

Aquila Capital 

AQUILA ENERGY EFFICIENCY TRUST PLC

IPO and Placing Programme

May 2021



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") or, if you are not resident in the UK, from another appropriately authorised independent financial adviser in your own jurisdiction.

This document comprises a prospectus relating to Aquila Energy Efficiency Trust PLC (the "**Company**") in connection with the issue of Ordinary Shares and/or C Shares prepared in accordance with Regulation (EU) 2017/1129 and amendments thereto as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**U.K. Prospectus Regulation**") and the prospectus regulation rules of the Financial Conduct Authority (the "**FCA**") made pursuant to section 73A of FSMA (the "**Prospectus Regulation Rules**") (the "**Prospectus**").

This Prospectus has been approved by the FCA of 12 Endeavour Square, London, E20 1JN (telephone: 0800 111 6768 (freephone) or 0300 500 8082 from the UK or +44 207 066 1000 from outside the UK) as the competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval shall not be considered as an endorsement of the issuer that is, or the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Applications will be made for all the Ordinary Shares issued and to be issued pursuant to the Issue and for all the Ordinary Shares and/or C Shares issued and to be issued pursuant to any Subsequent Placing under the Placing Programme to be admitted to the premium segment of the Official List of the FCA and to be admitted to trading on the premium segment of the London Stock Exchange's main market. It is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence, on 2 June 2021 in respect of the Issue, and any Further Admissions will become effective, and that dealings in Ordinary Shares and/or C Shares issued pursuant to any Subsequent Placing, will commence in the period from the date after the Admission to 9 May 2022¹. The Ordinary Shares and C Shares are not dealt in on any other recognised investment exchanges and no applications for the Ordinary Shares and C Shares to be traded on such other exchanges have been made or are currently expected.

The Company and each of the Directors, whose names appear on page 41 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Prospective investors should read this entire Prospectus and, in particular, the matters set out under the heading "Risk Factors" on pages 12 to 27, when considering an investment in the Company.

Aquila Energy Efficiency Trust PLC

*(incorporated in England and Wales with company number 13324616
and registered as an investment company under section 833 of the Companies Act 2006)*

**Initial Placing, Offer for Subscription and Intermediaries Offer targeting the
issue of 150 million Ordinary Shares at an issue price of £1.00 each²
and
Placing Programme of up to 300 million Ordinary Shares and/or C Shares
and
Admission of Ordinary Shares to the premium segment
of the Official List of the FCA and to trading on
the premium segment of the London Stock Exchange's main market
for listed securities**

Investment Adviser

Aquila Capital Investmentgesellschaft mbH

Sponsor, Bookrunner and Intermediaries Offer Adviser

Peel Hunt LLP

Peel Hunt LLP ("**Peel Hunt**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no-one else in connection with the Issue, the Placing Programme and the other matters referred to in this Prospectus and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Issue, the Placing Programme and the other matters referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Issue, the Placing Programme or the other matters referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Peel Hunt by the FCA or under FSMA, or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Peel Hunt nor any person affiliated with it, assumes any responsibility whatsoever and makes no representation or warranty, express or implied, as to the contents of the Prospectus,

¹ Or any earlier date on which the Placing Programme is fully subscribed or as otherwise determined by the Directors.

² The Directors reserve the right to increase the maximum number of Ordinary Shares that may be issued pursuant to the Issue, provided that the maximum number of Ordinary Shares that may be issued under the Issue is 200 million Ordinary Shares.

including its accuracy, completeness or verification, or for any other statement made or purported to be made by Peel Hunt, or on its behalf, the Company or any other person in connection with the Company, the Ordinary Shares, the C Shares, the Issue, the Placing Programme or any Admission and nothing contained in the Prospectus is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Peel Hunt (together with its respective affiliates) assumes no responsibility for the accuracy, completeness or verification of the Prospectus and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of the Prospectus or any such statement.

Prospective investors should rely only on the information contained in the Prospectus. No person has been authorised to give any information or make any representations other than those contained in the Prospectus and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company, the AIFM, the Investment Adviser, or Peel Hunt or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the UK Prospectus Regulation, the Prospectus Regulation Rules, the Listing Rules, the UK Market Abuse Regulation and the Disclosure Guidance and Transparency Rules neither the delivery of the Prospectus nor any subscription for or purchase of Ordinary Shares or C Shares made pursuant to the Issue or the Placing Programme shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of the Prospectus.

This document is not an offer of securities for sale in the United States. The Ordinary Shares and C Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States. The Ordinary Shares and C Shares may not be offered or sold, directly or indirectly, in, into or within the United States, or to, or for the account or benefit of, a "U.S. person" ("**U.S. Person**") (as defined in Regulation S under the Securities Act ("**Regulation S**")) absent registration, or an exemption from registration, under the U.S. Securities Act. There will be no public offering of securities in the United States. The Ordinary Shares and C Shares are being offered and sold only outside the United States to non-U.S. Persons in "offshore transactions" within the meaning of, and in reliance on, Regulation S. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**"), and investors will not be entitled to the benefits of the U.S. Investment Company Act.

Copies of this Prospectus will be available on the Company's website and the national storage mechanism of the FCA at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

This Prospectus is dated 10 May 2021.

CONTENTS

SUMMARY	4
RISK FACTORS.....	12
IMPORTANT INFORMATION	28
EXPECTED TIMETABLE.....	39
DIRECTORS, AGENTS AND ADVISERS	41
PART I - COMMERCIAL SUMMARY.....	42
PART II - ENERGY EFFICIENCY	44
PART III - THE ADVANCED PIPELINE AND FOLLOW ON PIPELINE	51
PART IV - THE COMPANY	55
PART V - DIRECTORS, MANAGEMENT AND ADMINISTRATION	66
PART VI - THE ISSUE	76
PART VII - THE PLACING PROGRAMME	82
PART VIII - TAXATION.....	88
PART IX - ADDITIONAL INFORMATION.....	91
PART X - TERMS AND CONDITIONS OF THE INITIAL PLACING AND ANY SUBSEQUENT PLACING UNDER THE PLACING PROGRAMME	118
PART XI - TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION	128
DEFINITIONS	138
NOTES ON HOW TO COMPLETE THE APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION	147
APPENDIX 1 - APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION	150
APPENDIX 2 - SUSTAINABILITY RELATED DISCLOSURES.....	156

SUMMARY

1 INTRODUCTION, CONTAINING WARNINGS

This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. An investor could lose all or part of their invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

The Company is offering securities under the Prospectus pursuant to the issue, which includes an initial placing, offer for subscription and intermediaries offer (together, the **"Issue"**) and a placing programme (the **"Placing Programme"**). The securities which the Company intends to issue under the Issue are ordinary shares with a nominal value of £0.01 each in the capital of the Company (the **"Ordinary Shares"**), whose ISIN is GB00BN6JYS78. The securities which the Company intends to issue under the Placing Programme are Ordinary Shares and/or C shares with a nominal value of £0.10 each in the capital of the Company (the **"C Shares"**), whose ISIN is GB00BN6JYT85.

Aquila Energy Efficiency Trust PLC (the **"Company"**), can be contacted by writing to its registered office, 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB or by calling, within business hours, +44 204 513 9260.

This document was approved on 10 May 2021 by the Financial Conduct Authority (**"FCA"**) of 12 Endeavour Square, London, E20 1JN (telephone: 0800 111 6768 (freephone) or 0300 500 8082 from the UK or +44 207 066 1000 from outside the UK). Further contact information relating to the FCA can be found at <https://www.fca.org.uk/contact>.

2 KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

The Company was incorporated and registered in England and Wales on 9 April 2021 with registered number 13324616 as a public company limited by shares under the Companies Act 2006, as amended (the **"Companies Act"**). Its registered office is situated at 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB. The LEI of the Company is 213800AJ3TY3OJCQQC53.

The Company is registered as an investment company under section 833 of the Companies Act and intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010 (the **"CTA 2010"**), as amended.

The principal activity of the Company is to invest in accordance with its investment policy with a view to achieving its investment objective. The Company's investment objective is to seek to generate attractive returns, principally in the form of income distributions by investing in a diversified portfolio of energy efficiency investments.

Pending allotment of the Ordinary Shares pursuant to the Issue, the Company is controlled by Aquila Capital Investmentgesellschaft mbH (the **"Investment Adviser"**). The Company and the directors of the Company (the **"Directors"**) are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

The Company's board of directors (**"Board"**) is comprised of the following non-executive directors: Miriam Greenwood OBE DL (Chair), Lisa Arnold, Nicholas Bliss, Laura Sandys CBE.

The Company's key service providers are International Fund Management Limited (the **"Alternative Investment Fund Manager"**) and the Investment Adviser. PricewaterhouseCoopers LLP of 1 Embankment Place, London, WC2N 6RH is the Company's auditor.

What is the key financial information regarding the issuer?

The Company has not commenced operations and no financial statements have been made up as at the date of this Prospectus.

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

- The Company is a newly incorporated public limited company, has no operating history or revenues and will not commence operations until it has obtained funding through the Issue. Its returns will depend on many factors, including the performance of the Company's future investments, and there can be no assurance that the Company's investment objective and policy will be successful.
- No investment opportunities from the assets identified by the Investment Adviser as being potentially available for acquisition by the Company (the "**Combined Pipeline**") have been contracted to be acquired, there are no binding commitments or agreements to acquire any of these investment opportunities and the Company does not have a right of first refusal over any of the opportunities in the Combined Pipeline.
- All target dividends and returns are based on a number of assumptions, including that the taxes payable by the Company remain materially unchanged, that the Company's ongoing running costs are as anticipated, borrowings are available, the investments generate profit and that the net issue proceeds will be fully invested within expected timeframes. There can be no guarantee that these assumptions or the Company's target dividends and returns will be met or that distributions will be made at all.
- As the Company's revenue will be derived from the energy efficiency investments in the portfolio, the Company will be exposed to the financial strength of the counterparties to such projects or indirectly to the financial strength of the counterparties of the projects invested in as part of the equity investments. The Company is subject to the risk of the inability of any counterparty to perform its contractual obligations, whether due to insolvency, bankruptcy, annulment, invalidity, early termination or other causes. As a result, profitability of the Company may be impaired leading to reduced returns to a holder of shares in the Company ("**Shareholder**") and, in the worst case scenario, total loss of their investment.
- The contractual arrangements governing energy efficiency investments may include targets against which the performance of the investments will be measured. Where such targets are not met as a result of construction or operating errors or defect, the relevant counterparty may be entitled to withhold part or all of the contractual payments due to the Company, or to terminate the relevant contract for the default of the Company.
- Investment valuation is based on financial projections and, where relevant, terminal value for the relevant energy efficiency investments. Projections will primarily be based on the Investment Adviser's assessment and are only estimates of future results based on assumptions made at the time of the projection. Actual results may vary significantly from the projections.
- Sterling is the functional currency of the Company. The geographical target of the Company is Europe, which includes jurisdictions which have alternative local currencies. Therefore it is probable that the Company will hold assets in European local currencies other than Sterling, the Company will make and/or receive payments that are denominated in currencies other than Sterling and consequently that the Company will be exposed to currency risk. Changes in foreign currency exchange rates will cause the value of energy efficiency investments, and any income arising out of the energy efficiency investments, to go up or down in Sterling terms.
- The Company is reliant upon the performance of third-party service providers for its executive function including the AIFM and the Investment Adviser. In particular the expertise of the Investment Adviser will be critical to providing investment advisory and asset management services. The successful performance of the Investment Adviser will be dependent upon the expertise of the professionals in its team. If the Investment Adviser withdraws or is unable to provide these services or if its professionals cease to be employed by the Investment Adviser, this could have a material adverse effect on the Company's operations and results.
- The success of the Company's investment activities depends on the Investment Adviser's ability to identify energy efficiency investments and the availability of such investments in the primary investment and secondary investment markets. Identification and exploitation of the investment strategies to be pursued by the Company involves a high degree of uncertainty. Even when a suitable investment opportunity is identified, there can be no assurance that such opportunity will be available at all or at a price or upon terms and conditions (including, where applicable, financing) that the AIFM or the Board, as applicable, considers satisfactory.
- The Company will invest into energy efficiency investments through holding companies and special

purpose vehicles and will therefore have to bear additional costs associated with such structures compared to direct investment as well as any structural risk (e.g. tax and legal risk) connected to the operation and maintenance of such structures.

- The Group may use leverage for investment and working capital purposes, which may be on a full recourse basis. The use of borrowing may increase the volatility of the net asset value per Ordinary Share and/or net asset value per C Share, as applicable. If the value of all or any of the energy efficiency investments were to fall to a level such that the Company or the relevant energy efficiency investment was required to pay all or part of its borrowings, either as a result of a breach of a covenant or because of any inability to repay at the end of the term, the Company may be forced to provide additional security or to sell various energy efficiency investments in order to repay all or part of its borrowings. Such energy efficiency investments may be difficult to realise and therefore the market price which is achievable may give rise to significant loss of value compared to the book value of the energy efficiency investments. The result of such a sale will also result in a reduction in income from the energy efficiency investments generally.
- The acquisition or construction of projects, facilities and/or infrastructures may be financed through external loans or other instruments. There is a risk that the short and long term debt financing that the Company is looking to secure is not available, or only available on unfavourable terms and conditions and as a result the relevant energy efficiency investment may not be able to be made and/or additional working capital is not available to the Company. Even if such debt financing is initially available, there is a risk that the relevant lender does not or cannot refinance the loan amount. In such case, alternative financing will need to be procured. If no alternative financing is available, the relevant energy efficiency investment may not be able to be made and/or could become insolvent and thus incur partial or total loss, in particular where claims are subordinated to those of other creditors.

If all or any of these risk factors were to materialise the profitability of the Company may be impaired leading to reduced returns to Shareholders.

3 KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

(a) *Ordinary Shares and C Shares*

The securities which the Company intends to issue under the Issue are Ordinary Shares (with a nominal value of 1 pence (£0.01) each) issued and designated as Ordinary Shares, whose ISIN is GB00BN6JYS78. The securities which the Company intends to issue under the Placing Programme are Ordinary Shares and/or C Shares (with a nominal value of 10 pence (£0.10) each) issued and designated as C Shares, whose ISIN is GB00BN6JYT85. The Ordinary Shares and the C Shares have no fixed term. Immediately following admission of the Ordinary Shares to be issued pursuant to the Issue to the official list maintained by the FCA (the "**Official List**") with a premium listing and to the London Stock Exchange for trading on the main market of the London Stock Exchange ("**Admission**"), the Company will have one class of share in issue. The Company is targeting a fundraising of approximately £150 million (before expenses) pursuant to the Issue (in the event of sufficient demand, the Directors may increase the size to £200 million). The issue price of the Ordinary Shares under the Issue is £1.00 per Ordinary Share (the "**Issue Price**"). Under the Placing Programme the Company has the flexibility to issue up to 300 million Ordinary Shares and/or C Shares. The issue price of Ordinary Shares that may be issued under the Placing Programme is not known at the date of this Prospectus, but will be calculated by reference to the net asset value per Ordinary Share at the time of allotment together with a premium intended to cover at a minimum the costs and expenses of the relevant issuance of Ordinary Shares (including without limitation any placing commissions). C Shares offered under the Placing Programme will be offered at a price of £1.00 per C Share.

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

	Nominal value	Number
Management Shares	£1.00	50,000
Ordinary Shares	£0.01	1

The Ordinary Shares are denominated in Sterling. The Company has no partly paid Ordinary Shares in issue.

The Ordinary Share in issue as at the date of this document was issued on incorporation and is fully paid up. To enable the Company to obtain a certificate to commence business under section 761 of the Companies Act, on 9 April 2021, 50,000 Management Shares were allotted to the Investment Adviser. The Management Shares are fully paid up and will be redeemed as soon as practicable following Admission out of the proceeds of the Issue.

(b) *The rights attaching to the Ordinary Shares and C Shares*

	<i>Ordinary Shares</i>	<i>C Shares</i>
Dividend	The holders of the Ordinary Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares that they hold.	The holders of the C Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the tranche of C Shares that they hold.
Rights in respect of capital	On a winding-up, provided the Company has satisfied all its liabilities and subject to the rights conferred on any other class of shares in issue at that time to participate in the winding-up, the holders of Ordinary Shares shall be entitled to all the surplus assets of the Company, after taking account of any net assets attributable to any C Shares (if any) in issue.	On a winding-up, provided the Company has satisfied all its liabilities and subject to the rights conferred on any other class of shares in issue at that time to participate in the winding-up, the holders of C Shares shall be entitled to all the surplus assets attributable to the relevant tranche of C Shares.
Voting	The Ordinary Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company and on a poll, to one vote for each Ordinary Share held.	The C Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company and on a poll, to one vote for each C Share held.

(c) *Relative seniority of the securities in the event of insolvency*

On a winding-up or a return of capital by the Company, the holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account any net assets attributable to any C Shares (if any) in issue.

(d) *Restrictions on the free transferability of Ordinary Shares and C Shares*

There are no restrictions on the free transferability of the Ordinary Shares or C Shares, subject to compliance with applicable securities law and the restrictions contained in the Company's articles of association ("**Articles or Articles of Association**").

(e) *Dividend Policy*

The Company is targeting a dividend of a minimum of 3.5 pence per Ordinary Share in relation to the financial year ending 31 December 2022, and a minimum of 5 pence per Ordinary Share in relation to the financial year ending 31 December 2023, with the aim of increasing this dividend progressively over the medium term.³

Distributions on the Ordinary Shares are expected to be paid quarterly, normally in respect of the three months to 31 March, 30 June, 30 September and 31 December, and are expected to be made by way of interim dividends to be declared in May, August, November and February. Following Admission the first interim dividend, if any, is expected to be declared in May 2022 in respect of the period to 31 March 2022. The Company is not targeting paying a dividend in the first financial period to 31 December 2021, whilst it is deploying the Net Issue Proceeds, though may do so to maintain its investment trust status.

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

Investors should note that references in this paragraph 3.1.(e) to "dividends" and "distributions" are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

The Company will declare dividends in Sterling and Shareholders will receive dividend payments

in Sterling.

If any C Shares are issued pursuant to the Placing Programme, holders of any class of C Shares following the relevant admission will be entitled to participate in any dividends and other distributions of the Company as the Directors may resolve to pay to holders of that class of C Shares out of the assets attributable to that class of C Shares. For the avoidance of doubt, the targets set out above shall not apply with respect to any tranche of C Shares prior to conversion into Ordinary Shares.

3.2 Where will the securities be traded?

Applications will be made to the FCA for the Ordinary Shares issued pursuant to the Issue to be admitted to the Official List with a premium listing and to the London Stock Exchange for trading on the main market of the London Stock Exchange. It is expected that Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence at 8:00 a.m. on 2 June 2021.

Applications will be made to the FCA for any Ordinary Shares and/or C Shares issued under the Placing Programme to be admitted to the Official List with a premium listing and to the London Stock Exchange for trading on the main market of the London Stock Exchange (a **"Further Admission"**). It is expected that any Further Admission will become effective and that dealings for normal settlement in any Ordinary Shares and/or C Shares issued under a subsequent placing under the Placing Programme (a **"Subsequent Placing"**) will commence between 3 June 2021 and 9 May 2022 (or any earlier date on which the Placing Programme is fully subscribed, or as otherwise determined by the Directors). All Ordinary Shares and/or C Shares issued under the Placing Programme will be allotted conditionally upon the relevant Further Admission occurring.

3.3 What are the key risks that are specific to the securities?

- There can be no guarantee that a liquid market in the Ordinary Shares and/or C Shares will exist. The Company is a closed-ended investment company and Shareholders have no right to have their Ordinary Shares and/or C Shares redeemed or repurchased by the Company at any time. Accordingly, Shareholders may be unable to realise their Ordinary Shares and/or C Shares at the quoted market price (or at the prevailing net asset value per Ordinary Share and/or C Share, where applicable), or at all.
- The market value of the Ordinary Shares and/or C Shares may vary considerably from the Company's underlying net asset value. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares and/or C Shares.

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

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

(a) Conditions of the Issue and Placing Programme

The Issue

Ordinary Shares are being made available under the Issue at the Issue Price of £1.00 per Ordinary Share. The Issue comprises the initial placing, the offer for subscription and the intermediaries offer.

The Company, the Directors, Peel Hunt and the Investment Adviser have entered into a placing agreement dated 10 May 2021 (the **"Placing Agreement"**), pursuant to which Peel Hunt has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the Ordinary Shares made available in the placing.

Applications under the Offer for Subscription must be for a minimum subscription of 1,000 Ordinary Shares, although the Board may accept applications below the minimum amounts stated above in its absolute discretion.

Investors may subscribe for Ordinary Shares at the Issue Price pursuant to the intermediaries offer. Only the intermediaries' retail investor clients in the United Kingdom, the Channel Islands and the Isle of Man are eligible to participate in the intermediaries offer. Investors may apply to any one of

³ This is a target only and not a profit forecast. There can be no assurance that this target can or will be met or that distributions will be achieved

the intermediaries to be accepted as their client. A minimum application of 1,000 Ordinary Shares per underlying applicant will apply and thereafter an underlying applicant may apply for any higher amount.

Conditions

The Issue is conditional upon, *inter alia*:

- (a) Admission having become effective on or before 8:00 a.m. on 2 June 2021 (or such later time and/ or date as the Company and Peel Hunt may agree, being no later than 8:00 a.m. on 30 June 2021);
- (b) the Placing Agreement having become unconditional in all respects (save for any condition relating to Admission) in relation to the Issue and not having been terminated in accordance with its terms before Admission; and
- (c) gross issue proceeds of at least £95 million being raised, such that the net issue proceeds equal or exceed £93.1 million (or such lesser amount as the Company, Peel Hunt and the Investment Adviser may agree).

Placing Programme

The Placing Programme will open on 3 June 2021 and will close on 9 May 2022 (or any earlier date on which it is fully subscribed or as otherwise determined by the Directors). The minimum price at which Ordinary Shares will be issued pursuant to the Placing Programme, which will be in Sterling, will be equal to the prevailing published net asset value per Ordinary Share at the time of issue together with a premium to at least cover the cost and expenses of the relevant Subsequent Placing (including without limitation, any placing commissions). C Shares offered under the Placing Programme will be offered at a price of £1.00 per C Share.

Conditions

Each issue of Ordinary Shares and/or C Shares pursuant to a Subsequent Placing is conditional, *inter alia*, on:

- Admission of the relevant Ordinary Shares and/or C Shares occurring by no later than 8:00 a.m. on such date as the Company and Peel Hunt may agree from time to time in relation to that Admission, not being later than 9 May 2022;
- a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; and
- the Placing Agreement having become unconditional in all respects (save for any condition relating to the relevant Further Admission) in relation to the relevant Subsequent Placing and not having been terminated in accordance with its terms before Further Admission.

(b) *Expected Timetable of the Issue*

Issue Opens	10 May 2021
Latest date/time for receipt of completed application forms under the offer for subscription	11:00 a.m. 27 May 2021
Latest date/time for receipt of completed application forms under the intermediaries offer	3:00 p.m. 27 May 2021
Latest date/time for receipt of placing commitment under the Initial Placing	5:00 p.m. 27 May 2021
Announcement of the results of the Issue	28 May 2021
Admission to the premium segment of the Official List and commencement of dealings on the London Stock Exchange	2 June 2021
CREST accounts credited	2 June 2021
Dispatch of definitive share certificates (where applicable)	Week commencing 7 June 2021

If the Issue is extended, the revised timetable will be notified via a regulatory information service.

(c) *Expected Timetable of the Placing Programme*

Placing Programme opens	3 June 2021
Publication of Placing Programme Price in respect of each Subsequent Placing	on, or as soon as practicable after, the announcement of each Subsequent Placing
Announcement of the results of each Subsequent Placing	on, or as soon as practicable after, the results of each Subsequent Placing
Admission to the premium segment of the Official List and commencement of dealings on the London Stock Exchange	8:00 a.m. on each day on which Ordinary Shares and/or C Shares are issued pursuant to the Placing Programme
CREST accounts credited	as soon as practicable after the issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme
Dispatch of definitive share certificates (where applicable)	by no later than 14 business days after the relevant Further Admission of the relevant Ordinary Shares and/or C Shares
Latest date for Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme	9 May 2022

(d) *Details of Admission to trading on a regulated market*

Applications will be made to the FCA for all of the Ordinary Shares to be issued pursuant to the Issue and all of the Ordinary Shares and/or C Shares issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and trading on the premium segment of the London Stock Exchange's main market.

(e) *The plan for distribution*

The Company is targeting an Issue of 150 million Ordinary Shares at the Issue Price. If the overall demand exceeds this target, the Directors have reserved the right, following consultation with Peel Hunt, to increase the size of the Issue to up to 200 million Ordinary Shares. The intermediaries authorised as at the date of this Prospectus to use this Prospectus in respect of the Issue are AJ Bell Securities Limited, iDealing.com Ltd, Interactive Investor Services Limited, and Equiniti Financial Services Ltd (the "**Intermediaries**").

The Directors are authorised to issue up to a further 300 million Ordinary Shares and/or C Shares pursuant to the Placing Programme. The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares and/or C Shares over a period of time. The number of Ordinary Shares and/or C Shares available under the Placing Programme should not be taken as an indication of the number of Ordinary Shares and/or C Shares that will be issued.

Any issues of Ordinary Shares and/or C Shares will be notified by the Company through a regulatory information service prior to each Admission.

(f) *Dilution under the Issue*

No dilution will result from the Issue.

If 150 million Ordinary Shares were to be issued pursuant to Subsequent Placings, and assuming the Issue had been subscribed as to 150 million Ordinary Shares, there would be a dilution of approximately 50 per cent. in Shareholders' voting control of the Company immediately after the Placing Programme assuming that the Shareholders who subscribed for Ordinary Shares under the Issue did not participate in the Subsequent Placings. However, it is not anticipated that there would be any dilution in the net asset value per Ordinary Share as a result of any Subsequent Placing under the Placing Programme.

(g) *Expenses*

The costs and expenses of the Issue, which will be paid by the Company, are capped at two per cent. of the gross issue proceeds of the Issue and will total £3 million if the target gross issue proceeds of £150 million are raised. No expenses will be charged to investors by the Company.

All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary

pursuant to the intermediaries offer.

The costs and expenses relating to the Placing Programme are those that arise from, or incidental to, the issue of Ordinary Shares and/or C Shares pursuant to Subsequent Placings. It is estimated that the costs and expenses of each Subsequent Placing will be no more than two per cent. of gross proceeds of the relevant Subsequent Placing. The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing published net asset value per Ordinary Shares at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including without limitation, any placing commissions). The costs and expenses of any issue of C Shares under the Placing Programme will be paid out of the gross proceeds of such issue and will be borne by holders of C Shares only. No fees or expenses in relation to any placing under the Placing Programme will be charged directly to investors.

4.2 Why is this Prospectus being produced?

(a) Use of proceeds and amount of proceeds

The Issue

The target size of the Issue is £150 million. Assuming that the target of 150 million Ordinary Shares to be issued pursuant to the Issue is achieved and that the costs of the Issue are two per cent. of the gross issue proceeds, it is expected that the Company will receive £147 million in cash from the Issue, net of fees and expenses associated with the Issue.

Reasons for the Issue

The Directors intend that the net issue proceeds will be used by the Company to acquire energy efficiency investments, in accordance with the Company's investment objective and investment policy, to redeem the Management Shares and to provide sufficient funds for the working capital of the Company. The Directors have confidence that the net issue proceeds can be significantly deployed or committed to acquire suitable assets within twelve months from Admission.

Placing Programme

The net proceeds of the Placing Programme are dependent, inter alia, on the Directors determining to proceed with a Subsequent Placing under the Placing Programme, the level of subscriptions received, the price at which such Ordinary Shares are issued and the costs of the Subsequent Placing. The Directors intend to use the net proceeds of any Subsequent Placing to acquire energy efficiency investments, in accordance with the Company's investment objective and investment policy and for working capital purposes.

(b) Underwriting

Neither the Issue nor the Placing Programme is being underwritten.

(c) Material conflicts of interest

As at the date of this Prospectus, there are no interests that are material to the Issue and the Placing Programme and no conflicting interests.

RISK FACTORS

Investment in the Company carries a high degree of risk, including but not limited to the risks in relation to the Company, the Ordinary Shares and C Shares referred to below. If any of the risks referred to in this Prospectus were to occur, the financial position and prospects of the Company could be materially and adversely affected. If that were to occur, the trading price of the Ordinary Shares and/or C Shares and/or their Net Asset Value and/or the level of dividends or distributions (if any) received from the Ordinary Shares and/or C Shares could decline significantly and investors could lose all or part of their investment.

In addition to all other information set out in this Prospectus, the following specific factors should be considered when deciding whether to make an investment in the Ordinary Shares and/or C Shares. The risks set out below are those which are considered to be the material risks relating to an investment in the Ordinary Shares and/or C Shares but are not the only risks relating to the Ordinary Shares, the C Shares or the Company. No assurance can be given that the Shareholders will realise profit on, or recover the value of their investment in the Ordinary Shares and/or C Shares, or that the Company will achieve any of its anticipated returns. It should be remembered that the price of securities can go down as well as up and investors could lose all or part of their investment.

Prospective investors should note that the risks relating to the Company, its industry and the Ordinary Shares and the C Shares summarised in the section of this document headed "Summary" are the risks that the Board believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares and/or C Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

The risks referred to below are the risks which are considered to be material but are not the only risks relating to the Company, the Ordinary Shares and C Shares. There may be additional material risks that the Company and the Board do not currently consider to be material or of which the Company and the Board are not currently aware. As required by the UK Prospectus Regulation, the risk that the Board consider to be the most material risk in each category, taking into account the expected magnitude of its negative impact on the Company and the probability of its occurrence, has been set out first. Given the forward-looking nature of the risks however, there can be no guarantee that any such risk is, in fact, the most material or the most likely to occur. Potential investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before acquiring any Ordinary Shares or C Shares. In particular, prospective investors should note that the risks relating to the Energy Efficiency Investments do not necessarily apply to each Energy Efficiency Investment. The nature, terms, structure and characteristics of each of the Energy Efficiency Investments vary significantly between each Energy Efficiency Investment. The risks relating to Energy Efficiency Investment should be read in conjunction with the provisions of this Prospectus related to the Energy Efficiency Investment generally.

Risks relating to the Company

The Company has no operating history and past performance cannot be relied upon as an indicator of future performance

The Company is a newly incorporated public limited company, has no operating history or revenues and will not commence operations until it has obtained funding through the Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective and provide a satisfactory investment return. The Company's returns will depend on many factors, including the performance of its Energy Efficiency Investments, the availability and liquidity of Energy Efficiency Investments and the ability of the Company to successfully pursue its Investment Policy. The past performance of investments managed and monitored by the Investment Adviser, its associates and/or the Investment Adviser's investment professionals is not a reliable indication of the future performance of the Company. As such, there can be no assurance that the Company's investment objective and policy will be successful.

The Combined Pipeline is not a seed portfolio

No investment opportunities from the Combined Pipeline have been contracted to be acquired by the Company, there are no binding commitments or agreements to acquire any of these investment opportunities and the Company does not have a right of first refusal over any of the investment opportunities in the Combined Pipeline. The Investment Adviser is under no obligation to make the

investment opportunities in the Combined Pipeline available to the Company and will apply its Allocation Policy in respect of the allocation of investment opportunities among Aquila Managed Funds. Therefore there can be no assurance that any of these investment opportunities will be available for purchase after Admission or, if available, at what price (if a price can be agreed at all) the investment opportunities can be acquired by the Company. Investments not comprised in the Combined Pipeline may also become available. The individual holdings within the Company's portfolio may therefore be substantially different to the Combined Pipeline which may have an adverse effect on the value of the Group, the Company's financial condition, and the results of operations and prospects, with a consequential material adverse effect on returns to Shareholders and the market value of the Ordinary Shares and C Shares.

Reliance on the third party service providers particularly the Investment Adviser

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company is reliant upon the performance of third party service providers for its executive function including the AIFM (who will be advised by the Investment Adviser), the Administrator and the Registrar. In particular the expertise of the Investment Adviser will be critical to identifying, structuring, recommending and executing transactions as well as advising and providing asset management services in respect of the Company's Energy Efficiency Investments. In turn, the successful performance of the Investment Adviser will be dependent upon the expertise of the professionals in its team and other personnel. If the Investment Adviser withdraws or is unable to provide these services or if its professionals cease to be employed by the Investment Adviser, this could have a material adverse effect on the Company's operations and results.

The termination of the Company's relationship with any third party service provider (or the termination of the relationship between the AIFM and the Investment Adviser) or any delay in appointing a replacement for such service could disrupt the management of the Company's portfolio. Furthermore, failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a material adverse effect on the operations of the Company or the administration of its Energy Efficiency Investments. Any such difficulties may lead to a reduced level of revenue generated by any or all of the Energy Efficiency Investments and/or the Company generally. As a result, the profitability of the Company may be reduced leading to reduced returns to Shareholders.

Foreign currencies, exchange rates and hedging risks

Sterling is the functional currency of the Company. The geographical target of the Company is Europe, which includes jurisdictions which have alternative local currencies. Therefore it is probable that the Company and its subsidiaries will hold assets in European local currencies other than Sterling, the Group will make and/or receive payments that are denominated in currencies other than Sterling and consequently the Company will be exposed to currency risk. Changes in foreign currency exchange rates will cause the value of Energy Efficiency Investments, and any income arising out of the Energy Efficiency Investments, to go up or down in Sterling terms. In addition, the Company may incur costs in connection with conversions between various currencies. As a result, the profitability of the Company may be reduced leading to lower returns to Shareholders.

The Company may, but is not obliged to, enter into hedging arrangements with respect to these exchange rate risks. To the extent that the Company engages in exchange rate hedging transactions, the Company and the Shareholders may be exposed to certain additional risks, for example forward exchange contracts, may require the Company to (i) provide collateral in the form of cash, which may impact the timely deployment of capital into Energy Efficiency Investments or (ii) sell assets to satisfy a margin call. In addition, there can be no guarantee that the hedges which the Company puts in place will be effective. Accordingly, any such hedging arrangements could have an adverse effect on the returns realised by the Company, with a consequential adverse effect on the returns to Shareholders and the market value of the Ordinary Shares and C Shares.

Use of borrowing

The Group may use leverage for investment and working capital purposes, which may be on a full recourse basis.

Whilst the use of borrowing should enhance the total return to Shareholders where the return on the Company's portfolio exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's portfolio is lower than the cost of borrowing. The use of borrowing may increase the volatility of the NAV per Ordinary Share and/or NAV per C Share, as applicable.

However if the value of all or any of the Energy Efficiency Investments were to fall to a level such that the Company or the relevant Energy Efficiency Investment was required to pay all or part of its borrowings,

either as a result of a breach of a covenant during the course of the term or because of any inability to repay at the end of the term, the relevant Energy Efficiency Investment or the Company could be in breach of one or more covenants. In these circumstances, the Company may be forced to provide additional security or to sell various relevant Energy Efficiency Investments in order to repay all or part of its borrowings together with any attendant costs. In such circumstances, it is conceivable that the Company may be required to sell Energy Efficiency Investments. Such Energy Efficiency Investments may be difficult to realise and therefore the market price which is achievable may give rise to significant loss of value compared to the book value of the Energy Efficiency Investments. The result of such a sale will also result in a reduction in income from the Energy Efficiency Investments generally. Shareholders should also note that Company lenders will rank ahead of Shareholders' entitlements.

Interest will be payable on any borrowings. As such, the borrowing entity (which may be the Company, a subsidiary, an SPV or a holding vehicle) may be exposed to interest rate risk due to fluctuations in the prevailing market rates.

The use of leverage creates special risks and may significantly increase the Company's investment risk. Leverage creates an opportunity for greater yield and total return but, at the same time, will increase the Company's exposure to capital risk and interest costs. As a result, the profitability of the Company may be reduced leading to reduced returns to Shareholders.

Dividends and returns are targets only

Subject to the requirement to make distributions in order to maintain investment trust status, any dividends and other distributions paid by the Company will be made at the discretion of the Board. The payment of any such dividends or other distributions will in general depend on the Company's ability to generate realised profits from Energy Efficiency Investments, which, in turn, will depend on the ability to generate sufficient cashflows, the financial condition of the Energy Efficiency Investments, the availability of debt, the Company's current and anticipated cash needs, the Company's costs, legal and regulatory restrictions affecting the Energy Efficiency Investments and such other factors as the Board may deem relevant from time to time. As such, investors should have no expectation as to the amount of dividends or distributions that will be paid by the Company or that dividends or distributions will be paid at all.

In addition, all target dividends and returns are based on a number of assumptions, including that the Net Issue Proceeds will be invested within expected timeframes, the Company's ongoing running costs are as anticipated, borrowings are available, the Energy Efficiency Investments generate realised profits and the taxes payable by the Company remain materially unchanged. There can be no guarantee that these assumptions or the Company's target dividends and returns will be met or that distributions will be made at all. In either case, such failure is likely to have an adverse effect on the value of the Group, the Company's financial condition, and the results of operations and prospects, with a consequential material adverse effect on returns to Shareholders and the market value of the Ordinary Shares and C Shares.

Reliance on financial projections

Investment valuation is based on financial projections and, where relevant, Terminal Value for the relevant Energy Efficiency Investments. Projections will primarily be based on the Investment Adviser's assessment and are only estimates of future results based on assumptions made at the time of the projection. The Company's semi-annual announcements of Net Asset Value (other than the announcement in respect of the 31 December Net Asset Value in each year) will be based on estimates provided by the Investment Adviser and will not be audited. The financial information relating to Energy Efficiency Investments on which the semi-annual valuations will be based will be based on management information provided by the Investment Adviser. Actual results may vary significantly from the projections, which may reduce the profitability of the Company leading to reduced returns to Shareholders.

When valuing an Energy Efficiency Investment it will typically be assumed that the project has little or no Terminal Value (i.e. the value attributed to an Energy Efficiency Investment at the expiration of its contractual term). However, certain investments within the investment portfolio may have some Terminal Value attributed to them at the time of investment. In such circumstances, if it was not possible to extend the term of that Energy Efficiency Investment or otherwise re-contract that project at the expiration of its term (or if it could such project could only be extended or re-contracted on less favourable terms), the value of that Energy Efficiency Investment may therefore differ materially from the Terminal Value attributed to such Energy Efficiency Investment at the time the Company invested in it. Valuations of investments for which market prices are not readily available may fluctuate over short periods of time and are based on estimates. Determinations of fair value of Energy Efficiency Investments may therefore differ materially from the values that would have resulted if a ready market had existed for those Energy

Efficiency Investments. Even if market prices are available for the Company's investments in Energy Efficiency Investments, such prices may not reflect the value that the Company would be able to realise in respect of those investments because of various factors, including illiquidity in the market for Energy Efficiency Investments, future market price volatility, or the potential for a future loss in market value due to poor industry conditions. If and to the extent the realisable value of the Energy Efficiency Investments is lower than its valuation, it may reduce the profitability of the Company leading to reduced returns to Shareholders.

Conflicts of interest and the Allocation Policy

The Investment Adviser manages and advises other accounts, vehicles and funds pursuing similar investment strategies to that of the Company. The appointment of the Investment Adviser by the AIFM is on a non-exclusive basis and it is anticipated that the Investment Adviser will continue to allocate a significant amount of time to advising and managing other Aquila Managed Funds. The Company may enter into transactions with Aquila Managed Funds as a counterparty when acquiring, disposing of or co-investing in certain Energy Efficiency Investments. The Investment Adviser or other Aquila Group entities may have rendered certain services such as origination, advisory or other services for the benefit of previous and/or existing Aquila Managed Funds which held or hold an interest in an asset targeted by the Company and in return the relevant Aquila Group entities may have received fees for such services. As a result, the Investment Adviser or other Aquila Group entity might be subject to a conflict of interest resulting from their previous involvement in relation to such asset. Additionally, it is possible that the Aquila Managed Funds will invest in assets which may be in competition with those invested in by the Company for customers, power capacity or financing opportunities. Any one of these factors may on occasion give rise to conflicts of interest which the Investment Adviser will manage in accordance with its policies and procedures relating to conflicts of interest. In particular, in relation to the allocation of investment opportunities, the Investment Adviser will follow the Allocation Policy to seek to ensure appropriate allocations between the Company and the other Aquila Managed Funds. Notwithstanding such policies, it cannot be assured that such conflict of interests will always be resolved in a manner that Shareholders perceive to be in their best interest, particularly where the Investment Adviser needs to balance divergent interests of the Company, other Aquila Managed Funds and of the Aquila Group generally. In seeking to manage such conflicts and adhering to the Allocation Policy, the Investment Adviser will not offer the Company the opportunity to invest in all Energy Efficiency Investments that fall within the Investment Policy and as a result, the profitability of the Company may be reduced leading to reduced returns to Shareholders.

Risks relating to investments

Counterparty risk

As the Company's revenue will be derived from the Energy Efficiency Investments in the portfolio, the Company will be exposed to the financial strength of the Counterparties to such projects, or indirectly to the financial strength of the Counterparties of the projects invested in as part of the Equity Investments. The Company is subject to the risk of the inability of any Counterparty to perform its contractual obligations, whether due to insolvency, bankruptcy, annulment, invalidity, early termination or other causes. Whilst the Investment Adviser will seek to mitigate this risk by contracting with Counterparties with appropriate credit quality, or who are public sector or quasi-public sector bodies, there are likely to be instances where the creditworthiness of the Counterparty is not verified by a ratings agency and the Investment Adviser must make its own assessment or where the Counterparty has a credit rating which is not investment grade. If there is a failure or default by the Counterparty to such a transaction, the Company will have legal and/or contractual remedies pursuant to the agreements related to the transaction (which may or may not be meaningful depending on the financial position of the defaulting Counterparty). As a result, profitability of the Company may be impaired leading to reduced returns to Shareholders and, in the worst case scenario, total loss of their investment.

Risks associated with the effects of the Coronavirus Disease 2019 (COVID-19) pandemic

The COVID-19 pandemic and the measures taken to control the outbreak have led to increased volatility in stock markets and other financial markets around the world and a downturn in the global economy. The future development and the long-term impacts of the outbreak are unknown and it remains to be seen how and when the global economy and financial markets will recover from the impact of the pandemic and what effect any secondary outbreaks may have on the global economy and financial markets. There can be no guarantee that the pandemic will not have a material adverse impact on Energy Efficiency Investments and the Company's counterparties and therefore the returns of the Company and the market value of the

Ordinary Shares and C Shares.

Availability of and competition for suitable for Energy Efficiency Investments

The success of the Company's investment activities depends on the Investment Adviser's ability to identify Energy Efficiency Investments and the availability of such investment in the primary investment and secondary investment markets. Identification and exploitation of the investment strategies to be pursued by the Company involves a high degree of uncertainty. No assurance can be given that the Investment Adviser will be able to secure suitable investment opportunities in the primary investment and secondary investment markets. Changes in the broader energy efficiency market in which the Company seeks to invest, as well as other market factors, may reduce the scope for the Company's investment strategies. Additionally, the Company will compete with other parties including, subject to the Allocation Policy, other Aquila Managed Funds, for Energy Efficiency Investments in the primary investment and secondary investment markets. Therefore, even when a suitable investment opportunity is identified, there can be no assurance that such opportunity will be available at all or at a price or upon terms and conditions (including, where applicable, financing) that the AIFM or the Board, as applicable, considers satisfactory.

The Combined Pipeline represents investment opportunities in respect of which the Aquila Group is in negotiations (including some where the Investment Adviser has rights of first refusal) or currently held in Aquila Managed Funds, and which the Investment Adviser considers fall within the Company's Investment Policy. However, there is no guarantee that the Company will ultimately acquire any investments from the Combined Pipeline.

The inability of the Company to acquire Energy Efficiency Investments will reduce the amount of income which the Company is able to generate. As a result, the profitability of the Company may be reduced leading to reduced returns to Shareholders.

Risk of non-availability of debt financing

The acquisition or construction of projects, facilities and/or infrastructures may be financed through external loans or other instruments, either alone or together with third parties in a consortium, where appropriate. There is a risk that the short and long term debt financing that the Company is looking to secure is not available, or only available on unfavourable terms and conditions, and as a result the relevant Energy Efficiency Investment may not be able to be made and/or additional working capital is not available to the Company. Even if such debt financing is initially available, there is a risk that the relevant lender does not or cannot refinance the loan amount. In such case, alternative financing will need to be procured. If no alternative financing is available or it is only available on less favourable terms and conditions, the relevant Energy Efficiency Investment may not be able to be made and/or could become insolvent and thus incur partial or total loss, in particular where claims are subordinated to those of other creditors. As a result of any such risks, the profitability of the Company may be impaired leading to reduced returns for Shareholders.

Risk of construction or operating errors or defects

The Energy Efficiency Investments are at risk that their projects, facilities and/ or infrastructures may not be fully functional due to construction or operating errors, defects, delays or cost overruns. If a third party is liable to repair or remedy any such defect, there is a risk that such third party will not carry out such repair or remedy by the agreed deadline or at all. Furthermore, the third party may not be able to pay the relevant compensation to the Counterparty and the relevant defects may not be sufficiently covered by any other warranty. Even if such defects are covered by warranty, there is a possibility that such defects may only occur after the warranty period expires, or that the relevant damages exceed the scope of the warranty and therefore cannot be fully recovered. Operational failures or malfunction of the projects, facilities and/ or infrastructures and delays in the production or supply of energy efficiencies may impair the profitability of the Company leading to reduced returns for Shareholders.

The contractual arrangements governing Energy Efficiency Investments may also include targets, against which the performance of the Energy Efficiency Investments will be measured. Where such targets are not met as a result construction or operating errors or defects, the relevant Counterparty may be entitled, pursuant to the terms of the Energy Efficiency Investment, to withhold part or all of the contractual payment payable to the Group, or to terminate the relevant contract for the default of the Group. The facilities and/ or infrastructure installed in connection with Energy Efficiency Investments owned by the Group may not operate for the period of time assumed by the Investment Adviser, or such facilities and/ or infrastructure may require significantly more maintenance expenditure than assumed. This may impair the profitability of the Company leading to reduced returns for Shareholders.

Risks of contracting with government authorities

The Company intends to invest in Energy Efficiency Investments that involve government authority counterparties. Any agreement with governmental authorities may contain clauses more favourable to the governmental counterparty than a typical commercial contract and may restrict the Company's ability to operate the Energy Efficiency Investment in a way that maximises cash flows and profitability. For instance, such agreements may include termination clauses permitting a governmental authority to terminate the agreement under certain circumstances without payment of adequate compensation. Furthermore, governmental authorities have considerable discretion in implementing regulations that could impact the energy efficiency market, and governments may be influenced by political considerations and may make decisions that adversely affect the Company's investments.

There is a risk that if contracts or other arrangements with governmental authorities are amended, legally deficient or unenforceable, the returns of the Energy Efficiency Investments may be affected. As a result, profitability of the Company may be impaired leading to reduced returns to Shareholders.

Acquisition risks

The investment objective of the Company is to acquire Energy Efficiency Investments that fall within its Investment Policy. The vendor will typically provide various warranties for the benefit of the acquirer and its funders in relation to the acquisition. Such warranties will be limited in extent and are typically subject to disclosure, time limitations, materiality thresholds and liability caps and to the extent that any loss suffered by the acquirer arises outside the warranties or such limitations or caps are exceeded, it will be borne by the acquirer, which may adversely affect the income received by the Energy Efficiency Investment. As a result, profitability of the Company may be impaired leading to reduced returns to Shareholders.

Concentration in limited number of countries

The Energy Efficiency Investments acquired by the Company may be based predominantly in a limited number of countries throughout Europe and exposure to each individual country is expected to vary over time. Potential exposure to investments in a limited number of countries could expose the Company to the fluctuations of a narrow range of geographical markets and currencies. As a result, profitability of the Company may be impaired leading to reduced returns to Shareholders.

