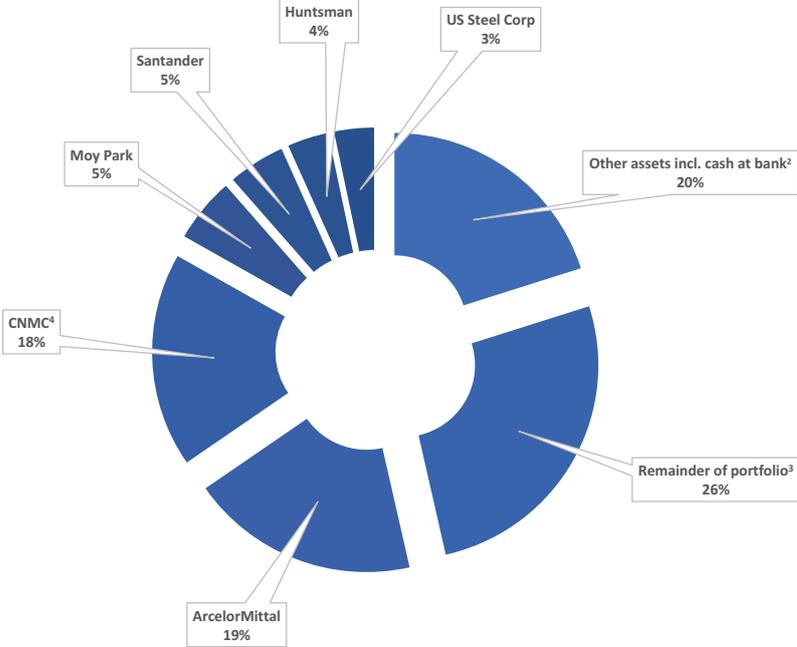
Following the acquisition of the Seed Portfolio shortly after Admission, the Company has made five further acquisitions and currently has a portfolio consisting of investments in 27 Energy Efficiency Projects and committed investment opportunities. These are diversified by project size, contract length, underlying technology and counterparty exposure.

In accordance with the investment objective and policy, no Energy Efficiency Project investment by the Company will represent more than 20 per cent. of Gross Asset Value and the aggregate maximum exposure to any Counterparty will not exceed 20 per cent. of Gross Asset Value, both calculated at the time of investment. The break-down of the portfolio by project size and counterparty as at 5 February 2020, following completion of the acquisition of a portfolio of recycled energy and cogeneration projects in Indiana USA (referred to in this Circular as “**Project ‘Vulcan’**”), is shown in the charts below. These charts reflect the individual project exposures of the Company’s largest projects and counterparties respectively (encompassing other assets including cash at bank), expressed as a percentage of Gross Asset Value. The scale of the Company’s portfolio demonstrates that the Company meets its obligations for risk diversification through its portfolio composition:

**INDIVIDUAL PROJECT – EXPOSURES<sup>1</sup>**



**INDIVIDUAL PROJECT – EXPOSURES<sup>1</sup>**



1 The Portfolio is valued as at the latest published valuation date (September 30 2019) with subsequent acquisitions represented at cost.  
 2 Cash at bank is distributed across multiple UK bank accounts.  
 3 Represents individual Project/Counterparty exposures below 3 per cent.  
 4 The revenues for the projects are derived through a combination of selling production into the wholesale energy market and the Ro/Ri balancing mechanism administered by the regulator, the National Commission on Markets and Competition (CNMC) on behalf of the Spanish government.

As at 5 February 2020, the geographical distribution of the Company's Portfolio is approximately as follows: (a) 36 per cent of Gross Asset Value is in respect of Energy Efficiency Equipment located in the UK (encompassing other assets including cash at bank); (b) 28 per cent of Gross Asset Value is in respect of Energy Efficiency Equipment located in the United States; and (c) 36 per cent of Gross Asset Value is in respect of Energy Efficiency Equipment located in continental Europe.

As stated in the Company's original investment objective and policy, the Company initially focussed its attention on investments in the UK but anticipated that it would make investments in continental Europe, North America and, potentially, the Asia Pacific region.

The current portfolio includes substantial investment within the UK, where the whole of the Seed Portfolio is based. However, as expected at the time of Admission, the Company has broadened its geographical exposure through the acquisition of 4 significant portfolios in continental Europe and North America.