Due diligence risks

Prior to the acquisition of an Energy Efficiency Investment, commercial, credit risk assessment, financial, tax, technical and legal due diligence on the relevant Energy Efficiency Investment will be undertaken by the Investment Adviser and/or third party experts (such as law firms, tax advisers etc.). The level of due diligence carried out by the Investment Adviser will depend on the size and the complexity of the relevant investment opportunity. In particular, with respect to smaller investment opportunities qualifying for the Delegated Authority, the due diligence carried out by the Investment Adviser is likely to be limited, which will increase the likelihood of material risks not being identified. Even with respect to investments for which the Investment Adviser undertakes a full scale due diligence, it may not uncover all of the material risks affecting the Energy Efficiency Investment, and/or such risks may not be adequately protected against in the acquisition documentation. The Company may acquire Energy Efficiency Investments with unknown liabilities and without any recourse, or with limited recourse, with respect to unknown liabilities. However, if an unknown liability was later asserted in respect of the relevant Energy Efficiency Investment, the Company might be required to pay substantial sums to settle it or enter into litigation proceedings, which could adversely affect cash flow and the result of its operations. Accordingly, in the event that material risks are not uncovered and/or such risks are not adequately protected against, this may have a material adverse effect on the Energy Efficiency Investment and the Company. As a result, profitability of the Company may be impaired leading to reduced returns to Shareholders.

Where the Investment Adviser appoints third party professionals to provide due diligence reports in connection with the acquisition of an Energy Efficiency Investment the Company will have reliance on those due diligence reports. For small scale Energy Efficiency Investments such reports may not be available. There is a risk that, notwithstanding this reliance relationship, the relevant professional adviser has limited its liability or is otherwise able to avoid liability to the Company. Should that be the case, the Company may be unable to recover losses suffered as a result of its reliance on such professional adviser.

Non-controlling interest risk

The Company may invest in non-controlling interests, either as co- investor with other Aquila Managed

Funds or otherwise, in Energy Efficiency Investments, where it may (i) have limited influence or (ii) not be able to block certain decisions made collectively by the majority equity holders or senior lenders. That may result in decisions being made about the relevant investment that are not in the interests of the Company. While the Company intends to only invest in non-controlling interests where contractual and other arrangements can be negotiated to ensure, amongst other things, that no action is taken in relation to the relevant investment which would result in the Company being in breach of its Investment Policy or borrowing restrictions, the scope of the concessions available to the Company through these agreements may be limited such that the Company has little control over the relevant investment. For example, the Company may not be able to force a sale of the relevant investment to a third party, reducing the ability of the Company to divest its stake in the relevant investment. As a result of this lack of control, profitability of the Company may be restricted leading to reduced returns to Shareholders.

Risk of investing in debt or other unquoted instruments

Most of the investments to be acquired by the Company are not listed or traded on regulated markets, for example, the Company intends to make investments in debt instruments issued by Energy Efficiency Investments. Accordingly, the liquidity of such instruments is fairly limited and it cannot be assured that these instruments will be disposed of at desirable prices or at all. Investments in debt instruments involve various risks. In particular, the Company is exposed to the risk that the issuer of debt instruments may be unable to make timely payments or at all due to financial difficulties or insolvency. In such circumstances, extensive additional costs may be incurred, for example as a result of initiating litigation, seizure or foreclosure or other actions to recover the outstanding amounts. If any such risks materialise, profitability of the Company may be impaired leading to reduced returns for Shareholders.

Risk of investing in mezzanine instruments

Obligations under mezzanine instruments are usually subordinated to all senior lenders of the relevant investments. If the Company invests in mezzanine instruments it may only be repaid after all senior obligations have been satisfied. Accordingly, the Company is exposed to a higher risk of default or non-payments in relation to its mezzanine instruments compared to senior debt instruments. In addition, the Company will rank lower than any senior lender against any security granted by the Energy Efficiency Investment over its assets. Accordingly a holder of mezzanine instruments typically has little influence or control over the Energy Efficiency Investment especially in the event of a default. If any of the above risks materialises, profitability of the Company may be impaired leading to reduced returns for Shareholders.

Risk of investing in equity

The Company's investment strategy includes the acquisition of equity interests in Energy Efficiency Investments. The claims of equity holders are subordinated to any creditors and are only entitled to receive dividends if there are distributable reserves. Therefore the success of an equity participation depends on the performance and income of the Energy Efficiency Investment. As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders.

Environmental risks

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

To the extent that environmental liabilities arise in the future in relation to any sites owned or used by an Energy Efficiency Investment including, but not limited to, clean-up and remediation liabilities, depending on the contractual arrangements an Energy Efficiency Investment or the Company may be required to contribute financially towards any such liabilities, and the level of such contribution may not be restricted by the value of the Energy Efficiency Investment. If any such financial contributions are required, the profitability of the Company may be impaired leading to reduced returns to Shareholders.

Development risk for certain Energy Efficiency Investments

The Company may, in accordance with the Investment Policy, invest up to 7.5 per cent. of its Gross Asset Value in shareholdings in companies with a strategy that aligns with the Company's investment objective, such as developers, operators or managers of Energy Efficiency Investments. Through these

shareholdings, the Company may indirectly hold assets which are in the development phase.

Assets which are under construction or development may be exposed to certain risks, such as cost overruns, construction delay, lack of planning and/or land consents, which may be outside the Company's control. If the planning, development and construction of energy efficiency projects, facilities and/or infrastructures are undertaken by third parties, these matters are outside the direct control of the Group. During the planning, development and construction of the relevant projects, facilities and/or infrastructures, there is the possibility that the Investment Adviser is unable to continuously supervise the responsible third party. Any error or deviation from design or planning during the development and construction phase may lead to additional costs or expenses being incurred by the relevant member of the Group and could thus result in a lower profit of the Company. If no compensation from the relevant third party (or its guarantor) can be obtained, the ability of the relevant member of the Group to meet any financial liabilities or to distribute dividends or pay interest upon any debt instrument issued by it to the Company or the performance of any equity interest held by the Company may be adversely affected. As a result, the profitability of the Company may be impaired leading to reduced returns to Shareholders.

Risk of loss or damage of projects

In the case of Energy Efficiency Investments, the Company is subject to the risk that the energy efficiency project may be destroyed or suffer material damage, and any existing insurances may not be sufficient to cover all the losses and damages. In particular, geological conditions (such as floods) may cause damage to the project or even total loss of the project. This can adversely affect the ability of the relevant Energy Efficiency Investment to repay the principal or interest of debt instruments issued by it and held by the Company or the performance of any equity interest held by the Company. As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders and in the worst case scenario total loss of their investment.

Market conditions in the energy efficiency sector in Europe

The Company's investment objective requires it to invest in Energy Efficiency Investments which may be both illiquid and scarce. Further, the Company will be subject to the risks associated with concentrating its investments in the energy efficiency asset class.

Notwithstanding the existence of the Combined Pipeline, market conditions, including fluctuations in the supply and demand for, and residual value of, such energy efficiency assets as the Company would seek to invest in, may increase illiquidity and scarcity and have a generally negative impact on the Investment Adviser's ability to identify and execute investments in suitable Energy Efficiency Investments that might generate acceptable returns and thereby cause "cash drag" on the Company's performance. Adverse market conditions and their consequences may have a material adverse effect on the Company's investment portfolio.

Difficult market conditions, including unanticipated changes to the regulatory framework within which the Energy Efficiency Investments operate, may also adversely affect the operations and financial performance of Energy Efficiency Investments on a standalone and collective basis. This may have a corresponding adverse effect on the Company's financial condition. As a result, profitability of the Company may be impaired leading to reduced returns to Shareholders.

Interest rates

Interest rates are sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements, and other factors beyond the control of the Company. Changes in market rates of interest could affect the Company and the Energy Efficiency Investments in a variety of ways. Changes in the general level of interest rates can affect the spread between, amongst other things, the income on the Company's assets and the expense of its interest-bearing liabilities, the value of its interest-earning assets and its ability to realise gains from the sale of assets (should this be desirable). Changes in interest rates may also affect the valuation of the investment portfolio by impacting the valuation discount rate, and hence the NAV.

The Company may finance its activities with either fixed and/or floating rate debt. With respect to any floating rate debt, the Company's performance may be affected if it does not limit the effects of changes in interest rates on its operations by employing an effective hedging strategy, including engaging in interest rate swaps, caps, floors or other interest rate contracts, or buying and selling interest rate futures or options on such futures. There can be no assurance that such arrangements will be entered into or that they will be sufficient to cover such risk. Such arrangements may even turn out to be to the Company's detriment,

depending upon the direction in which the rate changes.

Interest rate hedging

The Company may engage in full or partial interest rate hedging, or otherwise seek to mitigate the risk of interest rate increases in relation to any loan granted to it. To the extent that the Company engages in interest rate hedging transactions, the Company and the Shareholders may be exposed to certain additional risks. In particular there can be no guarantee that the hedges which the Company puts in place will be effective. Any hedging or derivative transaction which does not perform its intended purpose could have an adverse effect on the value of the Group, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the returns to Shareholders and the market value of the Ordinary Shares and C Shares.

Inflation

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

Grid connection risks

The Company's Energy Efficiency Investments may be subject to the risk that, due to interruption in the grid connection or irregularities in the overall power supply, power may not be generated or supplied. In such case, affected Energy Efficiency Investment's may not receive any compensation or only limited compensation in accordance with the relevant contractual or statutory provisions. This may adversely affect the ability of the relevant Energy Efficiency Investment to repay the principal or interest of debt instruments issued by it and held by the Company or the performance of any equity interest held by the Company. As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders.

Payments on early termination of Energy Efficiency Investments

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

In circumstances where Company owns the assets and infrastructure that are the subject of the Energy Efficiency Investment, an early termination of the Energy Efficiency Investment may give rise to a right for the Company to decommission and reposess assets and infrastructure installed on the Counterparty's premises. Any equipment due for return to the Company on termination may not be capable of reuse for another investment or otherwise resold for anything close to its acquisition cost. While contracts governing the Energy Efficiency Investments will sometimes specify that such decommissioning is undertaken at the counterparty's cost, and any early termination fee will usually be based on the net present value of the Energy Efficiency Investment (which will include a fair value of the installation costs), there is no guarantee that the Company will be able to successfully recover a termination fee that fully covers all costs and liabilities the Company has incurred in respect of an Energy Efficiency Investment together with all project revenue from such project.

In some cases, a Counterparty may have a right to purchase the assets and infrastructure upon early termination or at the end of the term. The price paid for the asset may not be equivalent to the price that may have been achieved on the open market. Where there is such a shortfall, the early termination of an Energy Efficiency Investment by a Counterparty may materially adversely affect the value of the portfolio

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

Demand, usage and throughput risks

Residual demand, usage and throughput risk can affect the performance of certain energy efficiency investments. To the extent that the assumptions made regarding the demand, usage and throughput of assets prove incorrect, returns could be adversely affected. The Company may invest in Energy Efficiency Investments that derive substantially all of their revenues from collecting usage fees from users of a given infrastructure in accordance with an agreement or a regulatory and/or legal framework. Users of any such infrastructure directly and/or indirectly operated by the Company may react negatively to usage fee rates, or any adjustments to such rates, which could reduce the usage of such infrastructure. Negative public reaction to usage rates may also result in public pressure on relevant government authorities, which may cause such authorities to challenge or reduce the usage fee rates, loosen the usage conditions, require increased quality/quantity of service or to revise the conditions under which the services are to be provided.

In addition, adverse public opinion, or lobbying efforts by specific interest groups, as a result of factors such as general economic conditions, negative consumer perception of increases in usage fee rates, the prevailing rate of inflation, volume and public sentiment about prevailing usage fee rates could result in governmental pressure on infrastructure investments to reduce their usage fee rates, to forego planned rate increases, to loosen user conditions. The Company and/or Investment Adviser cannot guarantee that public regulator or authority will not try to exempt certain user categories from usage fees or negotiate lower usage fee rates. If public pressure or government action forces infrastructure investments to restrict their usage fee rate increases or reduce their usage fee rates, and they are not able to secure adequate compensation to restore the economic balance of the project, the Company's business, financial condition and results of operations could be materially and adversely affected.

Risks at term of use expiry

After completion of the operation phase, the energy efficiency project, facilities and/or infrastructures may be dismantled and, in some instances, the land or property restored to its original condition. So far there is limited information and experience with respect to the decommissioning and dismantling of energy efficiency projects, facilities and/or infrastructures. In addition, such dismantling, disposal and restoration may be subject to additional unforeseen costs to be borne by the Energy Efficiency Investment.

If the energy efficiency projects, facilities and/or infrastructures are to be sold to third parties, it cannot be assured that such energy efficiency projects, facilities, facilities and/or infrastructures can be sold by the desired deadline or at the desired purchase price due to economic fluctuations or changing market conditions in the energy and/or respective infrastructure sector. If any of these risks materialises, the ability of the relevant Energy Efficiency Investment to repay the principal or interest of debt instruments issued by it and held by the Company or the performance of any equity interest held by the Company may be adversely affected. As a result, profitability of the Company may be impaired leading to reduced returns to Shareholders and in the worst case scenario total loss of their investment.

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

The equipment associated with the Energy Efficiency Investment may not always be owned by the Group

In some cases, the Company may purchase receivables due to an energy service company from a Counterparty or loan funds directly to the Counterparty (or a third party SPV) in order for that third party to acquire the energy efficiency equipment directly. The contractual payment payable to the Company will take the form of a transfer of receivables or repayments on the loan. Where a Counterparty or third party SPV owns the energy efficiency equipment, the Company will not benefit from the same level of control over the use and maintenance of such equipment, including not being able to appoint its preferred O&M Contractors. If the Energy Efficiency Investment in question contains contractual provisions enabling the Counterparty to adjust the quantum of the contractual payment depending on the performance of the energy efficiency equipment (such as the inclusion of key performance indicators), then the Company may receive lower returns by virtue of actions outside of its control, such as poor performance of the relevant O&M Contractor. In order to mitigate this risk, the Energy Efficiency Investment may include certain contractual protections for the Company, such as step-in rights or the right for the Company to replace the O&M Contractor. However, such remedies may not be sufficient to recover historic losses suffered by the Company and there may be additional costs incurred by the Company in performing the relevant obligations itself, or procuring a replacement (such costs may not be capable of being passed onto the relevant counterparty or defaulting O&M Contractor). Such poor performance, or other losses caused by actions outside of the control of the Company, may substantially affect the value of the portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on the returns to Shareholders and the market value of the Ordinary Shares and C Shares.

Risks relating to the price and availability of equipment

The price of equipment to be used in any Energy Efficiency Investment can increase or decrease. The price and availability of equipment can be influenced by a number of factors, including the price and availability of raw materials, demand for the relevant equipment and any import duties that may be imposed on that equipment. Unexpected increases in the cost of equipment could have a material adverse effect on the Group's ability to source Energy Efficiency Investments that may have a material adverse effect on the performance of the Company, the Net Asset Value and may impact the Company's earnings and returns to Shareholders.

Reduction in efficiency/degradation

In the case of Energy Efficiency Investments, the Company is exposed to the risk that a deterioration of project efficiency may lead to lower energy production and/or savings. For many energy efficiency projects, their efficiency is only partially guaranteed by their manufacturers. This factor plays a significant role in energy savings forecasts. There is a risk that the actual efficiency may deviate from the guaranteed efficiency (due to, for example, pollution, vegetation, snow or wear) thereby impairing the current production output. In addition, the loss of power, or the so-called degradation may be higher than that guaranteed by the manufacturer, which may result in lower revenue generated by the project. If this risk materialises, the ability of the relevant Energy Efficiency Investment to repay the principal or interest of debt instruments issued by it and held by the Company or the performance of any equity interest held by the Company may be adversely affected. As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders and in the worst case scenario total loss of their investment.

The lack of availability of feedstock

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

Certain Energy Efficiency Investments may run off alternative sources of fuel, which may need to be procured by the Company. For example, biomass boilers may run off wood pellets, which may be sourced by the Company under a supply contract. The supply contract will typically provide for a fixed supply price and quantity for a fixed period of time, alternatively the supply contract may have a supply price based on the output and efficiency of the Energy Efficiency Investment. There is a risk that the Company is unable to source feedstock following expiry of the initial supply contract, that the supplier will raise the

price of the feedstock following expiry of the initial supply contract, or that the supplier fails to supply feedstock of an adequate quality and specification. The Company may suffer loss in the event that the feedstock is no longer available or the market price increases. The occurrence of such events would increase the Company's operating costs, decreasing its profitability and therefore could have a material adverse effect on the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders.

Dependency on meteorology

Energy Efficiency Investments' revenue consist in many cases of remuneration for the reduction in the use of electricity. For some energy efficiency projects (such as rooftop solar projects) this depends on actual weather conditions affecting the projects. There is also risk of weather cycles that are deficient in the type of weather conditions required to produce energy savings at the relevant Energy Efficiency Investment.

In addition, less solar irradiation in different European regions may occur due to local and global climate changes. Furthermore, increased extreme weather conditions could also lead to a change in the energy used which may negatively affect the performance of the relevant Energy Efficiency Investment. The occurrence of other geological events, such as earthquakes or landslides could cause damage or destruction of the Energy Efficiency Investment.

If such risks materialise, the ability of the relevant Energy Efficiency Investment to repay the principal or interest of debt instruments issued by it and held by the Company or the performance of any equity interest held by the Company may be adversely affected. As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders and in the worst case scenario total loss of their investment.

Meteorological forecasts

Energy yield forecasts are to a large extent based on historical climate data and certain IT based simulations/calculations. There is a risk that such forecasts prove inaccurate and, in particular, extreme weather conditions may lead to greater fluctuation from historically recorded data. Climate changes may result in less or limited sunshine which may serve to reduce the energy savings generated over the entire forecasting period which in turn may lead to less revenue being generated at an Energy Efficiency Investment. As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders.

Commodity price risks

Some of the Energy Efficiency Investments of the Company will be subject to commodity price risk, including without limitation, the price of electricity and the price of fuel such as natural gas and/or biomass. The operation and cash flows of certain investments will depend, in substantial part, upon prevailing market prices for electricity and fuel. These market prices may fluctuate naturally depending upon a wide variety of factors, including, without limitation, weather conditions, foreign and domestic market supply and demand, force majeure events, changes in law or regulatory regimes, price and availability of alternative fuels and energy sources, international political conditions including those in the Middle East, actions of the Organization of Petroleum Exporting Countries (and other oil and natural gas producing nation) and overall economic conditions.

Exposure to power prices

The Company may make investments in energy efficiency projects which may have partial, limited, exposure to power prices, for example, in a project involving the installation of a solar PV plant, surplus electricity may be sold to the grid. In addition, the Company will be exposed to power prices if a Counterparty in respect of an Energy Efficiency Investment were to fail and electricity needed to be exported to the grid.

The market price of electricity is volatile and is affected by a variety of factors, including market demand for electricity, the generation mix of power plants, government support for various forms of power generation, as well as fluctuations in the market prices of commodities and foreign exchange.

Many factors could lead to changes in market demand for electricity, including changes in consumer demand patterns. Increased usage of smart grids, a rise in demand for electric vehicle charging capacity and residential participation in renewable energy generation could all impact demand levels and patterns for electricity. There can be no guarantee that the Company's investments will be positively impacted by such changing dynamics. As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders.

Taxation, regulatory and political risks

Regulatory approvals

The construction and operation of energy efficiency projects, facilities and/or infrastructure may require regulatory approvals. Even with careful planning and verification, it is possible that not all necessary permits or licenses for the construction and operation of each project, facility and/or infrastructures in each relevant jurisdiction will be obtained. Each Energy Efficiency Investment is also subject to the risk that a particular permit or license is adversely altered, withdrawn or expires and cannot be extended, which can lead to suspension, delay or restriction in the operation of the affected project, facility and/or infrastructures. In addition, relevant authorities may impose conditions on the commencement or duration of the operation of the projects, facilities and/or infrastructure, or pass legislation that might hinder or invalidate rights under existing contracts (such as future legislative prohibition of particular fuels, such as natural gas). This may delay or restrict the operation of the projects, facilities and/or infrastructure and/or increase the costs of operation.

In addition, costs may be incurred by the Group to navigate and or mitigate certain licensing requirements. Where that is not possible such licensing requirements may result in a decrease of the investable universe as certain investments may require a financial services license which the Group does not wish to obtain. Further, there is a residual risk that the Group subsequently becomes subject to licensing requirements as a result of changes to applicable laws.

As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders.

Risk of reliance on government subsidies and incentives

Certain countries have provided incentives to energy efficiency owners, developers and operators in order to promote energy savings. Some of these government incentives will expire, be phased out over time, terminate upon the exhaustion of the allocated funding, require renewal by the applicable authority or will be amended by governments due to changing market circumstances or changes to national, state or local energy policy. In these cases, the economic success of an Energy Efficiency Investment may depend on such incentives and is subject to risks which may result in decreased revenue thereby adversely affecting the ability of the relevant Energy Efficiency Investment to repay the principal or interest of debt instruments issued by it and held by the Company or the performance of any equity interest held by the Company. As a result, profitability of the Company may be impaired leading to reduced returns for Shareholders and in the worst case scenario total loss of their investment.

Risk related to structuring Energy Efficiency Investments

The Company will invest into Energy Efficiency Investments through holding companies and special purpose vehicles and will therefore have to bear additional costs associated with such structures compared to direct investment as well as any structural risk (e.g. tax and legal risk) connected to the operation and maintenance of such structures. As a result, the profitability of the Company may be impaired leading to reduced returns to Shareholders.

Brexit

On 23 June 2016, the UK voted to leave the European Union, which is referred to as "**Brexit**", and on 31 January 2020 the UK formally ceased to be a member of the EU. Upon its departure, pursuant to an agreement reached between the UK and the EU, a transition period came into effect until 31 December 2020, during which period EU law continued to be applicable to and in the UK. That transition period has now ended.

A trade agreement between the EU and the UK was agreed on the 24 December 2020 which governs certain aspects of the post-Brexit relationship (the "**Trade Agreement**") however, Brexit is still likely to result in ongoing political, legal and economic uncertainty in the UK and the European markets. In particular, the economies of the UK and Member States, and individual businesses operating in one or more of those jurisdictions, may be adversely affected by the restrictions on the ability to provide cross-border services from the UK into the EU and vice versa; the introduction of non-tariff (and, in the future, potentially tariff) barriers; customs checks and/or duties; changes in tax (including withholding tax); restrictions on the movements of employees and restrictions on the transfer of personal data.

There are likely to be changes in the legal rights and obligations of commercial parties across all industries following the UK's exit from the EU despite the Trade Agreement. Depending on the shape of the future relationship between the UK and the EU in relation to financial services, Brexit may have a significant

adverse effect on the ability of the Company to market its Ordinary Shares and/or C Shares in the EU and raise capital from EU investors, which in turn may have a negative effect on marketing and liquidity of the Ordinary Shares and C Shares generally, and for the Company to acquire equity interests or pursue investment opportunities in the EU in future.

Economic turbulence arising out of the changes in the relationship between the UK and EU, including under the terms of the Trade Agreement, could adversely affect the Company's Energy Efficiency Investments, the performance or value of the Company's Energy Efficiency Investments and the ability of the Company to fulfil its investment objectives.

Risks associated with the Eurozone

As the Investment Policy targets Energy Efficiency Investments located in Europe, it is likely that certain, if not the majority, of the Energy Efficiency Investments will be located in jurisdictions within both the EU and the Eurozone. Concerns about credit risk of certain member states of the Eurozone have intensified since 2012. The default, or a significant decline in the credit rating, of one or more member states of the Eurozone could cause severe stress in the Eurozone financial system generally and could, in the worst case scenario, lead to the reintroduction of national currencies in one or more member states of the Eurozone and the abandonment of the Euro as a currency. As the Company will invest in Energy Efficiency Investments throughout Europe, for which the operating currency is likely to be the Euro, an escalation of the Eurozone crisis could adversely affect the NAV of the Company and the value and returns of the Energy Efficiency Investments as well as the economic condition of the Company's counterparties or creditors directly or indirectly located in the Eurozone in ways which it is difficult to predict. If any of these risks materialise, the profitability of the Company may be impaired leading to reduced returns to Shareholders and, in the worst-case scenario, total loss of investments.

UK AIFMD Laws and the EU AIFM Directive

The UK AIFMD Laws and the EU AIFM Directive seek to regulate managers of alternative investment funds (“AIFs”) and imposes obligations on such managers (“AIFMs”) who market shares in such funds to UK and EEA investors respectively.

The Company is an externally managed non-EEA domiciled AIF and the AIFM has been appointed as the Company's non-UK alternative investment fund manager for the purposes of the UK AIFMD Laws and non-EU alternative investment fund manager for the purposes of the EU AIFM Directive. The AIFM does not intend to be subject to the UK AIFMD Laws and/or the EU AIFM Directive except to the extent that it is required to comply with certain provisions of the UK AIFMD Laws and/or the EU AIFM Directive (and laws and regulations made under either of them) in order to permit the marketing of Ordinary Shares and/or C Shares to potential investors in the UK and certain EEA member states, and to report to the competent regulatory authorities in those states where the Ordinary Shares and/or C Shares have been marketed in accordance with, and to the extent required by, the UK AIFMD Laws and/or the EU AIFM Directive. In this regard, the UK AIFMD Laws and the EU AIFM Directive respectively allow the marketing of an AIF such as the Company, either on its own behalf or through its agent, under national private placement regimes, where the UK and individual EEA states so choose. The United Kingdom has adopted such a private placement regime, as have numerous other EEA states, albeit that marketing to investors in the UK and certain EEA states is subject to additional conditions imposed by national law. Such marketing is subject to, *inter alia*, as applicable: (i) the requirement that appropriate cooperation agreements continue to be in place between the supervisory authorities of the relevant states and the GFSC, (ii) Guernsey not being on the Financial Action Task Force blacklist of high-risk and non-cooperative jurisdictions; and (iii) compliance with certain aspects of the UK AIFMD Laws and the EU AIFM Directive as described above.

The ability of the Company or its agents to market the Company's securities (including the Ordinary Shares and/or C Shares) in the UK and the EEA, and accordingly to make the Issue or any further issue of securities available to Shareholders based in those jurisdictions, depends on the UK and relevant EEA member state permitting the marketing of non-UK and non-EEA managed, as appropriate, UK funds and, the continuing status of Guernsey and the GFSC in relation to the UK AIFMD and the AIFM Directive and the AIFM's willingness to comply with the relevant provisions of the UK AIFMD, the AIFM Directive and the other requirements of the national private placement regimes of relevant individual EEA states. In cases where such provisions are not or cannot be satisfied, the ability of the Company to market Ordinary Shares under the Issue or Ordinary Shares and/or C Shares under the Placing Programme or raise further equity capital in the UK and/or such EEA states may be limited or removed entirely.

Any regulatory changes arising from implementation of the UK AIFMD Laws and/or the EU AIFM Directive (or otherwise) which limit the Company's ability to market the Ordinary Shares and/or C Shares may

materially adversely affect the Company's ability to carry out the Investment Policy successfully and to achieve its investment objective. It may also result in certain Shareholders not being able to participate in future capital raisings.

Taxation

Tax considerations

An investment in the Company involves tax considerations in the United Kingdom and, in the countries in which investments are located. The Company may be subject to tax (in particular but not exclusively withholding tax) in the countries in which investment are located which may not be refundable.

The Company might be exposed to tax risks resulting from deviating interpretations of applicable tax laws by the tax authorities or adverse amendments to current legislation. Changes in tax legislation, administrative practice or case law or treatments of tax facts by the relevant tax authorities which deviate from the Company's assessments could result in a higher tax burden. The realisation of any of these risks, alone or in combination, may have adverse effects on the Company's business, financial condition and results of operations.

Taxation risks

Representations in this document concerning the taxation of Shareholders and the Company are based on law and practice as at the date of this Prospectus. These are, in principle, subject to change and prospective investors should be aware that such changes may affect the Company's ability to generate returns for Shareholders and/or the taxation of such returns to Shareholders. If you are in any doubt as to your tax position you should consult an appropriate independent professional adviser.

Any change in the Company's tax status, or in taxation legislation or the taxation regime, or in the interpretation or application of taxation legislation applicable to the Company (including failure by the Company to satisfy the conditions of Chapter 4 of Part 24 CTA 2010) or the companies comprised in the portfolio, could affect the value of the investments held by the Company, the Company's ability to achieve its stated objective, the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders.

A number of countries have introduced beneficial tax and subsidy regimes to support the generation of energy efficiency. In at least one instance this regime has been subject to retrospective change by the jurisdiction concerned. Any such change could have a material adverse effect on the Company.

Investment trust status under Chapter 4 of Part 24 CTA 2010

The Company will seek to qualify as an investment trust. In order to qualify as an investment trust, the Company must comply with Chapter 4 of Part 24 CTA 2010. Provided the Company qualifies as an investment trust, it will benefit from an exemption from UK corporation tax on chargeable gains and tax on certain profits or losses of a capital nature that would otherwise be taxed as income under the loan relationships regime or the derivative contracts regime. Were the Company to breach Chapter 4 of Part 24 CTA 2010, it could be expected not to obtain, or to lose, investment trust status and, as a consequence, capital gains accruing to the Company might be subject to tax, and potentially adversely affecting the return for Shareholders.

The principal requirements to qualify as an investment trust under Chapter 4 of Part 24 CTA 2010 are that: (1) the Company is approved for the period by the Commissioners for HMRC; (2) the Company's business must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds; (3) the Ordinary Shares and/or C Shares must be admitted to trading on a Regulated Market; (4) the Company is not a venture capital trust (within the meaning of Part 6 of the Income Taxes Act 2007) or a UK REIT (within the meaning of Part 12 CTA 2010); (5) the Company is not a close company (as defined in Chapter 2 of Part 10 CTA 2010); (6) the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income and (7) the Company complies with ongoing notification requirements whereby it informs HMRC if it makes changes to its investment policy and if it breaches any of the aforementioned eligibility criteria for investment trust status.

Risks relating to the Ordinary Shares and C Shares

Discount

The market price of the Ordinary Shares and/or C Shares may not reflect the value of the underlying

investments of the Company and may be subject to wide fluctuations in response to many factors, including, amongst other things, additional issuances or future sales of the Company's shares or other securities exchangeable for, or convertible into, its Ordinary Shares and/or C Shares in the future, the addition or departure of Board members or key individuals at the Investment Adviser, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the Company or any of its assets, a perception that other market sectors may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes affecting investment trusts or investments in energy efficiency assets and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Ordinary Shares and/or C Shares. The market value of the Ordinary Shares and/or C Shares may vary considerably from the Company's underlying Net Asset Value. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares and/or C Shares.

Discount management

The Company has Shareholder approval, conditional on Admission, to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue immediately following Admission (and the Directors intend to seek annual renewal of this authority from Shareholders) and subject to the requirements of the Companies Act, the Articles and other applicable legislation, the Company may thus purchase Ordinary Shares in the market with the intention of, amongst other things, enhancing the Net Asset Value per Ordinary Share. The Company may decide to make any such purchases (and the timing of such purchases), however, at the absolute discretion of the Directors. There can be no assurance that any purchases will take place or that any purchases will have the effect of narrowing any discount to Net Asset Value at which the Ordinary Shares may trade.

Risk of dilution

Further issues of Ordinary Shares and/or C Shares, including pursuant to the Placing Programme, are likely, subject to compliance with the relevant provisions of the Companies Act and the Articles, to be made on a non-pre-emptive basis. Existing holders of Ordinary Shares may, depending on the level of their participation in the relevant share issue, have the percentage of voting rights they hold in the Company diluted.

Liquidity

Market liquidity in the shares of investment companies is frequently lower than that of shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares and/or C Shares will exist. Further, the Company is a closed-ended investment company and Shareholders will have no right to have their Ordinary Shares and/or C Shares redeemed or repurchased by the Company at any time. Subject to the Companies Act, the Directors retain the right to effect repurchases of Ordinary Shares and/or C Shares in the manner described in this Prospectus. However, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors to exercise such powers. Accordingly, Shareholders may be unable to realise their Ordinary Shares and/or C Shares at the quoted market price (or at the prevailing Net Asset Value per Ordinary Share and/or C Share, as applicable), or at all.

The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the Ordinary Shares and/or C Shares may affect the ability of Shareholders to realise their investment.

If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of Ordinary Shares and/or C Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

IMPORTANT INFORMATION

This Prospectus should be read in its entirety before making any application for Ordinary Shares and/or C Shares. In assessing an investment in the Company, investors should rely only on the information in this Prospectus (and any supplementary prospectus). No broker, dealer or other person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Ordinary Shares and/or C Shares other than those contained in the Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company, Peel Hunt or any of their respective affiliates, officers, directors, employees or agents.

Without prejudice to any obligation of the Company to publish a supplementary prospectus, neither the delivery of this Prospectus nor any subscription or purchase of Ordinary Shares and/or C Shares made pursuant to this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

An investment in the Company is suitable only for investors who are capable of evaluating the risks and merits of such investment, who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, the Ordinary Shares and/or C Shares, for whom an investment in the Ordinary Shares and/or C Shares constitutes part of a diversified investment portfolio, who fully understand and are willing to assume the risks involved in investing in the Company and who have sufficient resources to bear any loss (which may be equal to the whole amount invested) which might result from such investment. Typical investors in the Company are expected to be asset and wealth managers regulated or authorised by the FCA, other institutional and sophisticated investors and professionally advised private individuals (some of whom may invest through brokers).

In connection with the Issue and each Subsequent Placing, Peel Hunt and any of its affiliates acting as an investor for its or their own account(s), may subscribe for the Ordinary Shares and/or C Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Issue and any Subsequent Placing or otherwise. Accordingly, references in this document to the Ordinary Shares and/or C Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Peel Hunt and any of its affiliates acting as an investor for its or their own account(s). Peel Hunt does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser.

The Ordinary Shares and C Shares are designed to be held over the long term and may not be suitable as short- term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. Any investment objectives of the Company are targets only and should not be treated as assurances or guarantees of performance.

A prospective investor should be aware that the value of an investment in the Company is subject to normal market fluctuations and other risks inherent in investing in securities. There is no assurance that any appreciation in the value of the Ordinary Shares and/or C Shares will occur or that the investment objectives of the Company will be achieved. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company.

The value of the Ordinary Shares and/or C Shares and income derived from them (if any) can go down as well as up. Notwithstanding the existence of the share buyback powers described in Part IV of this Prospectus, there is no guarantee that the market price of the Ordinary Shares and/or C Shares will fully reflect their underlying net asset value. In the event of a winding-up of the Company, Shareholders will rank behind any creditors of the Company and, therefore, any positive return for Shareholders will depend on the Company's assets being sufficient to meet the prior entitlements of any creditors.

The Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Ordinary Shares and/or C Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. The distribution of the Prospectus and the offering of Ordinary Shares and C Shares in certain jurisdictions may be restricted. Accordingly, persons into whose

possession the Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Ordinary Shares and/or C Shares and the distribution of the Prospectus under the laws and regulations of any jurisdiction in connection with any applications for Ordinary Shares and/or C Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. Save for the UK, the Channel Islands and the Isle of Man, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Ordinary Shares and/or C Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of the Prospectus other than in any jurisdiction where action for that purpose is required.

This Prospectus has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA and the UK Prospectus Regulation. No arrangement has however been made with the competent authority in any EEA State (or any other jurisdiction) for the use of this Prospectus as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions. Issue or circulation of this Prospectus may be prohibited in countries other than those in relation to which notices are given below. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, shares in any jurisdiction in which such offer or solicitation is unlawful.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE ISLE OF MAN

The Issue and Subsequent Placings under the Placing Programme are available, and are and may be made, in or from within the Isle of Man and this Prospectus is being provided in or from within the Isle of Man only:

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

The Issue and Subsequent Placings under the Placing Programme referred to in this Prospectus and this Prospectus are not available in or from within the Isle of Man other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN JERSEY

Subject to certain exemptions (if applicable), the Company shall not raise money in Jersey by the issue anywhere of the Ordinary Shares and/or C Shares, and this Prospectus relating to the Ordinary Shares and/or C Shares shall not be circulated in Jersey, without first obtaining consent from the Jersey Financial Services Commission pursuant to the Control of Borrowing (Jersey) Order 1958, as amended. No such consents have been obtained by the Company. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. It must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN GUERNSEY

The Issue and Subsequent Placings under the Placing Programme that are referred to in this Prospectus are available, and are and may be made, in or from within the Bailiwick of Guernsey, and this Prospectus may only be distributed or circulated directly or indirectly in or from within the Bailiwick of Guernsey:

- (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended); or
- (ii) to persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended), the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law 2002 (as amended) or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 (as amended).

The Issue and Subsequent Placings under the Placing Programme and this Prospectus are not available

in or from within the Bailiwick of Guernsey other than in accordance with paragraphs (i) and (ii) above and must not be relied upon by any person unless made or received in accordance with such paragraphs.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Ordinary Shares have been offered or will be offered pursuant to the Issue or Subsequent Placings to the public in that Relevant State prior to the publication of a prospectus in relation to such Ordinary Shares which has been approved by the competent authority in that Relevant State except that such Ordinary Shares may be offered to the public in that Relevant State at any time under the following exemptions under the EU Prospectus Regulation: (a) to any legal entity which is a qualified investor as defined under Article 2 of the EU Prospectus Regulation; (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the EU Prospectus Regulation), subject to obtaining the prior consent of Peel Hunt for any such offer; or (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation, provided that no such offer of the Ordinary Shares shall require the Company or Peel Hunt to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation and each person who initially acquires Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted to and agreed with Peel Hunt and the Company that it is a "qualified investor" within the meaning of Article 2(e) of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any Ordinary Shares and/or C Shares in any Relevant State means the communication in any form and by any means, presenting sufficient information on the terms of the offer and the Ordinary Shares and/or C Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Ordinary Shares and/or C Shares, and includes the placing of Ordinary Shares and/or C Shares through financial intermediaries.

In the case of any Ordinary Shares and/or C Shares being offered to a financial intermediary as that term is used in the EU Prospectus Regulation, such financial intermediary will be deemed to have represented, warranted, acknowledged and agreed that the Ordinary Shares and/or C Shares subscribed by it in the Issue or the Placing Programme have not been subscribed on a non-discretionary basis on behalf of, nor have they been subscribed with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares and/or C Shares to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of Peel Hunt has been obtained to each such proposed offer or resale.

The Company, Peel Hunt and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified Peel Hunt of such fact in writing may, with the consent of Peel Hunt, be permitted to subscribe for Ordinary Shares in the Issue or Ordinary Shares and/or C Shares in the Placing Programme.

Any prospective investor domiciled in the EEA that has received the Prospectus in any Relevant State should not subscribe for Ordinary Shares and/or C Shares (and the Company reserves the right to reject any application so made, without explanation) unless (i) the AIFM has confirmed that it has made the relevant notification(s) and/or application(s) in that Relevant State and is lawfully able to market the Ordinary Shares and/or C Shares into that Relevant State; or (ii) such investor has received the Prospectus on the basis of an enquiry made at the investor's own initiative and it is a person to whom the Ordinary Shares and/or C Shares may lawfully be offered under the EU AIFM Directive or under the applicable implementing legislation (if any) of that Relevant State.

Notwithstanding that the AIFM may have confirmed that it is able to market the Ordinary Shares and/or C Shares to professional investors in a Relevant State, the Ordinary Shares and/or C Shares may not be marketed to retail investors (as this term is understood in the EU AIFM Directive as transposed in the Relevant State) in that Relevant State unless the Ordinary Shares and/or C Shares have been qualified for marketing to retail investors in that EEA State in accordance with applicable local laws. At the date of this Prospectus, neither the Ordinary Shares nor C Shares are eligible to be marketed to retail investors in any Relevant State. Accordingly, the Ordinary Shares and/or C Shares may not be offered, sold or delivered and neither the Prospectus nor any other offering materials relating to such Ordinary Shares and/or C Shares may be distributed or made available to retail investors in those countries.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE REPUBLIC OF IRELAND

The Ordinary Shares to be issued pursuant to the Issue and the Ordinary Shares and/or C Shares to be

issued pursuant to a Subsequent Placing will not be offered, sold, placed or underwritten in Ireland:

- except in circumstances which do not require the publication of a prospectus pursuant to the EU Prospectus Regulation as implemented in Ireland pursuant to the Irish European Union (Prospectus) Regulations 2019 (S.I. No. 380/2019) and any rules issued by the Central Bank of Ireland pursuant thereto;
- otherwise than in compliance with the provisions of the Irish Companies Act 2014 (as amended);
- otherwise than in compliance with the provisions of the Irish European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 614/2017) (as amended), and the bookrunner and any introducer appointed by the Company will conduct themselves in accordance with any codes or rules of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland with respect to anything done by them in relation to the Company;
- otherwise than in compliance with the provisions of the Irish European Union (Market Abuse) Regulations 2016 (S.I. No. 349/2016) (as amended) and any rules issued by the Central Bank of Ireland pursuant thereto; and

except to professional investors as defined in AIFMD and otherwise in accordance with AIFMD, Commission Delegated Regulation (EU) No 231/2013 (as amended), the Irish European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. No. 257/2013) (as amended), and any rules issued by the Central Bank of Ireland pursuant thereto.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN LUXEMBOURG

No offer of Ordinary Shares and/or C Shares to the public will be made in Luxembourg pursuant to this Prospectus, except that an offer of Ordinary Shares and/or C Shares in Luxembourg may be made at any time: (a) to any person or legal entity which is a professional client within the meaning of Annex II of MiFID; or (b) in any circumstances which do not fall under specific offer limitations under the AIFM Law and at the same time do not constitute an Offer of Shares to the public requiring the publication by the Company of a prospectus pursuant to Article 3 of the EU Prospectus Regulation and the Prospectus Law,

provided that in both cases (a) and (b) above the AIFM fulfils the requirements set out in the AIFM Law (in particular the notification obligation set out in Article 45 of the AIFM Law (Article 42 of the AIFMD) and the potentially applicable ongoing requirements). For the purposes of this provision, the expression **"Offer of Shares to the public"** in relation to any Ordinary Shares and/or C Shares in Luxembourg means the communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Ordinary Shares and/or C Shares to be offered so as to enable an investor to decide to purchase or subscribe the Ordinary Shares, the expression **"Prospectus Law"** means the Luxembourg law of 16 July 2019 on prospectuses for securities and the expression **"AIFM Law"** means the Luxembourg Law of 12 July 2013 on alternative investment fund managers, as amended.

Neither the Company nor its AIFM have been authorised or registered under the AIFM Law or are otherwise supervised by the Luxembourg Commission de Surveillance du Secteur Financier.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE NETHERLANDS

The Ordinary Shares and/or C Shares are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (Wet op het financieel toezicht, or the **"Wft"**). In accordance with this provision the AIFM has notified the Dutch Authority for Financial Markets of its intention to offer these Ordinary Shares and/or C Shares in the Netherlands. The Ordinary Shares and/or C Shares will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (gekwalificeerde beleggers) within the meaning of Article 1:1 of the Wft, as amended from time to time, and as a consequence neither the AIFM nor the Company is subject to the license requirement pursuant to the Wft. Consequently, neither the AIFM nor the Company is subject to supervision of the Dutch Central Bank or the Dutch Authority for Financial Markets.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN BELGIUM

The Ordinary Shares and/or C Shares described herein may not, directly or indirectly, be offered or acquired in Belgium, and this Prospectus may not be circulated in Belgium as part of initial distribution or at any time thereafter, except: (a) to qualified investors within the meaning of Article 2(e) of the EU Prospectus Regulation; (b) to a maximum of 149 individuals who are not qualified investors within the meaning of Article 2(e) of the EU Prospectus Regulation; or (c) to investors who acquire Ordinary Shares and/or C Shares for a minimum consideration of €100,000 or the equivalent thereof in another currency.

Neither the Company nor its AIFM have been authorised or registered under the Belgian AIFM Law of 19 April 2014 or are otherwise supervised by the Belgian Financial Services and Markets Authority.

FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN SWITZERLAND

The Ordinary Shares and/or C Shares have not been and will not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") except (i) to investors that qualify as professional and/or institutional clients within the meaning of the FinSA or (ii) in any other circumstances falling within article 36 para. 1 of the FinSA, and in any case only subject to the restrictions provided for in the next and last paragraph of this notice concerning Switzerland. The Ordinary Shares and/or C Shares have not been and will not be admitted to any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Ordinary Shares and/or C Shares constitutes a prospectus within the meaning of the FinSA. This Prospectus has not been and will not be reviewed or approved by a Swiss review body and does not comply with the disclosure requirements applicable to a prospectus within the meaning of the FinSA. Neither this Prospectus nor any other offering or marketing material relating to the Ordinary Shares and/or C Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Company has not been and will neither be registered with the Swiss Financial Supervisory Authority ("**FINMA**") as a foreign collective investment for distribution to non-qualified investors pursuant to the Swiss Collective Investment Schemes Act, nor has the Company appointed or will the Company appoint a Swiss representative and paying agent, required for distribution to non-qualified investors and to high-net-worth retail clients and private investment structures created for them, having declared that they wish to be treated as professional clients ("**Opting Out HNWI**") (as further defined in the FinSA (cf. art. 5 paras. 1 and 2 of the FinSA) and its implementing ordinance). Accordingly, interests in the Company, including the Ordinary Shares and/or C Shares may not be offered to non-qualified investors or to Opting Out HNWI in or from Switzerland.

FOR THE ATTENTION OF UNITED STATES RESIDENTS

This document is not an offer of securities for sale in the United States. The Ordinary Shares and C Shares have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. The Ordinary Shares and C Shares may not be offered or sold, directly or indirectly, in, into or within the United States, or to, or for the account or benefit of, a U.S. Person absent registration, or an exemption from registration, under the U.S. Securities Act. There will be no public offering of securities in the United States.

The Ordinary Shares and C Shares are being offered and sold only outside the United States to non-U.S. Persons in "offshore transactions" within the meaning of, and in reliance on, Regulation S.

In addition, distributors and dealers (whether or not participating in the Issue) may not offer, sell or deliver Ordinary Shares and/or C Shares (A) at any time, as part of their distribution or (B) otherwise, until 40 days after the later of: (i) the commencement of the Issue; and (ii) the closing of the Issue, in the United States or to, or for the account or benefit of, U.S. Persons, and must provide each broker/dealer to which they sell any Ordinary Shares in reliance on Regulation S during such 40-day period, a confirmation or other notice detailing the restrictions on offers and sales of such securities in the United States or to, or for the account or benefit of, U.S. Persons. Failure to adhere to these requirements may result in a violation of the registration requirements of the U.S. Securities Act.

The Company is not, and does not intend to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules and regulations and as such none of the protections available to investors and restrictions imposed upon companies under the U.S. Investment Company Act is or will be applicable to the Company.

The Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares or C Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, or Peel Hunt. The offer and sale of Ordinary Shares and C Shares has not been and will not be registered under the applicable securities law of Canada, Japan, Australia, Singapore or the Republic of South Africa. Subject to certain exemptions, neither the Ordinary Shares nor the C Shares may not be offered to or sold within Canada, Japan, Australia, Singapore or the Republic of South Africa or to any national, resident or citizen of Canada, Japan, Australia, Singapore or the Republic of South Africa. None of the Company, Peel Hunt or any of their respective representatives, is making any representation to any offeree or purchaser of the Ordinary Shares or C Shares regarding the legality of an investment in the Ordinary Shares or C

Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Ordinary Shares and/or C Shares.

Use of Prospectus by Intermediaries

Under the Intermediaries Offer, the Ordinary Shares are being offered to Intermediaries who will facilitate the participation of their retail investor clients (and any member of the public who wishes to become a client of that Intermediary) located in the United Kingdom, the Channel Islands and the Isle of Man. The Company consents to the use of the Prospectus in connection with any subsequent resale or final placement of securities by the Intermediaries in the United Kingdom, the Channel Islands and the Isle of Man on the following terms: (i) in respect of the Intermediaries who have been appointed prior to the date of this Prospectus, as listed in paragraph 16.1 Part IX of this Prospectus; and (ii) in respect of Intermediaries who are appointed after the date of this Prospectus, a list of which appears on the Company's website, from the date on which they are appointed to participate in connection with any subsequent resale or final placement of securities and, in each case, until the closing of the period for the subsequent resale or final placement of securities by the Intermediaries at 3.00 p.m. on 27 May 2021, unless closed prior to that date.