The Investment Manager is focused on portfolio construction and ensuring that any new investment makes a positive contribution to the Company's total return prospects. A key consideration in investment decision making is targeting the most attractive opportunities from a risk-adjusted returns perspective. Currently, there is a relatively large volume of attractive investment opportunities for the Company outside of the UK, particularly in Europe and North America. The Investment Manager believes that it would be in the best interests of the Company to be able to make such investments such that its exposure to the UK may fall below the current 25 per cent. limit from time to time.

The Board and the Investment Manager expect that the Company will continue to retain a geographically balanced portfolio over the medium to long term with significant exposure to UK based investments. However, taking account of the size and quality of the acquisition pipeline in North America and Continental Europe in particular, the Board intends to seek shareholder approval to remove the 25 per cent. minimum exposure limit to UK based investments, as set out in the Proposal and Amended Investment Policy sections above. The removal of the limit would ensure that the Company can benefit from additional flexibility when sourcing and investing in projects with attractive risk-adjusted returns across multiple jurisdictions. The Board believes this increased flexibility to be in the best interests of shareholders.

The Company's investment objective and policy will continue to maintain specific restrictions in relation to any Energy Efficiency Project representing no more than 20 per cent. of the Gross Asset Value of the Company and the Company's maximum exposure to any Counterparty not exceeding 20 per cent. of the Gross Asset Value. These restrictions ensure that the Company will continue to be diversified on a portfolio basis.

## **5. Company Hedging Strategy**

Notwithstanding any change to the exposure limits, the Company remains focussed on its Sterling based dividend targets and NAV and is therefore committed to having appropriate hedging arrangements in place for its portfolio.

The objective of the Company's hedging strategy is to protect the value of both income and capital elements of the portfolio from a material impact on NAV arising from movements in foreign exchange rates, and to provide stability and predictability of Sterling cash flows.

This is achieved on an income basis by hedging forecast investment income from non-Sterling Energy Efficiency Projects for up to 24 months through foreign exchange forward sales. On a capital basis, this is achieved by hedging a significant portion of the portfolio value through rolling foreign exchange forward sales. The Investment Manager will also seek to utilise corporate debt facilities in the local currency to reduce foreign exchange exposure.

As part of the Company's hedging strategy the Investment Manager will regularly review non-Sterling exposure in the portfolio and adjust the level of hedging accordingly.

The Company expects to continue to implement this currency hedging strategy irrespective of any change to the investment policy restrictions, and to date the impact of movements in foreign exchange rates on the Company has been negligible.

## **6. Risks associated with the Proposal**

The Board considers there to be few risks associated with the Proposal given the Company remains focused on securing the same type of assets, with the same return thresholds, that it is currently invested in. However, Shareholders should note that removing the requirement for a set amount of investments to be based in the UK may increase the concentration of the Portfolio's overseas assets, which is likely to increase the proportion of revenue received from overseas. This may expose the Company to a higher level of risk associated with investments in different jurisdictions, such as:

- Legal and structuring risk – the risk that the Company may be required to structure investments or contractual arrangements to comply with the legal and regulatory requirements of such other jurisdictions, which may not afford the Company with the same level of protection as if such investment were in the UK;
- Insolvency risk – the risk that the Company and Counterparties could be subject to an insolvency regime outside the UK, which could be more debtor-friendly than the UK. Such jurisdiction-specific insolvency regimes may negatively affect the Company's recovery in a restructuring or insolvency;
- Foreign exchange risk – the risk that changes in the rates of exchange between Sterling and another currency will cause the value of any investment denominated in that currency, and any income arising out of the relevant investment, to go down or up in Sterling terms. Such adverse currency movements could have an adverse effect on the returns realised by the Company from the Portfolio;
- Operational risk – the risk that, where the Counterparties or relevant premises are based outside the UK, the EPC Contractors, O&M Contractors or their subcontractors may be required to obtain additional licences in that jurisdiction (or the EPC Contractors or O&M Contractors may be required to appoint local subcontractors), which could further delay the installation or maintenance of the relevant Energy Efficiency Equipment; and
- Taxation risk – the risk of a change in the taxation regime in any jurisdiction in which the Company invests, which may affect the investment income received by the Company in respect of such investment, for example if a rule change meant that withholding taxes were applied to such investment income stream before being paid to the Company.