The offer period within which any subsequent resale or final placement of securities by the Intermediaries can be made and for which consent to use the Prospectus is given commences on 10 May 2021 and closes on 27 May 2021, unless closed prior to that date (any such prior closure to be announced via a Regulatory Information Service).

Any Intermediary that uses the Prospectus must state on its website that it uses the Prospectus in accordance with the Company's consent and the conditions attached thereto. Intermediaries are required to provide the terms and conditions of the Intermediaries Offer to any prospective investor who has expressed an interest in participating in the Intermediaries Offer to such Intermediary. Information on the terms and conditions of any subsequent resale or final placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.

The Company consents to the use of the Prospectus and accepts responsibility for the information contained in the Prospectus with respect to subsequent resale or final placement of securities by any financial intermediary given consent to use the Prospectus.

Any new information with respect to Intermediaries unknown at the time of approval of the Prospectus will be available on the Company's website at www.aquila-energy-efficiency-trust.com. The Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction: (i) in which such offer or solicitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or solicitation. The distribution of the Prospectus and the offering of Ordinary Shares and/or C Shares in certain jurisdictions may be restricted and accordingly persons into whose possession the Prospectus is received are required to inform themselves about and to observe such restrictions.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments; and (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing EU Directive 2014/65/EU, in the case of (a) and (b), to the extent that they form part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018; and (c) other local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares and the C Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in UK MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by UK MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: the market price of the Ordinary Shares and/or C Shares may decline and investors could lose all or part of their investment; neither the Ordinary Shares nor the C Shares offer any guaranteed income and or capital protection; and an investment in the Ordinary Shares and/or C Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are

capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue and/or the Placing Programme. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Peel Hunt will only procure investors (pursuant to the Issue and the Placing Programme) who meet the criteria of professional clients and eligible counterparties.

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

Each distributor (including the Intermediaries) is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and/or C Shares and determining appropriate distribution channels.

UK PRIIPs Regulation

In accordance with the UK PRIIPs Regulation, a key information document prepared in relation to the Company's Ordinary Shares is available on the Company's website: www.aquila-energy-efficiency-trust.com. It is the responsibility of each distributor of Ordinary Shares to ensure that its "retail clients" are provided with a copy of the key information document. The Company is the manufacturer of the Ordinary Shares and the C Shares for the purposes of the UK PRIIPs Regulation and Peel Hunt is not a manufacturer for these purposes. Peel Hunt makes no representation, express or implied, or accepts any responsibility whatsoever for the contents of the key information document prepared by the Company in relation to the Company's Ordinary Shares or any other key information document in relation to the Ordinary Shares or the C Shares prepared by the AIFM in the future nor accepts any responsibility to update the contents of any key information document in accordance with the PRIIPs Regulation, to undertake any review processes in relation thereto or to provide such key information document to future distributors of Ordinary Shares or C Shares. Peel Hunt and its respective affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of any key information document prepared by the Company.

Distribution to retail investors and UK MiFID II

The Company intends to conduct its affairs so that its Ordinary Shares and C Shares can be recommended by financial advisers to retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products. The Company's Ordinary Shares and C Shares are expected to be excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

The Company intends to conduct its affairs so that its Ordinary Shares and C Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under UK MiFID II. The Directors consider that the Ordinary Shares and C Shares should be considered "non-complex" for the purposes of UK MiFID II.

Sustainability-related disclosure

This Prospectus contains the information required to be disclosed under Regulation (EU) 2019/2088 of the European Parliament of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector ("**SFDR**") as at the date of this document.

The exact technical requirements of SFDR are still being clarified at this stage and market participants are awaiting the publication of the Level 2 Regulation and additional delegated acts which will set out the rules for full compliance with SFDR. Also, the Taxonomy Regulation is not yet applicable and the publication of its delegated act supplementing the technical assessment criteria is pending.

The attention of Shareholders is drawn to the fact that, following the adoption of the Level 2 Regulation and the relevant delegated acts, the Prospectus may need to be amended in order to comply with the above requirements.

Data Protection: Personal Data Collection Note

When an application is made to subscribe for shares in the Company, the Company, the Administrator and/or the Registrar will collect data about the prospective Shareholder, such as the name of the Shareholder, their address, the number of shares they subscribe or wish to subscribe for, account details, and proof

of identity, together with such other personal data as is required in connection with the administration of the prospective Shareholder's interest in the Company ("**Personal Data**"). This data will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company), the Administrator and/or the Registrar in accordance with applicable data protection legislation and regulatory requirements of the United Kingdom. It will be stored manually and on the computer systems of the Company, the Administrator and/or the Registrar or other third party processor, and will be retained for as long as is necessary in order to administer the interests in the Company and for any period thereafter which is required in order for the Company to comply with its reporting obligations.

The Company is required by Data Protection Legislation to specify the purposes for which it will hold Personal Data. The Company, the Administrator and/or the Registrar (together with any third party, functionary, or agent appointment by the Company) will use and process such data for the following purposes:

- for or in connection with the holding of an interest in the Company, including processing Personal Data in connection with credit and money laundering checks on the prospective Shareholder;
- to communicate with the prospective Shareholder as necessary in connection with the proper running of the Company's business affairs and generally in connection with the holding of an interest in the Company;
- to provide Personal Data to such third parties as are or shall be necessary in connection with the proper running of the Company's business affairs and generally in connection with the holding of an interest in the Company or as Data Protection Legislation may require, including to third parties outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK); and
- for the Company's, the Administrator's and/or the Registrar's internal record keeping and reporting obligations.

The legal basis for processing Personal Data for the purposes set out above, is the legitimate interests of the Company, the Administrator and/or the Registrar in carrying out the business of the Company and administering the interests in the Company and/or (in some cases) that the processing is necessary for compliance with a legal obligation to which the Company, Administrator and/or the Registrar is subject.

The Company is a data controller in respect of Personal Data and for the purpose of Data Protection Legislation. All prospective shareholders whose Personal Data has been submitted in connection with an application for an interest in the Company have a right to:

- be told about the data that the Company, the Administrator and/or the Registrar hold about them and to receive a copy of the information that constitutes Personal Data about them on request;
- request access to and rectification or erasure of Personal Data, restriction of processing concerning the prospective Shareholder, and the right to data portability (as set out in, and subject to limits imposed by Data Protection Legislation);
- withdraw consent to processing, to the extent that processing is based on consent; and
- lodge a complaint about processing with the UK data protection supervisory authority (the Information Commissioners Office).

If you wish to exercise any of these rights, or wish to contact the Company, the Administrator and/or the Registrar about your Personal Data, you should submit a written application to the Administrator and/or the Registrar at their regulated address.

Where a third party provides Personal Data about a prospective Shareholder to the Company, the Administrator and/or the Registrar, the third party represents and warrants to the Company, the Administrator and/or the Registrar, that it has collected and transferred such data to the Company, the Administrator and/or the Registrar, in accordance with Data Protection Legislation.

Investment Structure

The Company may make its investments either directly or through a group structure comprising of one or more SPVs, including the use of securitisation vehicles which ordinarily involve the use of an orphaned company. No such SPVs have been established as at the date of this document. References in this document to the Company making investments or being affected by certain events or circumstances

include references to investments being made and held by an SPV or an SPV being affected by such events or circumstances.

Regulatory information

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy shares in the United States or in any other jurisdiction in which such offer or solicitation is unlawful. Issue or circulation of this Prospectus may be prohibited in some countries.

The Ordinary Shares and/or C Shares offered by this Prospectus may not be offered or sold directly or indirectly in or into the United States, or to or for the account or benefit of any U.S. Person (within the meaning of Regulation S).

Investment considerations

The contents of this Prospectus or any other communications from the Company, the AIFM, the Investment Adviser, Peel Hunt and any of their respective affiliates, directors, officers, employees or agents are not to be construed as advice relating to legal, financial, taxation, investment or any other matter. Prospective investors should inform themselves as to:

- (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares and/or C Shares;
- (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares and/or C 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 Ordinary Shares and/or C Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

The Ordinary Shares and C Shares are designed to be held over the long term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur or that the Company will achieve its distribution targets (which for the avoidance of doubt are targets only and not profit forecasts), and investors may not get back the full value of their investment. Any investment objectives of the Company are targets only and should not be treated as assurances or guarantees of performance.

It should be remembered that the price of the Ordinary Shares and/or C Shares, and the income from them, can go down as well as up.

All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles which investors should review.

Forward-looking statements

The Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "forecasts", "projects", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places through this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and the Directors concerning, amongst other things, the investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects and dividend policies of the Company and the assets in which it will invest.

All forward-looking statements address matters that involve risks and uncertainties and are not guarantees of future performance. Accordingly, there are or will be important factors that could cause the Company's actual results of operations, performance or achievement or industry results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in the part of this Prospectus entitled "Risk Factors", which should be read in conjunction with the other cautionary statements that are included in this Prospectus. Any forward-looking statements in this Prospectus reflect the Company's current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements.

These forward-looking statements apply only as at the date of this Prospectus. Subject to any obligations under FSMA, the UK Market Abuse Regulation, the UK Prospectus Regulation, the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Regulation Rules, the Company undertakes no obligation publicly to update or review any forward-looking statement whether as a result of new information, future developments or otherwise. Prospective investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision. Nothing in this paragraph or in the preceding three paragraphs should be taken as limiting the working capital statement contained in paragraph 4 of Part IX of this Prospectus.

The actual number of Ordinary Shares to be issued pursuant to the Issue and the actual number of Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme will be determined by the Company (in consultation with Peel Hunt and the Investment Adviser). In such event, the information in this Prospectus should be read in light of the actual number of Ordinary Shares to be issued pursuant to the Issue and the actual number of Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme.

No incorporation of website

The contents of the Company's website at www.aquila-energy-efficiency-trust.com do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus alone and should consult their professional advisers prior to making an application to subscribe for Ordinary Shares and/or C Shares.

Presentation of information

Financial Information

The Company is newly-formed and as the date of this Prospectus has only commenced limited operations and has no assets or liabilities, and therefore no statutory financial statements have been prepared as at the date of this Prospectus. All future financial information for the Company is intended to be prepared in accordance with IFRS. In making an investment decision, prospective investors must rely on their own examination of the Company from time to time and the terms of the Issue.

Market, economic and industry data

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Company's business and the track record of the Investment Adviser contained in this Prospectus consists of estimates based on data and reports compiled by professional organisations and analysts, information made public by investment vehicles currently managed by the Investment Adviser or the Aquila Group, or data from other external sources and on the Company's, the Directors' and Investment Adviser's knowledge. Information regarding the macroeconomic environment has been compiled from publicly available sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analysis and estimates, requiring the Company or the Investment Adviser to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, but none of the Company, the Investment Adviser or Peel Hunt has independently verified that data. None of the Company, the Investment Adviser or Peel Hunt gives any assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Company believes its and the Investment Adviser's internal estimates to be reasonable, they have not been verified by any independent sources and the Company cannot give any assurance as to their accuracy.

Currency presentation

Unless otherwise indicated, all references in this Prospectus to "GBP", "Sterling", "pounds sterling", "pound", "£", "pence" or "p" are to the lawful currency of the UK, and all references to "€" or "Euro" are to the lawful currency of the Eurozone countries.

Latest Practicable Date

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is at close of business on 7 May 2021.

Governing law

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

Definitions

A list of defined terms used in this Prospectus is set out at pages 139 to 147 of this Prospectus.

EXPECTED TIMETABLE

Expected Issue Timetable

All references to times in this Prospectus are to London Time, unless otherwise stated.

Initial Placing, Offer for Subscription and Intermediaries Offer open	10 May 2021
Latest time and date for receipt of Application Forms and payment in full under the Offer for Subscription	11:00 a.m. on 27 May 2021
Latest time and date for receipt of Application Forms and payment in full under the Intermediaries Offer	3:00 p.m. on 27 May 2021
Latest time and date for commitments under the Initial Placing	5:00 p.m. on 27 May 2021
Announcement of the results of the Issue	28 May 2021
Admission to the premium segment of the Official List and commencement of dealings on the London Stock Exchange	2 June 2021
CREST accounts credited	2 June 2021
Dispatch of definitive share certificates (where applicable)	Week commencing 7 June 2021

Expected Placing Programme Timetable

Placing Programme opens	3 June 2021
Publication of Placing Programme Price in respect of each Subsequent Placing	on, or as soon as practicable after, the announcement of each Subsequent Placing
Announcement of the results of each Subsequent Placing	on, or as soon as practicable after, the results of each Subsequent Placing
Admission to the premium segment of the Official List and commencement of dealings on the London Stock Exchange	8:00 a.m. on each day on which Ordinary Shares and/or C Shares are issued pursuant to the Placing Programme
CREST accounts credited	as soon as practicable after the issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme
Dispatch of definitive share certificates (where applicable)	by no later than 14 business days after Admission of the relevant Ordinary Shares and/or C Shares
Latest date for Ordinary Shares and/or C Shares to be issued pursuant to the Placing Programme	9 May 2022

The dates and times specified above and mentioned throughout this Prospectus are subject to change. In particular the Directors may, with the prior approval of Peel Hunt, postpone the closing time and date for the Initial Placing, Offer for Subscription and Intermediaries Offer. In the event that such date is changed, the Company will notify investors who have applied for Ordinary Shares of changes to the timetable by the publication of an announcement through a Regulatory Information Service.

ISSUE AND PLACING PROGRAMME STATISTICS

Issue Statistics

Issue Price per Ordinary Share	£1.00
Estimated (unaudited) Net Asset Value per Ordinary Share at Admission	£0.98

Issue Statistics on the basis that Gross Issue Proceeds are £150 million

Gross Issue Proceeds	£150 million
Net Issue Proceeds	£147 million*
Number of Ordinary Shares being issued	150 million

Issue Statistics on the basis that Gross Issue Proceeds are £200 million

Gross Issue Proceeds	£200 million
Net Issue Proceeds	£196 million*
Number of Ordinary Shares being issued	200 million

The target size of the Issue is £150 million with the actual size of the Issue being subject to investor demand. The number of Ordinary Shares to be issued pursuant to the Issue, and therefore the amount of the Gross Issue Proceeds, is not known at the date of this Prospectus but will be notified by the Company by the publication of an announcement through a Regulatory Information Service prior to Admission.

If commitments and applications are received for more than £150 million Ordinary Shares pursuant to the Issue, the Directors reserve the right, in consultation with Peel Hunt, to increase the size of the Issue to £200 million. Any such increase will be notified by the Company by the publication of an announcement through a Regulatory Information Service. If the Gross Issue Proceeds are not such that the Net Issue Proceeds equal or exceed the Minimum Net Proceeds the Issue will not proceed.

* The costs and expenses of the Issue are will amount to no more than two per cent. of the Gross Issue Proceeds.

Placing Programme Statistics

Maximum size of the Placing Programme	300 million Ordinary Shares and/or C Shares
Placing Programme Price per Ordinary Share	not less than the prevailing NAV per Ordinary Share at the time of issue plus a premium sufficient to cover the costs and expenses of such issue
Placing Programme Price per C Share	£1.00

DEALING CODES

LEI of the Company	213800AJ3TY3OJCQQC53
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The Ordinary Shares and C Shares will be quoted and traded in both Sterling and Euros.

The ISIN, SEDOLs and tickers for the Ordinary Shares and C Shares are set out below:

	Sterling Quote	Euro Quote
Ordinary Share ISIN	GB00BN6JYS78	GB00BN6JYS78
Ordinary Share SEDOL	BN6JYS7	BL6K7R6
Ordinary Share Ticker	AEET	AEEE
	Sterling Quote	
C Share ISIN	GB00BN6JYT85	
C Share SEDOL	BN6JYT8	
C Share Ticker	AEEC	

DIRECTORS, AGENTS AND ADVISERS

Directors (all non-executive)	Miriam Greenwood OBE DL (Chair) Lisa Arnold Nicholas Bliss Laura Sandys CBE all of 1st Floor, Senator House 85 Queen Victoria Street London EC4V 4AB
AIFM	International Fund Management Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
Investment Adviser	Aquila Capital Investmentgesellschaft mbH Valentinskamp 70 D-20335 Hamburg Germany
Administrator to the Company, Company Secretary	PraxisIFM Fund Services (UK) Limited 1st Floor, Senator House 85 Queen Victoria Street London EC4V 4AB
Sponsor, Bookrunner and Intermediaries Offer Adviser	Peel Hunt LLP 100 Liverpool Street London EC2M 2AT
Registrar and Receiving Agent	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6AH
Auditors and Reporting Accountant	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Solicitors to the Company as to English Law	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
Solicitors to the Sponsor, Bookrunner and Intermediaries Offer Adviser as to English Law	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH

PART I - COMMERCIAL SUMMARY

The Company is a Sterling-denominated UK domiciled investment company which aims to build a portfolio of Energy Efficiency Investments across Europe.

Subject to having sufficient distributable reserves to do so, the Company is targeting a dividend of a minimum of 3.5 pence per Ordinary Share in relation to the financial year ending 31 December 2022, and a minimum of 5 pence per Ordinary Share in relation to the financial year ending 31 December 2023, with the aim of increasing this dividend progressively over the medium term. The Company is targeting a total shareholder return of 7.5 per cent. to 9.5 per cent. per annum (net of fees and expenses) in the medium term (by reference to the Issue Price) following full investment of the Net Issue Proceeds to be achieved over the long term through the reinvestment of excess cash flows, asset management initiatives and the use of portfolio leverage.⁴

The Investment Adviser will advise on potential Energy Efficiency Investments in line with the Investment Policy. The Investment Adviser is part of the Aquila Group. The Aquila Group is an experienced and long-term investor in real asset investments. Founded in 2001 by Rd. Dieter Rentsch and Roman Rosslenbroich, the Aquila Group currently manages and/or advises approximately €12.5 billion for its clients (as at 31 December 2020). In 2019 Aquila entered into a strategic partnership with Daiwa Energy & Infrastructure.

The Aquila Group specialises in secular and sustainable trends in renewable energy, social housing, green logistics, infrastructure, timber and agriculture as well as energy efficiency. Dedicated expert investment teams with entrepreneurial mindsets draw on their sector networks and experience to screen, develop, finance, manage and operate investments along the entire value chain. As this concept requires local management teams and a local presence, Aquila Capital has 14 investment offices in 12 countries. These comprehensive operational capabilities paired with more than 450 employees at group level, intensive asset management and a passion for detail ensure asset and product performance as well as the timely deployment of capital. The Aquila Group believes in stringent corporate governance. It is licensed as an alternative investment fund manager (but for the avoidance of doubt is not acting as AIFM to the Company) both in Luxembourg and Germany, and therefore subject to the highest European regulatory standards.

The Investment Adviser has the ability to source assets from third parties as well as accounts, funds and finance vehicles managed or advised by the Aquila Group. Following due diligence, the Investment Adviser will make a proposal to the AIFM about the suitability of a particular asset to form part of the Company's investment portfolio. The AIFM will consider any proposal, evaluate it against the Company's Investment Policy and, where the proposal is within the parameters of the Delegated Authority, the AIFM will make a decision as to whether or not to acquire the relevant asset to form part of the investment portfolio. Where the proposed investment is outside of the parameters of the Delegated Authority, the AIFM will make a recommendation to the Board in respect of the proposed investment. The Board will consider the recommendation and supporting materials received and make a decision as to whether or not to make the relevant investment.

The Investment Adviser has identified an Advanced Pipeline of opportunities which are deemed suitable for the Company to invest in and which fulfil the Company's Investment Policy. The Advanced Pipeline comprises 60 assets that are (i) in negotiations (including some where the Investment Adviser has rights of first refusal) (58 assets) or (ii) held in Aquila Managed Funds (2 assets).

The Investment Adviser has identified a Follow On Pipeline of opportunities which are deemed suitable for the Company to invest in and which fulfil the Company's Investment Policy, which are expected to become available for investment after the first anniversary of Admission. The Follow On Pipeline includes investment opportunities that are being developed with 7 different ESCOs or technology providers with whom the Investment Adviser is negotiating the Energy Efficiency Investments in the Advanced Pipeline. These ESCOs and technology providers have detailed plans to complete multiple projects over a number of years and are in negotiations with the Investment Adviser regarding the financing of these projects.

The Board, chaired by Miriam Greenwood OBE DL, will consider and approve the acquisition by the Company of proposed Energy Efficiency Investments. The Board will supervise the AIFM, who will be responsible for making recommendations in relation to proposals put forward by the Investment Adviser.

The Company is targeting a raise of £150 million pursuant to the Issue to be invested in Energy Efficiency Investments that fall within the Company's Investment Policy. The Issue comprises an Initial

⁴ These are targets only and not forecasts. There can be no assurance that these targets can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on these targets in deciding whether to invest in Ordinary Shares or assume that the Company will make any distributions at all.

Placing, Offer for Subscription and Intermediaries Offer. A Placing Programme is in place from 3 June 2021 and will close on 9 May 2022 or at such earlier time as the maximum number of Ordinary Shares and/or C Shares that may be issued under the Placing Programme have been issued. The maximum number of shares to be issued under the Issue is 200 million Ordinary Shares and under the Placing Programme is 300 million Ordinary Shares and/or C Shares.

PART II - ENERGY EFFICIENCY

The Company confirms that the information extracted from third party sources in this Part II has been accurately reproduced and that, as far as the Company is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Sources for the information set out in this Part II are set out underneath each relevant figure or table, as applicable, or in footnotes at the bottom of the page.

This Part II (Energy Efficiency) of this Prospectus contains the Investment Adviser's current assessment of a diverse and evolving market by reference to which the Company has adopted its investment objective and policy, and also sets out the investment strategy and approach which the Investment Adviser will follow when implementing the Company's investment objective and policy.

Energy Efficiency Market

1 Introduction

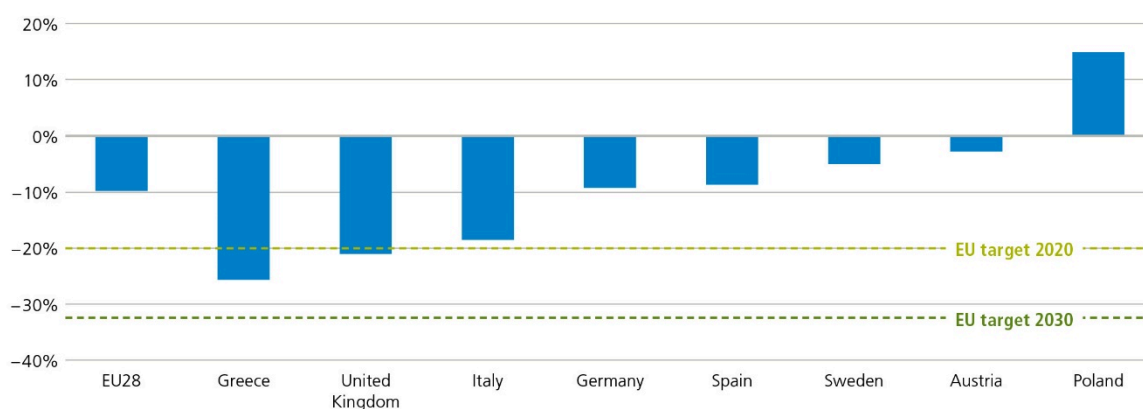
Energy efficiency, by definition, refers to measures whose implementation results in the same or improved performance with reduced energy consumption. According to the laws of economics, scarcity of energy makes it necessary to relate the input to the output in order to maximize the respective benefit. This means that with a fixed energy input the aim is to maximize output, whereas with a fixed output the aim is to minimize the energy input requirements.

Final energy consumption only covers two-thirds of the energy generated in the EU and the UK, as it does not account for losses during energy production and transportation. Energy intensity, being consumption in relation to gross domestic product, is also influenced by energy-independent factors such as the structure of the economy. Ideally, energy efficiency targets are measured in terms of primary energy consumption, which measures the energy supplied to the system. Substantial cost savings can be achieved through energy efficiency, while at the same time reducing emissions of climate-damaging substances. The result is a classic win-win situation.

2 The strategy of the EU 27 and UK

Most stakeholders agree that energy efficiency is an important cornerstone of the transformation of the EU's energy system. In the public debate, however, the main focus is on the expansion of renewable energies. The International Energy Agency (the "IEA") estimates that, under existing policies there remains big potential for improvement, since 70 per cent. of global energy consumption is not subject to mandatory efficiency standards.⁵ The EU's energy efficiency targets are not being met by the majority of member states. Figure 1, below, shows that the EU target of a 20 per cent. reduction in primary energy consumption by 2020 was most likely missed significantly. Across the EU, the total reduction by EU member states (including, at that time, the UK) amounted to only a 10 per cent. reduction.

Figure 1: Efficiency gains in relation to primary energy consumption in 2018 of the EU 27 and the UK



Source: European Commission (2020)

Under the slogan "energy efficiency first", the European Commission is trying to accelerate the efforts

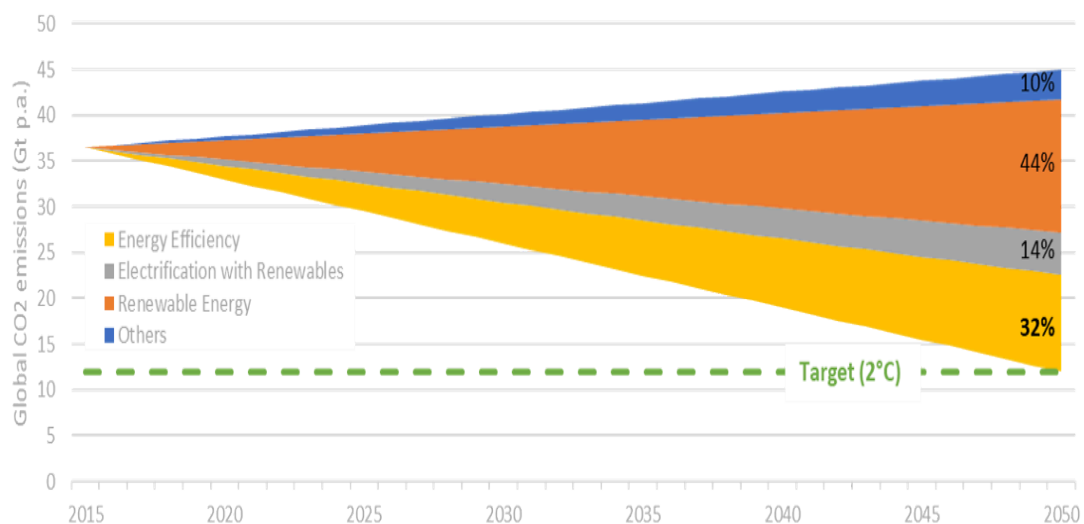
⁵ IEA (2017)

of the member states. The aim is to establish energy efficiency as an independent energy source, so to speak.⁶ In addition to the binding target to reduce primary energy consumption by 32.5 per cent. by 2030 numerous support measures are offered and educational work is being carried out. The potential to reduce CO₂ emissions cost-effectively through energy efficiency measures makes economic sense and is also essential for achieving climate targets. In addition, it also makes an important contribution to the framework conditions for energy system transformation, where the focus is on the security of supply and access to affordable energy. Whilst the UK is no longer a member of the EU, they still view energy efficiency as a cornerstone of the energy transition. The UK already announced that they will continue to strengthen their efforts in energy efficiency.

3 Synergy effects of renewable energies and energy efficiency

In order to achieve the goal negotiated in the Paris Climate Convention - to limit global warming to below 2°C compared to the pre-industrial age - it is necessary to limit global annual emissions to a maximum of 12 gigatons (Gt) of CO₂ per annum.⁷ However, current trends indicate that the EU is not on track to meet this objective. On the contrary, with the long term trend of global growth and the resulting prosperity, increases in emissions are still being observed. Without concrete measures to prevent this development, global warming will continue over the next 30 years, with unforeseeable but potentially drastic consequences for the climate.

Figure 2: Technology-based CO₂ savings potential



Source: IRENA: *Synergies between renewable energy and energy efficiency* (2017)

According to a study by IRENA, 90 per cent. of the required CO₂ reductions could be achieved by the increased use of renewable energies and an expansion of energy efficiency.⁸ Figure 2, above, illustrates how global emissions would rise to 45 gigatons of CO₂ per annum in the reference case and how the Paris targets could still be achieved through decisive and controlled action.

The emissions reductions required to achieve the Paris Climate Convention target can even be achieved cost-effectively. While the relative costs of expanding or replacing conventional thermal power plants with renewable energies are already partly negative in most regions, the relative cost of efficiency measures tends to be even lower.⁹ Depending on regional conditions, especially raw material and emission prices, renewable energy can be highly competitive, which is why they have continued their triumphant advance in recent years.

Onshore solar and wind power plants are already the cheapest sources of energy generation in most

⁶ EC (2020)

⁷ IRENA (2017), in accordance to IEA

⁸ International Renewable Energy Agency

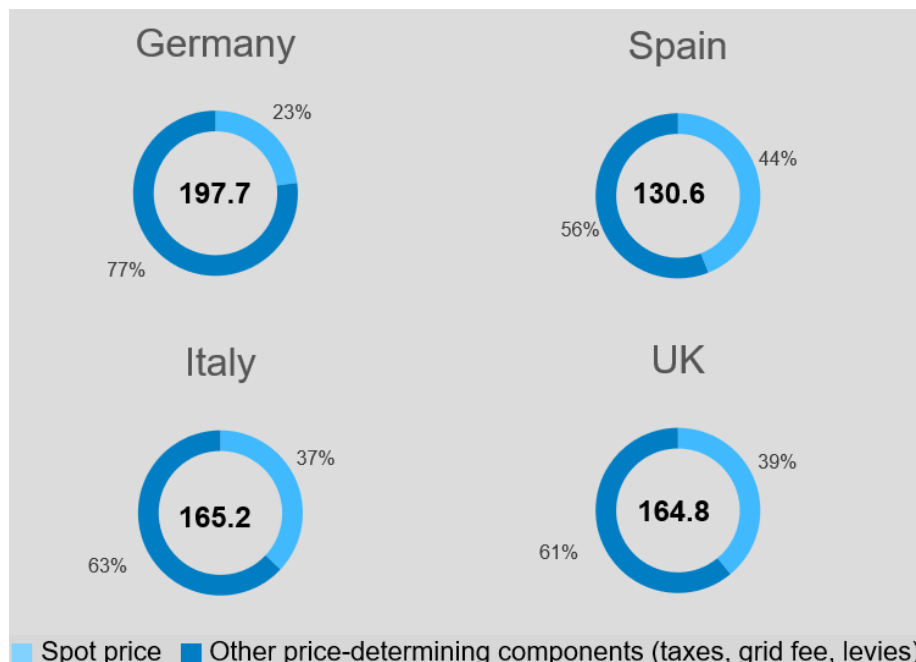
⁹ Negative relative costs: if the costs of adding one unit of renewable energy production, compared to the costs of adding one additional unit of energy production using conventional technology, becomes cheaper the relative costs of the new production becomes negative.

regions. For this reason, the relative costs of expanding them can become negative (compared to the costs of adding conventional plants). The costs of energy efficiency measures, especially in crossover technologies (i.e. established technologies which can be utilised across nearly any business sector, e.g. LED lighting), are still well below those for renewable energies, being clearly in the negative range due to the achievable savings relative to conventional alternatives.¹⁰

4 Advantages from an end user's perspective

The IEA estimates that, in addition to planned emission reductions, half of the global CO₂ reduction required to meet the Paris Climate Convention target can be achieved cost-effectively through energy efficiency measures. For Europe, the potential for CO₂ reduction from energy efficiency measures accounts for up to 76 per cent. of the required reductions. Cost-efficient in this context means short amortization periods or immediate cost savings when outsourcing (contracting) the implementation of measures. A corresponding reduction in energy costs thus leads to competitive advantages. Energy efficiency investments can generate cost savings and income for end users; for example, by fitting solar PV systems to already built-up areas, such as the roofs of factories, end users can reduce their energy costs and also generate income through the sale of surplus capacity. The decisive factor in this orientation is the prevailing level of energy prices.

Figure 3: Offtaker prices for electricity in Europe 2018 (EUR/MWh)



Source: BNEF (2020)

Figure 3, above, illustrates that energy efficient savings potential is mainly influenced by fixed price components. This means that reductions of energy bills are not as volatile as electricity spot prices. Energy efficiency investments can therefore offer diversification to investments in renewable energy generation assets.

4.1 Energy efficiency measures - realising current and future potential in companies

Whereas, in the past, the energy transition was mainly focussed on the energy sector, the focus is increasingly shifting to so-called sector coupling. This means that, in addition to the pure generation of energy and the associated emissions, the industry, building and transport sectors are increasingly being considered. Progress towards climate goals have been made by decarbonising the electricity power generation sector through substantial investment in renewable energy generation. Over the last ten years, wind and solar capacity in the EU (including, at the time, the UK) has more than tripled to 320.34 GW. This corresponds to an average annual growth rate of over 12.5 per cent.¹¹ The EU's 2020 target to increase the share of renewable energy to 20 per cent was almost reached in 2019.¹² However, reductions in primary

¹⁰ IRENA: Synergies between renewable energy and energy efficiency (2017)

¹¹ BNEF (2021)

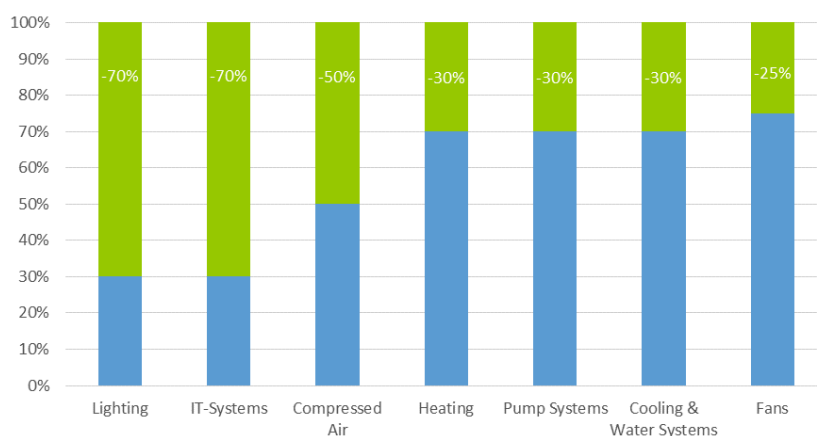
energy consumption and energy efficiency have lagged. To achieve net zero strategies energy efficiency measures are required and are being promoted by the EU in order to overcome certain challenges such as relatively small individual investments, complexity of retrofit solutions.

An example of the importance of the sector-coupling approach is the building sector, which is responsible for 40 per cent. of energy consumption in the EU. As the largest sector of energy consumption, buildings also account for 36 per cent. of climate-damaging emissions. 35 per cent. of the buildings in the EU are more than 50 years old meaning that there is massive potential to reduce energy consumption through a renovation wave.¹³

4.1.1 Crossover technologies

Implementing energy efficiency in very specific technologies is often very complicated because it is the companies themselves who know their industry best. Crossover technologies, on the other hand, have broad fields of application across all industries. Crossover technologies include electric motors, drives, compressed air and building technologies such as heating and lighting. Using the example of Germany, but in reference to specific technologies which are common to all jurisdictions, Figure 4, below, illustrates the high savings potential that lies in the respective technologies.

Figure 4: Savings potential in crossover technologies



Source: German Federal Ministry of Economics and Energy (2020)

The benefits of crossover technologies are relevant to all industries, with energy efficient lighting and IT systems offering the highest savings potential. Replacing old lighting elements, in conjunction with intelligent control methods and reorganisation of IT systems can result in savings of up to 70 per cent. of energy consumption. Electrically driven elements such as motors, compressed air systems, pumps and fans also represent widely required basic technologies which are often associated with the resulting highest energy demand in companies. Crossover technologies illustrate the overall savings potential that can be achieved in companies. In addition, the wide distribution of these crossover technologies forms the basis for dynamic courses of technical progress and the resulting cost degression. There are numerous solutions available for optimizing energy efficiency in these areas.

4.1.2 Classification of sectoral fields of action

In addition to overarching measures within the crossover technologies, there are a large number of sector-related implementation options, whose investment requirements are generally more than compensated in the long term by savings. Regardless of the incremental benefits gained, such as air pollution, whose inclusion would significantly improve the assessment, substantial individual benefits are generated.

Thus, corresponding efficiency strategies lead to competitive advantages through the realizable savings on the cost side of companies. In addition, the individual and overall economic dependence on raw material imports is also significantly reduced. Especially in the European context, import dependence and the associated high volatility is a constant factor of uncertainty. This could be significantly reduced by the influence of energy efficiency measures. Table 1 shows a selection of sector-related efficiency measures.

¹² Eurostat (2021)

¹³ https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/energy-performance-buildings-directive_en#:~:text=Buildings%20are%20responsible%20for%20approximately,buiding%20stock%20is%20energy%20inefficient.

Table 1: Energy efficiency categories by sector

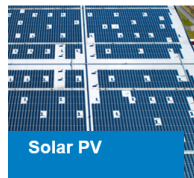



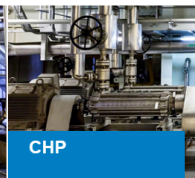

Industry	Efficient pumps, compressors, motors and fans	Buildings	Building envelope
	Heat and process integration		Efficient lighting
	Heat pumps		Efficient appliances
			Heat pumps
Energy	Build out renewable energy	Transport	Further penetration EVs
	Higher-efficiency NGCC plants ¹⁴		
	Switch from coal to gas power plants		Indirect electrification through synthetic fuels

Source: IRENA: Synergies between renewable energy and energy efficiency (2017)

Tables 1 and 2 illustrate how different technologies can be combined to enhance energy efficiency in a number of sectors of the economy, presenting a range of opportunities to achieve a balanced portfolio of energy efficiency investments.

Table 2, below, shows further concrete technology options, different areas of application and synergy effects through sector coupling.

Table 2: Concrete application examples of energy efficient technologies

					
Solar PV	LED	Street Lighting	Biomass	CHP	Transportation
<ul style="list-style-type: none"> – Cost-efficient energy generation for self consumption 	<ul style="list-style-type: none"> – Reduction of energy and maintenance costs as well as heat 	<ul style="list-style-type: none"> – Reduction of energy and maintenance costs – Smart cities infrastructure 	<ul style="list-style-type: none"> – Climate neutral generation of heat, bio fuels and biogas 	<ul style="list-style-type: none"> – Efficient generation of heat, energy; – Process heat / steam in an industrial environment 	<ul style="list-style-type: none"> – Electrification of transport system
Application areas					
<ul style="list-style-type: none"> – Industrial buildings – Logistics centres 	<ul style="list-style-type: none"> – Production halls – Logistics centres – Retail – Green Houses 	<ul style="list-style-type: none"> – Residential Areas / Municipalities – Infrastructure lighting, etc. 	<ul style="list-style-type: none"> – Agriculture – Agronomy – Commerce – Food & Beverage industries, etc. 	<ul style="list-style-type: none"> – Schools – Hospitals – Industrial, etc. 	<ul style="list-style-type: none"> – Locomotives – Buses – Construction Machinery – Trucks – Ships/Ferries
Combined Applications					
<ul style="list-style-type: none"> – Combination with battery storage EV charging stations and heatpumps 	<ul style="list-style-type: none"> – Combination with electricity generation (PV); – Combination with heating, cooling and ventilation 	<ul style="list-style-type: none"> – Combination with 5G small cells, traffic control and loading stations for electric vehicles in the residential area; 	<ul style="list-style-type: none"> – De-centralized energy supply; – Waste management solution 	<ul style="list-style-type: none"> – Waste heat recovery – Tri-generation 	<ul style="list-style-type: none"> – Charging stations

Source: Based on Aquila internal research and estimates (2020).

4.1.3 Contracting - savings from day 1

Especially for small and medium-sized enterprises, expenditure on energy efficiency competes with investments in the core business, as a result, investment in energy efficiency is often postponed, despite the benefits and direct savings offered. Contracting or "as service" solutions offer ideal conditions for reconciling these competing objectives. Contracting is the transfer of the implementation of energy efficiency measures to a specialized service provider, which takes over the optimization of the facilities as well as the financing and implementation of energy-efficient measures. This approach offers the opportunity to benefit from the savings directly after the implementation.

The relative negative costs of energy efficiency measures enable a constellation in which all actors can generate benefits:

- (1) **End user:** Companies realize cost savings through energy efficiency measures from day 1 after implementation, as the savings exceed the costs for service providers. As no up front investment is

¹⁴ Natural gas combined cycle plants (significantly improved efficiency through use of waste heat)

required from the end user, this approach does not reduce the funds available for investment in the core business. Furthermore, contracting does not lead to a burden on the balance sheet that could affect refinancing conditions.

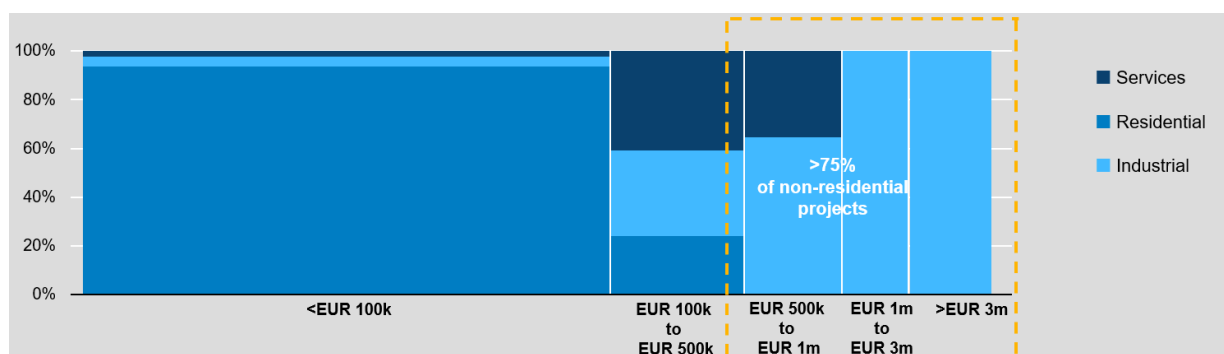
- (2) **Energy service provider:** The energy service provider generates income from the implementation of the measures.
- (3) **Investors:** Investors are offered promising future-facing investment opportunities with attractive returns.
- (4) **Society:** Society benefits from the reduction of negative external effects, while an additional macroeconomic growth effect is achieved, which in turn leads to a positive influence on the labour market.

The cost-efficiency already achieved will be significantly enhanced by ongoing innovation, the use of economies of scale and the expansion of the use of efficient technologies. These framework conditions and good future prospects mark an attractive point of entry that promises stable earnings for all market players.

4.1.4 Fragmented energy efficiency market

The market for Energy Efficiency measures is dominated by relatively small to medium size projects. More than 75 per cent. of all energy efficiency projects in the non-residential segments require investments between €0.5m and €10m.

Figure 5: Illustrative market segmentation by size and sector



Source: Based on Aquila internal research and estimates (2020) and on the Italian energy efficiency market which Aquila believes is representative of the energy efficiency market in general.

The size of energy efficiency projects is not necessarily correlated to the size of the customer but rather, for example, the size of the building(s) or transport infrastructure. However, large customers often operate from multiple sites and offer the opportunity for follow-on projects over time. The implementation and performance risks associated with small and medium sized energy efficiency projects with large customers are limited compared to those of larger infrastructure projects. Smaller project sizes using proven technologies typically reduce implementation risks and construction periods to between 3 and 9 months.

5 **Market Potential**

The "Green Deal", which the EU announced in 2019, set new standards with regard to the goal of avoiding climate-damaging activities. Becoming the world's first climate-neutral continent by 2050 is technically, economically and financially extremely ambitious. While the global pioneering role as a "first-mover" entails risks, the number of countries following is increasing. Incentives, however, do not arise solely from the desire to accept the need for change and act accordingly. In the current state of the global economy, the prospects of new growth impulses through a green revolution are more important than ever.

In response to the pandemic, the EU put together an economic stimulus package that was historic in its scale, with a financial envelope of over €1.8 trillion. In addition, the 2030 emission reduction targets were raised. The emission reduction target was increased by 15 percentage points to the current 55 per cent.

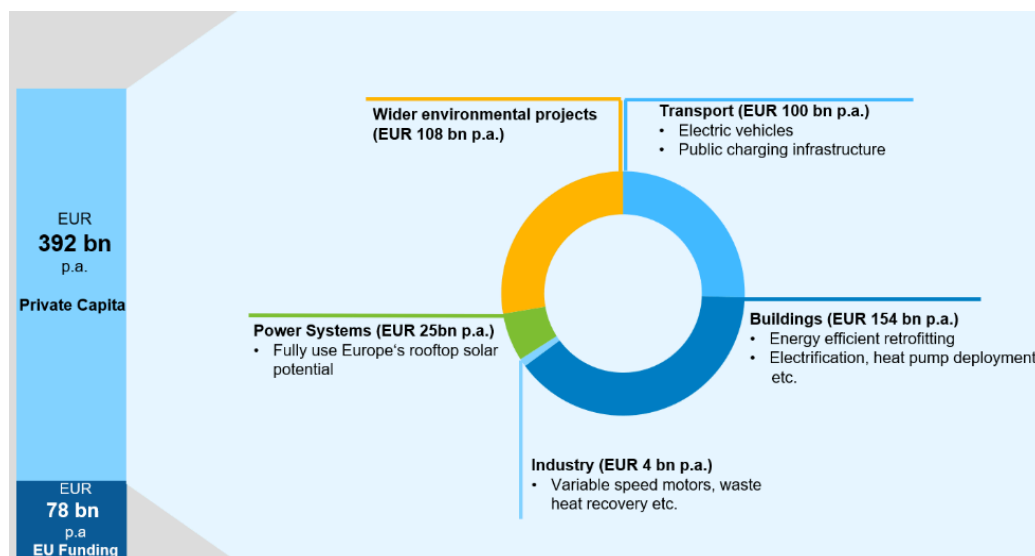
The financial framework envisaged by the EU consists of the long-term budget for the period 2021-2027 (€1,074 billion) and the "Next Generation EU" programme (€750 billion). While the budget is financed by the member states, Next Generation EU represents a novelty in EU history, as the €750 billion will be

raised in the form of a joint loan on the capital market. In total, this results in a firepower of €1,824 billion. 30 per cent. of the financial framework is to be invested exclusively in green projects, while the remaining 70 per cent. are subject to do-not-harm regulation.

According to a European Commission document, there are investment gaps in the various sectors totalling €470 billion per year in the period 2021-2027. These investment gaps are still based on a calculation using the old target of a 40 per cent. reduction in emissions, and the corresponding demand of €460 billion is therefore categorically underestimated.

Based on the European Commission's estimates, Figure 6, below, illustrates the allocation of the investment gap to various sectors. As the allocation of EU funding has not yet been finalised, Figure 6 shows the respective investment gap minus the weighted share of available EU capital, which amounts to €78 billion per year. This results in an annual demand for private capital of almost €400 billion.

Figure 6: Private capital requirements



Source: European Commission (2020) and International Institute for Sustainable Development (2020)

Energy efficiency as the cornerstone of the energy transition has applications in each of the core sectors. Starting with the building sector, which has the highest investment gap in terms of energy efficient refurbishments, there are opportunities ranging from electric mobility and its infrastructure, to various applications in the industrial sector, to the expansion of European rooftop solar potential, to name just a few examples.

In this respect, the EU largely follows an estimate by the IEA, which assumes that from 2035 onwards, half of the global investments to limit climate change will have to be channelled into energy efficiency in order to limit the temperature increase to below 2°C.