## **7. Extraordinary General Meeting**

An Extraordinary General Meeting of the Company will be held at 10.00 a.m. GMT on 18 March 2020 at Herbert Smith Freehills LLP, Exchange House, Primrose St, London, United Kingdom, EC2A 2EG for the purpose of approving the Proposal. The business to be considered at the Extraordinary General Meeting is contained in the Notice of Extraordinary General Meeting set out at the end of this Circular.

At the Extraordinary General Meeting, the Resolution will be proposed as an Ordinary Resolution and, as such, will require the approval of a majority of members present by a show of hands or, if a poll is demanded, the total voting rights held by Shareholders cast at the Extraordinary General Meeting (in each case, whether voted by Shareholders in person or by proxy).

The quorum for the Extraordinary General Meeting will be three or more persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member, duly authorised representative of a corporation which is a member. If within half fifteen minutes (or such longer time not exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for the Extraordinary General Meeting a quorum is not present, the Extraordinary General Meeting shall stand adjourned to the same day in the next week at the same time and place (or such other day, time and place as the Chairman may determine) and no notice of adjournment is required.

## **8. Action to be Taken by Shareholders**

If you are a Shareholder, you will find enclosed with this Circular the Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed thereon and return the Form of Proxy to the Company's Registrar, Computershare Investor Services PLC, by one of the following means:

- in hard copy form by post, by courier or by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY; or
- in the case of CREST members, by utilising the CREST system service in accordance with the procedures set out in the notes to the Notice of Extraordinary General Meeting.

In each case, the Form of Proxy must arrive by the time and date specified within. To be valid, the relevant Form of Proxy should be completed in accordance with the instructions accompanying it and lodged with the Company's Registrars by the relevant time.

The completion and return of the Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

## **9. Recommendation**

The Board considers that the proposal described in this Circular is in the best interests of Shareholders as a whole and accordingly recommends that Shareholders vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.

The Directors intend to vote in favour of the Resolution in respect of their holdings of Shares, amounting to 55,000 Shares in aggregate (representing approximately 0.02 per cent. of the issued share capital of the Company (excluding any Shares held in treasury) as at 27 February 2020 (the latest practicable date prior to the publication of this Circular)).

Yours sincerely

**Tony Roper**  
*Chairman*

## PART II – DEFINITIONS

<b>“Acquisition Finance”</b>	has the meaning given in the section entitled “Amended Investment Policy” in Part I of this Circular
<b>“Articles”</b>	the articles of incorporation of the Company in force at the date of this Circular
<b>“Board” or “Directors”</b>	the board of directors of the Company whose names are set out in Part I of this Circular
<b>“Cash and Cash Equivalent”</b>	has the meaning given in the section entitled “Amended Investment Policy” in Part I of this Circular
<b>“Circular”</b>	this document
<b>“Company”</b>	SDCL Energy Efficiency Income Trust plc
<b>“Contractual Payment”</b>	the payments by the Counterparty to the Company or relevant Project SPV under the contractual arrangements governing an Energy Efficiency Project, whether such payments take the form of a service charge, a fee, a loan repayment or other forms of payments as may be appropriate from time to time
<b>“Counterparty”</b>	the host of the Energy Efficiency Equipment with whom the Company has entered into the Energy Efficiency Project, either directly or indirectly through the use of one or more Project SPVs
<b>“CREST”</b>	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations, in accordance with which Shares may be held in uncertificated form
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI No. 2001/3755), as amended from time to time
<b>“Energy Efficiency Equipment”</b>	the equipment that is installed at the premises of a Counterparty or a site directly connected to the premises of a Counterparty in connection with an Energy Efficiency Project, including but not limited to combined heating and power units, combined cooling/heating and power plant schemes, heating, ventilation and air conditioning units, lighting equipment, biomass boilers and steam raising boilers (including IP steam (being steam at intermediate pressure levels) processors)
<b>“Energy Efficiency Projects”</b>	<p>a project, the objective of which is to achieve one or more of the following criteria:</p> <ul style="list-style-type: none"><li>● reduce energy consumed and/or related greenhouse gas (“GHG”) emissions arising from the existing and/or future supply, transmission, distribution or consumption of energy;</li><li>● reduce its Scope 1 GHG emissions (being “direct GHG emissions occur from sources that are owned or controlled by the company”) and Scope 2 GHG emissions (being “electricity indirect GHG emissions from the generation of purchased, or generated on-site, electricity consumed by the company”) as defined by the GHG Protocol;</li></ul>