Whilst the UK is no longer a member state of the EU, they are also pursuing a green recovery strategy following the COVID-19 pandemic, and the UK government has announced a 10-point plan. This includes £12 billion of public investment with the aim of mobilising three times that amount from the private sector.¹⁵

Activating private capital is at the heart of all strategies. The success of the green deal and the associated green recovery will be measured by the creation of ideal framework conditions for private investors.

¹⁵ <https://www.ft.com/content/6c112691-fa2f-491a-85b2-b03fc2e38a30>

PART III - THE ADVANCED PIPELINE AND FOLLOW ON PIPELINE

Where information contained in this Part III has been sourced from a third party, the Company confirms that such information has been accurately reproduced and the source identified and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Sources for the information set out in this Part III are set out underneath each relevant figure or table, as applicable, or in footnotes at the bottom of the page.

Overview of the Advanced Pipeline

The Investment Adviser has identified a number of Energy Efficiency Investments that, as at the date of this document, are either pending targets for acquisition by the Aquila investment team or held in Aquila Managed Funds. The Investment Adviser considers that these opportunities would meet the Company's Investment Policy and therefore would potentially be suitable for acquisition by the Company.

Investors should note that no assets from the Advanced Pipeline have been contracted to be acquired by the Company, there are no binding commitments or agreements to acquire any of these assets and the Company does not have a right of first refusal over any of the assets in the Advanced Pipeline (the rights of first refusal referenced in the table below are held by the Aquila Group, not by the Company). The Investment Adviser is under no obligation to make the assets in the Advanced Pipeline available to the Company and will apply its Allocation Policy in respect of the allocation of assets among Aquila Managed Funds. Therefore there can be no assurance that any of these investments will remain available for purchase after Admission or, if available, at what price (if a price can be agreed at all) the investments can be acquired by the Company. The assets in the Advanced Pipeline are indicative of the type and size of investment that may be made by the Company. To the extent assets in the Advanced Pipeline remain available for investment by the Company following Admission, the Investment Adviser will advise the AIFM, who may, where investments are within the parameters of the Delegated Authority, make a decision to acquire any assets within the Advanced Pipeline. Where investments are outside of the parameters of the Delegated Authority, the AIFM may recommend to the Board that the Company acquire one or more such assets. Investments which do not form part of the Advanced Pipeline may also become available. The individual holdings within the Company's portfolio, may therefore be substantially different to the Advanced Pipeline shown below.

The Advanced Pipeline comprises the following assets that are (i) under negotiations (including some where the Investment Adviser has rights of first refusal) and (ii) held in Aquila Managed Funds:

Project/ Technology	Sourcing	Status ¹⁶	Sector	Country	Value (in €m)	Ownership	Credit Quality ¹⁷
Street Lighting	ESCO	Owned by Aquila Managed Fund	Transportation	Italy	2.8	Public	BBB+ to BBB-
Lighting, Heating	ESCO	Owned by Aquila Managed Fund	Industrial	Italy	0.5	Private	BBB+ to BBB-
Lighting	ESCO	Right of first refusal	Logistics	Italy	0.1	Private	BBB+ to BBB-
Solar PV	ESCO	Non-exclusive	Food	Italy	0.4	Private	BBB+ to BBB-
Smart Metering	Intermediary	Non-exclusive	Residential	Germany	2.7	Private	TBD
Lighting	Intermediary	Non-exclusive	Industrial	United Kingdom	0.5	Private	TBD
CHP	ESCO	Right of first refusal	Industrial	Italy	1.4	Private	A+ to A-
CHP	ESCO	Non-exclusive	Industrial	Italy	0.7	Private	BB+ to BB-
CHP	ESCO	Non-exclusive	Industrial	Italy	1.6	Private	A+ to A-
Street Lighting	ESCO	Non-exclusive	Transportation	Italy	2.3	Public	BBB+ to BBB-
Solar PV	Intermediary	Non-exclusive	Industrial	Spain	5.0	Private	TBD

¹⁶ The rights of first refusal referenced in this table are held by the Aquila Group, not by the Company.

¹⁷ If no public information is available, credit ratings are primarily retrieved from regional suppliers and converted into the S&P rating scale using internal estimates. Aquila Capital in some cases may carry out its own credit assessment where rating information is not available. Credit ratings may refer to the parent or other group company and not necessarily the specific transaction counterparty. The Company may not, in all such circumstances, benefit from a parent or other group company guarantee on contracts with a subsidiary company.

Project/ Technology	Sourcing	Status ¹⁶	Sector	Country	Value (in €m)	Ownership	Credit Quality ¹⁷
Solar PV	Intermediary	Non-exclusive	Industrial	Spain	4.9	Private	BBB+ to BBB-
Lighting	Technology provider	Non-exclusive	Food	Finland	4.0	Private	TBD
CHP	ESCO	Non-exclusive	Industrial	Italy	1.5	Private	BB+ to BB-
Solar PV	ESCO	Non-exclusive	Industrial	Italy	1.5	Private	BB+ to BB-
CHP	ESCO	Non-exclusive	Industrial	Italy	1.5	Private	BBB+ to BBB-
CHP	ESCO	Non-exclusive	Industrial	Italy	1.8	Private	BBB+ to BBB-
Solar PV	ESCO	Non-exclusive	Industrial	Italy	1.0	Private	BBB+ to BBB-
Solar PV	ESCO	Non-exclusive	Industrial	Spain	0.9	Private	BBB+ to BBB-
Solar PV	ESCO	Right of first refusal	Industrial	Italy	0.7	Private	BBB+ to BBB-
Other	ESCO	Right of first refusal	Consumer	Italy	0.7	Private	BBB+ to BBB-
Solar PV	ESCO	Right of first refusal	Food	Italy	1.3	Private	BB+ to BB-
Lighting	ESCO	Non-exclusive	Industrial	Italy	2.0	Private	BBB+ to BBB-
Lighting	ESCO	Right of first refusal	Logistics	Italy	0.3	Private	BBB+ to BBB-
Solar PV	ESCO	Right of first refusal	Industrial	Italy	2.0	Private	A+ to A-
Solar PV	ESCO	Non-exclusive	NGO	Italy	1.5	Private	BB+ to BB-
Solar PV	ESCO	Non-exclusive	NGO	Italy	5.0	Private	NA
Street Lighting	ESCO	Non-exclusive	Transportation	Italy	3.0	Public	BBB+ to BBB-
Solar PV	Intermediary	Non-exclusive	Industrial	Spain	3.0	Private	TBD
Solar PV	Intermediary	Non-exclusive	Industrial	Spain	1.0	Private	TBD
CHP	Intermediary	Non-exclusive	Industrial	Germany	1.3	Private	TBD
CHP	Intermediary	Non-exclusive	Industrial	Germany	0.9	Private	TBD
CHP	ESCO	Non-exclusive	Pharma	Italy	1.8	Private	AAA to AA-
Solar PV	Intermediary	Non-exclusive	Industrial	Germany	0.3	Private	A+ to A-
CHP	Intermediary	Non-exclusive	Residential	Germany	10.0	Private	TBD
Solar PV	ESCO	Non-exclusive	Industrial	Spain	3.0	Private	TBD
Solar PV	Intermediary	Non-exclusive	Industrial	Switzerland	14.0	Private	TBD
Solar PV	Intermediary	Non-exclusive	Industrial	Spain	2.5	Private	TBD
Solar PV	ESCO	Non-exclusive	Industrial	United Kingdom	10.0	Private	TBD
Lighting	Technology provider	Non-exclusive	Food	Netherlands	1.2	Private	BBB+ to BBB-
Solar PV	ESCO	Non-exclusive	Industrial	France	1.4	Private	A+ to A-
Solar PV	ESCO	Non-exclusive	Industrial	Italy	0.8	Private	A+ to A-
Street Lighting	ESCO	Non-exclusive	Transportation	Portugal	2.0	Public	AAA to AA-
Batteries	Technology provider	Non-exclusive	Transportation	France	6.0	State	AAA to AA-
Batteries	Technology provider	Non-exclusive	Transportation	Switzerland	2.0	Public	BBB+ to BBB-
CHP	Technology provider	Non-exclusive	Hotel	Austria	1.6	Private	AAA to AA-
Lighting	Technology provider	Non-exclusive	Food	United Kingdom	10.0	Private	TBD
Solar PV	ESCO	Right of first refusal	Industrial	Italy	2.2	Private	A+ to A-
Lighting	ESCO	Non-exclusive	Industrial + Education	United Kingdom	2.0	Private	TBD
Street Lighting	ESCO	Non-exclusive	Transportation	Italy	5.7	Public	BBB+ to BBB-

Project/ Technology	Sourcing	Status ¹⁶	Sector	Country	Value (in €m)	Ownership	Credit Quality ¹⁷
Other	Technology provider	Non-exclusive	Transportation	Austria	4.0	Private	AAA to AA-
Solar PV	Direct	Right of first refusal	Retailer	Portugal	1.0	Private	A+ to A-
Solar PV	ESCO	Right of first refusal	Industrial	Italy	5.0	Private	BBB+ to BBB-
Solar PV	ESCO	Right of first refusal	Industrial	Italy	5.4	Private	BB+ to BB-
Lighting	Technology provider	Non-exclusive	Industrial	Austria	0.4	Private	TBD
CHP	Intermediary	Non-exclusive	Residential	Germany	3.5	Private	TBD
Smart Metering	Intermediary	Non-exclusive	Residential	Germany	25.0	Private	TBD
Solar PV	ESCO	Non-exclusive	Entertainment	Germany	1.5	Private	TBD
Heating, insulation	ESCO	Non-exclusive	Public Buildings	Italy	10.0	Public	BBB+ to BBB-
CHP, other	Technology provider	Non-exclusive	Industrial	Germany	20.0	Private	A+ to A-
Total					€210.1		

Overview of the Follow On Pipeline

In addition to the assets constituting the Advanced Pipeline, the Investment Adviser has identified certain opportunities with a total value of around €300 million that may become available for investment after the first anniversary of Admission, which would meet the Company's Investment Policy and therefore potentially be suitable for acquisition by the Company, should they become available (the "**Follow On Pipeline**"). The Follow On Pipeline comprises Energy Efficiency Investments which are being developed by ESCOs and technology providers with whom the Investment Adviser is negotiating the Energy Efficiency Investments in the Advanced Pipeline. These ESCOs and technology providers have detailed plans to complete multiple projects over a number of years and are in negotiations with the Investment Adviser regarding the financing of these projects.

Investors should note that no assets from the Follow On Pipeline have been contracted to be acquired by the Company nor the Investment Adviser, there are no commitments or agreements to acquire any of these assets and neither the Company nor the Investment Adviser have a right of first refusal over any of the assets in the Follow On Pipeline. A number of these investments are at a preliminary stage of negotiations and, as a result, the value of these assets at present is only an estimate by the Investment Adviser. It is possible that the opportunities in the Follow On Pipeline may never materialize or become available for investment.

The Investment Adviser is under no obligation to make the assets in the Follow On Pipeline available to the Company and will apply its Allocation Policy in respect of the allocation of assets among Aquila Managed Funds. Therefore there can be no assurance that any of these investments will be made available to the Company for purchase or, if available, at what price (if a price can be agreed at all) the investments can be acquired by the Company.

The Follow On Pipeline comprises the following opportunities:

- A range of Energy Efficiency Investments being developed by a multinational technology provider across Europe with a combined value of around €100m.
- A portfolio of investments to support the electrification of municipal bus services in Spain and France with a combined value of around €60m.
- An investment in sub-metering assets in Germany with a combined value of around €50m.
- The acquisition and retrofit of existing CHP portfolios in Germany with a combined value of around €30m.
- A range of heating and insulation investments in public buildings in Italy, representing phases 2 and 3 of a project in the Advanced Pipeline with a combined value of around €28m.
- Two €10m portfolios of rooftop solar PV projects in Spain being developed by two ESCOs.

- A €5m portfolio of lighting investments, structured as lighting as a service contracts in Austria, being developed by a major lighting products company.

PART IV - THE COMPANY

Introduction

The Company is a newly established public limited company incorporated in England and Wales with company number 13324616 and whose registered address is at 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB. The Company is registered as an investment company under section 833 of the Companies Act and intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the CTA 2010. The Company has been established as a closed-ended investment company with an indefinite life.

The Company has an independent board of non-executive directors and is managed on a day-to-day basis by the AIFM, as advised by the Investment Adviser. Further details of the governance and management of the Company are set out in Part V of this Prospectus.

Investment objective

The Company will seek to generate attractive returns, principally in the form of income distributions by investing in a diversified portfolio of Energy Efficiency Investments.

Target returns¹⁸

The Company is targeting dividends as follows:

- a minimum of 3.5 pence per Ordinary Share in relation to the financial year ending 31 December 2022; and
- a minimum of 5 pence per Ordinary Share in relation to the financial year ending 31 December 2023, with the aim of increasing this dividend progressively over the medium term.

Distributions on the Ordinary Shares are expected to be paid quarterly, normally in respect of the three months to 31 March, 30 June, 30 September and 31 December, and are expected to be made by way of interim dividends to be declared in May, August, November and February. Following Admission the first interim dividend, if any, is expected to be declared in May 2022 in respect of the period to 31 March 2022. The Company is not targeting paying a dividend in the first financial period to 31 December 2021, whilst it is deploying the Net Issue Proceeds, though may do so to maintain its investment trust status.

The Company is targeting a total shareholder return of 7.5 per cent. to 9.5 per cent. per annum (net of fees and expenses) in the medium term (by reference to the Issue Price) following full investment of the Net Issue Proceeds to be achieved over the long term through the reinvestment of excess cash flows, asset management initiatives and the use of portfolio leverage.

If any C Shares are issued under the Placing Programme, holders of such C Shares following the relevant Further Admission will be entitled to participate in any dividends and other distributions of the Company as the Directors may resolve to pay to holders of such C Shares out of the assets attributable to such C Shares. For the avoidance of doubt, the targets set out above shall not apply with respect to any tranche of C Shares prior to Conversion.

Investment opportunity

The Directors believe that an investment in the Company offers the following characteristics:

Experienced Investment Adviser

- The Company's AIFM will be advised by Aquila. Aquila manages assets located across continental Europe and the UK.
- The Aquila Group was founded in 2001, has more than 19 years' experience in alternative investment solutions and (as at 31 December 2020) has approximately €12.5 billion of assets under management or administration.
- Seasoned investment team with over 70 years of investment experience.
- Senior investment managers have been working together for more than 12 years and have completed

¹⁸ These are targets only and not profit forecasts. There can be no assurance that these targets can or will be met and they should not be seen as an indication of the Company's expected or actual results or returns. Accordingly investors should not place any reliance on these targets in deciding whether to invest in Ordinary Shares or assume that the Company will make any distributions at all.

investments in over 10 countries.

Depth of resource and expertise for execution and asset management

- The Aquila Group has a team of investment professionals that actively pursue, negotiate and execute energy efficiency transactions.
- The investment team has completed investments of more than €45 million in over 30 energy efficiency projects.
- The Aquila Group has good relationships with a number of energy service companies and other developers of Energy Efficiency Investments.

Advanced Pipeline

- The Investment Adviser has identified a pipeline of €210.1 million (approximately £180 million) of energy efficiency assets for potential acquisition by the Company, including certain assets held in Aquila Managed Funds as at the date of this document.
- In addition, Aquila is engaged in due diligence and negotiations (in some cases at advanced stages) on a number of opportunities.

The Directors therefore have confidence that the Net Issue Proceeds can be significantly deployed or committed to acquire suitable assets within twelve months from Admission.

Asset, Counterparty and market diversification

- The Company is differentiated by its ability to invest in diversified assets within the energy efficiency sector including, but not limited to, energy efficient lighting, cogeneration plants, heating, ventilation and air conditioning (HVAC) systems, efficient boilers, solar photo voltaic plants batteries, other energy storage solutions, electric vehicles and associated charging infrastructure. In addition, the Company may also invest into majority or minority interests in other companies with a strategy that aligns with the Company's investment objective, such as developers, operators or managers of Energy Efficiency Investments.
- The Company will contract with a diverse range of private and public sector counterparties, including small and medium-sized enterprises, industrials and municipalities.
- The Company will invest throughout the EEA, Switzerland and the United Kingdom ("**Europe**"). This geographical diversification is expected to reduce the exposure of the Company to a particular market.
- The Company will focus on investments with values of between €0.5 million and €10 million, though larger investments may be made where available.

Contracted cash flows

- The Company will aim to generate stable income and cash-flows from its Energy Efficiency Investments typically through asset backed contracts with a duration of between 5 and 15 years.
- The majority of assets are expected to have O&M Agreements in place.

Independent Board and experienced AIFM

The Board comprises individuals, all of whom are independent of Aquila, from relevant and complementary backgrounds offering experience in the management of listed funds, as well as in the energy efficiency and infrastructure sectors, from both a public policy and a commercial perspective.

The Company has appointed International Fund Management Limited ("**IFM**") as its 'Alternative Investment Fund Manager' to provide portfolio and risk management services. IFM is part of the PraxisIFM Group, one of the largest independent financial services groups based on the Channel Islands and listed on the International Stock Exchange.

Further information on the Board, the AIFM and the Investment Adviser is set out in Part V of this Prospectus.

Green Economy Mark

The Company is expected to qualify for London Stock Exchange's Green Economy Mark at Admission,

which recognises companies that derive 50 per cent. or more of their total annual revenues from products and services that contribute to the global green economy. The underlying methodology incorporates the Green Revenues data model developed by FTSE Russell, which helps investors understand the global industrial transition to a green and low carbon economy with consistent, transparent data and indexes.

Investment policy

The Company will seek to achieve its investment objective through investment in a diversified portfolio of Energy Efficiency Investments (as defined below) located in Europe, with private and public sector counterparties. The Company will predominantly invest in (i) energy efficiency investments including the installation, in the built environment, transportation industry and other sectors of the economy, of proven technologies and solutions such as energy efficient lighting, smart building and metering services, cogeneration plants, heating, ventilation and air conditioning (HVAC) systems, efficient boilers, solar photo voltaic plants, batteries, other energy storage solutions, electric vehicles and associated charging infrastructure as well as (ii) in the acquisition of majority or minority shareholdings in companies with a strategy that aligns with the Company's investment objective, such as developers, operators or managers of energy efficiency projects ("**Equity Investments**") ("**Energy Efficiency Investments**"). These investments seek to reduce primary energy consumption, reduce CO₂ emissions and in many cases deliver economic savings and other benefits to the counterparties including improved air quality. The Company will not invest in fossil fuel extraction or mineral extraction projects. The capital value of the investment portfolio will be supplemented and supported through reinvestment of excess cash flows, asset management initiatives and the use of leverage.

The Energy Efficiency Investments will typically include long term contracts, which entitle the Company or its subsidiaries to receive stable, predictable cash flows payable by the counterparties, who will benefit from the use of the installed equipment during a contractual period typically ranging from five to fifteen years.

The Company will make Energy Efficiency Investments in operational, ready-to-build or under construction assets. The Company may, when making Equity Investments, through such investments, indirectly hold investments that are in the development phase.

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

Whilst the Company will seek to diversify its commercial exposure by investing in a diversified mix of technologies, the assets of the Company may be predominantly concentrated in a small number of proven technologies.

Investments may be acquired from a single or a range of vendors and the Company may also enter into joint venture or co-investment arrangements alongside one or more co-investors, including Aquila Managed Funds.

The Company will acquire controlling and, opportunistically, non-controlling interests in Energy Efficiency Investments and may use a range of investment instruments in the pursuit of its investment objective, including but not limited to equity, mezzanine or debt investments.

In circumstances where the Company does not hold a controlling interest in the relevant investments, the Company will secure its rights through contractual and other arrangements, to, inter alia, ensure that the Energy Efficiency Investment is operated and managed in a manner that is consistent with the Company's Investment Policy.

Investment restrictions

The Company aims to achieve diversification principally through investing in a range of portfolio assets across a number of distinct geographies and a mix of technologies. The Company will observe the following investment restrictions when making investments:

- no more than 20 per cent. of its Gross Asset Value will be invested in any single asset;
- no more than 20 per cent. of its Gross Asset Value will be invested in Energy Efficiency Investments with the same Counterparty;
- following full investment of the Net Issue Proceeds, the Company's portfolio will comprise no fewer than ten Energy Efficiency Investments;

- no investments will be made outside of Europe; and
- no more than 7.5 per cent. of its Gross Asset Value, in aggregate, will be invested in Equity Investments, and at all times such investments will only be made with appropriate shareholder protections in place.

The Company will hold its investments directly or through one or more SPVs and the investment restrictions will be applied on a look-through basis.

The Company complies with the investment restrictions set out below and will continue to do so for so long as they remain a requirement of the FCA:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the Group as a whole;
- the Company must at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy; and
- not more than 15 per cent. of the Gross Asset Value at the time an investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

The Directors do not currently intend to propose any material changes to the Company's Investment Policy. As required by the Listing Rules, any material changes to the Investment Policy of the Company will be made only with the approval of Shareholders by way of ordinary resolution.

Currency and hedging

The Company does not intend to use hedging or derivatives for investment purposes but may use derivative instruments such as forwards, options, futures contracts and swaps to hedge currency, inflation, interest rates, commodity prices and/or electricity prices.

Borrowing policy

The Company may make use of long-term debt on both a limited recourse and full recourse basis to finance the acquisition or construction of Energy Efficiency Investments and for working capital purposes. Gearing will be employed at the level of the Company, at the level of any intermediate wholly owned subsidiary of the Company or at the level of the relevant SPV, and any limits set out in this document shall apply on a look-through basis. In addition, the Company may make use of short-term debt, such as a revolving credit facility, to assist with the acquisition of or investment in suitable opportunities as and when they become available. Aggregate gearing, whether via long-term or short-term debt, will not exceed 50 per cent. of Gross Asset Value, calculated at the time of drawdown. The Company will target aggregate gearing, whether via long term or short term debt, of 35 between 40 per cent. of Gross Asset Value, but in any event will not exceed 50 per cent. of Gross Asset Value, in each case calculated at the time of drawdown.

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

In circumstances where the above limits are exceeded as a result of gearing of one or more Energy Efficiency Investments in which the Company has a non-controlling interest, the borrowing restrictions will not be deemed to be breached. However, in such circumstances, the matter will be brought to the attention of the Board who will determine the appropriate course of action.

Cash management

Cash held pending investment in Energy Efficiency Investments or for working capital purposes will either be held in cash or invested in cash, cash equivalents, near cash instruments, bearer bonds and/or money market instruments ("**Cash and Cash Equivalents**").

There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position. For the avoidance of doubt, the restrictions set out above in relation to investing in UK listed closed-ended investment companies do not apply to money market type funds.

Changes to and compliance with the Investment Policy

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

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

In the event of a breach of the investment guidelines and the investment restrictions set out above, the AIFM shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

Use of proceeds

The Gross Issue Proceeds will be utilised in accordance with the Company's investment objective and Investment Policy to acquire suitable Energy Efficiency Investments, to meet the costs and expenses of the Issue, to redeem Management Shares and for working capital purposes.

The Advanced Pipeline

The Investment Adviser has identified a number of energy efficiency investment opportunities that it considers would meet the Company's Investment Policy and otherwise be potentially suitable for acquisition by the Company.

Investors should note that no opportunities from the Advanced Pipeline have been contracted to be acquired by the Company, nor does the Company have a right of first refusal over the opportunities in the Advanced Pipeline. The Investment Adviser is under no obligation to make the opportunities in the Advanced Pipeline available to the Company and will apply its Allocation Policy in respect of the allocation of opportunities among Aquila Managed Funds. The opportunities in the Advanced Pipeline are indicative of the type and size of investment that may be made by the Company. To the extent opportunities in the Advanced Pipeline are available for investment by the Company following Admission, the Investment Adviser will advise the AIFM, which will, following its own evaluation of the Investment Adviser's advice recommend to the Board that the Company acquire one or more investments if it considers it appropriate to do so.

Further details of the assets in the Advanced Pipeline are set out in Part III of this Prospectus.

Origination of Investments

Potential investments will be sourced from major providers of equipment for energy efficiency investments as well as through the Investment Adviser's investment management team's network with energy service companies (including Enerqos). Aquila Capital has developed relationships with third party businesses, ESCOs and technology providers, from whom the investment opportunities in the Advanced Pipeline have been sourced. Potential investments may also be sourced from Aquila Managed Funds or third parties in the wider market. For the avoidance of doubt, no member of the Aquila Group or its current employees holds or shall hold any direct equity in the project vehicles which hold the underlying assets or their holding companies, or direct equity other than in certain circumstances, a one to two per cent. shareholding in certain of the Aquila Managed Funds representing "skin in the game". As a consequence, these project vehicles are not deemed to be related parties to the Company under the Listing Rules and purchases from them will not fall to be treated as related party transactions.

Investment decisions

Investment decisions of the Company will be taken by the Directors, all of whom are independent of the Aquila Group and the AIFM. The Board may delegate authority to the AIFM to approve investment proposals which meet certain agreed criteria without being obliged to request the approval of the Board (the "**Delegated Authority**"). The Board will retain oversight of all Energy Efficiency Investments, and may, where it deems necessary, make decisions regarding potential investments that fall within the parameters of the Delegated Authority.

Once negotiations and due diligence have been completed, the Investment Adviser will deliver reports and a recommendation to the AIFM and, after performing its own evaluation, the AIFM will either (i) where the investment is outside of the parameters of the Delegated Authority, make a recommendation to the Board as to the suitability of the relevant Energy Efficiency Investment, or (ii) where the investment is within the parameters of the Delegated Authority, it may reject or directly approve the Energy Efficiency Investment or request the Board's involvement. Further details of the investment process can be found within the paragraph entitled "Investment Process" of Part V of this Prospectus.

The Company has established procedures to deal with any potential conflicts of interest in circumstances where the Aquila Group is advising both the AIFM (for the Company) and Aquila Managed Funds who are

counterparties to the Company. These procedures may, on a case by case basis, include:

- the AIFM operating its own risk management system and internal control system as well as monitoring approved systems operated by the Investment Adviser; and
- any conflict of interest arising in the course of the transaction being resolved in accordance with procedures agreed between the Investment Adviser and the AIFM, subject to Board oversight.

The Company may enter into joint acquisitions with third parties, including any Aquila Managed Funds, only on terms that ensure that the acquisition will conform to the Investment Policy and on equitable terms taking into account the size of the Company compared to joint venture partners. Any such arrangement shall be documented by way of a shareholder agreement or similar. Any such agreement or similar arrangements will be negotiated with a view to ensuring assurance that, amongst other things, no action is taken in relation to the Energy Efficiency Investments which would result in the Company being in breach of its Investment Policy or borrowing restrictions.

Implementation of Sustainability Risks in the investment process

The AIFM and the Company are subject to disclosure obligations under SFDR.

As a result of these obligations, the AIFM is required to make certain disclosures in respect of its own approach to the integration of Sustainability Risks as well as specific disclosures on the likely impacts of Sustainability Risks on the returns of the Company.

The Company promotes environmental or sustainable characteristics and is considered by the AIFM and the Investment Adviser to fall within the scope of Article 8 of SFDR. The Company has adopted the Investment Adviser's own Sustainability Risk policy and will strive to adopt a best-in-class approach.

The information set out below reflects the requirements of Article 6 of SFDR and will be updated from time to time. Detailed sustainability disclosures as required by Article 8 of SFDR are set out in Annex 2 of this Prospectus.

AIFM disclosure

The AIFM is required, under Article 6 of SFDR, to describe the manner in which Sustainability Risks are integrated into its decision making process. As the AIFM relies on the recommendations of the Investment Adviser on the day to day operation of the investments of the Company, the AIFM has accepted the Investment Adviser's own Sustainability Risk policy in respect of the Company (the "**ESG Policy**"). However, the AIFM remains responsible for making the final recommendation to the Board in respect of the investments for the Company, as is further described in this Prospectus, and may choose not to follow the Investment Adviser's recommendations.

How the Investment Adviser integrates Sustainability Risks

The Investment Adviser believes in the importance of taking a responsible approach to investment and that incorporating Sustainability Risks into the investment decision making process is integral to understanding the true value of an investment. The Investment Adviser believes that this will lead to better long-term investment outcomes for the assets on which it advises.

Sustainability Risks are integrated by the Investment Adviser throughout the various phases of the investment process on an ongoing basis. This involves the identification, monitoring and management of Sustainability Risks throughout the lifecycle of investments.

In accordance with the Investment Adviser's ESG Policy, the first step of the Investment Adviser's process is to carry out due diligence on the Sustainability Risks of any potential investment.

The aim of the due diligence is to identify any Sustainability Risks of proposed investment, which are recorded in a standardised form, to be subsequently taken into account in the investment decision-making process.

Depending on the underlying asset class, different risks are measured and documented on a qualitative and/or quantitative basis. If necessary, additional due diligence may also take place in order to consider specific identified risks.

The results of the due diligence are then taken into account as part of the overall investment proposal. As such, the result of the due diligence may have a significant impact on the recommendations submitted to the Board and may lead to a decision not to make a particular investment.

After an investment has been successfully made and forms part of the portfolio ongoing monitoring is carried out both at portfolio and asset level by the responsible risk management functions. The aim of

ongoing monitoring is to minimise Sustainability Risks over the entire term of the investment.

The Investment Adviser provides more information on its overall approach to the integration of Sustainability Risks in its ESG Policy, which can be found at www.aquila-capital.com.

Likely impacts of Sustainability Risks on the Company

The Investment Adviser believes that integrating Sustainability Risks into the investment decision-making process is key to understanding the true value of investments and is a key factor in mitigating negative financial impacts on the Company.

However, there is no guarantee that integrating Sustainability Risks into the decision-making process will, of itself, ensure better returns over the long-term. There are many Sustainability Risks that can arise in relation to the types of investments the Company makes, including certain climate risks, energy risks and social risk that it may be difficult to identify, measure and mitigate over the course of the investment. In addition, the Sustainability Risks and the impact of these may change over time.

The Investment Adviser and the AIFM consider, following their assessment of the likely impacts of Sustainability Risks, that as a result of the assets in which the Company invests Sustainability Risks may have a material impact on the returns of Company. Although there will remain a level of uncertainty on the impact of Sustainability Risks, as is the case with any applicable risks, Sustainability Risks and Sustainability Factors are taken into account not only through their integration in the investment process, but as a fundamental aspect of the strategy of the Company. As such, the AIFM and the Investment Adviser consider that the Company may not be as exposed to Sustainability Risks as it could be if these processes were not followed.

Asset Management

The Investment Adviser will oversee and monitor the asset management of Energy Efficiency Investments in the Company's portfolio. The majority of Energy Efficiency Investment will have an O&M Agreement and the performance of these O&M Agreements will be overseen by the Investment Adviser.

Asset management services will be provided by appropriately qualified energy service companies and technology companies or specialised sub-contractors.

Financing and guarantees

The Company may grant financing and give guarantees to intermediary companies, in which the Company invests directly or indirectly; it may also grant security over its shareholding in such intermediary companies and grant security for any liabilities or contractual obligations of such intermediary companies. In addition, the Company may give guarantees to third parties in relation to the Company's investments and in respect of obligations of the Company's subsidiaries.

Liquidity Management

The AIFM will ensure that a liquidity management system is employed for monitoring the Company's liquidity risks. The AIFM will ensure, on behalf of the Company, that the Company's liquidity position is consistent at all times with its Investment Policy, liquidity profile and distribution policy. The AIFM will delegate its liquidity modelling responsibilities to the Investment Adviser, retaining appropriate oversight and control.

AIFM

Under the AIFM Agreement, the AIFM, which is authorised and regulated in Guernsey by the Guernsey Financial Services Commission has been appointed by the Company to provide portfolio and risk management services acting within the strategic guidelines set out in the Investment Policy and subject to the overall supervision of the Board. The Board retains the ultimate authority to make decisions in respect of the acquisition of new investments and the disposal of assets in the Company's portfolio.

Investment Adviser

The AIFM has appointed Aquila Capital Investmentgesellschaft mbH, a private limited liability company under the laws of Germany registered in Germany with the commercial register of the local court of Hamburg under HRB 119570 and an LEI of 529900C47XTFVJDVEE24 with a registered address of Valentinskamp 70, D- 20355, Hamburg, Germany and telephone number +49 (0)40 87 50 50 100, as its investment adviser. The Investment Adviser is regulated in Germany by BaFin and its website is www.aquila-capital.de.

The Aquila Group was founded in 2001 with a focus on renewable energy infrastructure. Since its inception it has undertaken a range of advisory mandates, mostly focused on renewable energy infrastructure, including energy efficiency.

Further details in relation to the AIFM, Investment Adviser and the Investment Adviser's management team are set out in Part V of this Prospectus.

Capital structure

The Company's issued share capital at Admission will comprise the Ordinary Shares, which will be issued pursuant to the Issue and the Management Shares, which will be redeemed as soon as practicable after Admission. The Ordinary Shares will be admitted to trading on the Main Market for listed securities of the London Stock Exchange and will be listed on the premium segment of the Official List.

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

Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share and/or C Share held.

Shareholders are entitled on a winding-up, provided the Company has satisfied all of its liabilities, to all of the surplus assets of the Company, as set out in the Company's Articles, details of which are set out in paragraph 10.50(c) of Part IX of this Prospectus.

Distribution policy

General

The Company is targeting declaring a dividend of a minimum of 3.5 pence per Ordinary Share in relation to the financial year ending 31 December 2022, and a minimum of 5 pence per Ordinary Share in relation to the financial year ending 31 December 2023, with the aim of increasing this dividend progressively over the medium term.¹⁹

Distributions made by the Company may take either the form of dividend income, or of "qualifying interest income" which may be designated as interest distributions for UK tax purposes. Prospective investors should note that the UK tax treatment of the Company's distributions may vary for a Shareholder depending on the classification of such distributions.

Prospective investors who are unsure about the tax treatment which will apply to them in respect of any distributions made by the Company should consult their own tax advisers.

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

Further information in relation to taxation is set out in Part VIII of this Prospectus.

Timing of distributions

Distributions on the Ordinary Shares are expected to be paid quarterly, normally in respect of the three months to 31 March, 30 June, 30 September and 31 December, and are expected to be made by way of interim dividends to be declared in May, August, November and February. Following Admission the first interim dividend, if any, is expected to be declared in May 2022 in respect of the period to 31 March 2022. The Company is not targeting paying a dividend in the first financial period to 31 December 2021, whilst it is deploying the Net Issue Proceeds, though may do so to maintain its investment trust status.

Currency of distributions

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

¹⁹ This is a target only and not a profit forecast. There can be no assurance that this target can or will be met and it should not be seen as an indication of the Company's expected or actual results or returns. Accordingly investors should not place any reliance on these targets in deciding whether to invest in Ordinary Shares or assume that the Company will make any distributions at all.

Discount and premium management

Purchases of Ordinary Shares by the Company in the market

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

The Company has Shareholder authority (subject to all applicable legislation and regulations) to purchase in the market up to 14.99 per cent. per annum of the Ordinary Shares in issue immediately following Admission. This authority will expire at the conclusion of the first annual general meeting of the Company or, if earlier, eighteen months from the date of the ordinary resolution. The Board intends to seek renewal of this authority from Shareholders at each annual general meeting. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

If the Board does decide that the Company should repurchase Ordinary Shares, purchases will only be made through the market for cash at prices (after allowing for costs) below the relevant prevailing Net Asset Value per Ordinary Share. Such purchases will only be made in accordance with the Companies Act and the Listing Rules, which currently provide that the maximum price to be paid per Ordinary Share (exclusive of expenses) must not be more than the higher of (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made and (ii) the higher of the last independent trade and the highest current independent bid for the Ordinary Shares on the London Stock Exchange at the time the purchase is carried out.

Shareholders should note that the purchase of Ordinary Shares by the Company is at the absolute discretion of the Directors, will only be made in accordance with the Articles and is subject to the working capital requirements of the Company and the amount of cash and other resources available to the Company to fund such purchases. Accordingly, no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. Moreover, Shareholders should not expect as a result of the Board exercising such discretion, to be able to realise all or part of their holding of Ordinary Shares, by whatever means available to them, at a value reflecting their underlying net asset value.

Issuances of Ordinary Shares and/or C Shares

In addition, the Board recognises the need to address any sustained and significant imbalance between buyers and sellers which might otherwise lead to the Ordinary Shares and/or C Shares trading at a material premium to the Net Asset Value per Ordinary Share (or per C Share, as applicable). While it has not adopted any formal premium targets which would dictate the point at which the Company would seek to issue further Ordinary Shares and/or C Shares, the Board is committed to utilising its share issuance authorities where appropriate, in such a way as to mitigate the effects of any such imbalance. In considering whether share issuances might be appropriate in any particular set of circumstances, the Board will take into account, inter alia: the prevailing market conditions and the degree of NAV accretion that will result from the issuance.

Treasury shares

The Company is permitted to hold Ordinary Shares acquired by way of market purchase in treasury, rather than having to cancel them. Such Ordinary Shares may be subsequently cancelled or sold for cash. Holding Ordinary Shares in treasury would (subject to there being in force a resolution to disapply the rights of pre-emption that would otherwise apply) give the Company the ability to sell Ordinary Shares from treasury quickly and in a cost efficient manner, and would provide the Company with additional flexibility in the management of its capital base. However, unless authorised by Shareholders by special resolution, in accordance with the Listing Rules, the Company will not sell Ordinary Shares out of treasury for cash at a price below the prevailing Net Asset Value per Ordinary Share unless they are first offered *pro rata* to existing Shareholders.

Life of the Company

The Company has been established with an indefinite life. However, under the Articles, Shareholders will have the opportunity to vote on an ordinary resolution on the continuation of the Company at the AGM to be held in 2025 (the "**Initial Continuation Resolution**"), and every four years thereafter (a "**Continuation Resolution**"). If the Initial Continuation Resolution or any Continuation Resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction

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

Valuation

The Investment Adviser will produce fair market valuations of the Energy Efficiency Investments according to the Valuation Policy. The valuations will be performed on 31 December and updated on 30 June each year. The valuation principles used to calculate the fair value of the assets will be based on International Private Equity and Venture Capital Valuation Guidelines.

Fair value for each investment is derived from the present value of the investment's expected future cash flows, using reasonable assumptions and forecasts for revenues and operating costs, and an appropriate discount rate. The Investment Adviser will exercise its judgement in assessing the expected future cash flows from each investment. Each project will produce financial models and the Investment Adviser will take, inter alia, the following into account in its review of such models and will make amendments where appropriate:

- the terms of any financing;
- the terms of any material contracts;
- asset performance to date;
- changes in regulation or law;
- claims or other disputes or contractual uncertainties; and
- changes to key assumptions.

Other investments with a fixed cash flow profile are usually valued at nominal value including accrued interest if applicable.

The Administrator will calculate the Net Asset Value of the Company based on the valuations of the Energy Efficiency Investments provided by the Investment Adviser to the AIFM, taking into account the cash and other non-investment assets held by the Company, including any accrued liabilities and expenses of the Company. The Net Asset Value of the Company will be calculated in accordance with IFRS on a stand-alone basis and will be expressed in Sterling.

The Board will approve each half-yearly Net Asset Value, which will be announced as soon as possible on a Regulatory Information Service, by publication on its website www.aquila-energy-efficiency-trust.com and on www.londonstockexchange.com.

The Net Asset Value calculation in respect of the Company's financial year end (i.e., as at 31 December in each year) will be audited by the Company's auditors.

The Board may determine that the Company shall temporarily suspend the determination of the Net Asset Value per Ordinary Share (and per C Share, where applicable) when the value of any investments owned by the Company cannot be promptly or accurately ascertained. Any suspension in the calculation of the NAV will be notified via a Regulatory Information Service as soon as practicable after any such suspension occurs.

Shareholder Information

The audited accounts of the Company will be drawn up in Sterling and prepared in line with IFRS.

The Company's annual report and accounts will be prepared up to 31 December each year, with the first accounting period of the Company ending on 31 December 2021. It is expected that copies of the report and accounts will be sent to Shareholders by the end of April each year. Shareholders will also receive an unaudited half-yearly report covering the six months to 30 June each year, which is expected to be dispatched within the following two months. The Company's annual report and accounts and the Company's unaudited half-yearly report covering the six months to 30 June each year will be available on the Company's website, www.aquila-energy-efficiency-trust.com, on or around the date that hard copies are dispatched to Shareholders and publication of such documents will be notified to Shareholders by means of an announcement on a Regulatory Information Service.

The Company was incorporated on 9 April 2021 and, save in connection with the IPO, has not yet commenced operations. No financial statements have been prepared by the Company since its

incorporation. As the Company has only recently been formed, it has not published any consolidated financial information.

Euro and Sterling Quote

The Ordinary Shares are quoted on the London Stock Exchange in both Sterling (the "**Sterling Quote**") and Euros (the "**Euro Quote**"). The Sterling Quote and the Euro Quote appear alongside each other in respect of the Ordinary Shares and/or C Shares and will not represent separate share classes. For the avoidance of doubt, shares traded under either quote will have the same currency exposure, namely Sterling. The Company's financial statements are prepared in Sterling and dividends are declared and paid in Sterling.

The Board believes that providing both a Sterling Quote and a Euro Quote is likely to broaden the potential ownership of the Ordinary Shares and may therefore enhance their liquidity in the secondary market.

Should the Board decide to issue C Shares under the Placing Programme, the Board will consider whether to introduce a Euro Quote for such C Shares. Should the Board decide to introduce a Euro Quote for such C Shares, an announcement will be made providing details of such Euro Quote.

As set out below, the same ISIN will apply for both the Euro Quote and the Sterling Quote but there will be separate SEDOLs and TIDMs:

	<u>Sterling Quote</u>	<u>Euro Quote</u>
Ordinary Share ISIN	GB00BN6JYS78	GB00BN6JYS78
Ordinary Share SEDOL	BN6JYS7	BL6K7R6
Ordinary Share Ticker	AEET	AEEE
	<u>Sterling Quote</u>	
C Share ISIN	GB00BN6JYT85	
C Share SEDOL	BN6JYT8	
C Share Ticker	AEEC	

PART V - DIRECTORS, MANAGEMENT AND ADMINISTRATION

The Board

The Board is responsible for the determination of the Company's investment objective and policy and has overall responsibility for the Company's activities including the review of investment activity and performance. The Board will also make the decision to acquire or dispose of Energy Efficiency Investments based on recommendations made by the AIFM acting upon the advice given by the Investment Adviser.

The Directors are all non-executive and are all independent of the Investment Adviser. The Directors are listed below and details of their current and recent directorships and partnerships are set out in paragraph 8 of Part IX of this Prospectus.

Miriam Greenwood OBE DL (Non-Executive Chair),

With qualifications as a barrister and in corporate finance, Miriam has spent more than 30 years working for a number of leading investment banks and other financial institutions and has been a non-executive director of a several publicly listed and private companies. She was, for nine years until 2013, a non-executive director of the Gas and Electricity Markets Authority (Ofgem) and Chair of the Gas Network Innovation Competition for seven years, until recently, and has extensive experience in the energy and utilities industry. Miriam is Chair of SMS plc and holds non-executive director positions at River and Mercantile Group plc and at Gulf International Bank (UK) where she also chairs their respective Remuneration Committees. Beyond Board roles, Miriam is an adviser to Ofgem on the current RII02 price control and to the Mayor of London's Energy Efficiency Fund. A Deputy Lieutenant of the City of Edinburgh, Miriam was awarded an OBE for services to corporate finance.

Lisa Arnold (Non-Executive Director),

Lisa is currently a non-executive director of PIMCO Europe Ltd and chairs its Audit committee. She is also the Chair of Polar Capital Global Healthcare Trust plc (current market cap of approximately £300 million). She is also a trustee director of a number of pension funds. She chairs the Allied Domecq Pension Fund and the Investment Committee of the Sainsbury's Pension Scheme, and a Trustee Director of Whitbread Pension Fund. Lisa previously worked as a pharmaceuticals and healthcare analyst at firms such as UBS Warburg, Commerzbank and Lehman Brothers.

Nicholas Bliss (Non-Executive Director),

Nicholas established and led the global infrastructure and transport sector group at the international law firm Freshfields Bruckhaus Deringer LLP where he was a partner for over 20 years and also served on the Partnership Council, the supervisory board of the firm. During this period he led on mandates involving some of the most notable infrastructure projects across the UK, Europe, Africa and the Gulf. In particular, he was heavily involved in the development and application of PFI, PPP and other project finance techniques to the delivery of major infrastructure projects. Since leaving Freshfields, he has developed an expertise in both advising and acting as an independent director in "distressed situations" at spv corporates owned by infrastructure funds or industrials. Among his other engagements, he is Of Counsel at Chatham Partners LLP, a Hamburg based infrastructure/energy/real estate "boutique" law firm.

Laura Sandys CBE (Non-Executive Director),

Laura is an independent director at SGN Ltd and of the Energy Systems Catapult. Laura is also the Chair of the Government's Energy Digitalisation Taskforce, co-founder of Powerful Women that promotes diversity in energy, Chair of the Food Foundation and Co-Chair of the IPPR Environment and Justice Commission. She runs the Reshaping Regulation Programme with Imperial College London and the Energy Systems Catapult. She was a Member of Parliament and served on the Energy & Climate Change Committee and was Parliamentary Private Secretary to the Minister for Climate Change.

Corporate governance

The Company is committed to high standards of corporate governance and the Board is responsible for ensuring the appropriate level of corporate governance is met.

The Board has considered the principles and recommendations of the AIC Code. The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to listed investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code, will provide better information to Shareholders. As a recently incorporated company, the Company does not yet comply with the UK Corporate Governance Code or the principles of good governance contained in the AIC

Code. However, the Company intends to join the AIC as soon as practicable following Admission, and arrangements have been put in place so that, with effect from Admission, the Company will comply with the AIC Code which complements the UK Corporate Governance Code and provides a framework of best practice for listed investment companies.

All of the Directors are non-executive and they are all independent of both the AIFM and the Investment Adviser for the purposes of the Listing Rules.

The UK Corporate Governance Code includes provisions relating to:

- the appointment of a senior independent director;
- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

It is acknowledged in the UK Corporate Governance Code that some of its provisions may not be relevant to externally managed investment companies (such as the Company). The Board does not consider that the above provisions are relevant to the Company. The Company will therefore not comply with these provisions.

Audit and Risk Committee

The Board will delegate certain responsibilities and functions to the Audit and Risk Committee, which will comprise Lisa Arnold, Miriam Greenwood OBE DL, Nicholas Bliss and Laura Sandys CBE and has written terms of reference, which are summarised below.

The Audit and Risk Committee, chaired by Lisa Arnold, will meet at least three times a year. Appointments to the committee shall be for a period of up to three years, which may be extended for up to two additional three year periods, provided the Director still meets the criteria for membership of the committee. The Directors consider that they collectively have the requisite skills and experience to fulfil the responsibilities of the Audit and Risk Committee.

The Audit and Risk Committee will review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, including the provision of non-audit services. Each year the Audit and Risk Committee will review the independence of the auditors. Additionally, the Audit and Risk Committee will advise the Board on the Company's overall risk appetite, tolerance and strategy, oversee and advise the Board on the current risk exposures of the Company and future risk strategy. The Audit and Risk Committee will consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards and corporate governance codes.

Remuneration Committee

The Company has established a Remuneration Committee which will comprise Lisa Arnold, Miriam Greenwood OBE DL, Nicholas Bliss and Laura Sandys CBE and has written terms of reference, which are summarised below.

Lisa Arnold will act as interim chair of the Remuneration Committee, which will meet at least once every financial year and has responsibility for (i) agreeing the policy for the remuneration of the Directors and reviewing any proposed changes to the policy; (ii) reviewing and considering ad hoc payment to the Directors in relation to duties undertaken over and above normal business; and (iii) if required, appointing independent professional remuneration advice. Appointment to the Remuneration Committee will be for a period of up to three years, which may be extended for up to two additional three year periods, provided the Director still meets the criteria for membership of the committee.

Nomination Committee

The Company has established a Nomination Committee which will comprise Miriam Greenwood OBE DL, Lisa Arnold, Nicholas Bliss and Laura Sandys CBE and has written terms of reference, which are summarised below.

The Nomination Committee, chaired by Miriam Greenwood OBE DL, will meet at least once every financial year and has responsibility for (i) identifying individuals qualified to become Board members and selecting the director nominees for election at general meetings of the Shareholders or for appointment to fill vacancies; (ii) determining director nominees for each committee of the Board; and (iii) considering the

appropriate composition of the Board and its committees. Appointment to the Nomination Committee will be for a period of up to three years, which may be extended for up to two additional three year periods, provided the Director still meets the criteria for membership of the committee.

Management Engagement Committee

The Company has established a Management Engagement Committee which will comprise Miriam Greenwood OBE DL, Lisa Arnold, Nicholas Bliss and Laura Sandys CBE and has written terms of reference, which are summarised below.

The Management Engagement Committee, chaired by Miriam Greenwood OBE DL, will annually review and consider the actions and judgements of management in relation to the interim and annual financial statements and the Company's compliance with the UK Corporate Governance Code, the Listing Rules, the Disclosure Guidance and Transparency Rules and the AIC Code. It will review the role of the Investment Adviser and the AIFM and examine the effectiveness of the Company's internal control systems. In addition, the chairing of the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee and each Director's performance will be reviewed annually by the chair and the performance of the chair will be assessed by the remaining Directors.

Directors' share dealings

The Directors will comply with the share dealing code adopted by the Company in accordance with UK MAR (the "**Share Dealing Code**") in relation to their dealings in Ordinary Shares and/or C Shares as applicable. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Share Dealing Code by the Directors.

Management of the Company

Responsibility for management

The Board is responsible for the determination of the Company's investment objective and policy and has overall responsibility for its activities. The Company has, however, entered into the AIFM Agreement under which the AIFM will be responsible for the day-to-day management of the Company's investment portfolio, in accordance with the Company's investment objective and policy, subject to the overall supervision of the Board. As set out in Part IV of this Prospectus, the AIFM will consider, evaluate and make decisions regarding the acquisition or divestment of Energy Efficiency Investments which are within the parameters of the Delegated Authority. As set out in Part IV of this Prospectus, the AIFM will make recommendations to the Board regarding the acquisition or divestment of Energy Efficiency Investments which are outside of the parameters of the Delegated Authority, and the Board will consider the recommendation and supporting materials received and make a decision as to whether or not to make the relevant investment. The Board will retain oversight of all Energy Efficiency Investments, and may, where it deems necessary, make decisions regarding potential investments that fall within the parameters of the Delegated Authority.

The Investment Adviser will provide investment advisory and asset management services and will act within the strategic guidelines set out in the Company's Investment Policy. The Investment Adviser will report to the AIFM.

AIFM

The Company has appointed IFM to serve as its alternative investment fund manager. The AIFM is a Guernsey licensed investment manager and forms part of the PraxisIFM Group. The AIFM has a strong track record in providing management and risk advisory services to boards, funds and investment managers and advisers since 2006. The AIFM currently provides services to around 25 funds with an aggregate asset value in excess of \$8 billion. The AIFM maintains professional indemnity insurance of not less than £10 million.

In accordance with the provisions set out in the AIFM Agreement, the AIFM is authorised to:

- (a) manage the assets of the Company (including portfolio and/or risk management of these assets); and
- (b) manage and administer the Company.

The AIFM has delegated portfolio management to the Investment Advisor.

In accordance with the AIFM Agreement, the AIFM is entitled to delegate, under its own responsibility, part of its duties and powers to another person or entity having the requisite product experience and deemed

appropriate by the AIFM. Any such delegation will be made in accordance with the AIFM Agreement. In particular, the AIFM will engage the Investment Adviser for investment advisory purposes pursuant to the Investment Advisory Agreement.

The AIFM was incorporated, registered and domiciled in Guernsey under Guernsey Companies Law with registration number 17484 on 3 September 1987. The head office is located at Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR and its website is www.intfundmanagement.com. IFM can be contacted by writing to its head office or by calling, within business hours, +44 (0)1481 737600. None of the content on the IFM website or the content of any website accessible from hyperlinks on IFM's website is incorporated into, or forms part of, this document.

The Investment Adviser

The AIFM has appointed Aquila Capital as the investment adviser to the AIFM in respect of the Company. Under the terms of the investment advisory agreement dated 10 May 2021 between the AIFM and the Investment Adviser, the Investment Adviser will (i) analyse and assess suitable Energy Efficiency Investments; (ii) advise the AIFM in relation to the analysis and evaluation of suitable Energy Efficiency Investments (including but not limited to follow on investments and re-investments) and any transaction related thereto; (iii) advise the AIFM in relation to acquisitions and disposals of assets; (iv) provide asset valuations to assist the Administrator in the calculation of the semi-annual Net Asset Value; and (v) provide operation, monitoring and asset management services. The AIFM has appointed the Investment Adviser for an initial period of four years and thereafter the Investment Advisory Agreement is terminable on twelve months' notice by either party (or on immediate notice in certain, usual, circumstances).

The Aquila Group was founded in 2001 and has more than 19 years' experience in alternative investment solutions. It is independently owned and operated with approximately €12.5 billion of assets under management or administration and more than 450 employees located in fourteen offices across Europe and Asia as at 31 December 2020.

The Aquila Group is focused on performance and value creation for its clients by spotting macro trends, dislocations and tipping points coupled with bottom-up management by specialised investment teams. The Aquila Group pursues operational stability and corporate governance to generate sustainable positive returns for its investors. It centres on sustainable trends in the areas of renewable energy, energy efficiency, social housing, green logistics, infrastructure, timber and agriculture as well as niche financial market strategies. The Aquila Group offers a focused range of real asset investment solutions managed by dedicated specialists in their respective asset classes.

The Investment Adviser's management team

Roman Rosslenbroich

Chief Executive Officer, Co-Founder of Aquila Group

Roman Rosslenbroich is responsible for the Aquila Group's corporate development and strategy, key account management, audit and acquisition functions. Prior to founding the company, Roman was head of the fixed income division at Salomon Brothers in Frankfurt. He holds a master's degree in business from the Goethe University, Frankfurt.

Dieter Rentsch, PhD

Chief Investment Officer, Co-Founder of Aquila Group

Dieter Rentsch is responsible for investment strategies, investment processes and research at the Aquila Group. Prior to founding the company, Dieter was head of macro-economic research at MunichRe (MEAG). He has over 25 years of experience in the investment sector. He holds a PhD in nuclear physics from the University of Giessen.

Florian Becker, PhD

Business Unit Head Investment Management Chief Operating Officer & General Counsel of Aquila Group Managing Director of the Investment Adviser

Florian Becker is responsible for investment management, asset management and structure management for all real asset classes as well as product management (which includes product structuring and financial modelling). Mr. Becker is also the Aquila Group's operations and heads the Legal, Operations and Investor Relations & Services divisions. Prior to joining the Aquila Group in 2013, Florian worked as a lawyer at an

international law firm specialising in corporate, supervisory and real estate law. As part of his work for a large Australian law firm in Sydney he gained first experience in the field of renewable energies in 2008 to 2009. Florian completed his law studies at the Georg August University in Göttingen and received his doctorate from the University of Regensburg.

Albert Sowa

Chief Risk Officer of Aquila Group

Managing Director of the Investment Adviser

Albert Sowa is responsible for the risk management at the asset and corporate level. He has more than 30 years of professional experience. Prior to joining the Aquila Group in 2016, he was the Global Head of Credit Risk Management, Non-Bank Financial Institutions at Commerzbank, where he managed a global credit portfolio with teams in Frankfurt, London, New York and Singapore. He was also previously Chief Credit Officer at BHF Bank, with risk responsibility for an international credit portfolio. He also had risk responsibility for corporate customers and the public sector at Deutsche Bank. He has further held a number of senior positions dedicated to commercial real estate and international corporates. Albert has more than 30 years of professional experience and graduated as a banking specialist from the Frankfurt School of Finance & Management.

Lars Meisinger

Head Sales Management & Business Development

Managing Director of the Investment Adviser

Lars Meisinger is the Head of Sales Management and Business Development. In addition, he oversees corporate communications, corporate development and sales and knowledge management. Prior to joining the Aquila Group in 2016, he worked at UBS Asset Management, where he was responsible for strategic product development. He previously served as Chief Operating Officer at BlackRock Alternative Investors for the EMEA region. His long professional experience includes eight years in management roles at Man Group and senior positions at AXA Investment Managers in both London and Frankfurt. Lars has a master's degree in economics from Maastricht University and a bachelor's degree from Johann Wolfgang Goethe University, Frankfurt. He is a Chartered Alternative Investment Analyst.

Senior investment professionals

Franco Hauri

Senior Investment Manager

Franco Hauri has over 15 years of experience in private equity with 10 years in resource efficiency of which the last five years have been focused on investing in energy efficiency projects. Based in Zurich, he joined Aquila Capital from Adaxia Capital Partners. Prior to Adaxia, Franco was a member of the private equity team at Climate Change Capital ("CCC"), which span out into Adaxia and prior to CCC he was an investment advisor at NanoDimension, a venture capital firm investing in nanotechnology, and a consultant with Bain & Company. Franco holds an MBA from Harvard Business School and a master's degree in finance, accounting & controlling from the University of St. Gallen (HSG). He is Swiss and speaks German and Italian, Spanish and French.

Bruno Derungs

Senior Investment Manager

Bruno Derungs has over 20 years' experience in private equity and 16 years in resource efficiency and has invested in a range of industries, geographies and stages. Based in Zurich, he joined Aquila Capital part time from Adaxia Capital Partners. Bruno is a former member of the private equity team at CCC, principal at SAM Private Equity, managing director of ATV a Swiss-based venture capital fund and consultant with Bain & Company. He holds a master's degree in electrical engineering from the ETH in Zurich and an MBA from Columbia Business School in New York. He is Swiss and speaks German, Italian and French.

Alex Betts

Senior Investment Manager

Alex Betts has over 25 years' experience in private equity and 14 years in resource efficiency and has

invested in a range of industries, geographies and stages. Based in London, he joined Aquila Capital from Adaxia Capital Partners. Alex is a former member of the private equity team at CCC, was Head of Royal Dutch Shell's corporate venture capital unit and a former partner of Montagu Private Equity. He is British and graduated in Classics from Oxford University.

Robert Hundeshagen

Investment Manager

Robert Hundeshagen has over 4 years of experience in investment banking and investment management. Based in Hamburg, he joined Aquila Capital from Raymond James Investment Banking. Robert holds an M.Sc. in Technology Management from the Technical University of Munich.

Miguel Sanz

Origination Adviser

Miguel has more than 15 years of experience in structuring and selling energy efficiency solutions in Europe, including as a director of Honeywell in Europe & North Africa. He was previously a director of Susi Partners, a leading European energy efficiency fund. He holds an MBA from INSEAD.

Karsten Tack

Head of Valuation

Karsten Tack is responsible for the pre-purchase and maturity valuations of real asset investments in accordance with national and international standards. He has 18 years of experience in valuing real assets and companies. Prior to joining the Aquila Group in 2017, Karsten worked for Bank of America in mergers & acquisitions. Most recently, he worked for HSH Nordbank, where he served as Executive Director for Corporate Finance, M&A, Energy & Infrastructure. Karsten graduated as an economist from the University of Goettingen.

1 Investment Process

Investment opportunities are initially analysed by the investment team of the Investment Adviser (the "**Investment Team**"). The goal of this analysis is to determine the key characteristics and value drivers of the investment opportunity, including: (i) counterparty creditworthiness; (ii) volume and size of the investment; (iii) duration and price level of remuneration schemes; (iv) expected life of investment; (v) stability of regulatory and tax framework; (vi) visibility into future performance; (vii) other barriers to entry; (viii) correlation of cash flows to inflation; (ix) resilience within the economic environment; (x) expected returns; and (xi) the ability to close successfully on the investment.

Every investment opportunity must successfully go through the initial KYC and allocation processes of the Investment Adviser. Once an opportunity has passed through these processes and the Investment Adviser has determined that the investment opportunity may be available to the Company, the Investment Team will determine whether the investment opportunity falls within the scope of the Delegated Authority or within the scope of a standard investment process.

The Standard Investment Process

The standard investment process requires the detailed involvement of the AIFM as well as the Board, notably the Board would need to approve due diligence costs and take the final investment decision for every investment opportunity presented under the standard investment process.

Once the Investment Team has developed a sufficiently detailed view of the investment opportunity and the associated risks and merits, it will prepare a short investment proposal and bring the opportunity to Aquila's investment committee for the first formal review. If the opportunity is approved by Aquila's investment committee, it will be passed on to the AIFM for initial review together with an approval request for a due diligence budget.

If the opportunity passes this stage, the AIFM will make the Board aware of the opportunity and seek the Directors approval to move forward with the due diligence and structuring phase. The Directors would then also decide on the due diligence budget proposed by the Investment Adviser.

With a view to identifying and evaluating the risks associated with the relevant investment, the Investment Adviser uses its internal expertise and, depending on the characteristics of the investment opportunity, external advisers. The Investment Adviser and, where appropriate, with the support of external advisers, will then carry out formal due diligence, structuring, financing, and negotiations on price and structure

of the investment. These elements are not assessed in isolation but are considered together, as the transaction structure, terms, price, and capital structure need to reflect the due diligence findings specific to the opportunity, including key value and risk drivers.

The due diligence phase concludes with the preparation of an investment proposal issued by the Investment Adviser's investment committee including separate statements and approvals from asset management, structuring, risk management, fund management, valuation and compliance.

The investment proposal will then be delivered to the Board and the AIFM for final review and approval.

The Delegated Investment Process

The investment process for Energy Efficiency Investments falling into the scope of the Delegated Authority is intended to apply to investments with a low investment value and risk profile. Based on the Company's investment strategy it is anticipated that a high proportion of investments will meet fall within the scope of the Delegated Authority.

The Board will agree certain criteria and grant a budget for the due diligence of investment opportunities qualifying for the Delegated Authority process. Where a potential investment falls within the scope of the Delegated Authority the Investment Adviser expects to carry out limited due diligence, reflective of the size and complexity of the proposed investment.

Provided that due diligence is successful, the Investment Adviser will submit an investment proposal and recommendation to the AIFM for approval.

The AIFM will consider the investment proposal and either (i) approve or reject this on behalf of the Company, or (ii) presents the investment proposal the Board for further review and instructions.

Monitoring of investments

It is expected that the majority of Energy Efficiency Investments will include O&M Agreements provided by third parties, often the energy services or technology company which developed the project for the counterparty. The Investment Adviser will monitor receipt of revenues due. In addition, the Investment Adviser will prepare reports for the AIFM.

Allocation Policy

Subject always to the terms of the Investment Policy, as amended from time to time, allocations of investments among the Company and the Investment Adviser's other clients are made in accordance with the Investment Adviser's allocation policy as in effect from time to time. It is the Investment Adviser's current policy that no fund or other account for which Investment Adviser has investment discretion or for which the Investment Adviser acts in an advisory capacity (collectively, "**Investment Adviser Clients**") receives preferential treatment over any other Investment Adviser Client. In allocating opportunities among Investment Adviser Clients with a substantially similar investment strategy (including, for example the private investment funds, single investor funds and separately managed accounts that include as part of their investment mandate investment in energy efficiency assets in the Europe), it is the Investment Adviser's policy that all such Investment Adviser Clients should be treated fairly and equally over time and that, to the extent possible, all Investment Adviser Clients with a substantially similar investment strategy should receive equivalent treatment. The allocation decisions are taken by the management board of the Investment Adviser.

The Allocation Policy in effect at the date of this Prospectus is as follows: a proposed investment is considered for all Investment Adviser Clients, provided that the investment is eligible under the client's investment criteria. Subject always to the Investment Policy and the paragraph above, opportunities generally will be allocated among those Investment Adviser Clients for which participation in the relevant opportunity is considered appropriate by the Investment Adviser in accordance with the following allocation criteria:

- the available funds of the Investment Adviser Client and whether the investment period is still active;
- whether the risk-return profile of the proposed investment is consistent with the Investment Adviser Client's objectives; and
- legal and/or regulatory restrictions that would or could limit an Investment Adviser Client's ability to participate in a proposed investment.

Investment Adviser Clients will then be prioritised according to a combination of the following factors:

- the period of time for which the available funds of the Investment Adviser Client were available for

investments;

- last asset allocation of the Investment Adviser Client in question;
- existing portfolio composition of all Investment Adviser Clients as well as their diversification and exposure;
- other elements specific to each Investment Adviser Client.

The AIFM will be responsible for supervising the implementation of the Allocation Policy as it applies to the Company. The Investment Adviser may, from time to time, as deemed necessary, amend the Allocation Policy. The Investment Adviser will inform the AIFM of any changes to the Allocation Policy.

Conflicts of interest

The Directors will be responsible for establishing and regularly reviewing procedures to identify, manage, monitor and disclose conflicts of interests relating to the activities of the Company.

It is expected that the Aquila Group, the Investment Adviser, the AIFM, any of their respective directors, officers, employees, service providers, agents and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company and its Energy Efficiency Investments. Interested Parties may provide services similar to those provided to the Company and its Energy Efficiency Investments to other entities and will not be liable to account to the Company for any profit earned from any such services. Interested Parties may also receive and retain fees for providing management (such as legal or accounting) services to any Energy Efficiency Investments and will not be liable to account to the Company for any profit earned from any such services. Certain members of the Investment Adviser's energy efficiency investment management team currently have indirect economic interests through controlling equity in an energy service company, Enerqos S.p.A. (together with its Affiliates "**Enerqos**"). As at the date of this Prospectus, Bruno Derungs and Alex Betts, who are members of the Investment Adviser's investment management team, are non-executive directors of Enerqos. Enerqos is indirectly majority-owned by funds that are currently managed by Adaxia Capital Partners as liquidation trustee. Certain finance vehicles advised by Aquila Group currently have, and may have in the future, indirect economic interests in Enerqos via non-controlling debt investments. The Investment Adviser may propose Energy Efficiency Investments to the AIFM which entail the Company entering into contractual arrangements with Enerqos.

The Investment Adviser and its directors, officers, service providers, employees and agents and the Directors will always have due regard to their duties owed to the Company and the AIFM and where a conflict arises, they will endeavour to ensure that it is resolved fairly. The Investment Adviser has its own conflict of interest policy in place which will be followed in relation to any potential or actual conflicts of interest that arise as a result of services supplied to both (i) the Company and the AIFM and (ii) the Aquila Managed Funds or any other potential or actual conflicts of interest affecting the Investment Adviser's advice to the AIFM or the Company.

Subject to the arrangements explained above, the Company may acquire securities from or dispose of securities to any Interested Party or any investment fund or account advised or managed by any such person. An Interested Party may provide professional services to members of the Company (provided that no Interested Party will act as auditor to the Company) or hold Ordinary Shares and/or C Shares and buy, hold and deal in any investments for their own accounts notwithstanding that similar investments may be held by the Company. An Interested Party may contract or enter into any financial or other transaction with any member of the Company or with any shareholder or any entity any of whose securities are held by or for the account of the Company, or be interested in any such contract or transaction. The Investment Adviser, or other entities in the Aquila Group, may have rendered origination, advisory or other services for the benefit of previous and/or existing Aquila Managed Funds which held or hold an interest in an asset targeted by the Company; the relevant entities in the Aquila Group may have received fees for such services. As a result, certain entities in the Aquila Group may be subject to a conflicts of interest resulting from their previous involvement in connection to those assets.

The procedures designed to deal with any potential conflicts of interest at the level of investment decision-making are set out in Part IV of this Prospectus.

To prevent conflicts arising from the use of information obtained from clients and market abuse generally, all employees and members of the Aquila Group are subject to personal account dealing rules. Any new conflict of interest must be reported to the Aquila Group's compliance department upon becoming aware of the conflict. In the event of a serious conflict of interest, the conflict may be resolved by abstaining from

a possible transaction.

Other arrangements

Administrator

PraxisIFM Fund Services (UK) Limited has been appointed to provide administrative and company secretarial services to the Company pursuant to the Administration Agreement (further details are set out in paragraph 11 of Part IX of this Prospectus).

The Administrator will be responsible for the maintenance of the books and financial accounts of the Company and the calculation of the Net Asset Value of the Company and the Ordinary Shares (and per C Share, where applicable) based on asset valuations provided by the Investment Adviser.

The secretarial services to be provided by the Administrator will include production of the Company's accounts, assisting with regulatory compliance and providing support to the Board's corporate governance process and its continuing obligations under the Listing Rules and the Disclosure Guidance and Transparency Rules. In addition, the Administrator will be responsible for liaising with the Company, the AIFM, the Investment Adviser and the Registrar in relation to the payment of dividends, as well as general secretarial functions required by the Companies Act (including but not limited to the maintenance of the Company's statutory books).

Registrar

Computershare Investor Services PLC has been appointed as the Company's Registrar pursuant to the Registrar Agreement (further details are set out in paragraph 11 of Part IX of this Prospectus).

Auditor

PricewaterhouseCoopers LLP which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales, will provide audit services to the Company.

Fees and expenses

Costs and expenses of the Issue

The costs and expenses of the Issue, which will be paid by the Company, will amount to no more than two per cent. of Gross Issue Proceeds and will be £3 million if the target Gross Issue Proceeds are raised.

The costs and expenses of the Issue payable by the Company will be paid out of the Gross Issue Proceeds and will therefore be borne indirectly by the investors.

If the Company achieved the target Gross Issue Proceeds of £150 million pursuant to the Issue, the Net Asset Value of the Company immediately following Admission would increase by £147 million.

The costs and expenses of the Issue will be paid on or around Admission and will include, without limitation, placing fees and commissions, registration, listing and admission fees, printing, advertising and distribution costs, legal fees, and any other applicable expenses. All such expenses will be immediately written off.

All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through the Intermediary pursuant to the Intermediaries Offer.

Costs and expenses of the Placing Programme

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Ordinary Shares and/or C Shares pursuant to Subsequent Placings. It is estimated that the costs and expenses of each Subsequent Placing will be no more than two per cent. of gross proceeds of the relevant Subsequent Placing. These include the fees payable in relation to each Further Admission, including listing and admission fees, as well as fees and commissions due under the Placing Agreement and any other applicable expenses in relation to the Placing Programme.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing published Net Asset Value per Ordinary Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions). No fees or expenses

in relation to the Placing Programme will be charged directly to investors.

The costs and expenses of any issue of C Shares under the Placing Programme will be paid out of the gross proceeds of such issue and will be borne by holders of C Shares only.

Ongoing fees and expenses

The Company is responsible for its own ongoing operating costs and expenses which include (but are not limited to) the fees and expenses of the AIFM (which will include the fees and expenses payable by the AIFM to the Investment Adviser), the Administrator and the Auditors, as well as fees payable under O&M Agreements, listing fees, regulatory fees, expenses associated with any purchases of Ordinary Shares and/or C Shares, printing and legal expenses and other expenses (including insurance and irrecoverable VAT).

Advisory Fee

Under the Investment Advisory Agreement, the following fee is payable to the Investment Adviser:

- (i) 0.95 per cent. per annum of NAV (plus VAT) of the Company up to and including £500 million; and
- (ii) 0.75 per cent. per annum of NAV (plus VAT) of the Company above £500 million.

During the first year of its appointment, the Investment Adviser has undertaken to apply its fee (net of any applicable tax) in subscribing for, or acquiring, Ordinary Shares. If the Ordinary Shares are trading at a premium to the prevailing NAV, the Company will issue new Ordinary Shares to the Investment Adviser. If, however, the Ordinary Shares are trading at a discount to the prevailing NAV at the relevant time, no new Ordinary Shares will be issued by the Company and instead the Company will instruct its broker to acquire Ordinary Shares to the value of fee due in the relevant period.

The Investment Adviser is also entitled to be reimbursed for certain expenses under the Investment Advisory Agreement. These include out-of-pocket expenses properly incurred by the Investment Adviser in providing services, including transactional, organisational, operating and/or travel expenses.

Although the advisory fee is payable by the AIFM to the Investment Adviser, a corresponding advisory fee is payable, alongside the launch fee and the management fee, to the AIFM under the AIFM Agreement.

AIFM Fee

Under the AIFM Agreement, the following fee is payable to the AIFM:

- (i) a management fee of £87,500 per annum plus, an additional amount which is equal to 0.015 per cent. per annum of the Net Asset Value of the Company that exceeds £250 million;
- (ii) an additional fee of £3,000 per annum in respect of each jurisdiction in which a marketing notification has been made in accordance with the UK AIFMD Laws and the EU AIFM Directive; and
- (iii) the reimbursement of the investment adviser fee payable by the AIFM to the Investment Adviser.

An additional fee will be agreed between the AIFM and Company in the event that the AIFM is requested by or on behalf of the Company to undertake additional risk and duties outside the scope of the AIFM Agreement.

Additional services provided by entities of the Aquila Group

Subject to Board approval, any entity of the Aquila Group may from time to time provide professional services (i) to the Company or (ii) to any Energy Efficiency Investment in respect of the development or construction of a project. These services will be rendered at arm's length. These may include, in particular, advisory, construction, structuring, arrangement of material contracts, such as arrangements of financing contracts, development and/or improvement services. Any such services shall be subject to Board approval and provided at prevailing market rates for these services and may be charged to the Company or the relevant Energy Efficiency Investment, whichever is agreed at the time.

Other costs, fees and expenses

The fees and expenses payable to the Directors pursuant to their Letters of Appointment are set out in Part IX of this Prospectus

PART VI - THE ISSUE

Introduction

The Company is targeting an Issue of up to 150 million Ordinary Shares at a price of £1.00 per Ordinary Share. The Directors have reserved the right, in conjunction with Peel Hunt and the Investment Adviser, to increase the size of the Issue to a maximum of 200 million Ordinary Shares if overall demand exceeds 150 million Ordinary Shares. The Issue (and any Subsequent Placing) is not being underwritten.

The Board intends that the Net Issue Proceeds will be used by the Company to acquire a portfolio of Energy Efficiency Investments, which may or may not be sourced from the Advanced Pipeline, to redeem the Management Shares and provide sufficient funds for the working capital of the Company.

On the basis that 150 million Ordinary Shares are to be issued, it is estimated that the Company will receive approximately £147 million from the Issue, net of associated fees, costs and expenses payable by the Company.

The Issue is being made in order to raise funds for the purpose of achieving the investment objective of the Company, as described in Part IV of this Prospectus.

The Issue is conditional upon, *inter alia*:

- (a) Admission having become effective on or before 8:00 a.m. on 2 June 2021 (or such later time and/or date as the Company and Peel Hunt may agree, being no later than 8:00 a.m. on 30 June 2021);
- (b) the Placing Agreement having become unconditional in all respects (save for any condition relating to Admission) in relation to the Issue and not having been terminated in accordance with its terms before Admission; and
- (c) Gross Issue Proceeds being raised such that the Net Issue Proceeds equal or exceed the Minimum Net Proceeds (or such lesser amount as the Company, Peel Hunt and the Investment Adviser may agree).

If the Issue does not proceed (due to the Minimum Net Proceeds (or such lesser amount as the Company, Peel Hunt and the Investment Adviser may agree) not being raised or otherwise), any monies received under the Issue will be returned without interest at the risk of the applicant to the applicant from whom the money was received, within 14 calendar days.

If the Minimum Net Proceeds are not raised, the Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA.

The Initial Placing

Peel Hunt has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing on the terms and subject to the conditions set out in the Placing Agreement.

The Ordinary Shares are being made available under the Initial Placing at the Issue Price. The terms and conditions that shall apply to any subscription of Ordinary Shares under the Initial Placing (and any Ordinary Shares and/or C Shares subscribed for under any Subsequent Placings) are set out in Part X of this Prospectus. These terms and conditions should be read carefully before a commitment is made.

The latest time and date for receipt of commitments under the Initial Placing is 5.00 p.m. on 27 May 2021 (or such later date, not being later than 5.00 p.m. on 30 June 2021, as the Company and Peel Hunt may agree). If the Initial Placing is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

Each Placee agrees to be bound by the Articles once the Ordinary Shares that the Placee has agreed to subscribe for pursuant to the Initial Placing have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the Initial Placing and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

Further details of the terms of the Placing Agreement are detailed in paragraph 11 of Part IX of this Prospectus.

The Offer for Subscription

The Company is making an offer of Ordinary Shares pursuant to the Offer for Subscription at the Issue Price, subject to the terms and conditions of the Offer for Subscription as set out in Part XI of this Prospectus.

These terms and conditions and the Application Form set out at Appendix 1 to this Prospectus should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of the Prospectus or the acquisition of Ordinary Shares.

The Offer for Subscription is being made in the UK, the Channel Islands and the Isle of Man only.

Applications under the Offer for Subscription will be for Ordinary Shares at the Issue Price, being £1.00 per Ordinary Share. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum subscription of 1,000 Ordinary Shares, although the Board may accept applications below the minimum amounts stated above in its absolute discretion. Multiple applications will not be accepted. Commitments under the Offer for Subscription once made, may not be withdrawn without the consent of the Directors.

Application Forms accompanied by a cheque or banker's draft made payable to "CIS PLC RE: Aquila Energy OFS A/C " for the appropriate sum should be returned to the Receiving Agent by no later than 11.00 a.m. on 27 May 2021.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11.00 a.m. on 27 May 2021. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

If you are subscribing for Ordinary Shares and sending subscription monies by electronic bank transfer, payment must be made for value by 11.00 a.m. on 27 May 2021. Please contact Computershare by email at AquilaOffer@Computershare.co.uk quoting "Aquila Energy" for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending payment.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to the Receiving Agent's Participant Account 3RA27 by no later than 1.00 p.m. on 1 June 2021, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share through the CREST system upon the relevant settlement date, following the CREST matching criteria set out in the Application Form.

In addition to completing and returning the Application Form to the Receiving Agent, the relevant form for joint holdings or corporate entity holdings can be requested from Computershare Investor Services PLC on +44 (0) 370 707 4040. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot give any financial, legal or tax advice.

It will then be the Company's decision if these Application Forms can be accepted under the Offer for Subscription.

If the Offer for Subscription is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

The Intermediaries Offer

Investors may also subscribe for Ordinary Shares at the Issue Price of £1.00 per Ordinary Share pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom, the Channel Islands and the Isle of Man are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client.

No Ordinary Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, the Channel Islands or the Isle of Man. A minimum application of 1,000 Ordinary Shares per underlying applicant will apply. Allocations to Intermediaries will be determined solely by the Company (following consultation with Peel Hunt and the Investment Adviser).

An application for Ordinary Shares in the Intermediaries Offer means that the underlying applicant agrees

to acquire the Ordinary Shares applied for at the Issue Price. Each underlying applicant must comply with the appropriate money laundering checks required by the relevant Intermediary and all other laws and regulations applicable to their agreement to subscribe for Ordinary Shares. Where an application is not accepted or there are insufficient Ordinary Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the underlying applicant as required and all such refunds shall be made without interest. The Company, the AIFM, the Investment Adviser and Peel Hunt accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary has agreed, or will on appointment agree, to the Intermediaries Terms and Conditions, which regulate, inter alia, the conduct of the Intermediaries Offer on market standard terms and provide for the payment of a commission and/or fee (to the extent permissible by the rules of the FCA) to Intermediaries from the Intermediaries Offer Adviser acting on behalf of the Company if such Intermediary elects to receive a commission and/or fee. Pursuant to the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant that they are not located in the United States and are not acting for the account or benefit of anyone located in the United States or any U.S. Person.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to retail investors in the United Kingdom, the Channel Islands and the Isle of Man, subject to the Intermediaries Terms and Conditions. Any such materials, information or advice are solely the responsibility of the relevant Intermediary and will not be reviewed or approved by any of the Company, the AIFM, the Investment Adviser or the Intermediaries Offer Adviser. Any liability relating to such documents shall be for the relevant Intermediaries only.

The Intermediaries Terms and Conditions provide for the Intermediaries to have an option (where the payment of such commission and/or fee is not prohibited) to be paid a commission and/or fee by the Intermediaries Offer Adviser (acting on behalf of the Company) where it has elected to receive such commission and/or fee in respect of the Ordinary Shares allocated to and paid for by them pursuant to the Intermediaries Offer.

General

Subject to those matters on which the Issue is conditional, the Board, with the consent of Peel Hunt, may bring forward or postpone the closing date for the Issue.

The results of the Issue and the basis of allocation under the Issue are expected to be announced on 28 May 2021 via a Regulatory Information Service.

The ISIN and SEDOLs for the Ordinary Shares and C Shares are set out below:

	Sterling Quote	Euro Quote
Ordinary Share ISIN	GB00BN6JYS78	GB00BN6JYS78
Ordinary Share SEDOL	BN6JYS7	BL6K7R6
Ordinary Share Ticker	AEET	AEEE
	Sterling Quote	
C Share ISIN	GB00BN6JYT85	
C Share SEDOL	BN6JYT8	
C Share Ticker	AEEC	

Subject to their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA in the event of the publication of a supplementary prospectus prior to Admission, applicants may not withdraw their applications for Ordinary Shares.

In the event that the Company is required to publish a supplementary prospectus prior to Admission (in respect of the Issue), applicants who have applied for Ordinary Shares under the Issue shall have at least four clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their offer to acquire Ordinary Shares in the Issue in its entirety. If the application is not withdrawn within the stipulated period, any offer to apply for Ordinary Shares in the Offer for Subscription or the Intermediaries Offer will remain valid and binding.

Applicants under the Offer for Subscription wishing to exercise their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA after the publication by the Company of a supplementary prospectus prior to Admission in respect of the Issue must do so by lodging a written notice of withdrawal (which shall

include a notice sent by any form of electronic communication) which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST Member with Computershare Investor Services PLC, by post to The Pavilions, Bridgwater Road, Bristol, BS99 6AH or by email to AquilaOffer@Computershare.co.uk so as to be received not later than four Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Computershare Investor Services PLC after expiry of such period will not constitute a valid withdrawal, and the Company will not permit the exercise of withdrawal rights after payment by the relevant applicant of his subscription in full and the allotment of Ordinary Shares to such applicant becoming unconditional. In such event Shareholders are recommended to seek independent legal advice.

Intermediaries wishing to exercise withdrawal rights on behalf of their underlying clients on behalf of whom they have submitted applications for Ordinary Shares, after the publication of a supplementary prospectus prior to the close of the Intermediaries Offer must do so in accordance with the Intermediaries Terms and Conditions so as to be received no later than four Business Days after the date on which the supplementary prospectus is published. If the applications for Ordinary Shares are not withdrawn by the Intermediaries during such time, the offer to apply for Ordinary Shares as set out in the application will remain valid and binding.

Basis of allocation

The basis of allocation of Ordinary Shares shall be determined by the Company (following consultation with Peel Hunt and the Investment Adviser). The Directors have reserved the right, in conjunction with Peel Hunt and the Investment Adviser, to increase the size of the Issue to a maximum of 200 million Ordinary Shares if overall demand exceeds 150 million Ordinary Shares.

If subscriptions under the Initial Placing and Offer for Subscription (including the Intermediaries Offer) exceed the maximum number of Ordinary Shares available, the Company will scale back subscriptions at its discretion (following consultation with Peel Hunt and the Investment Adviser).

The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Issue.

Monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant to the applicant from whom the money was received, within 14 calendar days following the close of the Issue.

Overseas investors

The attention of persons resident outside the UK is drawn to the notices to investors set out on pages 28 to 33 of this Prospectus which set out restrictions on the holding of Ordinary Shares by such persons in certain jurisdictions.

In particular, investors should note that this document is not an offer of securities for sale in the United States. The Ordinary Shares and C Shares have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. The Ordinary Shares and C Shares may not be offered or sold, directly or indirectly, in, into or within the United States, or to, or for the account or benefit of, a U.S. Person absent registration, or an exemption from registration, under the U.S. Securities Act. There will be no public offering of securities in the United States. The Ordinary Shares and C Shares are being offered and sold only outside the United States to non-U.S. Persons in "offshore transactions" within the meaning of, and in reliance on, Regulation S.

The Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, or Peel Hunt. The offer and sale of Ordinary Shares has not been and will not be registered under the applicable securities law of Canada, Japan, Australia, Singapore or the Republic of South Africa. Subject to certain exemptions, the Ordinary Shares may not be offered to or sold within Canada, Japan, Australia, Singapore or the Republic of South Africa or to any national, resident or citizen of Canada, Japan, Australia, Singapore or the Republic of South Africa. None of the Company, Peel Hunt or any of their respective representatives, is making any representation to any offeree or purchaser of the Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Ordinary Shares.

CREST

CREST is a paperless settlement procedure enabling securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. The Articles permit the holding of the Ordinary Shares under the CREST system and the Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes (provided that the Ordinary Shares are not in certificated form).

If a Shareholder or transferee requests Ordinary Shares to be issued in certificated form, a share certificate will be despatched either to them or their nominated agent (at their own risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Shareholders who are non-U.S. Persons holding definitive certificates may elect at a later date to hold their Ordinary Shares through CREST in uncertificated form provided that they surrender their definitive certificates.

Admission, Clearing and Settlement

Applications will be made for the Ordinary Shares issued pursuant to the Issue to be admitted to listing on the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange's main market. It is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 2 June 2021.

An investor applying for Ordinary Shares in the Issue may receive Ordinary Shares in certificated or uncertificated form. The Ordinary Shares are in registered form. No temporary documents of title will be issued. Dealings in Ordinary Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. It is expected that CREST accounts will be credited on 2 June 2021 in respect of Ordinary Shares issued in uncertificated form and definitive share certificates in respect of Ordinary Shares held in certificated form will be despatched by post after the week commencing 7 June 2021, at the Shareholder's own risk.

The ISIN of the Ordinary Shares is GB00BN6JYS78. The SEDOL for the Sterling Quote is BN6JYS7 and the SEDOL for the Euro Quote is BL6K7R6.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

Money laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply, any of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent, the Investment Adviser and Peel Hunt may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued pursuant to the Issue.

Each of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent, the AIFM and Peel Hunt reserves the right to request such information as is necessary to verify the identity of a Shareholder or prospective Shareholder and (if any) the underlying beneficial owner or prospective beneficial owner of a Shareholder's Ordinary Shares. In the event of delay or failure by the Shareholder or prospective Shareholder to produce any information required for verification purposes, the Board, in consultation with any of the Company's agents, including the Administrator, the Registrar, the Receiving Agent, the AIFM and Peel Hunt, may refuse to accept a subscription for Ordinary Shares, or may refuse the transfer of Ordinary Shares held by any such Shareholder.

ISA, SSAS and SIPP

General

The Ordinary Shares will be "qualifying investments" for the stocks and shares component of an ISA and the Board will use its reasonable endeavours to manage the affairs of the Company so as to enable this status to be maintained. Save where an account manager is acquiring Ordinary Shares using available funds in an existing ISA, an investment in Ordinary Shares by means of an ISA is subject to the usual annual subscription limits applicable to new investments into an ISA (for the tax year 2021/22 an individual may invest £20,000 worth of stocks and shares in a stocks and shares ISA).

Sums received by a Shareholder on a disposal of Ordinary Shares will not count towards the Shareholder's annual limit but a disposal of Ordinary Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year. Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility.

Offer for Subscription and Intermediaries Offer

Ordinary Shares allotted under the Offer for Subscription or Intermediaries Offer will be eligible for inclusion in an ISA, subject to the applicable subscription limits to new investments into an ISA, as set out above, being complied with.

Placing

Ordinary Shares allotted under the Placing are not eligible for inclusion in an ISA.

Secondary market purchases

Ordinary Shares acquired by an account manager by purchase in the secondary market, subject to applicable subscription limits, as set out above, will be eligible for inclusion in an ISA.

UK small self-administered schemes and self-invested personal pensions

The Ordinary Shares will be eligible for inclusion in a UK SSAS or a UK SIPP.

Profile of a typical investor in relation to the Issue

The Ordinary Shares are designed to be suitable for institutional investors and professionally advised private investors. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors and retail investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Ordinary Shares in the Issue.

PART VII - THE PLACING PROGRAMME

Introduction

The Company has authority to issue up to 300 million Ordinary Shares and/or C Shares on a non-pre-emptive basis pursuant to one or more Subsequent Placings under the Placing Programme. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares and/or C Shares over a period of time. The Placing Programme is intended to satisfy market demand for Ordinary Shares and/or C Shares and to raise further money after the Issue to increase the size of the Company and to provide cash pursuant to which the Company can invest in accordance with the Investment Policy.

It is intended that new Ordinary Shares and/or C Shares will be allocated so that applications from existing Shareholders are given priority over other applicants, with a view to existing Shareholders being allocated such percentage of new Ordinary Shares and/or C Shares as is as close as possible to their existing percentage holding of Ordinary Shares. Existing Shareholders will not, however, be entitled to any minimum allocation of new Ordinary Shares and/or C Shares in the Placing Programme or any particular Subsequent Placing and there will be no guarantee that existing Shareholders wishing to participate in the Placing Programme will receive all or some of the new Ordinary Shares and/or C Shares for which they have applied.

The Placing Programme

The Placing Programme will open on 3 June 2021 and will close on 9 May 2022 (or any earlier date on which it is fully subscribed, or as otherwise determined by the Directors). The terms and conditions that apply to the purchase of Ordinary Shares and/or C Shares under each Subsequent Placing are set out in Part X of this Prospectus. The Company will have the flexibility to issue Ordinary Shares and/or C Shares on a non-pre-emptive basis where there appears to be reasonable demand for Ordinary Shares in the market, for example if the Ordinary Shares trade at a premium to the Net Asset Value per Ordinary Share.

The Company will make a decision on each Subsequent Placing under the Placing Programme as to whether the Company will issue Ordinary Shares or C Shares. It will make this decision based on a combination of factors, and having taken into account Peel Hunt and the Investment Adviser's opinions, including, amongst other things, the potential size of any issue relative to the Company's existing market capitalisation and gross assets, the potential level of demand for new shares amongst Shareholders and potential investors, and the speed with which the Investment Adviser estimates that it could invest any new proceeds raised. The issue of C Shares is designed to overcome the potential disadvantages for both existing and new investors at the relevant time that could arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- the C Shares would not convert into Ordinary Shares until the date falling 12 months after allotment of that tranche of C Shares or such earlier date as the Directors may determine that the return profile of the underlying assets of the portfolios attributable to the relevant tranche of C Shares and the Ordinary Shares are sufficiently aligned;
- the assets representing the net proceeds of a C Share issue would be accounted for and managed as a distinct pool of assets until their conversion date. By accounting for the net proceeds of a C Share issue separately, Shareholders would not participate in a portfolio containing a substantial amount of uninvested cash before the conversion date;
- the basis on which the C Shares would convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares would become entitled will reflect the relative net asset values per share of the assets attributable to the C Shares and the Ordinary Shares. As a result, the Net Asset Value per Ordinary Share can be expected to be unchanged by the issue and conversion of any C Shares; and
- the Net Asset Value of the Ordinary Shares would not be diluted by the expenses of the C Share issue, which would be borne by the pool of assets attributable to the C Shares.

The issue of Ordinary Shares and/or C Shares under the Placing Programme is at the discretion of the Directors. Subsequent Placings may take place at any time prior to the final closing date of 9 May 2022 (or any earlier date on which it is fully subscribed, or as otherwise determined by the Directors). An announcement of each Subsequent Placing under the Placing Programme will be released via a Regulatory Information Service, including details of the number of Ordinary Shares and/or C Shares to be issued and the Placing Programme Price for the Subsequent Placing. There is no minimum subscription.

Neither the Placing Programme nor any Subsequent Placing is being underwritten and, as at the date of this Prospectus, the actual number of Ordinary Shares and/or C Shares to be issued under the Placing Programme is not known. The maximum number of Ordinary Shares and/or C Shares available under the Placing Programme should not be taken as an indication of the final number of Ordinary Shares and/or C Shares to be issued. Where new Ordinary Shares are issued pursuant to a Subsequent Placing, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Placing Programme Price less the expenses of such Subsequent Placing. Where C Shares are issued pursuant to a Subsequent Placing, the total assets of the Company will increase by that number of C Shares issued multiplied by £1.00, less the expenses of such Subsequent Placing. The net proceeds of any Subsequent Placing under the Placing Programme are dependent, *inter alia*, on, the level of subscriptions received, the price at which such Ordinary Shares are issued and the costs of the Subsequent Placing.

Ordinary Shares issued pursuant to each Subsequent Placing will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment and issue of the relevant Ordinary Shares). The rights attaching to the C Shares are set out in the Articles, summarised in paragraph 10 of Part X of this document.

The Placing Programme will be suspended at any time when the Company is unable to issue Ordinary Shares under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such conditions cease to exist.

Conditions

Each issue of Ordinary Shares and/or C Shares pursuant to a Subsequent Placing under the Placing Programme is conditional, *inter alia*, on:

- Admission of the relevant Ordinary Shares and/or C Shares occurring by no later than 8.00 a.m. on such date as the Company and Peel Hunt may agree from time to time in relation to that Admission, not being later than 9 May 2022;
- a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; and
- the Placing Agreement having become unconditional in all respects (save for any condition relating to the relevant Further Admission) in relation to the relevant Subsequent Placing and not having been terminated in accordance with its terms before Further Admission.

The Placing Programme Price

The minimum price at which Ordinary Shares will be issued pursuant to the Placing Programme, which will be in Sterling, will be equal to the prevailing published Net Asset Value per Ordinary Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions).

In accordance with Chapter 15 of the Listing Rules, the Company may not issue Ordinary Shares on a non-pre-emptive basis at a price below the prevailing published Net Asset Value per Ordinary Share without Shareholder approval.

The Placing Programme Price will be announced via a Regulatory Information Service as soon as practicable in conjunction with each Subsequent Placing.

C Shares offered under the Placing Programme will be offered at a price of £1.00 per C Share.

Benefits of the Placing Programme

The Directors believe that the issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme should yield the following principal benefits:

- the ability for the Company to raise additional capital promptly, allowing it to take advantage of future investment opportunities as and when they arise, further diversifying the Company's portfolio of investments;
- the ability to issue Ordinary Shares and/or C Shares so as to better manage the premium at which the Ordinary Shares and/or C Shares may trade relative to the Net Asset Value per Ordinary Share;
- enhancing the Net Asset Value per Ordinary Share of existing Ordinary Shares through new issues of Ordinary Shares at a premium to the prevailing published Net Asset Value per Ordinary Share;

- growing the Company, thereby spreading operating costs over a larger capital base which should reduce the ongoing charges ratio; and
- improving liquidity in the market for the Ordinary Shares and/or C Shares.

Costs of the Placing Programme

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Ordinary Shares and/or C Shares pursuant to Subsequent Placings. It is estimated that the costs and expenses of each Subsequent Placing will be no more than two per cent. of gross proceeds of the relevant Subsequent Placing. These include the fees payable in relation to each Further Admission, including listing and admission fees, as well as fees and commissions due under the Placing Agreement and any other applicable expenses in relation to the Placing Programme.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing published Net Asset Value per Ordinary Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions). The costs and expenses of any issue of C Shares under the Placing Programme will be paid out of the gross proceeds of such issue and will be borne by holders of C Shares only.

Placing Agreement

The Company, the Investment Adviser, the Directors and Peel Hunt have entered into the Placing Agreement, pursuant to which Peel Hunt has agreed, subject to certain conditions and amongst other things, to use its reasonable endeavours to procure subscribers for the Ordinary Shares and/or C Shares made available in the Placing Programme. Neither the Placing Programme nor any Subsequent Placing under it is underwritten.

The terms and conditions of the Placing Programme and each Subsequent Placing under it are set out in Part X of this Prospectus. These terms and conditions should be read carefully before a commitment is made.

Further details of the terms of the Placing Agreement are detailed in paragraphs 11.2 to 11.9 of Part IX of this Prospectus.