- increase the supply of renewable energy generated on the premises of a Counterparty or generated at a site directly connected to the premises of a Counterparty;
- reduce emissions and energy consumption in non-domestic sectors, which include:
  - all forms of energy supply, conversion, distribution or transmission not originating within a private domestic dwelling, including district heating systems and CHP systems;
  - demand for energy in non-domestic buildings including commercially owned or used property and public sector owned buildings;
  - demand for energy in industrial and light manufacturing plant and machinery, operations and logistics; and
  - through the deployment of energy efficiency measures in public and private infrastructure, such as in utilities (including the installation of smart metering equipment) and street lighting; or
- otherwise satisfy, 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 policy

<b>"EPC Contractor"</b>	contractors engaged to perform engineering, procurement and construction obligations in respect of an Energy Efficiency Project
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>"Extraordinary General Meeting"</b>	the extraordinary general meeting of the Company convened for 18 March 2020 at 10.00 a.m. GMT
<b>"FCA"</b>	the Financial Conduct Authority
<b>"Final Energy Consumption"</b>	the total energy consumed by end users, such as households, industry and agriculture. It is the energy which reaches the final consumer's door and excludes that which is used by the energy sector itself
<b>"Form of Proxy"</b>	the form of proxy for use at the Extraordinary General Meeting
<b>"Gross Asset Value"</b>	the value of all assets of the Company, being the sum of all investments held in the Portfolio together with any Cash and Cash Equivalents, determined in accordance with the Company's valuation policy and in accordance with applicable accounting standards and the Company's constitution
<b>"Investment Company Act"</b>	the US Investment Company Act of 1940, as amended
<b>"Listing Rules"</b>	the listing rules made by the FCA under Part VI of the UK Financial Services and Markets Act 2000, as amended
<b>"NAV" or "Net Asset Value"</b>	the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with the Company's valuation policy and in accordance with applicable accounting standards and the Company's constitution

<b>“Notice of Extraordinary General Meeting”</b>	the notice convening the Extraordinary General Meeting, as set out at the end of this Circular
<b>“O&amp;M Contractor”</b>	the contractor appointed by the Company or the relevant Project SPV to perform maintenance obligations in relation to the relevant Energy Efficiency Equipment
<b>“Ordinary Resolution”</b>	an ordinary resolution set out in the Notice of Extraordinary General Meeting and to be proposed at the Extraordinary General Meeting, which requires a majority of the Shareholders present in person or by proxy and entitled to vote and voting at the appropriate meeting
<b>“Portfolio”</b>	the portfolio of Energy Efficiency Projects in which the Company is invested from time to time either directly or through one or more Project SPVs
<b>“Project SPV”</b>	a special purpose vehicle used as the project company in respect of an Energy Efficiency Project
<b>“Primary Energy Consumption”</b>	measures the total energy demand of a country. It covers consumption of the energy sector itself, losses during transformation and distribution of energy, and the final consumption by end users
<b>“Proposal”</b>	has the meaning given at paragraph 2 of Part I of this Circular
<b>“Registrar”</b>	Computershare Investor Services PLC
<b>“Resolution”</b>	has the meaning given at paragraph 2 of Part I of this Circular
<b>“RIS”</b>	a regulatory information service
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended
<b>“Shareholders”</b>	holders of Shares
<b>“Shares”</b>	ordinary shares with a nominal value of £0.01 in the capital of the Company
<b>“Structural Gearing”</b>	has the meaning given in the section entitled “Amended Investment Policy” in Part I of this Circular
<b>“US Persons”</b>	as defined in Regulation S under the Securities Act

## APPENDIX

### CURRENT INVESTMENT OBJECTIVES AND POLICY

#### **Investment objective**

The Company's investment objective will be 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 will 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 will take the form of Contractual Payments by Counterparties in respect of the relevant Energy Efficiency Equipment used by them.