In circumstances in which the conditions to a Subsequent Placing are not fully met, the relevant issue of Ordinary Shares and/or C Shares pursuant to the Placing Programme will not take place.

Voting Dilution

If 150 million Ordinary Shares and/or C Shares were to be issued pursuant to Subsequent Placings, and assuming the Issue had been subscribed as to 150 million Ordinary Shares, there would be a dilution of approximately 50 per cent. in Shareholders' voting control of the Company immediately after the Subsequent Placings assuming that the Shareholders did not participate in the Subsequent Placings. However, it is not anticipated that there would be any dilution in the Net Asset Value per Ordinary Share as a result of any Subsequent Placing under the Placing Programme.

Use of proceeds

The Directors intend to use the net proceeds of any Subsequent Placing under the Placing Programme to acquire Energy Efficiency Investments in accordance with the Company's investment objective and Investment Policy and for working capital purposes.

General

The results of any Subsequent Placing will be announced via a Regulatory Information Service.

Subject to those matters on which any Subsequent Placing is conditional, the Board, with the consent of the Sponsor, may bring forward or postpone the closing date for the Subsequent Placing (save that no Subsequent Placing will be made outside of the dates set out in the Placing Programme).

CREST accounts will be credited on the date of the relevant Admission in relation to the relevant Subsequent Placing and it is expected that, where Shareholders have requested them, certificates in respect of the Ordinary Shares and/or C Shares to be held in certificated form will be dispatched within 14 business days of such relevant Admission. Pending receipt by Shareholders of definitive share certificates, if issued, the Registrar will certify any instruments of transfer against the register of members.

The ISIN and SEDOLs for the Ordinary Shares and C Shares are set out below:

	Sterling Quote	Euro Quote
Ordinary Share ISIN	GB00BN6JYS78	GB00BN6JYS78
Ordinary Share SEDOL	BN6JYS7	BL6K7R6
Ordinary Share Ticker	AEET	AEEE
	Sterling Quote	
C Share ISIN	GB00BN6JYT85	
C Share SEDOL	BN6JYT8	
C Share Ticker	AEEC	

Subject to their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA in the event of the publication of a supplementary prospectus, applicants may not withdraw their applications for Ordinary Shares and/or C Shares.

Basis of allocation

The basis of allocation of Ordinary Shares and/or C Shares shall be determined by the Company (following consultation with Peel Hunt and the Investment Adviser). If subscriptions under any Subsequent Placing exceed the maximum number of Ordinary Shares and/or C Shares available under that Subsequent Placing, the Company will scale back subscriptions at its discretion (following consultation with Peel Hunt and the Investment Adviser). In such circumstances, it is intended that new Ordinary Shares and/or C Shares will be allocated so that applications from existing Shareholders are given priority over other applicants, with a view to existing Shareholders being allocated such percentage of new Ordinary Shares and/or C Shares as is as close as possible to their existing percentage holding of Ordinary Shares and/or C Shares. Existing Shareholders will not, however, be entitled to any minimum allocation of new Ordinary Shares and/or C Shares in the Placing Programme and there will be no guarantee that existing Shareholders wishing to participate in the Placing Programme will receive all or some of the new Ordinary Shares and/or C Shares for which they have applied.

Overseas investors

The attention of persons resident outside the UK is drawn to the notices to investors set out on pages 28 to 33 of this Prospectus which set out restrictions on the holding of Ordinary Shares and/or C Shares by such persons in certain jurisdictions.

In particular, investors should note that this document is not an offer of securities for sale in the United States. The Ordinary Shares and C Shares have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. The Ordinary Shares and C Shares may not be offered or sold, directly or indirectly, in, into or within the United States, or to, or for the account or benefit of, a U.S. Person absent registration, or an exemption from registration, under the U.S. Securities Act. There will be no public offering of securities in the United States. The Ordinary Shares and C Shares are being offered and sold only outside the United States to non-U.S. Persons in "offshore transactions" within the meaning of, and in reliance on, Regulation S.

CREST

CREST is a paperless settlement procedure enabling securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Accordingly, settlement of transactions in the Ordinary Shares and/or C Shares following a Further Admission may take place within the CREST system if any Shareholder so wishes (provided that the Ordinary Shares and/or C Shares are not in certificated form).

CREST is a voluntary system and, upon the specific request of a Shareholder, the Ordinary Shares and/or C Shares of that Shareholder which are being held under the CREST system may be exchanged, in whole or in part, for share certificates.

If a Shareholder or transferee requests Ordinary Shares and/or C Shares to be issued in certificated form, a share certificate will be despatched either to them or their nominated agent (at their own risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares and/or C Shares. Shareholders who are non-U.S. Persons holding definitive certificates may elect at a later

date to hold their Ordinary Shares and/or C Shares through CREST in uncertificated form provided that they surrender their definitive certificates.

Dealing arrangements

The Placing Programme may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares and/or C Shares over the duration of the Placing Programme. Ordinary Shares and/or C Shares may be issued under the Placing Programme from 3 June 2021 until 9 May 2022.

Applications will be made to the FCA and the London Stock Exchange for all of the Ordinary Shares and/or C Shares issued pursuant to each Subsequent Placing under the Placing Programme to be admitted to the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange's main market. It is expected that any Further Admissions pursuant to Subsequent Placings will become effective and dealings will commence between 3 June 2021 until 9 May 2022. All Ordinary Shares and/or C Shares issued pursuant to the Placing Programme will be allotted conditionally on the relevant Further Admission occurring.

Settlement

Payment for the Ordinary Shares and/or C Shares to be acquired under any Subsequent Placing should be made in accordance with settlement instructions provided to investors by Peel Hunt. To the extent that any application or subscription for Ordinary Shares and/or C Shares is rejected in whole or part, monies will be returned to the applicant without interest.

Money laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, any of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent, the Investment Adviser and Peel Hunt may require evidence in connection with any application for Ordinary Shares and/or C Shares, including further identification of the applicant(s), before any Ordinary Shares and/or C Shares are issued.

Each of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent, the AIFM and Peel Hunt reserves the right to request such information as is necessary to verify the identity of a Shareholder or prospective Shareholder and (if any) the underlying beneficial owner or prospective beneficial owner of a Shareholder's Ordinary Shares and/or C Shares. In the event of delay or failure by the Shareholder or prospective Shareholder to produce any information required for verification purposes, the Board, in consultation with any of the Company's agents, including the Administrator, the Registrar, the Receiving Agent, the AIFM and Peel Hunt, may refuse to accept an application for subscription for Ordinary Shares and/or C Shares, or may refuse the transfer of Ordinary Shares and/or C Shares held by any such Shareholder.

ISA, SSAS and SIPP

General

Ordinary Shares and/or C Shares allotted under the Placing Programme are not eligible for inclusion in an ISA.

Secondary market purchases

Ordinary Shares and/or C Shares acquired by an account manager by purchase in the secondary market, subject to applicable subscription limits, as set out above, will be eligible for inclusion in an ISA.

UK small self-administered schemes and self-invested personal pensions

The Ordinary Shares and/or C Shares will be eligible for inclusion in a UK SSAS or a UK SIPP.

Profile of a typical investor in relation to Subsequent Placings under the Placing Programme

The Ordinary Shares and C Shares are designed to be suitable for institutional investors and professionally advised private investors. The Ordinary Shares and C Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Ordinary Shares and/or C

Shares in the Subsequent Placing.

PART VIII - TAXATION

Prospective investors should consult their professional advisers concerning the possible tax consequences of their subscribing for, purchasing, holding or selling Ordinary Shares and/or C Shares. The following summary of the principal United Kingdom tax consequences applicable to the Company and its Shareholders is based upon interpretations of existing laws in effect on the date of this document and no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with the interpretations or that changes in such laws will not occur. The tax and other matters described in this document are not intended as legal or tax advice. Each prospective investor must consult its own advisers with regard to the tax consequences of an investment in Ordinary Shares and/or C Shares. None of the Company, the Directors, Peel Hunt, the Investment Adviser or any of their respective affiliates or agents accepts any responsibility for providing tax advice to any prospective investor.

Introduction

The information below, which relates only to United Kingdom taxation, summarises the advice received by the Board in so far as applicable to the Company and to persons who are resident in the United Kingdom for taxation purposes and who hold Ordinary Shares and/or C Shares as an investment. It is based on current United Kingdom tax law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain Shareholders, including but not limited to dealers in securities, collective investment schemes, insurance companies and persons acquiring their Ordinary Shares and/or C Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate professional adviser without delay.

The Company

It is the intention of the Directors to conduct the affairs of the Company so that the Company satisfies and continues to satisfy the conditions necessary for it to be approved by HMRC as an investment trust under sections 1158 to 1159 of the CTA 2010. However, the Directors cannot guarantee that this approval will be maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company (the conditions for investment trust status are set out in the paragraph entitled "Investment trust status under Chapter 4 of Part 24 CTA 2010" of the Risk Factors section of the Prospectus, above). The Directors intend that the Company should not be a close company immediately following Admission. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK taxation on its capital gains and capital profits from creditor loan relationships. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

An investment trust approved under sections 1158 to 1159 of the CTA 2010, or one that intends to seek such approval, is able to elect to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under regulations made pursuant to the Finance Act 2009, to the extent that the Company has "qualifying interest income" for the accounting period, it may, if it so chooses, designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends in respect of the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its taxable interest income in calculating its taxable profit for the relevant accounting period. In this way, although the Company would remain subject to corporation tax on interest income it receives, it would obtain a deduction for the deemed interest distribution it has designated (and to the extent the two amounts match, no tax would arise at the level of the Company).

The Company should, in practice, be exempt from UK corporation tax on any dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the "exempt classes" in Part 9A of the CTA 2009.

As at the date of this Prospectus, it is proposed that the rate of UK corporation tax will rise from 19% to 25% from 6 April 2022 for companies with profits over £250,000. In addition, a consultation is underway pursuant to which the UK government is seeking to make changes to the UK funds regime, as discussed in the Taxation section above. It is expected that any changes would take effect in the Finance Act 2021.

Shareholders

Taxation of dividends

(a) Individual Shareholders

(i) Non-interest distributions

In the event that the Directors do not elect for the "streaming" regime to apply to any dividends paid by the Company, the following paragraph summarises the expected UK tax treatment for individual Shareholders who receive dividends from the Company. The following paragraph would also apply to any parts of dividends not treated as "interest distributions" were the Directors to elect for the "streaming" regime to apply.

Each individual who is resident in the UK for tax purposes is entitled to an annual tax free dividend allowance of £2,000 (tax year 2021/22). Dividends received in excess of this threshold will be taxed, for the fiscal year 2021/22 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers). Each individual who is resident in the UK for tax purposes is liable to pay UK income tax on dividend received at the relevant rate depending on the Shareholder's level of income, less any available allowances. No withholding tax will be applied to "non-interest distributions" made by the Company.

(ii) Interest distributions

Where the Directors elect to apply the "streaming" regime to any dividends paid by the Company, were the Company to designate any dividends paid as an "interest distribution", a UK resident Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder's income less any available allowances. No withholding tax will be applied to "interest distributions" made by the Company.

Each UK resident individual who is a basic rate taxpayer is entitled to a Personal Saving Allowance which exempts the first £1,000 of savings income (including distributions deemed as "interest distributions" from an Investment Trust Company). The exempt amount is reduced to £500 for higher rate taxpayers. Additional rate taxpayers do not receive an allowance.

(b) Other Shareholders

UK resident corporate Shareholders may be subject to corporation tax on dividends paid by the Company unless they fall within one of the exempt classes in Part 9A of CTA 2009. Where, however, the Directors elect for the "streaming" rules to apply, and such corporate Shareholders receive dividends designated by the Company as "interest distributions", they would be subject to corporation tax in the same way as a creditor in a loan relationship.

It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Taxation of capital gains

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares and/or C Shares. Each such individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2021/2022. Capital gains tax chargeable will be at the current rate of 10 per cent. (for basic rate taxpayers) and 20 per cent. (for higher and additional rate taxpayers) during the tax year 2021/2022.

Shareholders who are individuals and who are temporarily non-resident in the UK for tax purposes may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax (currently at a rate of 19 per cent.) on chargeable gains arising on a disposal of their Ordinary Shares and/or C Shares.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty or stamp duty reserve tax should arise on the issue of new Ordinary Shares and/or C Shares in the Company. Transfers on sale of Ordinary Shares and/or C Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer. The purchaser normally pays the stamp duty. However, an exemption from stamp duty will be available on an instrument transferring existing Ordinary Shares and/or C Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

An agreement to transfer Ordinary Shares and/or C Shares will normally give rise to a charge to stamp duty reserve tax

("SDRT") at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares and/or C Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Ordinary Shares and/or C Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration in the form of money or money's worth.

ISA, SSAS and SIPP

Ordinary Shares and C Shares acquired by a UK resident individual Shareholder in the Offer for Subscription, Intermediaries Offer or on the secondary market (but not the Placing or any Subsequent Placing) should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£20,000 in the tax year 2021-2022).

Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available to children under the age of 18 who are resident in the UK subject to the annual allowance of £9,000 for the 2021/2022 tax year. Sums received by a Shareholder on a disposal of Ordinary Shares and/or C Shares would not count towards the Shareholder's annual limit; but a disposal of Ordinary Shares and/or C Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

Individuals wishing to invest in Ordinary Shares and/or C Shares through an ISA should contact their professional advisers regarding their eligibility.

The Directors have been advised that the Ordinary Shares and/or C Shares should be eligible for inclusion in a SIPP or a SSAS, subject to the discretion of the trustees of the SIPP or the SSAS, as the case may be.

Information reporting

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, an Inter-governmental Agreement with the U.S. in relation to FATCA and the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters as implemented in the UK. In connection with such agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain personal information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions. Shareholders and other account holders agree to furnish any information and documents the Company may from time to time request.

PART IX - ADDITIONAL INFORMATION

1 Incorporation and Administration

- 1.1 Aquila Energy Efficiency Trust PLC was incorporated in England and Wales on 9 April 2021 with number 13324616 as a public company with an unlimited life under the Companies Act.
- 1.2 The registered office of the Company is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB and the telephone number is +44 204 513 9260. The principal place of business of the Company is its registered office.
- 1.3 The principal legislation under which the Company and operates is the Companies Act. The Company is not authorised or regulated as a collective investment scheme by the Financial Conduct Authority. From Admission, the Company and the Shareholders will be subject to the Listing Rules, the Disclosure Guidance and Transparency Rules, the UK Prospectus Regulation, the UK Prospectus Regulation Rules, UK MAR and the rules of the London Stock Exchange.
- 1.4 As at the date of this document, the Company has no subsidiary undertakings. Following Admission, the Company will make its investments directly, via wholly-owned subsidiaries of the Company and through additional holding companies for certain projects.
- 1.5 Save in respect of its entry into the material contracts summarised in paragraph 11 of this Part IX, the Company has not commenced operations since incorporation and, as at the date of this Prospectus, no financial statements have been made up and no dividends have been declared by the Company.
- 1.6 The Company's accounting period will terminate on 31 December of each year. The first accounting period will end on 31 December 2021. The annual report and accounts will be prepared according to accounting standards in line with IFRS.
- 1.7 Save for the AIFM Agreement and the Letters of Appointment, the Company has not entered into any related party transaction at any time during the period from incorporation to 7 May 2021 (the last practicable date prior to publication of this Prospectus).
- 1.8 The Company has received a certificate under section 761 of the Companies Act entitling it to commence business and to exercise its borrowing powers dated 4 May 2021.
- 1.9 The Company is domiciled in England and Wales, does not have any employees and does not own any premises.
- 1.10 The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.
- 1.11 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of sections 1158 and 1159 (and regulations made thereunder) of the CTA 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the conditions and requirements that must be met for approval by HMRC as an investment trust, and which must continue to be met for each accounting period in respect of which the Company is approved as an investment trust, are that:
 - (a) all, or substantially all, of the business of the Company is investing its funds in shares, and or other assets with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;
 - (b) the Company is not a close company at any time during the accounting period;
 - (c) the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period;
 - (d) the Company must not retain in respect of the accounting period an amount greater than the higher of: (a) 15 per cent. of its income for the period; and (b) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses; and
 - (e) the Company notifies HMRC if it revises its published investment policy.

- 1.12 Changes in the issued share capital of the Company since its incorporation are summarised in paragraph 3 of this Part IX.
- 1.13 PricewaterhouseCoopers LLP has been the only auditor of the Company since its incorporation. PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

2 Directors

The Directors are:

Name	Function	Date of Appointment
Miriam Greenwood OBE DL	Chair	19 April 2021
Lisa Arnold	Director (Audit and Risk Committee Chair)	9 April 2021
Nicholas Bliss	Director	9 April 2021
Laura Sandys CBE	Director	9 April 2021

all care of the Company's registered office at 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

3 Share Capital

- 3.1 The Ordinary Shares are denominated in Sterling. The legislation under which the Ordinary Shares have been created is the Companies Act.
- 3.2 On incorporation the share capital of the Company comprised of one Ordinary Share, with a nominal value of £0.01 and 50,000 Management Shares, with a nominal value of £1.00 each, held by the Investment Adviser. The Ordinary Share was issued as fully paid. The Management Shares are fully paid up and will be redeemed as soon as practicable following Admission out of the proceeds of the Issue.
- 3.3 Set out below is the issued share capital of the Company as at the date of this document:

	Nominal value	Number
Management Shares	£1.00	50,000
Ordinary Shares	£0.01	1

- 3.4 Pursuant to resolutions passed at a general meeting of the Company held on 5 May 2021:
- (a) the Directors are generally and unconditionally authorised, in accordance with section 551 of the Companies Act, to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £2,000,000 pursuant to the Issue, provided that the authority conferred on the Directors expires (A) at the conclusion of the next AGM after the passing of this resolution or (B) 15 months after the passing of such resolution, whichever is the earlier (unless previously revoked, varied or renewed by the Company in a general meeting), save that under this authority the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares to be allotted in pursuance of such an offer or agreement as if the authority conferred had not expired.
- (b) the Directors are empowered, pursuant to section 570 of the Companies Act, to allot equity securities (within the meaning of section 560 of the Companies Act) for cash either pursuant to the authority conferred by the resolution referred to above or by way of a sale of treasury shares, as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power is limited to the allotment of Ordinary Shares pursuant to the Issue, and expires (A) at the conclusion of the next AGM after the passing of this resolution or (B) 15 months after the passing of such resolution, whichever is the earlier (unless previously revoked, varied or renewed by the Company in a general meeting), save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.

- (c) conditional upon Admission, the Directors are generally and unconditionally authorised, in accordance with section 551 of the Companies Act, to exercise all the powers of the Company to allot Ordinary Shares and/or C Shares up to an aggregate nominal amount of £3,000,000 pursuant to the Placing Programme, provided that the authority conferred on the Directors expires (A) at the conclusion of the next AGM after the passing of this resolution or (B) 15 months after the passing of such resolution, whichever is the earlier (unless previously revoked, varied or renewed by the Company in a general meeting), save that under this authority the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares and/or C Shares to be allotted in pursuance of such an offer or agreement as if the authority conferred had not expired.
- (d) the Directors are empowered, pursuant to section 570 and section 573 of the Companies Act, to allot equity securities (within the meaning of section 560 of the Companies Act) for cash either pursuant to the authority conferred by the resolution above or by way of a sale of treasury shares, as if section 561(1) of the Companies Act did not apply to any such allotment, provided that this power is limited to the allotment of Ordinary Shares and/or C Shares pursuant to the Placing Programme, and expires (A) at the conclusion of the next AGM after the passing of this resolution or (B) 15 months after the passing of such resolution, whichever is the earlier (unless previously revoked, varied or renewed by the Company in general meeting), save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.
- (e) the Company is authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Companies Act) of its Ordinary Shares each provided that in doing so it:
 - (i) purchases no more than 29,980,000 Ordinary Shares in aggregate, subject to the condition that no more than 14.99 per cent. of the Company's issued share capital immediately following Admission may be purchased by the Company;
 - (ii) pays not less per Ordinary Share than the nominal value of the Ordinary Share at the time of purchase (excluding expenses); and
 - (iii) pays a price per Ordinary Share that is not more (excluding expenses) than the higher of (i) 5 per cent. above the average of the middle market quotations for the Ordinary Shares as derived from the daily Official List for the five business days immediately before the day on which the purchase is made; (ii) the price of the last independent trade on the trading venue where the purchase is carried out; and (iii) the highest current independent purchase bid on that venue,

provided that this authority shall expire (A) at the conclusion of the Company's next AGM or (B) 15 months from the date of passing of this resolution (whichever is the earlier), but the Company may, if it agrees to purchase Ordinary Shares under this authority before it expires, complete the purchase wholly or partly after this authority expires.
- (f) conditional upon Admission and the approval of the Business and Property Courts of England and Wales Companies (ChD), the amount standing to the credit of the share premium account of the Company following completion of the Issue (less any issue expenses set off against the share premium account) be cancelled and the amount of the share premium account so cancelled be credited as a distributable reserve to be established in the Company's books of account, which shall be capable of being applied in any manner in which the Company's profits available for distribution (as determined in accordance with the Companies Act) may be applied.
- (g) the Directors are generally and unconditionally authorised to exercise the power conferred on them to offer holders of Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Directors) of dividends declared, made or paid during the period starting with the date of this resolution and ending at the conclusion of the third AGM of the Company following the date of this resolution and shall be permitted to do all acts and things required or permitted to be done in accordance with the Articles in connection therewith.

- 3.5 The provisions of section 561(1) of the Companies Act (which, to the extent not disapplied pursuant to sections 570 and 573 of the Companies Act, confer on Shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) apply to issues by the Company of equity securities save to the extent disapplied as mentioned in paragraph 3.4 of this Part IX.
- 3.6 In accordance with the power granted to the Board by the Articles, it is expected that the Ordinary Shares will be allotted (conditional upon Admission) pursuant to a resolution of the Board to be passed shortly before Admission.
- 3.7 Save as disclosed in this paragraph 3, no share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, other than pursuant to the Issue and Placing Programme, and no such issue is now proposed.
- 3.8 Save for the Ordinary Shares to be issued in respect of fees payable pursuant to the Investment Advisory Agreement, the Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally to grant any such options.
- 3.9 All of the Ordinary Shares expected to be issued pursuant to the Issue and the Ordinary Shares and/or C Shares expected to be issued under the Placing Programme will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.
- 3.10 Prior to Admission, the Company will neither pay any amount of remuneration (including any contingent or deferred compensation) nor grant any benefits in kind to any persons for any services provided to Company.
- 3.11 The Company has not set aside or accrued amounts to provide pension, retirement or similar benefits for its directors.
- 3.12 No loan has been granted to, nor any guarantee provided for the benefit of, any director of the Company by the Company.
- 3.13 No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 3.14 None of the directors of the Company, has, or has had, any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which has been effected by the Company since its incorporation.
- 3.15 The directors of the Company have been directors of the Company since the date of its incorporation or, in the case of Miriam Greenwood OBE DL, 19 April 2021.
- 3.16 None of the directors of the Company has any shareholding in the Company or any options over any such shares.
- 3.17 All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.
- 3.18 All shares in the Company will be denominated in Sterling.

4 Working Capital

- 4.1 The Company is of the opinion that, once the Net Issue Proceeds have been taken into account and, on the basis that the Minimum Net Proceeds are raised, the working capital available to the Company is sufficient for its present requirements, that is, for at least the next 12 months following the date of this document.
- 4.2 If the Minimum Net Proceeds are not raised, the Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the FCA. In the event that the Company does not wish to prepare and publish a supplementary prospectus incorporating a working capital statement based on a revised minimum net proceeds figure the Issue will not proceed, the arrangements in respect of the Issue will lapse and any monies received in respect of the Issue will be returned to applicants and Placees without interest at applicants'/investors' risk.

5 Capitalisation and Indebtedness

- 5.1 As at the date of this Prospectus the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness, and there have been no material changes to the Company's capitalisation from the date of incorporation to the date of this Prospectus.
- 5.2 From incorporation and as at the date of this Prospectus, the Company's issued share capital is 50,000 Management Shares, which are fully paid by means of an undertaking to pay the subscription price before 31 July 2021 unless redeemed before that date, and 1 Ordinary Share, which is fully paid.

6 Directors' and Other Interests

- 6.1 The Directors have confirmed to the Company that they intend to subscribe for the number of Ordinary Shares under the Issue set out in the table below. Insofar as is known to the Company, the interests of each Director, including any connected person, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the share capital of the Company following Admission will be as follows:

Director	Ordinary Shares
Miriam Greenwood OBE DL	24,000
Lisa Arnold	20,000
Nicholas Bliss	20,000
Laura Sandys CBE	15,000

- 6.2 All Ordinary Shares allotted and issued to a Director under the Issue will be beneficially held by such Director unless otherwise stated.
- 6.3 There are currently no potential conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties. If a Director has a potential conflict of interest between his duties to the Company and his private interests or other obligations owed to third parties on any matter, the relevant Director will disclose his conflict of interest to the rest of the Board, not participate in any discussion by the Board in relation to such matter and not vote on any resolution in respect of such matter.
- 6.4 The business address of each of the Directors is 1st Floor, Senator House, 85 Queen Victoria Street, London, EC4V 4AB.
- 6.5 Save as disclosed at paragraph 6.6 for this Part IX, below, as at the date of this Prospectus, none of the Directors:
- (a) has any convictions in relation to fraudulent offences for at least the previous five years;
 - (b) has been bankrupt or been a director of any company or been a member of the administrative, management or supervisory body of an issuer or a senior manager of an issuer at the time of any administration, receivership or compulsory or creditors' voluntary liquidation for at least the previous five years; or
 - (c) has been subject to any official public incrimination or sanction of him by any statutory or regulatory authority (including designated professional bodies) nor has he been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer, for at least the previous five years.
- 6.6 Nicholas Bliss is a director of Resource Recovery Solutions (Derbyshire) Limited and Resource Recovery Solutions (Derbyshire) Holdings Limited, both of which entered into administration in September 2019 after administrators were appointed by their directors. As at the date of this document, both companies remain in administration.
- 6.7 The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company. The Company has also indemnified the Directors in accordance with the provisions of the Articles.

- 6.8 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected.
- 6.9 There are no restrictions agreed by any Director on the disposal within a certain period of time of their holdings in the Company's securities.
- 6.10 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for the Company.

7 Directors' Letters of Appointment

- 7.1 Each of the Directors will be entitled to receive a fee of £37,000 per annum from the Company in respect of their position as a director of the Company, save for the chair who will be entitled to receive a fee of £55,000 per annum and the chair of the Audit and Risk Committee who will be entitled to receive a fee of £42,000 per annum, in each case from the date of Admission. No commissions or performance related payments will be made to the Directors by the Company. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 31 December 2021 which will be payable out of the assets of the Company are not expected to exceed £250,000.
- 7.2 No Director has a service contract with the Company, nor are any such contracts proposed. Each Director will retire from office at each annual general meeting except any Director appointed by the Board after the notice of that annual general meeting has been given and before that annual general meeting has been held. The Directors' letters of appointment provide that, upon the termination of a Director's appointment, that Director must resign in writing and all records remain the property of the Company. The Director's appointment can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of a Director shall be terminated, amongst other things, if (A) they shall have absented themselves from meetings of the Board for a consecutive period of six months and the Board resolves that their office shall be vacated; (B) they become of unsound mind or incapable; (C) they become insolvent; or (D) they receive a written request from all other Directors.

8 Other Directorships

In addition to their directorships of the Company, the Directors are or have been members of the administrative, management or supervisory bodies or partners of the following companies or partnerships, at any time in the previous five years:

Miriam Greenwood OBE DL

Present directorships and partnerships	Past directorships and partnerships
Smart Metering Systems plc	Kean Street Management Company Limited
River and Mercantile Group plc	Spark Advisory Partners Limited
Gulf International Bank (UK) Limited	Spark APH Limited
Eclipse II Shipping (UK) Limited	Mithras Investment Trust plc
Eclipse Shipping Limited	Telit Communications plc
Chelsea Pitch Owners plc	

Lisa Arnold

Present directorships and partnerships	Past directorships and partnerships
Allied Domecq First Pension Trust Limited	Berkeley Square Pension Trustee Company Limited
J Sainsbury Pension Scheme Trustees Limited	Berkeley Square Common Investment Fund Limited
PCGH ZDP plc	Berkeley Square Common Investment Fund (No. 2) Limited
PIMCO Europe Ltd	Tate & Lyle Pension Trust Limited
Polar Capital Global Healthcare Trust plc	
The Gala Film Partners, LLP	
Whitbread Pension Trustees	
Whitbread Pension Trustee Directors Company Limited	

Nicholas Bliss

Present directorships and partnerships

Barnard Castle School
Bliss Strategic Limited
Bliss Consult LLP
Resource Recovery Solutions (Derbyshire) Limited
Resource Recovery Solutions (Derbyshire)
Holdings Limited
The CUBC Foundation

Past directorships and partnerships

Healthcare Support (Newcastle) Limited

Laura Sandys CBE

Present directorships and partnerships

Energy System Catapult Limited
Scotland Gas Networks plc
Southern Gas Networks plc

Past directorships and partnerships

Challenging Ideas Ltd
European Movement of the United Kingdom
Food Foundation CIC
OpenDemocracy Limited
Open Food Network U.K. Community Interest Company
Urban Farms Ltd
Ugly Food Limited

9 Major Interests

- 9.1 As at 7 May 2021 (being the latest practicable date prior to the publication of this Prospectus), the Company and the Directors are not aware of any person who, immediately following Admission, would be directly or indirectly interested in three per cent. or more of the Company's issued share capital.
- 9.2 Pending the allotment of Ordinary Shares pursuant to the Issue, the Company is controlled by the Investment Adviser, as described in paragraph 3.2 of this Part IX. The Company is not aware of any person who, immediately following Admission could, directly or indirectly, jointly or severally, exercise control over the Company.
- 9.3 The Company and the Directors are not aware of any arrangements, the operation of which may result in a change of control of the Company.

10 The Articles

The Articles contain provisions, *inter alia*, to the following effect:

Objects/Purposes

- 10.1 The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

Voting rights

- 10.2 Subject to the provisions of the Companies Act, to any special terms as to voting on which any shares may have been issued or may from time-to-time be held and any suspension or abrogation of voting rights pursuant to the Articles, at a general meeting of the Company every shareholder who is present in person shall, on a show of hands, have one vote, every proxy who has been appointed by a shareholder entitled to vote on the resolution shall, on a show of hands, have one vote and every shareholder present in person or by proxy shall, on a poll, have one vote for each share of which he is a holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes, or vest all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- 10.3 Unless the Board otherwise determines, no shareholder is entitled to vote at a general meeting or at a separate meeting of shareholders of any class of shares, either in person or by proxy,

or to exercise any other right or privilege as a shareholder in respect of any share held by him, unless all calls presently payable by him in respect of that share, whether alone or jointly with any other person, together with interest and expenses (if any) payable by such shareholder to the Company have been paid.

- 10.4 Notwithstanding any other provision of the Articles, where required by the Listing Rules, a vote must be decided by a resolution of the holders of the Company's shares that have been admitted to premium listing. In addition, where the Listing Rules require that a particular resolution must in addition be approved by the independent shareholders (as such term is defined in the Listing Rules), only independent shareholders who hold the Company's shares that have been admitted to premium listing can vote on such separate resolution.

Dividends

- 10.5 Subject to the provisions of the Companies Act and of the Articles, the Company may by ordinary resolution declare dividends to be paid to shareholders according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board.
- 10.6 Subject to the provisions of the Companies Act, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividends as well as on shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any shares ranking after those preferential rights.
- 10.7 All dividends, interest, or other sums payable and unclaimed for a period of 12 months after having become payable may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become payable shall, if the Board so resolves, be forfeited, and shall cease to remain owing by, and shall become the property of, the Company.
- 10.8 The Board may, with the authority of an ordinary resolution of the Company, direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways.
- 10.9 The Board may also, with the prior authority of an ordinary resolution of the Company and subject to such terms and conditions as the Board may determine, offer to holders of shares the right to elect to receive shares, credited as fully paid, instead of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.
- 10.10 Unless the Board otherwise determines, the payment of any dividend or other money that would otherwise be payable in respect of shares will be withheld if such shares represent at least 0.25 per cent. in nominal value of their class and the holder, or any other person whom the Company reasonably believes to be interested in those shares, has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares and has failed to supply the required information within 14 calendar days. Furthermore such a holder shall not be entitled to elect to receive shares instead of a dividend.

Distribution of assets on a winding-up

- 10.11 If the Company is wound up, with the sanction of a special resolution and any other sanction required by law and subject to the Companies Act, the liquidator may divide among the Shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may with the like sanction determine, but no Shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

Transfer of shares

- 10.12 Subject to any applicable restrictions in the Articles, each shareholder may transfer all or any of his shares which are in certificated form by instrument of transfer in writing in any usual form or in any form approved by the Board. Such instrument must be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor is deemed to remain the holder of the share until the transferee's name is entered in the register of shareholders.
- 10.13 The Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form (or renunciation of a renounceable letter of allotment) unless:
- (a) it is in respect of a share which is fully paid up;
 - (b) it is in respect of only one class of shares;
 - (c) it is in favour of a single transferee or not more than four joint transferees;
 - (d) it is duly stamped (if so required); and
 - (e) it is delivered for registration to the registered office for the time being of the Company or such other place as the Board may from time-to-time determine, accompanied (except in the case of (a) a transfer by a recognised person where a certificate has not been issued (b) a transfer of an uncertificated share or (c) a renunciation) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution of the transfer or renunciation by him or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so,
- provided that the Board shall not refuse to register a transfer or renunciation of a partly paid share in certificated form on the grounds that it is partly paid in circumstances where such refusal would prevent dealings in such share from taking place on an open and proper basis on the market on which such share is admitted to trading.
- The Board may refuse to register a transfer of an uncertificated share in such other circumstances as may be permitted or required by the regulations and the relevant electronic system provided that such refusal does not prevent dealings in shares from taking place on an open and proper basis.
- 10.14 Unless the Board otherwise determines, a transfer of shares will not be registered if the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to the Companies Act requiring such person to provide information about his interests in the Company's shares, has failed to supply the required information within 14 calendar days and the shares in respect of which such notice has been served represent at least 0.25 per cent. in nominal value of their class, unless the shareholder is not himself in default as regards supplying the information required and proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer, or unless such transfer is by way of acceptance of a takeover offer, in consequence of a sale on a recognised investment exchange or any other stock exchange outside the United Kingdom on which the Company's shares are normally traded or is in consequence of a *bona fide* sale to an unconnected party.
- 10.15 If the Board refuses to register a transfer of a share, it shall send the transferee notice of its refusal, together with its reasons for refusal, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company or, in the case of an uncertificated share, the date on which appropriate instructions was received by or on behalf of the Company in accordance with the regulations of the relevant electronic system.
- 10.16 No fee shall be charged for the registration of any instrument of transfer or any other document relating to or affecting the title to any shares.
- 10.17 If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) may cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under section 3(42) of ERISA or the U.S. Tax Code; or (ii) would or might result in the Company and/or its shares and/or any of its advisers being required to register or qualify under the U.S. Investment Company Act, and/or U.S. Investment Advisers Act of 1940 as amended, and/or the U.S.

Securities Act and/or the U.S. Exchange Act, and/or any laws of any state or other jurisdiction of the U.S.; or (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the U.S. Exchange Act; or (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the U.S. Tax Code; or (v) may create a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act 1956, as amended or regulations or interpretations thereunder, or (vi) may cause the Company adverse consequences under FATCA; (vii) may cause an obligation for Company or its advisers to register as a commodity pool operator or commodity trading adviser under the United States Commodity Exchange Act of 1974, as amended; (viii) may cause the Company or any of its advisers to become subject to any U.S. Federal, State or local law or regulation determined to be detrimental to the Company or any of its advisers; (ix) may cause the Company adverse consequences under the foreign account tax compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 as amended, or any similar legislation in any territory or jurisdiction (including the International Tax Compliance Regulation 2015), including the Company becoming subject to any withholding tax or reporting obligation or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the Shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligations) then any shares which the Directors decide are shares which are so held or beneficially owned ("**Prohibited Shares**") and any holder or beneficial owner of such Prohibited Shares being a "US Prohibited Holder" must be dealt with in accordance with paragraph 10.18 below. The Directors may at any time give notice in writing to the holder of a share requiring him to make a declaration as to whether or not the share is a Prohibited Share.

10.18 The Directors shall give written notice to the holder of any share which appears to them to be a Prohibited Share requiring him within 21 calendar days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of shareholder and those rights will vest in the chair of any such meeting, who may exercise or refrain from exercising them entirely at his discretion. If the notice is not complied with within 21 calendar days to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the share at the best price reasonably obtainable to any other person so that the share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him of the relevant share certificate (if applicable).

10.19 Each person acquiring shares shall by virtue of such acquisition be deemed to have represented and warranted to the Company that it is not nor is it acting for the account or benefit of a Prohibited US Holder. Upon transfer of a share the transferee of such share shall also be deemed to have represented and warranted to the Company that such transferee is acquiring shares in an offshore transaction meeting the requirements of Regulation S and is not, nor is acting on behalf of: (i) a benefit plan investor and no portion of the assets used by such transferee to acquire or hold an interest in such share constitutes or will be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA; and/or (ii) a U.S. Person.

Variation of rights

10.20 Subject to the provisions of the Companies Act, if at any time the share capital of the Company is divided into shares of different classes, any of the rights for the time being attached to any shares (whether or not the Company may be or is about to be wound up) may from time-to-time be varied or abrogated in such manner (if any) as may be provided in the Articles by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three- quarters in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the class.

10.21 The quorum at every such meeting shall be not less than two persons present (in person or by proxy) holding at least one-third of the nominal amount paid up on the issued shares of the relevant class (excluding any shares of that class held as treasury shares) and at an adjourned

meeting not less than one person holding shares of the relevant class or his proxy.

Alteration of share capital

10.22 The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
- (b) subject to the provisions of the Companies Act, sub-divide its shares, or any of them, into shares of smaller nominal value than its existing shares;
- (c) determine that, as between the shares resulting from such a sub-division, one or more shares may, as compared with the others, have any such preferred, deferred or other rights or be subject to any such restrictions, as the Company has power to attach to unissued or new shares; and
- (d) redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

General meetings

10.23 The Board may convene a general meeting (which is not an annual general meeting) whenever it thinks fit.

10.24 A general meeting shall be convened by such notice as may be required by law from time-to-time.

10.25 The notice of any general meeting shall include such statements as are required by the Companies Act and shall in any event specify:

- (a) whether the meeting is convened as an annual general meeting or any other general meeting;
- (b) the place, the day, and the time of the meeting;
- (c) the general nature of the business to be transacted at the meeting;
- (d) if the meeting is convened to consider a special resolution, the text of the resolution and the intention to propose the resolution as such; and
- (e) with reasonable prominence, that a shareholder entitled to attend and vote is entitled to appoint one or (provided each proxy is appointed to exercise the rights attached to a different share held by the shareholder) more proxies to attend and to speak and vote instead of the shareholder and that a proxy need not also be a shareholder.

10.26 The notice must be given to the shareholders (other than any who, under the provisions of the Articles or of any restrictions imposed on any shares, are not entitled to receive notice from the Company), to the Directors and the auditors and to any other person who may be entitled to receive it. The accidental omission to give or send notice of any general meeting, or, in cases where it is intended that it be given or sent out with the notice, any other document relating to the meeting including an appointment of proxy to, or the non-receipt of notice by, any person entitled to receive the same, shall not invalidate the proceedings at the meeting.

10.27 The right of a shareholder to participate in the business of any general meeting shall include without limitation the right to speak, vote, be represented by a proxy or proxies and have access to all documents which are required by the Companies Act or the Articles to be made available at the meeting.

10.28 A Director shall, notwithstanding that he is not a shareholder, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company. The chair of any general meeting may also invite any person to attend and speak at that meeting if he considers that this will assist in the deliberations of the meeting.

10.29 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Subject to the Articles, two persons entitled to attend and to vote on the business to be transacted, each being a shareholder so entitled or a proxy for a shareholder so entitled or a duly authorised representative of a corporation which is a shareholder so entitled, shall be a quorum. If, at any time, there is only one person entitled to attend and to vote on the business to be transacted, such person being the sole shareholder so entitled or a proxy for such sole shareholder so entitled or a duly authorised representative

of a corporation which is such sole shareholder so entitled, shall be a quorum. The chair of the meeting may, with the consent of the meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time-to-time (or indefinitely) and from place to place as the meeting shall determine. Where a meeting is adjourned indefinitely, the Board shall fix a time and place for the adjourned meeting. Whenever a meeting is adjourned for 30 calendar days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and time of the adjourned meeting and the general nature of the business to be transacted, must be given in the same manner as in the case of the original meeting.

- 10.30 A resolution put to a vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded by:
- (a) the chair;
 - (b) at least five shareholders having the right to vote on the resolution;
 - (c) a shareholder or shareholders representing not less than 5 per cent. of the total voting rights of all the shareholders having the right to vote on the resolution (excluding any voting rights attached to shares held as treasury shares); or
 - (d) shareholder or shareholders holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10 per cent. of the total sum paid up on all the shares conferring that right (excluding any voting rights attached to shares in the Company conferring a right to vote on the resolution held as treasury shares).

Borrowing powers

- 10.31 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (present and future) and, subject to the provisions of the Companies Act, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Issue of shares

- 10.32 Subject to the provisions of the Companies Act and to any rights for the time being attached to any shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise, as the Company may from time-to-time by ordinary resolution determine or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may determine, and any share may be issued which is, or at the option of the Company or the holder of such share is liable to be, redeemed in accordance with the Articles or as the Directors may determine.

Powers of the Board

- 10.33 The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company, whether relating to the management of the business or not. Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

Directors' fees

- 10.34 The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time-to-time determine (not exceeding in aggregate £500,000 per annum or such other sum as the Company in general meeting shall from time-to-time determine). Any such fees payable shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provision of the Articles or otherwise and shall accrue from day to day.
- 10.35 The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors.

Directors' interests

- 10.36 The Board may authorise any matter proposed to it in accordance with the Articles which would otherwise involve a breach by a Director of his duty to avoid conflicts of interest under the

Companies Act, including any matter which relates to a situation in which a Director has or can have an interest which conflicts, or possibly may conflict, with the interest of the Company or the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it (excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest). This does not apply to a conflict of interest arising in relation to a transaction or arrangement with the Company. Any authorisation will only be effective if any quorum requirement at any meeting at which the matter was considered is met without counting the Director in question or any other interested Director and the matter was agreed to without their voting or would have been agreed to if their votes had not been counted. The Board may impose limits or conditions on any such authorisation or may vary or terminate it at any time.

- 10.37 Subject to having, where required, obtained authorisation of the conflict from the Board, a Director shall be under no duty to the Company with respect to any information which he obtains or has obtained otherwise than as a Director and in respect of which he has a duty of confidentiality to another person and will not be in breach of the general duties he owes to the Company under the Companies Act because he fails to disclose any such information to the Board or to use or apply any such information in performing his duties as a Director, or because he absents himself from meetings of the Board at which any matter relating to a conflict of interest, or possible conflict, of interest is discussed and/or makes arrangements not to receive documents or information relating to any matter which gives rise to a conflict of interest or possible conflict of interest and/or makes arrangements for such documents and information to be received and read by a professional adviser.
- 10.38 Provided that his interest is disclosed at a meeting of the Board, or in the case of a transaction or arrangement with the Company, in the manner set out in the Companies Act, a Director, notwithstanding his office:
- (a) may be a party to or otherwise be interested in any transaction arrangement or proposal with the Company or in which the Company is otherwise interested;
 - (b) may hold any other office or place of profit at the Company (except that of auditor of the Company or any of its subsidiaries) and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Board may arrange;
 - (c) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any company promoted by the Company or in which the Company is otherwise interested or as regards which the Company has powers of appointment; and
 - (d) shall not be liable to account to the Company for any profit, remuneration or other benefit realised by any office or employment or from any transaction, arrangement or proposal or from any interest in any body corporate. No such transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such profit, remuneration or any other benefit constitute a breach of his duty not to accept benefits from third parties.
- 10.39 A Director need not declare an interest in the case of a transaction or arrangement with the Company if the other Directors are already aware, or ought reasonably to be aware, of the interest or it concerns the terms of his service contract that have been or are to be considered at a meeting of the Directors or if the interest consists of him being a director, officer or employee of a company in which the Company is interested.
- 10.40 The Board may cause the voting rights conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit and a Director may vote on and be counted in the quorum in relation to any of these matters.
- Restrictions on Directors voting*
- 10.41 A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board or of a committee of the Board concerning any transaction or arrangement in which he has an interest which is to his knowledge a material interest and, if he purports to do so, his vote will not be counted, but this prohibition shall not apply in respect of any resolution concerning any one or more of the following matters:

- (a) any transaction or arrangement in which he is interested by means of an interest in shares, debentures or other securities or otherwise in or through the Company;
- (b) the giving of any guarantee, security or indemnity in respect of money lent to, or obligations incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiary undertakings;
- (c) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (d) the giving of any other indemnity where all other Directors are also being offered indemnities on substantially the same terms;
- (e) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (f) any proposal concerning any other body corporate in which he does not to his knowledge have an interest (as the term is used in Part 22 of the Companies Act) in 1 per cent. or more of the issued equity share capital of any class of such body corporate nor to his knowledge holds 1 per cent. or more of the voting rights which he holds as shareholder or through his direct or indirect holding of financial instruments (within the meaning of the Disclosure Guidance and Transparency Rules) in such body corporate;
- (g) any proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (h) any proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons who include Directors;
- (i) any proposal concerning the funding of expenditure by one or more Directors on defending proceedings against him or them, or doing anything to enable such Director or Directors to avoid incurring such expenditure; or
- (j) any transaction or arrangement in respect of which his interest, or the interest of Directors generally has been authorised by ordinary resolution.

10.42 A Director shall not vote or be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of any office or place of profit with the Company or any company in which the Company is interested.

Number of Directors

10.43 Unless and until otherwise determined by an ordinary resolution of the Company, the number of Directors shall be not less than two and the number is not subject to a maximum.

Directors' appointment and retirement

10.44 Each Director shall retire from office annually at each annual general meeting after the annual general meeting or general meeting (as the case may be) at which he was previously elected.

Notice requiring disclosure of interest in shares

10.45 The Company may, by notice in writing, require a person whom the Company knows to be, or has reasonable cause to believe is, interested in any shares or at any time during the three years immediately preceding the date on which the notice is issued to have been interested in any shares, to confirm that fact or (as the case may be) to indicate whether or not this is the case and to give such further information as may be required by the Directors. Such information may include, without limitation, particulars of the person's identity, particulars of the person's own past or present interest in any shares and to disclose the identity of any other person who has a present interest in the shares held by him, where the interest is a present interest and any other interest, in any shares, which subsisted during that three year period at any time when his own interest subsisted to give (so far as is within his knowledge) such particulars with respect to that

other interest as may be required and where a person's interest is a past interest to give (so far as is within his knowledge) like particulars for the person who held that interest immediately upon his ceasing to hold it.

- 10.46 If any shareholder is in default in supplying to the Company the information required by the Company within the prescribed period (which is 14 calendar days after service of the notice), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the "**default shares**") the shareholder shall not be entitled to vote in general meetings or class meetings. Where the default shares represent at least 0.25 per cent. in nominal value of the class of shares concerned (excluding treasury shares), the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.

Untraced shareholders

- 10.47 Subject to the Articles, the Company may sell any shares registered in the name of a shareholder remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the shareholder, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

Indemnity of officers

- 10.48 Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which he might otherwise be entitled, every past or present Director (including an alternate Director) or officer of the Company or a director or officer of an associated company (except the auditors or the auditors of an associated company) may at the discretion of the Board be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation to the affairs of the Company or of an associated company, or in connection with the activities of the Company, or of an associated company, or as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act). In addition, the Board may purchase and maintain insurance at the expense of the Company for the benefit of any such person indemnifying him against any liability or expenditure incurred by him for acts or omissions as a Director or officer of the Company (or of an associated company).

Management Shares

- 10.49 The Management Shares can be redeemed at any time (subject to the provisions of the Companies Act) by the Company and carry the right to receive a fixed annual dividend equal to 0.01 per cent. of the nominal amount of each of the Management Shares payable on demand. For so long as there are shares of any other class in issue, the holders of the Management Shares will not have any right to receive notice of or vote at any general meeting of the Company. If there are no shares of any other class in issue, the holders of the Management Shares will have the right to receive notice of, and to vote at, general meetings of the Company. In such circumstances, each holder of a Management Share who is present in person (or, being a corporation, by representative) or by proxy at a general meeting will have on a show of hands one vote and on a poll every such holder who is present in person or by proxy (or being a corporation, by representative) will have one vote in respect of each Management Share held by him.

C Shares and Deferred Shares

- 10.50 The rights and restrictions attaching to the C Shares and the Deferred Shares arising on their conversion are summarised below.

(a) The following definitions apply for the purposes of this paragraph 10.50 only:

"Calculation Date" means, in relation to any tranche of C Shares, the earliest of the:

- (a) close of business on the date falling twelve calendar months after the allotment of that tranche of C Shares or if such a date is not a Business Day the next following Business Day or such earlier date as the Directors determine that the

return profiles of the underlying assets of the portfolios attributable to the relevant tranche of C Shares and the Ordinary Shares are sufficiently aligned; or

- (b) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of Conversion of that tranche of C Shares; or
- (c) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are in contemplation in relation to any tranche of C Shares;

"Conversion" means conversion of any tranche of C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph (h) below;

"Conversion Date" means, in relation to any tranche of C Shares, the close of business on such Business Day as may be selected by the Directors falling not more than 40 Business Days after the Calculation Date of such tranche of C Shares;

"Conversion Ratio" is the ratio of the Net Asset Value per C Share of the relevant tranche to the Net Asset Value per Ordinary Share, which is calculated as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

C-D

E

F-G

H

where:

"C" is the aggregate of:

- (a) the value of the investments of the Company attributable to the C Shares of the relevant tranche calculated in accordance with the valuation policy, adopted by the Company from time to time; and
- (b) the amount which, in the Directors' opinion, fairly reflects, on the relevant Calculation Date, the value of the current assets of the Company attributable to the C Shares of the relevant tranche (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature calculated in accordance with the valuation policy adopted by the Company from time to time);

"D" is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares of the relevant tranche) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares of the relevant tranche on the relevant Calculation Date (including the amount of any declared but unpaid dividends in respect of such C Shares);

"E" is the number of C Shares of the relevant tranche in issue on the relevant Calculation Date;

"F" is the aggregate of:

- (a) (a) the value of all the investments of the Company attributable to the Ordinary Shares calculated in accordance with the valuation policy adopted by the Company from time to time; and
- (b) (b) the amount which, in the Directors' opinion, fairly reflects, on the relevant Calculation Date, the value of the current assets of the Company attributable to the Ordinary Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued

income less accrued expenses and other items of a revenue nature, calculated in accordance with the valuation policy adopted by the Company from time to time);

"**G**" is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors' opinion, fairly reflects the amount of the liabilities of the Company attributable to the Ordinary Shares on the relevant Calculation Date (including the amount of any declared but unpaid dividends in respect of such Ordinary Shares); and

"**H**" is the number of Ordinary Shares in issue on the relevant Calculation Date (excluding any Ordinary Shares held in treasury), provided that the Directors shall make such adjustments to the value or amount of A and B as the Directors believe to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the net proceeds of an issue of C Shares of the relevant tranche and/or to the reasons for the issue of the C Shares of the relevant tranche;

"**C Shares**" means C shares of ten pence (£0.10) each in the capital of the Company having the rights and being subject to the restrictions set out in the Articles;

"**Deferred Shares**" means deferred shares of one pence (£0.01) each in the capital of the Company arising on Conversion;

"**Existing Shares**" means the Ordinary Shares in issue immediately prior to Conversion;

"**Force Majeure Circumstances**" means, in relation to any tranche of C Shares (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant tranche with the rights proposed to be attached to them and/ or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest; and

References to Shareholders, C shareholders and deferred shareholders should be construed as references to holders for the time being of Ordinary Shares, C Shares of the relevant tranche and Deferred Shares respectively.

- (b) The holders of the Ordinary Shares, the Management Shares, any tranche of C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:
- (i) the Deferred Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a cumulative annual dividend at a fixed rate of 1 per cent. of the nominal amount thereof, the first such dividend (adjusted *pro rata temporis*) (the "**Deferred Dividend**") being payable on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph (h) (the "**Relevant Conversion Date**") and thereafter on each anniversary of such date payable to the holders thereof on the register of shareholders on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of shareholders of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed redemption of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;
 - (ii) the holders of any tranche of C Shares shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of the assets attributable to the C Shares of that tranche and from profits available for distribution which is attributable to the C Shares of that tranche;
 - (iii) a holder of Management Shares shall be entitled (in priority to any payment of dividend on any other class of share) to a fixed cumulative preferential dividend

0.01 per cent. per annum on the nominal amount of the Management Shares held by him, such dividend to accrue annually and to be payable in respect of each accounting reference period of the Company within 21 calendar days of the end of such period;

- (iv) the Existing Shares shall confer the right to dividends declared in accordance with the Articles;
 - (v) the Ordinary Shares into which any tranche of C Shares shall convert shall rank *pari passu* with the Existing Shares for dividends and other distributions made or declared by reference to a record date falling after the relevant Calculation Date; and
 - (vi) no dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred Shares for the time being in issue) between any Calculation Date and the Relevant Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between any Calculation Date and the Relevant Conversion Date (both dates inclusive).
- (c) The holders of the Ordinary Shares, the Management Shares any tranche of C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital:
- (i) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when one or more tranches of C Shares are for the time being in issue and prior to the Conversion Date be applied amongst the holders of the Existing Shares *pro rata* according to the nominal capital paid up on their holdings of Existing Shares, after having deducted therefrom:
 - (A) first, an amount equivalent to (C-D) for each tranche of C Shares in issue using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount(s) shall be applied amongst the C shareholders of the relevant tranche(s) *pro rata* according to the nominal capital paid up on their holdings of C Shares of the relevant tranche;
 - (B) secondly, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares one pence in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders; and
 - (C) thirdly, in paying to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon.

for the purposes of this paragraph (i) the Calculation Date shall be such date as the liquidator may determine; and
 - (ii) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase or redemption by the Company of any of its shares) at a time when no C Shares of any tranche are for the time being in issue be applied as follows:
 - (A) first, if there are Deferred Shares in issue, in paying to the deferred shareholders one pence in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders;
 - (B) secondly, in paying to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon; and
 - (C) thirdly, the surplus shall be divided amongst the Shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.
- (d) As regards voting:
- (i) the C Shares shall carry the right to receive notice of and to attend and vote at any

general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Shares as set out in the Articles as if the C Shares and Existing Shares were a single class; and

- (ii) the Deferred Shares and, save as provided in paragraph 10.49 of this Part IX, the Management Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.
- (e) The following shall apply to the Deferred Shares:
 - (i) the C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be redeemed by the Company in accordance with the terms set out herein;
 - (ii) immediately upon Conversion of any tranche of C Shares, the Company shall redeem all of the Deferred Shares which arise as a result of Conversion of that tranche for an aggregate consideration of one pence for all of the Deferred Shares so redeemed and the notice referred to in paragraph (ii) below shall be deemed to constitute notice to each C shareholder of the relevant tranche (and any person or persons having rights to acquire or acquiring C Shares of the relevant tranche on or after the Calculation Date) that the Deferred Shares shall be so redeemed; and
 - (iii) the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the redemption moneys in respect of such Deferred Shares.
- (f) Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Articles:
 - (i) no alteration shall be made to the Articles;
 - (ii) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and
 - (iii) no resolution of the Company shall be passed to wind up the Company.
For the avoidance of doubt, but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Shares and C Shares, as described above, shall not be required in respect of:
 - (iv) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Shares by the issue of such further Ordinary Shares); or
 - (v) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).
- (g) For so long as any tranche of C Shares are for the time being in issue, until Conversion of such tranche of C Shares and without prejudice to its obligations under applicable laws the Company shall:
 - (i) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares of that tranche can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of that tranche;

- (ii) allocate to the assets attributable to the C Shares of that tranche such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the net proceeds of an issue of C Shares and the Calculation Date relating to such tranche of C Shares (both dates inclusive) as the Directors fairly consider to be attributable to that tranche of C Shares; and
 - (iii) give appropriate instructions to the AIFM to manage the Company's assets so that such undertakings can be complied with by the Company.
- (h) In relation to any tranche of C Shares, the C Shares for the time being in issue of that tranche shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the Relevant Conversion Date in accordance with the following provisions of this paragraph (h):
 - (i) the Directors shall procure that within 20 Business Days of the relevant Calculation Date:
 - (A) the Conversion Ratio as at the relevant Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C shareholder of that tranche shall be entitled on Conversion of that tranche shall be calculated; and
 - (B) the Auditors shall confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H in paragraph (a) above.
 - (ii) the Directors shall procure that, as soon as practicable following such confirmation and in any event within 30 Business Days of the relevant Calculation Date, a notice is sent to each C shareholder of the relevant tranche advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C shareholder of the relevant tranche will be entitled on Conversion.
 - (iii) on conversion each C Share of the relevant tranche shall automatically subdivide into 10 conversion shares of one pence each and such conversion shares of 1p each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
 - (A) the aggregate number of Ordinary Shares into which the same number of conversion shares of one pence each are converted equals the number of C Shares of the relevant tranche in issue on the relevant Calculation Date multiplied by the relevant Conversion Ratio (rounded down to the nearest whole new Ordinary Share); and
 - (B) each conversion share of one pence which does not so convert into an Ordinary Share shall convert into one Deferred Share.
 - (iv) the Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C shareholders of the relevant tranche pro rata according to their respective former holdings of C Shares of the relevant tranche (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).
 - (v) forthwith upon Conversion, the share certificates relating to the C Shares of the relevant tranche shall be cancelled and the Company shall issue to each former C shareholder of the relevant tranche new certificates in respect of the Ordinary

Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued.

- (vi) the Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

Continuation Vote

- 10.51 An ordinary resolution for the continuation of the Company as a closed-ended investment company will be proposed at the annual general meeting of the Company to be held in 2025 and at every fourth annual general meeting thereafter. If the resolution is not passed, then the Directors will put proposals to shareholders for the reconstruction, reorganisation or liquidation of the Company within six months.

11 **Material Contracts**

- 11.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company since incorporation of the Company and are, or may be, material. There are no other contracts entered into by the Company which include an obligation or entitlement which is material to the Company as at the date of this Prospectus.

Placing Agreement

- 11.2 The placing agreement, dated 10 May 2021, has been entered into between the Company, the Directors, the Investment Adviser and Peel Hunt (the "**Placing Agreement**"), pursuant to which, subject to certain conditions, Peel Hunt has agreed to use reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Initial Placing and Ordinary Shares and/or C Shares pursuant to Subsequent Placings. The Company has appointed Peel Hunt as sponsor, broker, placing agent, and intermediaries offer adviser to the Company in connection with the Placing Programme.
- 11.3 In the event of oversubscription of the Issue, applications under the Initial Placing, Offer for Subscription and/or Intermediaries Offer will be scaled back at the Company's discretion (after consultation with Peel Hunt and the Investment Adviser).
- 11.4 The Placing Agreement is subject to, *inter alia*, the Ordinary Shares to be issued pursuant to the Issue being admitted to the premium segment of the Official List and to trading on the premium segment of the London Stock Exchange's main market for listed securities by 2 June 2021 (or such later date the Company, the Investment Adviser and Peel Hunt may agree but no later than 8.00 a.m. on 30 June 2021). Conditional upon Admission, Peel Hunt is entitled to be paid a fixed sponsor fee and a commission based on the gross proceeds raised pursuant to the Issue by the Company in consideration for its services in relation to the Issue. Peel Hunt is also entitled to receive a commission based on the gross proceeds raised pursuant to any Subsequent Placings.
- 11.5 Under the Placing Agreement, Peel Hunt is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees. Peel Hunt is also entitled under the Placing Agreement to retain agents and may pay commission to any or all of those agents out of its own resources.
- 11.6 The Placing Agreement may be terminated by Peel Hunt in certain customary circumstances at any time and by either Peel Hunt or the Company on 30 days' written notice after Admission.
- 11.7 The Company, the Directors and the Investment Adviser have given warranties to Peel Hunt concerning, *inter alia*, the accuracy of the information contained in the Prospectus. The Company and the Investment Adviser have also given indemnities to Peel Hunt. The warranties and indemnities are standard for an agreement of this nature.
- 11.8 The Placing Agreement is governed by the laws of England and Wales.

AIFM Agreement

- 11.9 The AIFM agreement, dated 10 May 2021, has been entered into between the Company and the AIFM (the "**AIFM Agreement** ") pursuant to which the AIFM has been appointed as the Alternative Investment Fund Manager and under which the AIFM has been given overall responsibility for the discretionary management of the Company's assets (including uninvested

- cash) in accordance with the Investment Policy.
- 11.10 The AIFM is responsible for portfolio management of the Company, including the following services: (i) monitoring the Energy Efficiency Investments in accordance with the Investment Policy, (ii) acquiring or disposing of Energy Efficiency Investments (subject to Board approval), (iii) evaluating investment opportunities identified by the Investment Adviser and making relevant recommendations to the Board and (iv) acting upon instructions from the Board, executing transactions on behalf of the Company. Under the terms of the AIFM Agreement, the AIFM is required to provide risk management services to the Company, including (i) assisting the Board with the establishment of a risk reporting framework; (ii) monitoring the Company's compliance with Investment Policy and the investment restrictions in accordance with the AIFM risk management policies and procedures and providing regular updates to the Board; (iii) carrying out a risk analysis of the Company's exposures, leverage, counterparty and concentration risk; and (iv) analysing market risk and liquidity risk. The AIFM will be required to record details of executed transactions, carry out reporting obligations to the FCA and prepare investor reports. In addition, the AIFM is required to assist the Board in establishing, maintaining and reviewing valuation policies for calculating NAV.
- 11.11 The AIFM is entitled to:
- (a) a management fee of £87,500 per annum plus, an additional amount which is equal to 0.015 per cent. per annum of the Net Asset Value of the Company that exceeds £250 million;
 - (b) an additional fee of £3,000 per annum in respect of each jurisdiction in which a marketing notification has been made in accordance with the UK AIFMD Laws and the EU AIFM Directive; and
 - (c) the reimbursement of the investment adviser fee payable by the AIFM to the Investment Adviser as set out below.
- 11.12 An additional fee will be agreed between the AIFM and Company in the event that the AIFM is requested by or on behalf of the Company to undertake additional risk and duties outside the scope of the AIFM Agreement.
- 11.13 The AIFM Agreement is for an initial term of two years from Admission and is terminable by either party on not less than six months' notice in writing. The AIFM Agreement may be terminated earlier by the AIFM with immediate effect in certain circumstances.
- 11.14 The AIFM has the benefit of an indemnity from the Company in relation to liabilities incurred by the AIFM in the discharge of its duties other than those arising by reason of gross negligence, wilful default or fraud of or by the AIFM.
- 11.15 The AIFM has appointed the Investment Adviser to provide investment advisory services to the AIFM in respect of the Company pursuant to the Investment Advisory Agreement.
- 11.16 The AIFM Agreement is governed by English law.
- Investment Advisory Agreement*
- 11.17 The investment advisory agreement dated 10 May 2021 between the AIFM and the Investment Adviser (the "**Investment Advisory Agreement**") pursuant to which the AIFM has appointed the Investment Adviser to provide certain investment advisory services to the Company, including sourcing potential opportunities in which the Company may invest, as well as on-going monitoring of the Energy Efficiency Investments.
- 11.18 Although the Company is not a party to the Investment Advisory Agreement, the Company will benefit from the advisory services provided to the AIFM in respect of the Company and its Energy Efficiency Investments.
- 11.19 The Investment Advisory Agreement will continue in force for an initial period of four years from the date of the Admission. The Investment Advisory Agreement will continue thereafter on a rolling basis and may be terminated following the initial period on 12 months' notice in writing. The Investment Advisory Agreement may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied or liquidation of either party.
- 11.20 The AIFM has also agreed to indemnify the Investment Adviser for losses that the Investment Adviser may incur in the performance of its duties pursuant to the Investment Advisory

- Agreement that are not attributable to the fraud, gross negligence or wilful default of, the Investment Adviser determined by a court of competent jurisdiction.
- 11.21 Under the Investment Advisory Agreement, the following fee is payable to the Investment Adviser:
- (i) 0.95 per cent. per annum of NAV (plus VAT) of the Company up to and including £500 million; and
 - (iii) 0.75 per cent. per annum of NAV (plus VAT) of the Company above £500 million.
- 11.22 The Investment Adviser is also entitled to be reimbursed for out of pocket expenses under the Investment Advisory Agreement.
- 11.23 No performance fee will be payable to the Investment Adviser.
- 11.24 The Investment Advisory Agreement is governed by English law.
- Supplemental Agreement*
- 11.25 The Company, the AIFM and the Investment Adviser have entered into an agreement supplementing the AIFM Agreement and the Investment Advisory Agreement (the "**Supplemental Agreement**") dated 10 May 2021.
- 11.26 Under the terms of the Supplemental Agreement (i) the parties have agreed the relevant transition procedure to be followed to facilitate an orderly transition to new service providers in the event of termination of the Investment Advisory Agreement and/or the AIFM Agreement, (ii) the Company has been granted rights to enforce any relevant claims it may have against the Investment Adviser under the Investment Advisory Agreement and (iii) the Company is liable to pay damages to the Investment Adviser if the Investment Advisory Agreement is terminated before the end of its initial four-year term and a new agreement is not entered into within six months of such termination.
- 11.27 During the first year of its appointment, the Investment Adviser has undertaken to apply its fee (net of any applicable tax) in subscribing for, or acquiring, Ordinary Shares. If the Ordinary Shares are trading at a premium to the prevailing NAV, the Company will issue new Ordinary Shares to the Investment Adviser. If, however, the Ordinary Shares are trading at a discount to the prevailing NAV at the relevant time, no new Ordinary Shares will be issued by the Company and instead the Company will instruct its broker to acquire Ordinary Shares to the value of fee due in the relevant period.
- 11.28 The Company has agreed that it shall not appoint another investment adviser without the prior written consent of the Investment Adviser.
- Administration Agreement*
- 11.29 The administration agreement dated 10 May 2021 between the Company and the Administrator (the "**Administration Agreement**") pursuant to which the Administrator has agreed to provide ongoing accounting, company secretarial, compliance and administrative services to the Company.
- 11.30 Under the terms of the Administration Agreement, the Administrator will receive a fund administration and company secretarial fee of £150,000 per annum for the Net Asset Value up to and including £250 million plus an incremental fee calculated at the rate of 0.025 per cent. per annum of Net Asset Value in excess of £250 million. The Administrator will also receive a fee for services provided in connection with the Issue, other board meetings held outside the quarterly board meetings on a time spent basis and other services outside the scope of services in the Administration Agreement.
- 11.31 The Administration Agreement contains provisions whereby the Company indemnifies and holds harmless the Administrator from and against any and all claims against the Administrator relating to or arising from or in connection with the Administration Agreement or the services contemplated therein except to the extent that any such claims have resulted from the negligence, fraud, or wilful default of the Administrator. Further, the liability of the Administrator under the Administration Agreement is limited (in absence of fraud or dishonesty) to an amount equal to the annual fee paid to the Administrator thereunder.
- 11.32 The Administration Agreement is terminable, *inter alia*, (a) upon 6 months' written notice; or (b) immediately upon the occurrence of certain events including the insolvency of the Company or

the Administrator or a party committing a material breach of the Administrator Agreement (where such breach has not been remedied within 30 days of written notice being given).

Registrar Agreement

- 11.33 The registrar agreement dated 10 May 2021 between the Company and the Registrar (the "**Registrar Agreement**") pursuant to which the Registrar has been appointed to provide certain share registration and online services to the Company and maintaining the necessary books and records (such as the Company's register of Shareholders), which can be found at the Company's registered office. The Registrar Agreement provides for the payment by the Company of the fees and charges of the Registrar.
- 11.34 Under the terms of the Registrar Agreement, the Registrar is entitled to an annual register maintenance fee from the Company equal to £1.40 per holding per annum subject to a minimum annual fee of £4,800 (exclusive of VAT). Other services will be charged in accordance with the Registrar's normal tariff as agreed between the Company and the Registrar from time to time.
- 11.35 The Registrar Agreement contains customary indemnities from the Company in favour of the Registrar.
- 11.36 The Registrar Agreement is terminable, *inter alia*, (a) upon 6 months' written notice by either party; (b) upon service of written notice if the other party commits a material breach of its obligations under the Registrar Agreement which that party has failed to remedy within 21 days of receipt of a written notice to do so from the first party; or (c) upon service of written notice if a resolution is passed or an order made for the winding up, dissolution or administration of the other party.

Receiving Agent Agreement

- 11.37 The receiving agent agreement dated 10 May 2021 between the Company and the Receiving Agent (the "**Receiving Agent Agreement**") under which the Receiving Agent shall provide certain share registration and online services to the Company.
- 11.38 Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to fees including in connection with the Offer for Subscription: (a) a set up management fee of £5,000 and (b) processing fees per application form.
- 11.39 The Receiving Agent Agreement contains customary indemnities from the Company in favour of the Receiving Agent.

Trade Mark Licence Agreement

- 11.40 The trade mark licence dated 10 May 2021 between the Company and the Investment Adviser (the "**Trade Mark Licence**") under which the Investment Adviser has granted the Company a sublicense to use the word trade mark "Aquila" for certain purposes including its company name. The deed shall continue for so long as the Investment Adviser is appointed as the investment adviser by the AIFM. If the appointment is terminated then the sublicense shall automatically terminate. No fees are payable by the Company under the Trade Mark Licence.

12 **Mandatory bids, squeeze-out and sell-out rules**

Mandatory bid

- 12.1 The City Code on Takeovers and Mergers (the "**City Code**") applies to the Company. Under Rule 9 of the City Code, if:
- (a) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
 - (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the offeror and, depending on the circumstances, his concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the

shares by the offeror or his concert parties during the previous 12 months.

Compulsory acquisition

- 12.2 Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.
- 12.3 In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.
- 12.4 The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

13 Investment Restrictions

- 13.1 In accordance with the requirements of the FCA, the Company:
- (a) will not invest more than ten per cent. in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed on the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15 per cent. of their gross assets in other investment companies or investment trusts which are listed on the Official List);
 - (b) will not conduct any trading activity which is significant in the context of the Company as a whole;
 - (c) will, at all times, invest and manage its assets:
 - (i) in a way which is consistent with its object of spreading investment risk; and
 - (ii) in accordance with its published Investment Policy.
- 13.2 The Company will not make any material change to its published Investment Policy without the approval of its Shareholders. Such an alteration would be announced by the Company through a Regulatory Information Service.
- 13.3 In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service.

14 Third Party Information and Consents

- 14.1 The Investment Adviser has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear. The Investment Adviser accepts responsibility for the information contained in Part I, Part II and Part III of the Prospectus and the paragraphs entitled "Investment Opportunity" and "Investment Adviser" of Part IV and the paragraphs entitled "the Investment Adviser" and "the Investment Advisers management team" of Part V of the Prospectus. To the best of the knowledge of the Investment Adviser, the information contained in Part I, Part II and Part III of the Prospectus, the paragraphs entitled "Investment Opportunity" and "Investment Adviser" of Part IV and the paragraphs entitled "the Investment Adviser" and "the Investment Advisers management team" of Part V of the Prospectus and for which it is responsible are in accordance with the facts and those parts of the Prospectus make no omission likely to affect their import.

- 14.2 The AIFM has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear. The AIFM accepts responsibility for the information contained in the paragraphs entitled "Independent Board and experienced AIFM" and "AIFM" of Part IV, the paragraph entitled "AIFM" or Part V of the Prospectus. To the best of the knowledge of the AIFM, the information contained in the paragraphs entitled "Independent Board and experienced AIFM" and "AIFM" of Part IV and the paragraph entitled "AIFM" or Part V of the Prospectus and for which it is responsible are in accordance with the facts and those parts of the Prospectus make no omission likely to affect their import.
- 14.3 Peel Hunt has given and not withdrawn its written consent to the inclusion in this Prospectus of its name and references thereto in the form and context in which they appear.

15 Availability of this Prospectus

Copies of this Prospectus can be downloaded, free of charge, from www.aquila-energy-efficiency-trust.com.

16 Intermediaries

- 16.1 The Intermediaries authorised at the date of this Prospectus to use this Prospectus in connection with the Intermediaries Offer are:
- (a) AJ Bell Securities Limited;
 - (b) iDealing.com Ltd;
 - (c) Interactive Investor Services Limited; and
 - (d) Equiniti Financial Services Ltd.
- 16.2 Any new information with respect to Intermediaries unknown at the time of approval of this Prospectus, including in respect of any Intermediaries who are appointed after the date of this Prospectus, will be made available on the Company's website, www.aquila-energy-efficiency-trust.com.

17 General

- 17.1 Save as disclosed in paragraph 11 of this Part IX, there is no other contract (not being a contract entered into in the ordinary course of business) entered into by the Company which contains any provision under which the Company has any obligation or entitlement which is material to the Company as at the date of this Prospectus.
- 17.2 Ordinary Shares available under the Issue and Ordinary Shares and/or C Shares available under the Placing Programme are not being underwritten. Save in relation to the Offer for Subscription or the Intermediaries Offer, the Ordinary Shares have not been marketed nor are available, in whole or in part, to the public in conjunction with the Issue.
- 17.3 There have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.
- 17.4 As at the date of this Prospectus, there has been no significant change in the financial position of the Company since 9 April 2021, the date of its incorporation.
- 17.5 The Issue will represent a significant gross change for the Company. Under the Issue, on the basis that 150 million Ordinary Shares are to be issued, the net assets of the Company would increase by approximately £147 million immediately after Admission. Since incorporation, the Company has not commenced operations and therefore has not generated earnings; following the completion of the Issue it is expected that the Company will derive earnings from its gross assets in the form of dividends and interest.
- 17.6 The Company intends to become a member of the AIC following Admission.
- 17.7 The Company expects to be awarded the London Stock Exchange Green Economy Mark following Admission.

- 17.8 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by written instrument. The Articles permit the holding of Ordinary Shares and C Shares under the CREST system. The Board intends to apply for the Ordinary Shares and C Shares to be admitted to CREST with effect from the relevant Admission. Accordingly it is intended that settlement of transactions in the Ordinary Shares and C Shares following the relevant Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request made to the Receiving Agent.
- 17.9 Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 18 **Documents for Inspection**
- 18.1 Copies of the following documents can be downloaded, free of charge, from www.aquila-energy-efficiency-trust.com:
- (a) the Articles; and
 - (b) this Prospectus.

Dated 10 May 2021

PART X - TERMS AND CONDITIONS OF THE INITIAL PLACING AND ANY SUBSEQUENT PLACING UNDER THE PLACING PROGRAMME

Terms and Conditions of the Placing and Placing Programme

1 Introduction

Participation in the Initial Placing and/or any Subsequent Placing under the Placing Programme is only available to persons who are invited to participate by Peel Hunt. These terms and conditions apply to persons making an offer to subscribe for Ordinary Shares under the Initial Placing and/or Ordinary Shares and/or C Shares under any Subsequent Placing (the "**Placed Shares**").

Each investor which confirms its agreement to subscribe for Placed Shares under the Initial Placing and/or any Subsequent Placing to Peel Hunt (for the purposes of this Part X, a "**Placee**") agree to be bound by these terms and conditions as being the terms and conditions upon which the Placed Shares will be sold under the relevant Placing. A Placee shall, without limitation, become so bound if Peel Hunt confirms its allocation of Placed Shares under the relevant Placing to such Placee.

Upon being notified of its allocation of Placed Shares under the relevant Placing, a Placee shall be contractually committed to acquire the number of Placed Shares allocated to them at the Issue Price or the relevant Placing Programme Price (as applicable) and to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitments. Dealing may not begin before any notification is made.

Each of the Company and/or Peel Hunt, as applicable, may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (for the purposes of this Part X, a "**Placing Letter**"). The terms of this Part X will, where applicable, be deemed to be incorporated into that Placing Letter.

2 Agreement to subscribe for Placed Shares

Conditional on, amongst other things:

- (a) the Placing Agreement becoming unconditional in respect of the relevant Placing (save for any condition relating to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission;
- (b) in respect of the Initial Placing, Admission occurring and becoming effective by not later than 8.00 a.m. (London Time) on 2 June 2021; or, in respect of any Subsequent Placing, by 8.00 a.m. (London Time) on the date agreed by the Company and Peel Hunt prior to the closing of the Subsequent Placing;
- (c) in relation to any Subsequent Placing, the Placing Programme Price and the number of Placed Shares to be issued being determined by the Company and Peel Hunt;
- (d) Gross Issue Proceeds being raised pursuant to the Issue such that the Net Issue Proceeds equal or exceed the Minimum Net Proceeds;
- (e) Peel Hunt confirming to the Placees their allocation of Placed Shares; and
- (f) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules,

a Placee agrees to become a member of the Company and agrees to subscribe for those Placed Shares allocated to it by Peel Hunt at the Issue Price or the relevant Placing Programme Price (as applicable). To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

If the Minimum Net Proceeds (or such lesser amount as the Company may agree) are not raised, the Initial Placing will lapse and all proceeds will be returned to Placees without interest and at the Placee's risk.

The number of Placed Shares issued to each Placee under the relevant Placing shall be in accordance with the arrangements described above.

The commitments of Placees to subscribe for the number of Ordinary Shares allotted to them pursuant to the Initial Placing is subject to the right of the Company to clawback any or all of such Ordinary Shares in order to satisfy valid applications under the Offer for Subscription or the Intermediaries Offer.

The Placed Shares will, when issued and fully paid, rank *pari passu* in all respects with the Placed Shares then in issue and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Placed Shares by reference to a record date after the relevant Admission.

Multiple applications or suspected multiple applications on behalf of a single investor are liable to be rejected.

Fractions of Placed Shares will not be issued.

3 Rights under the Placing Agreement

Peel Hunt may, following consultation with the Company, in respect of the Initial Placing, terminate the Placing Agreement in accordance with its terms prior to Admission, and in respect of any Subsequent Placing pursuant to the Placing Programme, prior to the relevant Admission.

If any of the relevant conditions set out in the Placing Agreement are not fulfilled or, where permitted, waived to the extent permitted by law or regulation and/or in accordance with the Placing Agreement, or the Placing Agreement is terminated in accordance with its terms, the relevant Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

4 Payment for Placed Shares

Each Placee undertakes to pay in full the Issue Price or the relevant Placing Programme Price for the Placed Shares issued to such Placee in the manner and by the time directed by Peel Hunt. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Placed Shares shall either be accepted or rejected and the relevant Placee shall be deemed hereby to have appointed Peel Hunt, or any nominee of Peel Hunt as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Placed Shares allocated to the Placee in respect of which payment shall not have been made as directed, and to indemnify Peel Hunt and its affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

Each Placee is deemed to agree that if it does not comply with its obligation to pay the Issue Price or the relevant Placing Programme Price for the Placed Shares allocated to it and Peel Hunt elects to accept that Placee's application, Peel Hunt may sell all or any of the Placed Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for Peel Hunt's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Placed Shares on such Placee's behalf.

No commission will be paid to any such Placees in respect of any Placed Shares.

Settlement of transactions in the Placed Shares following the Issue will take place in CREST but the Company reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether in the Electronic Contract Note (as defined below) or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

5 Representations, Warranties and Undertakings

By agreeing to subscribe for Placed Shares under the Initial Placing and/or any Subsequent Placing under the Placing Programme (as applicable), each Placee which enters into a commitment to subscribe for such Placed Shares (for the purposes of this Part X, a "**Placing Commitment**") and will (for itself and for any person(s) procured by it to subscribe for Placed Shares and any nominee(s) for any such person(s)) be deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the AIFM, the Investment Adviser, the Registrar, the Receiving Agent and Peel Hunt, that:

- (a) in agreeing to subscribe for Placed Shares under the Initial Placing and/or any Subsequent Placing under the Placing Programme, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company and any subsequent Company announcement via a RIS and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Placed Shares, the Placing, or the Placing Programme. It agrees that none of the Company, the AIFM, the Investment

Adviser, the Registrar, the Receiving Agent or Peel Hunt, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have against any such persons in respect of any other information or representation;

- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Placed Shares under the Initial Placing or any Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the AIFM, the Investment Adviser, the Registrar, the Receiving Agent or Peel Hunt, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing or any Subsequent Placing;
- (c) it has carefully read and understands this Prospectus and any supplementary prospectus issued by the Company in its entirety and acknowledges that it is acquiring Placed Shares on the terms and subject to the conditions set out in this Part X and, in the electronic contract note or electronic placing confirmation, as applicable, referred to in paragraph 5(l) of this Part X (for the purposes of this Part X, the "**Electronic Contract Note**" or the "**Electronic Placing Confirmation**") and the Placing Letter (if any) and the Articles (as amended from time to time);
- (d) in accepting a participation in the Initial Placing and/or any Subsequent Placing, it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for the Placed Shares;
- (e) it has the power and authority to subscribe for Placed Shares and to execute and deliver all documents necessary for such subscription;
- (f) it has not relied on Peel Hunt, or any person affiliated with Peel Hunt in connection with any investigation of the accuracy of any information contained in this Prospectus or any supplementary prospectus issued by the Company and it has relied on its own investigation with respect to the Placed Shares and the Company in connection with its investment decision;
- (g) the content of this Prospectus and any supplementary prospectus issued by the Company is exclusively the responsibility of the Company and its Directors and neither Peel Hunt nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for this Prospectus, any information, representation or statement contained in this Prospectus (and any such supplementary prospectus issued by the Company) or any information previously published by or on behalf of the Company or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Placed Shares or the Placing and will not be liable for any decision by a Placee to participate in the Initial Placing or any Subsequent Placing based on any information, representation or statement contained in this Prospectus or any supplementary prospectus issued by the Company or otherwise;
- (h) it acknowledges that no person is authorised in connection with the Initial Placing or any Subsequent Placing to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company and, if given or made, any information or representation must not be relied upon as having been authorised by Peel Hunt, the Company, the AIFM, or the Investment Adviser, the Receiving Agent or the Registrar;
- (i) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (j) the price per Placed Share is fixed at the Issue Price or the Placing Programme Price (as applicable) and is payable to Peel Hunt on behalf of the Company in accordance with the terms of this Part X and, as applicable, in the Electronic Contract Note or the Electronic Placing Confirmation and the Placing Letter (if any);
- (k) it has the funds available to pay in full for the Placed Shares for which it has agreed to subscribe pursuant to its Placing Commitment and that it will pay the total subscription in accordance with

- the terms set out in this Part X and, as applicable, as set out in the Electronic Contract Note or the Electronic Placing Confirmation and the Placing Letter (if any) on the due time and date;
- (l) its commitment to acquire Placed Shares under the Initial Placing or any Subsequent Placing will be agreed orally with Peel Hunt as agent for the Company and that an Electronic Contract Note or the Electronic Placing Confirmation will be issued by Peel Hunt as soon as possible thereafter. That oral agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Peel Hunt to subscribe for the number of Placed Shares allocated to it at the Issue Price or the Programme Placing Price (as applicable) on the terms and conditions set out in this Part X and, as applicable, in the Electronic Contract Note or the Electronic Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of the relevant Admission. Except with the consent of Peel Hunt such oral commitment will not be capable of variation or revocation after the time at which it is made;
 - (m) its allocation of Placed Shares under a Placing will be evidenced by an Electronic Contract Note or the Electronic Placing Confirmation, as applicable, confirming: (i) the number of Placed Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Placed Shares; and (iii) settlement instructions to pay Peel Hunt as agent for the Company. The terms of this Part X will be deemed to be incorporated into that Electronic Contract Note or the Electronic Placing Confirmation;
 - (n) settlement of transactions in the Placed Shares following the relevant Admission will take place in CREST but Peel Hunt reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Electronic Contract Note or the Electronic Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
 - (o) to the extent any Placed Shares offered and sold are issued in certificated form, such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

"The shares of Aquila Energy Efficiency Trust PLC (the "Company") represented by this certificate have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, this security may not be offered, sold, pledged or otherwise transferred into or within the United States except in accordance with the U.S. Securities Act or an exemption therefrom, in each case in accordance with all applicable securities laws. By its acceptance of these securities, the purchaser represents that it is not, and is not acting for the account or benefit of, a "U.S. person" as defined in Regulation S under the U.S. Securities Act and that any resale of such shares will be made only in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act."
 - (p) none of the Placed Shares have been or will be registered under the laws of any member state of the EEA (a "**Member States or EEA State**"), the United States, Canada, Japan, Australia, Singapore, the Republic of South Africa or any other Restricted Jurisdiction. Accordingly, none of the Placed Shares may be offered, sold, issued or delivered, directly or indirectly, within any Member State nor the United States, Canada, Japan, Australia, Singapore, the Republic of South Africa or any other Restricted Jurisdiction, or to or for the benefit of any person resident in the United States, Canada, Japan, Australia, Singapore, the Republic of South Africa or any other Restricted Jurisdiction (unless an exemption from any registration requirement is available);
 - (q) it: (i) is entitled to subscribe for the Placed Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Placed Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
 - (r) if it is within the United Kingdom, it is a person who falls within: (i) Article 19(5) (Investment Professionals); or (ii) Articles 49(2)(A) to (D) (high net worth companies, unincorporated

- associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**Order**") or is a person to whom the Placed Shares may otherwise lawfully be offered whether under such Order and/or is a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Placed Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (s) if it is a resident in a Member State, it is a "qualified investor" within the meaning of the law in the Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the EU Prospectus Regulation and otherwise permitted to be marketed to in accordance with the provisions of the EU AIFM Directive as implemented in the Member State in which it is located;
 - (t) in the case of any Placed Shares acquired by a Placee as a financial intermediary within the meaning of the law in the Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the EU Prospectus Regulation: (i) the Placed Shares acquired by it in a Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of Peel Hunt has been given to the offer or resale; or (ii) where Placed Shares have been acquired by it on behalf of persons in any Member State other than qualified investors, the offer of those Placed Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons;
 - (u) if it is outside the United Kingdom, neither this, neither this Prospectus (and any supplementary prospectus issued by the Company) nor any other offering, marketing or other material in connection with any Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is procuring to subscribe for Placed Shares pursuant to the Initial Placing or any Subsequent Placing unless, in the relevant territory, such offer, invitation, promotion or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Placed Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements.
 - (v) it understands that the Placed Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or transferred, directly or indirectly, in, into or within the United States or to or for the account or benefit of a U.S. Person;
 - (w) it is located outside the United States and is neither a U.S. Person nor acting for the account or benefit of a U.S. Person and is subscribing for the Placed Shares only in "offshore transactions" as defined in and in accordance with Regulation S;
 - (x) it is not subscribing for Placed Shares as a result of any "directed selling efforts" as defined in Regulation S;
 - (y) it understands that the Company has not registered, and does not intend to register, as an investment company under the United States Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**"), and the Placed Shares may only be transferred under circumstances which will not result in the Company being required to register under the US Investment Company Act; and that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the Placed Shares in offshore transactions in compliance with Regulation S (which includes, for the avoidance of doubt, any *bona fide* sale on the London Stock Exchange's main market);
 - (z) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Placed Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an employee benefit plan (within the meaning of Section 3(3) of ERISA) that is subject to Part 4 of Title 1 of ERISA; (ii) a plan, individual retirement account or other arrangement that is subject to Section 4975 of the US Internal Revenue Code or any other state, local laws or regulations that would have the same effect as regulations promulgated under ERISA by the US Department of Labor and codified at 29 C.F.R. Section 2510.3-101 to cause the underlying assets of the Company to be treated as assets of that investing entity by virtue of its investment (or any beneficial interest) in the Company and thereby subject the Company and its investment manager (or other persons responsible for the

- investment and operation of the Company's assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the US Internal Revenue Code; or (iii) an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement that is subject to Title I of ERISA or Section 4975 of the US Code;
- (aa) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and any supplementary prospectus issued by the Company) or any other Placing Document to any U.S. Persons or any persons within the United States or in any other Restricted Jurisdiction, nor will it do any of the foregoing;
 - (ab) it does not have a registered address in, and is not a citizen, resident or national of the United States, Canada, Japan, Australia, Singapore, the Republic of South Africa or any other Restricted Jurisdiction and it is not acting on a non-discretionary basis for any such person;
 - (ac) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for Placed Shares under the Initial Placing and/or any Subsequent Placing and will not be any such person on the date that such subscription is accepted;
 - (ad) it is a person of a kind described in paragraph 5 of Article 19 or paragraph 2 of Article 49 of the Order;
 - (ae) (i) it has communicated or caused to be communicated and will communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Ordinary Shares and/or C Shares only in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person; and (ii) that no Placing Document is being issued by Peel Hunt in its capacity as an authorised person under section 21 of the FSMA and the Placing Documents may not therefore be subject to the controls which would apply if the Placing Documents were made or approved as financial promotion by an authorised person;
 - (af) it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in, from or otherwise involving, the United Kingdom;
 - (ag) it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, section 118 of FSMA, the Proceeds of Crime Act 2002 and the Market Abuse Regulations and confirms that it has and will continue to comply with those obligations;
 - (ah) no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Ordinary Shares and/or C Shares or possession of this Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
 - (ai) it acknowledges that neither Peel Hunt, nor any of their affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or any Subsequent Placing or providing any advice in relation to the Initial Placing or any Subsequent Placing and participation in a Placing is on the basis that it is not and will not be a client of Peel Hunt and that Peel Hunt have no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Initial Placing or any Subsequent Placing nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in any Placing Letter, Electronic Contract Note or Electronic Placing Confirmation;
 - (aj) it acknowledges that, save in the event of fraud on the part of Peel Hunt or any person acting on Peel Hunt's behalf, none of Peel Hunt, its ultimate holding companies, any direct or indirect subsidiary undertakings of such holding company, any of its respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Peel Hunt's role as bookrunner, broker or otherwise in connection with any Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
 - (ak) it acknowledges that where it is subscribing for Placed Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for Placed Shares for each such account; (ii) to make on each such account's behalf

- the undertakings, acknowledgements, representations, warranties and agreements set out in this Prospectus (and any supplementary prospectus issued by the Company); and (iii) to receive on behalf of each such account any documentation relating to the relevant Placing in the form provided by the Company and Peel Hunt. It agrees that the provision of this paragraph shall survive any resale of the Placed Shares by or on behalf of any such account;
- (al) it irrevocably appoints any Director and any director or duly authorised employee or agent of Peel Hunt to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Placed Shares it has subscribed for in the event of its own failure to do so;
 - (am) it accepts that if the Initial Placing or any Subsequent Placing does not proceed or the relevant conditions under the Placing Agreement are not satisfied or the Placed Shares for which valid applications are received and accepted are not admitted to listing and trading on the Official List and the main market (respectively) for any reason whatsoever then none of the Company, Peel Hunt, the AIFM, the Investment Adviser, their affiliates and persons controlling, controlled by or under common control with any of them, and any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
 - (an) in connection with its participation in the Initial Placing or any Subsequent Placing, it is aware of, and has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations (for the purposes of this Part X, together the "**Money Laundering Legislation**") and that its application for Placed Shares under any Placing is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied for Placed Shares. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Legislation;
 - (ao) acknowledges and agrees that, due to anti-money laundering requirements, Peel Hunt may require proof of identity and verification of the source of the payment before the application for Placed Shares under the Initial Placing or any Subsequent Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Peel Hunt may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will hold harmless and indemnify Peel Hunt against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
 - (ap) Peel Hunt is entitled to exercise its rights under the Placing Agreement (including, without limitation, rights of termination) or any other right in its absolute discretion without any liability whatsoever to it;
 - (aq) the representations, undertakings and warranties contained in this Part X and, as applicable, in the Electronic Contract Note or the Electronic Placing Confirmation and the Placing Letter (if any), are irrevocable. It acknowledges that Peel Hunt and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings and it agrees that if any of the representations or warranties or undertakings made or deemed to have been made by its subscription of the Placed Shares under the Initial Placing and any Subsequent Placing are no longer accurate, it shall promptly notify Peel Hunt and the Company;
 - (ar) where it or any person acting on behalf of it is dealing with Peel Hunt any money held in an account with Peel Hunt on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Peel Hunt to segregate such money, as that money will be held by the Bank under a banking relationship and not as trustee;

- (as) any of its clients, whether or not identified to Peel Hunt will remain its sole responsibility and will not become clients of Peel Hunt for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (at) the allocation of Placed Shares in respect of the Initial Placing and any Subsequent Placing shall be determined by the Company in consultation with Peel Hunt and the Investment Adviser and Peel Hunt and the Company may scale back any Placing Commitment on such basis as they may determine (which may not be the same for each Placee);
- (au) time shall be of the essence as regards to the Placee's obligations to settle payment for the Placed Shares subscribed under the Initial Placing or a Subsequent Placing and to comply with its other obligations in connection with the Initial Placing or a Subsequent Placing;
- (av) it authorises Peel Hunt to deduct from the total amount subscribed under the Placing or any Subsequent Placing the aggregate commission (if any) (calculated at the rate agreed with the Placee) payable on the number of Placed Shares allocated under the Initial Placing or any Subsequent Placing;
- (aw) in the event that a supplementary prospectus is required to be produced pursuant to section 87G FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) FSMA, such Placee will immediately re-subscribe for the Placed Shares previously committed to;
- (ax) the Placing will not proceed if the Net Issue Proceeds would be less than the Minimum Net Proceeds;
- (ay) the commitment to subscribe for Placed Shares on the terms set out in this Part X and, as applicable, in the Electronic Contract Note or the Electronic Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of the Initial Placing or any Subsequent Placing and it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Initial Placing or any Subsequent Placing;
- (az) the Company reserves the right to make inquiries of any holder of the Placed Shares or interests therein at any time as to such person's status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the U.S. securities laws to transfer such Placed Shares or interests in accordance with the Articles (as amended from time to time); and
- (ba) the Company, the AIFM, the Investment Adviser, the Registrar, the Receiving Agent and Peel Hunt will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings and acknowledgements. The Placee agrees to indemnify and hold each of the Company, the AIFM, the Investment Adviser, the Registrar, the Receiving Agent and Peel Hunt and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements in this Part X.

6 Supply and Disclosure of Information

If the Company, Peel Hunt, the Registrar or the Receiving Agent or any of their agents request any information about a Placee's agreement to subscribe for Placed Shares under the Initial Placing or any Subsequent Placing, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

7 Data Protection

Each Placee acknowledges that it has been informed that, pursuant to the EU General Data Protection Regulation 2016/679 (the "**EU GDPR**") and/or the EU GDPR as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time and the UK Data Protection Act 2018 (as amended from time to time) (together, the "**DP Legislation**") the Company and/or the Registrar and/or the Receiving Agent will, following each Admission, hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding seven years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar and the Receiving Agent will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company's privacy notice (the "**Purposes**") which is available for consultation on the Company's

website at www.aquila-energy-efficiency-trust.com (the "**Privacy Notice**") which include to:

- (a) process the personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the Placee's holding of Placed Shares, including processing personal data in connection with credit and anti-money laundering checks on the Placee;
- (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Placed Shares;
- (c) comply with the legal and regulatory obligations of the Company and/or the Registrar and the Receiving Agent; and
- (d) process its personal data for the Registrar's and the Receiving Agent's internal administration.