Whilst the Company will invest predominantly in operational Energy Efficiency Projects, the Company may under certain circumstances invest in Energy Efficiency Projects while such projects are in a construction phase or development phase.

In respect of each type of Energy Efficiency Equipment, the Company will seek 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 will invest and manage its Energy Efficiency Projects with the objective of assembling a high quality, diversified Portfolio.

The Company will initially focus its attention on the UK. It is, however, anticipated that the Company will make investments in continental Europe, North America and, potentially, 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 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.

### **Gearing**

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, and 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.

### **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 and full or partial foreign exchange hedging to mitigate the risk of currency inflation.

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.

# SDCL ENERGY EFFICIENCY INCOME TRUST PLC

*(Incorporated in England and Wales with registered no. 11620959 and registered as an investment company under section 833 of the Companies Act 2006)*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Herbert Smith Freehills LLP, Exchange House, Primrose St, London, United Kingdom, EC2A 2EG at 10.00 a.m. on 18 March 2020 to consider and, if thought fit, to pass the following resolution by way of Ordinary Resolution.**

THAT the Company modify its investment objective and policy in the manner described in the Circular published by the Company on 28 February 2020.

Save where the context requires otherwise, the definitions contained in the Circular shall have the same meanings where used in this Resolution.

By order of the Board

**Sanne Group (UK) Limited**  
*Secretary*

*Registered office:*

Asticus Building  
2nd Floor, 21 Palmer Street  
London  
United Kingdom  
SW1H 0AD

Date: 28 February 2020

### **Explanatory notes to the Notice of Extraordinary General Meeting:**

1. The approval of a simple majority of the total number of votes cast by Shareholders being entitled to vote is required to pass an Ordinary Resolution.
2. A member is entitled to appoint another person as his proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy need not be a member.
3. The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll.
4. Delivery of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it.
5. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on 0370 703 0018 or Shareholders may photocopy the Form of Proxy. Shareholders must indicate in the box next to the proxy holder's name the number of Shares in relation to which such proxy is authorised to act as the Shareholder's proxy. Shareholders must also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
6. Please indicate with an 'X' in the appropriate box how you wish your vote to be cast in respect of the Resolution. If you do not insert an 'X' in the appropriate box your proxy will vote or abstain at his discretion.
7. To change your proxy instructions, simply submit a new proxy appointment using the method set out above. Where two or more valid appointments of proxy are received in respect of the same share in relation to the same meeting, the one which is last received shall be treated as replacing and revoking the other or others. If the Company is unable to determine which is last received, none of such appointments shall be treated as valid in respect of that share.
8. Any instrument appointing a proxy shall be in any usual common form, or as approved by the directors (including electronic form), and shall be executed by or on behalf of the appointor or in either case otherwise authenticated in such manner as the directors may determine, including by electronic means.
9. All joint holders should be named but the signature of any one is sufficient. In all cases, names must be entered as they appear on the Company's register.
10. Where there are joint registered holders of any Shares, such persons shall not have the right of voting individually in respect of such Share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election, the person whose name appears first on the register of members in respect of the joint holding shall be accepted to the exclusion of the votes of the other joint holders.
11. Any corporate which is a member of the Company may by resolution of its directors or other governing body, authorise a person or persons to act as its representative or representatives at any meeting of the Company and the person so authorised shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporate could exercise if it were an individual member of the Company.
12. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be delivered to the Company's Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than forty-eight hours (excluding weekends) before the time appointed for holding the meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll and in default, unless the Board directs otherwise, the instrument of proxy shall not be treated as valid.
13. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (3RA50) not later than 48 hours before the time appointed for holding the meeting (excluding weekends). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in the CREST Regulations.
14. Only Shareholders registered in the register of members of the Company at the close of business on 16 March 2020 shall be entitled to attend or vote at the aforesaid meeting in respect of the number of Shares registered in their name at the time, or in the event that the meeting is adjourned in accordance with the provisions contained in the Company's Articles, in the register of members at close of business two days before the time of any adjourned meeting. Changes to entries on the register of members after such time or, in the event that the meeting is adjourned, to entries in the register of members after close of business before the time of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
15. To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of Shares in relation to which they are authorised to act as your proxy (which, in the aggregate, should not exceed the number of Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