Where necessary to fulfil the Purposes, the Company will disclose personal data to:

- (a) third parties located either within, or outside of the United Kingdom or the EEA, if necessary for the Registrar and the Receiving Agent to perform its functions, or when it is necessary for its legitimate interests, and in particular in connection with the holding of Placed Shares; or
- (b) its affiliates, the Registrar, the Receiving Agent or the AIFM and their respective associates, some of which may be located outside of the United Kingdom or the EEA.

Any sharing of personal data between parties will be carried out in compliance with the DP Legislation and as set out in the Company's Privacy Notice.

By becoming registered as a holder of Placed Shares and/or C Shares a person becomes a data subject (as defined under DP Legislation). In providing the Registrar and the Receiving Agent with information, the Placee hereby represents and warrants to the Company, the Registrar, the Receiving Agent and the Administrator that: (i) it complies in all material aspects with its data controller obligations under DP Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice; and (ii) where consent is legally competent and/or required under DP Legislation the Placee has obtained the consent of any data subject to the Company and Registrar, the Receiving Agent, and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).

Each Placee acknowledges that by submitting personal data to the Registrar and the Receiving Agent (acting for and on behalf of the Company) where the Placee is a natural person he or she has read and understood the terms of the Company's Privacy Notice.

Each Placee acknowledges that by submitting personal data to the Registrar and the Receiving Agent (acting for and on behalf of the Company) where the Placee is not a natural person it represents and warrants that:

- (c) it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for Placed Shares; and
- (d) the Placee has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

Where the Placee acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to any Placing:

- (e) comply with all applicable data protection legislation;
- (f) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
- (g) if required, agree with the Company, the Receiving Agent and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- (h) it shall immediately on demand, fully indemnify each of the Company, the Receiving Agent and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including

indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar or the Receiving Agent in connection with any failure by the Placee to comply with the provisions set out above.

8 Miscellaneous

The rights and remedies of the Company, Peel Hunt, the Registrar, the Receiving Agent, the AIFM and the Investment Adviser under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally their nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with a Placing will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified by such Placee to Peel Hunt.

Each Placee agrees to be bound by the Articles (as amended from time to time) once the Placed Shares which the Placee has agreed to subscribe for pursuant to the Initial Placing or any Subsequent Placing have been acquired by the Placee. The contract to subscribe for Placed Shares under the Initial Placing or any Subsequent Placing and the appointments and authorities mentioned in this Prospectus (or any supplementary prospectus issued by the Company) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Peel Hunt, the Company, the AIFM, the Investment Adviser, the Receiving Agent and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Placed Shares under the Initial Placing or any Subsequent Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

Peel Hunt and the Company expressly reserve the right to modify any Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. The Initial Placing and any Subsequent Placing are subject to the satisfaction of the conditions contained in the Placing Agreement and to the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 11 of Part IX of this Prospectus.

Monies received from applicants pursuant to any Subsequent Placing under the Placing Programme will be held in accordance with the terms and conditions of any announcement issued by the Company in relation to that Subsequent Placing until such time as the Placing Agreement becomes unconditional in all respects in relation to that Subsequent Placing. If the Placing Agreement does not become unconditional in all respects in relation to that Placing by the time specified in such announcement, application monies will be returned without interest at the risk of the applicant.

PART XI - TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

The Offer for Subscription is only being made in the United Kingdom, the Channel Islands and the Isle of Man but, subject to applicable law, the Company may also allot Ordinary Shares on a private placement basis to applicants in other jurisdictions. If you are outside the United Kingdom, the Channel Islands and the Isle of Man, please see paragraph 8 and 10 of this Part XI for further information.

1 INTRODUCTION

- 1.1 Ordinary Shares are available under the Offer for Subscription at a price of 100 pence per Ordinary Share. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
- 1.2 Applications to acquire Ordinary Shares must be made on the Application Form attached as Appendix 1 to this Prospectus or otherwise published by the Company.
- 1.3 In addition to completing and returning the Application Form to the Receiving Agent, the relevant form for joint holdings or Corporate Entity holdings can be requested from Computershare on 0370 707 4040. Calls are charged at the standard geographic rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. – 5.30 p.m. (London Time), Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.
- 1.4 It is a condition of application that (where applicable) a completed version of that form is provided with the Offer for Subscription Application Form before any application can be accepted.

2 OFFER FOR SUBSCRIPTION TO ACQUIRE ORDINARY SHARES

- 2.1 By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
 - (a) offer to subscribe for the amount specified in Box 1 on your Application Form, or any smaller amount for which such application is accepted, on the terms, and subject to the conditions, set out in this Prospectus, including these terms and conditions of application and the Articles;
 - (b) agree that, in consideration for the Company agreeing that it will not, prior to the date of Admission, offer any Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked, subject to your statutory right of withdrawal in the event of publication of a supplementary prospectus by the Company, and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to the Receiving Agent of your Application Form;
 - (c) undertake to pay the subscription amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Peel Hunt against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by a cheque drawn on a branch of a UK clearing bank to the bank account name from which they were first received at your risk of any proceeds of the remittance which accompanied your Application Form, without interest);
 - (d) agree that, where on your Application Form a request is made for Ordinary Shares to be

deposited into a CREST account: (a) the Receiving Agent may in its absolute discretion amend the form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST account or in receiving your remittance in cleared funds); and (b) the Receiving Agent, the Company or Peel Hunt may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST account in respect of, the number of Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Application Form;

- (e) agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph (d) of this paragraph 2.1 to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled (and any monies returnable to you) may be retained by the Receiving Agent:
 - (i) pending clearance of your remittance;
 - (ii) pending investigation of any suspected breach of the warranties contained in paragraph 6 below or any other suspected breach of these terms and conditions of application; or
 - (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Money Laundering Regulations and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (f) agree that, where an electronic transfer of a sum exceeding €15,000 (approximately £13,000) is being made, you will supply your bank statement to show from where the sources of the funds have been sent;
- (g) agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
- (h) agree that if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Receiving Agent or the Company may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name on which the payment accompanying the application was first drawn without interest and at your risk;
- (i) acknowledge that the key information document relating to the Ordinary Shares prepared by the AIFM pursuant to the UK PRIIPs Regulation can be provided to you in paper or by means of a website, but that where you are applying under the Offer for Subscription directly and not through an adviser or other intermediary, unless requested in writing otherwise, the lodging of an Application Form represents your consent to being provided the key information document via the Company's website (www.aquila-energy-efficiency-trust.com) or on such other website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which such key information document will be provided to you;
- (j) agree that you are not, and agree that you are not applying on behalf of a person engaged in money laundering, drug trafficking or terrorism;
- (k) undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity

documents for the person so signing;

- (l) undertake to pay interest as described in paragraph 3.3 below if the remittance accompanying your Application Form is not honoured on first presentation;
- (m) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed section 4 on your Application Form or, subject to paragraph 2.1(d) above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing bank to the bank account name from which such monies were first received without interest and at your risk;
- (n) confirm that you have read and complied with paragraph 8 below;
- (o) agree that all subscription payments will be processed through a bank account (the **"Acceptance Account"**) in the name of 'CIS PLC RE: Aquila Energy OFS A/C' opened by the Receiving Agent;
- (p) acknowledge that the Issue will not proceed if the conditions set out in paragraph 4 below are not satisfied;
- (q) agree that your Application Form is addressed to the Company and the Receiving Agent; and
- (r) agree that any application may be rejected in whole or in part at the sole discretion of the Company.

3 ACCEPTANCE OF YOUR OFFER

- 3.1 The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) for Ordinary Shares by either: (a) notifying the FCA through a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis); or (b) by notifying acceptance to the Company.
- 3.2 The basis of allocation will be determined by the Company in consultation with Peel Hunt and the Investment Adviser. The right is reserved, notwithstanding the basis as so determined, to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these terms and conditions of application.
- 3.3 The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payment. The right is also reserved to reject in whole or in part, or to scale down or limit, any application. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus two per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.
- 3.4 Payment by CHAPS must be accompanied by a personalised payment reference number which may be obtained by contacting the Receiving Agent directly by email at AquilaOffer@Computershare.co.uk quoting "Aquila Energy" for full bank details or telephone the Shareholder helpline for further information on 0370 707 4040 or from outside the UK on +44(0) 370 707 4040. The Receiving Agent will then provide you with a unique reference number which must be used when sending payment.
- 3.5 Applicants choosing to settle via CREST (i.e. by delivery versus payment ("**DVP**")), will need to match their instructions to the Receiving Agent's Participant Account 3RA27 by no later than 1:00 p.m. (London Time) on 1 June 2021, allowing for the delivery and acceptance of Ordinary Shares

to be made against payment of the Issue Price, following the CREST matching criteria set out in the Application Form.

- 3.6 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for fewer than 1,000 Ordinary Shares.

4 CONDITIONS

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- (a) the Placing Agreement becoming unconditional in respect of the Issue (save as to Admission) and not having been terminated prior to the date of Admission;
- (b) Admission occurring by not later than 8:00 am (London Time) on 10 May 2021 (or such later date as the Company and Peel Hunt may agree); and
- (c) Gross Issue Proceeds being raised such that the Net Issue Proceeds equal or exceed the Minimum Net Proceeds.

- 4.2 In circumstances where these conditions are not fully met (or otherwise waived, to the extent able), the Issue will not proceed. In the event that the Company (in consultation with Aquila and Peel Hunt) decides to reduce the amount of the Minimum Net Proceeds or otherwise waive the condition referred to in paragraph 4.1(c) above, the Company may be required to publish a supplementary prospectus. Any number of shares subscribed for pursuant to the Issue may be allotted if the Minimum Net Proceeds are raised and the offer conditions referred to above are satisfied.

- 4.3 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

5 RETURN OF APPLICATION MONIES

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest within 14 days at the risk of the person(s) entitled thereto by returning your cheque, or by crossed cheque in your favour, by post, or, in the case of payment(s) made electronically, by a bank transfer by means of a return credit to the remitting bank account (in which case, please note that the processing of refunds between banks can take up to 72 hours to complete). In the meantime, application monies will be retained by the Receiving Agent in a separate account.

6 WARRANTIES

By completing an Application Form, you:

- 6.1 warrant that you are not located in the United States;
- 6.2 undertake and warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.3 warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Investment Adviser, Peel Hunt or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;
- 6.4 confirm that in making an application you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus and any supplementary prospectus published by the Company prior to Admission (on the basis of which alone your

- application is made) and accordingly you agree that no person responsible solely or jointly for the Prospectus or any supplementary prospectus published by the Company prior to Admission or any part thereof shall have any liability for any such other information or representation;
- 6.5 agree that, having had the opportunity to read the Prospectus and any supplementary prospectus published by the Company prior to Admission, you shall be deemed to have had notice of all information and representations contained therein;
- 6.6 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in the Prospectus and any supplementary prospectus published by the Company prior to Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Peel Hunt, the AIFM, the Investment Adviser or the Receiving Agent;
- 6.7 warrant that you are not under the age of 18 on the date of your application;
- 6.8 agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Application Form;
- 6.9 warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipt and clearance services);
- 6.10 confirm that you have reviewed the restrictions contained in paragraph 8 below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or complied with the provisions therein;
- 6.11 agree that, in respect of those Ordinary Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the register of members of the Company;
- 6.12 acknowledge that you have been notified of the information in respect of the use of your personal data by the Company set out in this Prospectus;
- 6.13 represent and warrant to the Company, the Registrar and the Administrator that: (1) you have complied in all material aspects with its data controller obligations under the Data Protection Legislation, and in particular, you have notified any data subject of the Purposes (as defined below) for which personal data will be used and by which parties it will be used and you have provided a copy of the Privacy Notice to such relevant data subjects; and (2) where consent is legally competent and/or required under the Data Protection Legislation, you have obtained the consent of any data subject to the Company, the Administrator and the Registrar and their respective Affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes);
- 6.14 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription and any non-contractual obligations existing under or in connection therewith shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 6.15 irrevocably authorise the Company, the Investment Adviser, Peel Hunt or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company, the Investment Adviser and/or Peel Hunt and/or the Receiving Agent to execute any documents required therefor and to enter your name on the register of members of the Company;
- 6.16 agree to provide the Company with any information which the Company, the Investment Adviser, Peel Hunt or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Money

Laundering Regulations;

- 6.17 warrant that as far as you are aware, save as otherwise disclosed to the Company and Peel Hunt, you are not acting in concert (within the meaning given in the Takeover Code) with any other person in relation to the Company and are not a related party of the Company for the purposes of the Listing Rules;
- 6.18 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Peel Hunt, the AIFM, the Investment Adviser or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- 6.19 warrant that you are knowledgeable and experienced in business and financial matters so as to be capable of evaluating the merits and risks of an investment in the Ordinary Shares, fully understand the risks associated with such investment and are able to bear the economic risk of your investment including the complete loss of your investment;
- 6.20 agree that Peel Hunt and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;
- 6.21 warrant that the information contained in the Application Form is true and accurate;
- 6.22 agree that if you request that Ordinary Shares are issued to you on a date other than Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date;
- 6.23 acknowledge that the key information document prepared by the AIFM pursuant to the UK PRIIPs Regulation can be provided to you in paper or by means of a website, but that where you are applying under the Offer for Subscription directly and not through an adviser or other intermediary, unless requested in writing otherwise, the lodging of an Application Form represents your consent to being provided the key information document via the Company's website (www.aquila-energy-efficiency-trust.com) or on such other website as has been notified to you. Where your application is made on an advised basis or through another intermediary, the terms of your engagement should address the means by which the key information document will be provided to you; and
- 6.24 acknowledge that the content of the Prospectus and any supplementary prospectus published by the Company prior to Admission is exclusively the responsibility of the Company and its Directors and, except to the extent stated in paragraph 14.1 and 14.2 of Part IX of the Prospectus, neither the Investment Adviser, nor Peel Hunt nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any liability for any information published by or on behalf of the Company and will not be liable for any decision to participate in the Offer for Subscription based on any information, representation or statement contained in the Prospectus or otherwise.
- 6.25 confirm that if you are apply on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to issue) any document or information in connection with the Issue, or make any announcement or comment (whether in writing or otherwise) which states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof or which contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statement therein misleading.

7 MONEY LAUNDERING

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations, the Receiving Agent may at its absolute discretion require verification of identity of you as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of:

- (a) the owner(s) and/or controller(s) (the "**payor**") of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker's draft or cheque; or
 - (b) where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons, such person or persons.
- 7.2 Failure to provide the necessary evidence of identity may result in your application being rejected or delays in the despatch of documents or CREST account being credited.
- 7.3 Without prejudice to the generality of this paragraph 7, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (approximately £13,000). If, in such circumstances, you use a building society cheque or banker's draft you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp. If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and payor an original or copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of two of the following documents, no more than 3 months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressee's risk) together with a signed declaration as to the relationship between the payor and you, the applicant.
- 7.4 For the purpose of the Money Laundering Regulations, a person making an application for Ordinary Shares will not be considered as forming a business relationship with either the Company or with the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent.
- 7.5 The person(s) submitting an application for Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).
- 7.6 If the Application Form is lodged with payment by a regulated financial services firm (being a person or institution) (the "**Firm**") which is located in Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Guernsey, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, the Republic of South Africa, Spain, Sweden, Switzerland, the United Kingdom and the United States, the Firm should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Company (or any of its agents). If the Firm is not such an organisation, it should contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6AH. To confirm the acceptability of any written assurance referred to above, or in any other case, the applicant should call Computershare Investor Services PLC on +44(0) 370 707 4040. Lines are open on business days between 8.30 a.m. and 5.30 p.m. (London Time) Monday to Friday. Calls may be recorded and randomly monitored for security and training purposes. Please note that the Receiving Agent cannot provide advice on the merits of the Issue nor give any financial, legal or tax advice.
- 7.7 The Receiving Agent may undertake electronic searches for the purposes of verifying your identity. To do so the Receiving Agent may verify the details against your identity, but may also request further proof of your identity. The Receiving Agent reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.

8 **NON UNITED KINGDOM, CHANNEL ISLANDS AND ISLE OF MAN INVESTORS**

- 8.1 If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom, the Channel Islands and the Isle of Man, you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite

- governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
- 8.2 Unless otherwise expressly agreed with the Company, persons (including, without limitation, custodians, nominees and trustees) receiving this Prospectus should not distribute or send it to US Persons or in or into the United States, Australia, Canada, Japan, New Zealand or South Africa, their respective territories or possessions or any other jurisdiction, or to any other person, where to do so would or might contravene local securities laws or regulations.
- 8.3 None of the Ordinary Shares has been or will be registered under the laws of Canada, Japan, the Republic of South Africa, Australia, Singapore or under the US Securities Act or with any securities regulatory authority of any state or other political subdivision of the United States, Canada, Japan, the Republic of South Africa, Singapore or Australia. Accordingly, unless an exemption under such act or laws is applicable, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, into or within Canada, Japan, the Republic of South Africa, Australia, Singapore or the United States (as the case may be). If you subscribe for Ordinary Shares you will, unless the Company and the Registrar agree otherwise in writing, represent and warrant to the Company that you are not a U.S. Person or resident of Canada, Japan, the Republic of South Africa, Australia or the United States or a corporation, partnership or other entity organised under the laws of the United States or Canada (or any political subdivision of either) or Japan, the Republic of South Africa or Australia and that you are not subscribing for such Ordinary Shares for the account or benefit of any U.S. Person or any resident of the United States, Canada, Japan, the Republic of South Africa or Australia and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into the United States, Canada, Japan, or Australia or to any resident of the United States, Canada, Japan, the Republic of South Africa or Australia. No application will be accepted if it shows the applicant or a payor having an address in the United States, Canada, Japan, the Republic of South Africa or Australia.
- 8.4 The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares pursuant to the Offer for Subscription if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

9 DATA PROTECTION

- 9.1 Each applicant acknowledges that it has been informed that, pursuant to the EU General Data Protection Regulation 2016/679 ("**EU GDPR**") and/or the EU GDPR as it forms part of the domestic law of the United Kingdom by virtue of the European Union Withdrawal Act 2018 ("**UK GDPR**") and the UK Data Protection Act 2018 (as amended from time to time) (the "**DP Legislation**") the Company and/or the Registrar may hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data may be retained on record for a reasonable period after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company's privacy notice, which is available for review on the Company's website www.aquila-energy-efficiency-trust.com (the "**Privacy Notice**"), including for the purposes set out below (collectively, the "**Purposes**"), being to:
- (a) process the personal data to the extent and in such manner as is necessary for the performance of its obligations under its service contract, including as required by or in connection with the applicant's holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (b) communicate with the applicant as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
 - (c) to comply with the legal and regulatory obligations of the Company, and/or the Registrar; and
 - (d) process the personal data for the Registrar's internal administration.
- 9.2 In order to meet the Purposes, it will be necessary for the Company and the Registrar to provide personal data to:
- (a) third parties located either within, or outside of the United Kingdom (or the EEA, to the extent that the EU GDPR applies in respect of the personal data being shared), if necessary for the Registrar to perform its functions, or when it is necessary for its legitimate interests,

and in particular in connection with the holding of Ordinary Shares; or

- (b) its affiliates, the Company (in the case of the Registrar) or the Investment Adviser and their respective associates, some of which may be located outside of the United Kingdom (or the EEA, to the extent that the EU GDPR applies in respect of the personal data being shared).
- 9.3 Any sharing of personal data by the Company or the Registrar with other parties will be carried out in accordance with the DP Legislation and as set out in the Company's Privacy Notice.
- 9.4 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined in the DP Legislation). In providing the Registrar with information, each applicant hereby represents and warrants to the Registrar that it has: (i) notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice and any other data protection notice which has been provided by the Company and/or the Registrar; and (ii) where consent is legally required under applicable DP Legislation, it has obtained the consent of any data subject to the Registrar and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 9).
- 9.5 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the applicant is a natural person he or she has read and understood the terms of the Company's Privacy Notice.
- 9.6 Each applicant acknowledges that by submitting personal data to the Registrar (acting as agent on behalf of the Company) where the applicant is not a natural person it represents and warrants that:
- (a) it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for Ordinary Shares; and
 - (b) the applicant has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.
- 9.7 Where the applicant acts for or on behalf of an underlying data subject or otherwise discloses the person data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Offer for Subscription:
- (a) comply with all applicable data protection legislation;
 - (b) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to, the personal data;
 - (c) if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
 - (d) it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the applicant to comply with the provisions set out above.

10 UNITED STATES

- 10.1 The Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered or sold, re-sold, taken up, transferred, delivered or distributed, directly or indirectly, in or into the United States absent registration or an exemption from registration under the U.S. Securities Act. There will be no public offering of securities in the United States
- 10.2 Accordingly, the Company is not extending the Offer for Subscription into the United States or to U.S. Persons, and neither the Prospectus nor the Offer for Subscription Application Form constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Ordinary Shares in the United States. Neither the Prospectus nor an Offer for

Subscription Application Form, will be sent to, and no Ordinary Shares will be credited to any applicant with a registered address in the United States. Offer for Subscription Application Forms sent from or postmarked in the United States will be invalid and all persons acquiring Ordinary Shares and wishing to hold such Ordinary Shares in registered form must provide an address for registration of the Ordinary Shares issued upon exercise thereof outside the United States.

- 10.3 Any person who acquires Ordinary Shares under the Offer for Subscription declares, warrants and agrees, by accepting delivery of the Prospectus or the Offer for Subscription Application Form and delivery of the Ordinary Shares, that they are not a U.S. Person, and that at the time of acquiring the Ordinary Shares they will not be, in the United States nor acting on behalf of, or for the account or benefit of a U.S. Person.
- 10.4 The Company reserves the right to treat as invalid any Offer for Subscription Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States, or that provides an address in the United States for the receipt of Ordinary Shares, or where the Company believes acceptance of such Offer for Subscription Application Form may infringe applicable legal or regulatory requirements.
- 10.5 The Company will not be bound to allot or issue any Ordinary Shares to any person with an address in, or who is otherwise located in, the United States in whose favour an Offer for Subscription Application Form or any Ordinary Shares may be transferred. In addition, the Company and Peel Hunt reserve the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the Ordinary Shares.

11 MISCELLANEOUS

- 11.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.
- 11.2 The rights and remedies of the Company and the Receiving Agent under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 11.3 The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 11.00 a.m. (London Time) on 27 May 2021. In that event, the new closing time and/or date will be notified through an RIS.
- 11.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest at the risk of the applicant.
- 11.5 You agree that Peel Hunt and the Receiving Agent are acting for the Company in connection with the Issue and no-one else and that none of Peel Hunt and the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Offer for Subscription or for providing the protections afforded to their customers.
- 11.6 The dates and times referred to in these Terms and Conditions of the Offer for Subscription may be altered by the Company, including but not limited to so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 11.7 Save where the context requires otherwise, terms used in these terms and conditions of application bear the same meaning as where used elsewhere in this Prospectus.

DEFINITIONS

Administration Agreement	means the agreement between the Administrator and the Company dated 10 May 2021 as described in paragraph 11 of Part IX of this Prospectus
Administrator	means PraxisIFM Fund Services (UK) Limited in its capacity as the Company's administrator
Admission	means admission of the Ordinary Shares to the Official List of the FCA (premium listing) and admission of the Ordinary Shares to trading on the main market for listed securities of the London Stock Exchange
Advanced Pipeline	means the assets described in Part III of this Prospectus which have been identified by the Investment Adviser as being in line with the Investment Policy and available for purchase as at the date of this Prospectus
Affiliate	means, with respect to an entity, any other entity that, directly or indirectly, controls, is under common control with, or is controlled by such entity. For the purposes of this definition, control (including, with its correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any entity, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities or by contract or otherwise
AGM	means the annual general meeting of the Company
AIC	means the Association of Investment Companies
AIC Code	means the AIC Code of Corporate Governance, as amended from time to time
AIFM	means IFM in its capacity as the Company's alternative investment fund manager for the purposes of the EU AIFM Directive or the UK AIFMD Laws (as applicable)
AIFM Agreement	means the agreement between the AIFM and the Company dated 10 May 2021 pursuant to which the AIFM has agreed to provide risk management and portfolio management services to the Company a summary of which is set out in paragraph 11 of Part IX of this Prospectus
Allocation Policy	means the allocation policy of the Investment Adviser as described in Part V of this Prospectus, as amended from time to time
Applicant	means a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Application Form
Application	means the offer made by an Applicant by completing an Application Form and posting it to the Receiving Agent
Application Form	means the application form in connection with the Offer for Subscription which is attached to this Prospectus at Annex 1
Aquila Group	means Aquila and any of its Affiliates from time to time
Aquila Managed Funds	means funds, finance vehicles or accounts managed or advised by Aquila or the Aquila Group
Aquila or Aquila Capital	means Aquila Capital Investmentgesellschaft mbH
Articles or	means the articles of association of the Company, as amended from time to time

Articles of Association

Audit and Risk Committee	means the committee of the Board as further described in Part V of this Prospectus
Auditor	means the auditors from time to time of the Company, the current such auditors being PricewaterhouseCoopers LLP
BaFin	means the German Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>)
Board	means the board of Directors
Business Day	means a day on which the London Stock Exchange and banks in London are normally open for business
Business Hours	means the hours between 9.00 a.m. and 5.30 p.m. (London Time) on any Business Day
C Shares	means C shares of ten pence (£0.10) each in the capital of the Company having the rights and being subject to the restrictions set out in the Articles
Combined Pipeline	means the Advanced Pipeline and the Follow On Pipeline
Companies Act	means the Companies Act 2006, as amended from time to time
Company	means Aquila Energy Efficiency Trust PLC
Conversion	means the conversion of any tranche of C Shares into Ordinary Shares and Deferred Shares as described in paragraph 10.50 of Part IX of this Prospectus
Counterparty	means a third party that the Company or a member of its Group enters into a contract or relationship with in respect of Energy Efficiency Investments including, but not limited to, O&M Contractors, energy service companies and offtakers
CREST	means the computerised settlement system operated by Euroclear UK and Ireland Limited which facilitates the transfer of title to shares in uncertificated form
CTA 2010	means the Corporation Tax Act 2010, as amended from time to time
Data Protection Legislation	means any law applicable from time to time relating to the processing of personal data and/or privacy, as in force at the date of this Prospectus or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation the UK Data Protection Act 2018, the General Data Protection Regulation (EU) 2016/679, the General Data Protection Regulation (EU) 2016/679 as it forms part of the domestic law of the United Kingdom by virtue of the European Union Withdrawal Act 2018 and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case including any legally binding regulations, direction and orders issued from time to time under or in connection with any such law
Delegated Authority	means the authority given by the Board to the AIFM, as described in the "Investment Decisions" paragraph of Part IV of this Prospectus
Directors	means the directors from time to time of the Company and Director is to be construed accordingly
Disclosure Guidance and	means the disclosure guidance and the transparency rules made by the FCA under Part VI of the FSMA, as amended from time to time

Transparency Rules

EEA	means European Economic Area
Energy Efficiency Investments	means energy efficiency projects which fall within the Company's Investment Policy as set out in Part IV of this Prospectus
EPC	means engineering, procurement and construction contract
ERISA	means the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulation promulgated thereunder
ESG	means Environmental, Social and Governance
EU	means the European Union
EU 27	means the 27 member states of the EU as at 7 May 2021, being the last practicable date prior to publication of this Prospectus
EU AIFM Directive	means Directive 2011/61/EU of the European Parliament and of the Council, as amended from time to time including pursuant to Directive 2019/1160/EU and Directive 2019/1156/EU
EU Prospectus Regulation	means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
Euro Quote	means the London Stock Exchange quote of the Ordinary Shares in Euros
Europe	means the EEA, Switzerland and the United Kingdom
Euros or €	means the lawful currency of the Eurozone countries
Eurozone	means the geographical and economic region that consists of all the EU member states that have fully incorporated the Euro as their national currency
FATCA	means the United States Foreign Account Tax Compliance Act of 2010, as amended from time to time, and the rules and regulations promulgated thereunder
FCA	means the United Kingdom Financial Conduct Authority or any successor entity or entities
Follow On Pipeline	means the assets described in Part III of this Prospectus which have been identified by the Investment Adviser as being in line with the Investment Policy, which are expected to be available for investment after 30 June 2022, as defined in Part III of this Prospectus
FSMA	means the Financial Services and Markets Act 2000, as amended from time to time
Further Admission	means any admission of the Ordinary Shares and/or C Shares to the premium segment of the Official List of the FCA and admission of the Ordinary Shares and/or C Shares to trading on the main market for listed securities of the London Stock Exchange, in each case in accordance with the Placing Programme and pursuant to a Subsequent Placing
GFSC	means the Guernsey Financial Services Commission
Gross Asset Value	means the aggregate of (i) the fair value of the Company's underlying investments (whether or not subsidiaries), valued on an unlevered, discounted cash flow basis,

(ii) the Company's proportionate share of the cash balances and cash equivalents of assets and non-subsidiary companies in which the Company holds an interest and (iii) other relevant assets of the Company (including cash) valued at fair value (other than third party borrowings) to the extent not included in (i) or (ii) above

Gross Issue Proceeds	means the proceeds of the Issue, being the product of the number of Ordinary Shares issued pursuant to the Issue and the Issue Price
Group	means the Company and its subsidiaries, including SPVs and holding vehicles
GW	means gigawatt
HMRC	means Her Majesty's Revenue and Customs
IAS	means International Accounting Standards
IFM	means International Fund Management Limited, a limited liability company incorporated on 3 September 1987 in Guernsey (registered under Companies (Guernsey) Law, 2008 under registered number 17484) with registered address Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4NA, with telephone number +44 (0)1481 737600
IFRS	means international financial reporting standards
Initial Placing	means the proposed placing of Ordinary Shares at the Issue Price as described in this Prospectus on the terms and subject to the conditions set out in the Placing Agreement and this Prospectus
Intermediaries	means the entities listed in paragraph 16.1 of Part IX of this Prospectus, together with any other intermediary (if any) that is appointed by the Company in connection with the Intermediaries Offer after the date of this Prospectus and "Intermediary" shall mean any one of them
Intermediaries Offer	means the offer of Ordinary Shares by the Intermediaries to retail investors
Intermediaries Offer Adviser	means Peel Hunt
Intermediaries Terms and Conditions	means the terms and conditions agreed between Peel Hunt, the Company and the Intermediaries in relation to the Intermediaries Offer
Investment Adviser	means Aquila
Investment Advisory Agreement	means the agreement between the AIFM and the Investment Adviser dated 10 May 2021 pursuant to which the AIFM has appointed Aquila to provide investment advisory services to the AIFM a summary of which is set out in paragraph 11 of Part IX of this Prospectus
Investment Policy	means the investment policy of the Company from time to time, the current version of which is set out in Part IV of this Prospectus
IPO	means the initial public offering of the Company comprising the Issue
ISA	means UK individual savings account
ISIN	means the International Securities Identification Number
Issue	means the issue of Ordinary Shares pursuant to the Initial Placing, Offer for

	Subscription and Intermediaries Offer
Issue Costs	means the formation and Issue expenses as detailed in Part V of this Prospectus
Issue Price	means £1.00 per Ordinary Share
LEI	means legal entity identifier
Letters of Appointment	means the letters of appointments of each of the Directors as described in Part IX of this Prospectus
Level 2 Regulation	means the current draft of Commission Delegated Regulation (EU) [No .../..] of [XXX] supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability-related disclosures in the financial services sector with regard to regulatory technical standards specifying the content, methodologies and presentation of information in relation to sustainability indicators and the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, websites and periodic reports
Listing Rules	means the listing rules made by the FCA under section 73A of FSMA, as amended from time to time
London Stock Exchange	means London Stock Exchange plc
Main Market	means the main market of the London Stock Exchange
Management Engagement Committee	means the committee of the Board as described in Part V of this Prospectus
Management Shares	means redeemable preference shares of £1 each in the capital of the Company
Member States or EEA State	means those states which are members of the EEA from time to time
Minimum Net Proceeds	means £93.1 million
Money Laundering Regulations	means the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended from time to time
MWh	means megawatt hours
Net Asset Value or NAV	means total assets less outstanding third-party borrowings calculated in accordance with the Company's valuation policies and as described in 0 of this Prospectus
Net Issue Proceeds	means the Gross Issue Proceeds minus the Issue Costs
Nomination Committee	means the committee of the Board as described in Part V of this Prospectus
O&M Agreement	means an agreement between the Company, or relevant member of the Group, and the relevant O&M Contractor for the provision of services in relation to the ongoing operation and maintenance of the relevant Energy Efficiency Investment
O&M Contractor	means the contractor appointed by the Company or the relevant member of the

	Group to perform services in relation to the ongoing operation and maintenance of the relevant Energy Efficiency Investment
Offer for Subscription	means the offer for subscription to the public in the UK, the Channel Islands and the Isle of Man of Ordinary Shares to be issued at a price of £1.00 each on the terms set out in Part XI of this Prospectus and the Application Form
Official List	means the official list maintained by the FCA under Part VI of FSMA
Ordinary Shares	means ordinary shares of one pence each in the capital of the Company
Peel Hunt	means Peel Hunt LLP of 7th Floor 100 Liverpool Street, London, England, EC2M 2AT, the Company's sponsor, bookrunner and intermediaries offer adviser
Placed Shares	means the Ordinary Shares subscribed for under the Initial Placing and any Ordinary Shares and/or C Shares subscribed for under any Subsequent Placing
Placee	means a placee under the Placing
Placing	means the Initial Placing and each Subsequent Placing
Placing Agreement	means the placing agreement between the Company, the Directors, the Investment Adviser and Peel Hunt dated 10 May 2021, a summary of which is set out in paragraph 11 of Part IX of this Prospectus
Placing Programme	means the proposed programme of placings in the period following the date of Admission to the date falling twelve months from the date of this Prospectus
Placing Programme Price	means such price at which the Ordinary Shares and/or C Shares will be issued to Placees under the Placing Programme, as shall be determined by the Directors
Prospectus	means this prospectus, including the appendices
Prospectus Regulation Rules	means the prospectus regulation rules made by the FCA under section 73A of FSMA, as amended from time to time
PV	means photovoltaic
Receiving Agent Agreement	means receiving agent agreement between the Company and the Receiving Agent dated 10 May 2021, a summary of which is set out in paragraph 11 of Part IX of this Prospectus
Receiving Agent or Computershare	means Computershare Investor Services PLC
Registrar	means Computershare Investor Services PLC
Registrar Agreement	means the registrar agreement between the Company and the Registrar dated 10 May 2021, a summary of which is set out in paragraph 11 of Part IX of this Prospectus
Regulated Market	has the meaning given to it in the FCA Handbook
Regulation S	means Regulation S promulgated under the U.S. Securities Act
Regulatory Information Services	means a regulatory information service approved by the FCA and on the list of Regulatory Information Services maintained by the FCA
Remuneration Committee	means the committee of the Board as described in Part V of this Prospectus

Reporting Accountant	means PricewaterhouseCoopers LLP
Restricted Jurisdiction	means any jurisdiction where the extension or availability of the Issue or any Subsequent Placing would breach applicable law
SEDOL	means the Stock Exchange Daily Official List
SFDR	means Regulation (EU) 2019/2088 of the European Parliament of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector
Shareholder	means a registered holder of any shares in the Company
SIPP	means self-invested personal pension
Sponsor	means Peel Hunt LLP
SPV	means special purpose vehicle
SSAS	means small self-administered scheme
Sterling and £	means the lawful currency of the United Kingdom and any replacement currency thereto
Sterling Quote	means the London Stock Exchange quote of the Ordinary Shares in Sterling
Subsequent Placing	means the proposed placing of Ordinary Shares and/or C Shares at the Placing Programme Price as described in this Prospectus on the terms and subject to the conditions set out in the Placing Agreement and this Prospectus
Sustainability Factor	means, within the scope of Article 2(24) of the SFDR, environmental, social and employee matters, respect for human rights, anti - corruption and anti - bribery matters
Sustainability Risk	means, within the scope of Article 2(22) of the SFDR, an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment
Sustainable Investment	means, within the scope of Article 2(17) of the SFDR, an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance
Taxonomy Regulation	means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment
Terminal Value	means the value of a project, asset or business beyond the period of forecasted cash flows
Trade Mark	means the trade mark licence between the Company and the Investment Adviser

Licence	dated 10 May 2021, a summary of which is set out in paragraph 11 of Part IX of this Prospectus
U.K. Corporate Governance Code	means the Financial Reporting Council's UK Corporate Governance Code 2018, as amended from time to time
UK AIFMD Laws	means (i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and any other implementing measure which operated to transpose the EU AIFM Directive in to UK law, as amended and supplemented from time to time; and (ii) the UK versions of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 and any other delegated regulations in respect of the EU AIFM Directive, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as further amended and supplemented from time to time
U.K. Market Abuse Regulation or UK MAR	means Regulation (EU) No 596/2014 of the European Parliament and of the Council on 16 April 2014 on market abuse, as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time
U.K. MiFID II	means Regulation (EU) No 600/2014 of the European Parliament, as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by: (a) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (b) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (c) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (d) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019
U.K. or United Kingdom	means the United Kingdom of Great Britain and Northern Ireland
U.K. PRIIPs Regulation	means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products and its implementing and delegated acts, as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by The Packaged Retail and Insurance-based Investment Products (Amendment) (EU Exit) Regulations 2019, as amended from time to time
U.K. Prospectus Regulation	means Regulation (EU) 2017/1129 and amendments thereto as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018
U.S. Exchange Act	means the United States Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder
U.S. Investment Company Act	means the United States Investment Company Act of 1940, as amended from time to time, and the rules and regulations promulgated thereunder
U.S. Person	means a "U.S. person" as defined in Regulation S
U.S. Securities Act	means the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
U.S. Tax Code	means the United States Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder
United States or U.S.	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

Valuation Policy means the valuation policy of the Company adopted by the Board, as amended from time to time

NOTES ON HOW TO COMPLETE THE APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION

Applications should be returned to the Receiving Agent, Computershare Investor Services PLC, so as to be received no later than 11:00 a.m. (London Time) on 27 May 2021.

HELP DESK: If you have a query concerning completion of this Application Form please call Computershare on 0370 703 0020 from within the UK or on +44(0) 370 707 4040 if calling from outside the UK. Calls may be recorded and randomly monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London Time) Monday to Friday excluding UK public holidays). The helpline cannot provide advice on the merits of the Offer for Subscription nor give any financial, legal or tax advice.

1. APPLICATION

Fill in (in figures) in Box 1 the number of Ordinary Shares that you wish to subscribe for at the Issue Price, which is £1.00 per Ordinary Share. The amount being subscribed for must be a minimum of £1,000.

Financial intermediaries who are investing on behalf of clients should make separate applications in respect of each client or, if making a single application for more than one client, should provide details of all clients in respect of whom application is made, in order to benefit most favourably from any scaling back (should this be required) and/or from any commission arrangements.

2A. HOLDER DETAILS

Fill in (in block capitals) the full name and address of each holder. Applications may only be made by persons aged 18 years or over.

In the case of joint holders, only the first named holder may bear a designation reference, and the address given for the first named holder will be entered as the registered address for the holding on the share register and used for all future correspondence.

A maximum of four joint holders is permitted. All holders named must sign at section 3.

2B. CREST

If you wish your Ordinary Shares to be deposited in a CREST Account in the name of the holders given in section 2A, you should enter the details of that CREST Account in section 2B. Where it is requested that Ordinary Shares be deposited into a CREST Account, please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued.

3. SIGNATURE

All holders named in section 2A must sign section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (originals will be returned by post at the addressee's risk).

A corporation should sign under the hand of a duly authorised official, whose representative capacity should be stated. A copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

4. SETTLEMENT

(a) Electronic bank transfers

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 11:00 a.m. on 27 May 2021. Please contact Computershare by email at: AquilaOffer@Computershare.co.uk quoting "Aquila Energy" for full bank details or telephone the Shareholder helpline on 0370 707 4040 from within the UK or on +44 (0)370 707 4040 if calling from outside the UK for further information. Computershare will then provide you with a unique reference number which must be used when sending payment.

(b) CREST settlement

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from the date of Admission

(the "**Settlement Date**"). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Receiving Agent will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for the Receiving Agent to match to your CREST Account, the Receiving Agent will deliver your Ordinary Shares in certificated form (provided that payment has been made in terms satisfactory to the Company).

The right is reserved to issue your Ordinary Shares in certificated form if the Company, having consulted with the Receiving Agent, considers this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or of the facilities and/or system operated by the Receiving Agent in connection with CREST.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST Account) must be: (i) the person procured by you to subscribe for or acquire the relevant Ordinary Shares; or (ii) yourself; or (iii) a nominee of any such person or yourself, as the case may be. Neither the Receiving Agent nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. The Receiving Agent, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to our CREST input will allow the delivery of your Ordinary Shares to your CREST Account against payment of the Issue Price per Share through the CREST system upon the Settlement Date.

By returning the Application Form, you agree that you will do all things necessary to ensure that your, or your settlement agent/custodian's, CREST Account allows for the delivery and acceptance of Ordinary Shares to be made prior to 8:00 a.m. on 2 June 2021 against payment of the Issue Price per Ordinary Share. Failure by you to do so will result in you being charged interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in Sterling plus two per cent. per annum.

To ensure that you fulfil this requirement, it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade Date:	28 May 2021
Settlement Date:	2 June 2021
Company:	Aquila Energy Efficiency Trust PLC
Security Description:	Ordinary Shares
SEDOL (Sterling)	BN6JYS7
SEDOL (Euros)	BL6K7R6
ISIN:	GB00BN6JYS78

Should you wish to settle by DVP, you will need to match your instructions to the Receiving Agent's Participant Account 3RA27 by no later than 11:00 a.m. on 27 May 2021.

You must also ensure that you have or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with the Receiving Agent, reserves the right to deliver Ordinary Shares outside CREST in certificated form (provided that payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer for Subscription have been satisfied).

5. RELIABLE INTRODUCER DECLARATION

Applications will be subject to the United Kingdom's verification of identity requirements. This means that you must provide the verification of identity documents listed in section 6 of the Application Form unless the declaration in section 5 is completed and signed by a firm acceptable to the Receiving Agent. In order to ensure that your application is processed timely and efficiently, you are strongly advised to have a suitable firm complete and sign the declaration in section 5.

6. IDENTITY INFORMATION

Applicants need only consider section 6 if the declaration in section 5 cannot be completed. However, even if the declaration in section 5 has been completed and signed, the Receiving Agent reserves the right to request of you the identity documents listed in section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are provided such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

7. CONTACT DETAILS

To ensure the efficient and timely processing of this application, please enter below the contact details of a person whom the Receiving Agent may contact with all enquiries concerning this application. Ordinarily, this contact person should be the person signing in section 3 on behalf of the first named holder. If no contact details are provided in this section 7 but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no contact details are provided in this section 7 and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS

Completed Application Forms should be returned either by post to Computershare Investor Services PLC (Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH) to the Receiving Agent (Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS13 8AE) so as to be received no later than 11:00 a.m. on 27 May 2021.

If you post your Application Form you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

APPENDIX 1 - APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION

Please send this completed form by post to Computershare Investor Services PLC (Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol, BS99 6AH) so as to be received no later than 11:00 a.m. on 27 May 2021.

The Company and Peel Hunt may agree to alter such date, and thereby shorten or lengthen the Offer for Subscription period. In the event that the Offer for Subscription period is altered, the Company will notify investors of such change.

Important: Before completing this form, you should read the Prospectus £1000 dated 10 May 2021, including Part XI ("Terms and Conditions of the Offer for Subscription") of the Prospectus, and the section titled "Notes on How to Complete the Offer for Subscription Application Form".

FOR OFFICIAL USE ONLY

Log No

Box 1 (minimum of £1000)

To: Aquila Energy Efficiency Trust PLC and the Receiving Agent

1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe the amount shown in Box 1 above for Ordinary Shares subject to the "Terms and Conditions of the Offer for Subscription" set out in the Prospectus dated 10 May 2021 and subject to the Articles of the Company in force from time to time.

2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) ORDINARY SHARES WILL BE ISSUED

(BLOCK CAPITALS)

1. Mr, Mrs, Miss or Title:	Forenames (in full):
Surname/Company Name:	
Address (in full):	
Postcode:	Designation (if any):
2. Mr, Mrs, Miss or Title:	Forenames (in full):
Surname/Company Name:	
Address (in full):	
Postcode:	Designation (if any):
3. Mr, Mrs, Miss or Title:	Forenames (in full):
Surname/Company Name:	
Address (in full):	
Postcode:	Designation (if any):
4. Mr, Mrs, Miss or Title:	Forenames (in full):
Surname/Company Name:	
Address (in full):	
Postcode:	Designation (if any):

2B. CREST ACCOUNT DETAILS INTO WHICH ORDINARY SHARES ARE TO BE DEPOSITED (IF APPLICABLE)

Only complete this section if Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 2A.

(BLOCK CAPITALS)

CREST Participant ID:

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CREST Member Account ID:

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3. SIGNATURE(S): ALL HOLDERS MUST SIGN

By completing section 3 below you are deemed to have read the Prospectus and agreed to the terms and conditions in Part XI (Terms and Conditions of the Offer for Subscription) of the Prospectus and to have given the warranties, representations and undertakings set out therein.

First Applicant Signature:	Date:
Second Applicant Signature:	Date:
Third Applicant Signature:	Date:
Fourth Applicant Signature:	Date:

Execution by a Company

Executed by (Name of Company):		Date:
Name of Director:	Signature:	Date:
Name of Director/Secretary:	Signature:	Date:
If you are affixing a company seal, please mark a cross <div style="text-align: center;"><input type="checkbox"/></div>	Affix Company Seal here:	

4. SETTLEMENT

4A. ELECTRONIC BANK TRANSFER

If you are subscribing for Ordinary Shares and sending subscription monies by electronic bank transfer, payment must be made for value by 1:00 p.m. on 1 June 2021. Please contact Computershare by email at AquilaOffer@Computershare.co.uk quoting "Aquila Energy" for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending payment.

Please enter below the following details including the bank you will be instructing to make payment by 11:00 a.m. on 27 May 2021, together with the name and number of the account to be debited with such payment and the branch contact details.

SWIFT Code:	IBAN:
Account Name:	Bank Name and Address:

4B. SETTLEMENT BY DELIVERY VERSUS PAYMENT ("DVP")

Only complete this section if you choose to settle your application within CREST (i.e. by DVP).

Please indicate the CREST Participant ID from which the DEL message will be received by the Receiving Agent for matching, which should match that shown in section 2B above, together with the relevant Member Account ID.

(BLOCK CAPITALS)

CREST Participant ID:

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CREST Member Account ID:

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You or your settlement agent/custodian's CREST Account must allow for the delivery and acceptance of Ordinary Shares to be made against payment at the Issue Price per Share, following the CREST matching criteria set out below:

Trade Date:	28 May 2021
Settlement Date:	2 June 2021
Company:	Aquila Energy Efficiency Trust PLC
Security Description:	Ordinary Shares
SEDOL (Sterling)	BN6JYS7
SEDOL (Euros)	BL6K7R6
ISIN:	GB00BN6JYS78

Should you wish to settle by DVP, you will need to match your instructions to the Receiving Agent's Participant Account 3RA27 by no later than 11:00 a.m. on 27 May 2021.

You must also ensure that you or your settlement agent/custodian have a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/their own daily trading and settlement requirements.

5. RELIABLE INTRODUCER DECLARATION

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself subject in its own country to operation of 'know your customer' and anti-money laundering regulations which are no less stringent than those which prevail in the United Kingdom.

DECLARATION:

To the Company and the Receiving Agent

With reference to the holder(s) detailed in section 2A, all persons signing at section 3, and the payor identified in section 6 if not also a holder (collectively the "subjects"), WE HEREBY DECLARE:

- (1) we operate in the United Kingdom, or in a country where money laundering regulations under the laws of that country are, to the best of our knowledge, no less stringent than those which prevail in the United Kingdom and our firm is subject to such regulations;
- (2) we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- (3) each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- (4) we confirm the accuracy of the names and residential business address(es) of the holder(s) given at section 2A and if a CREST Account is cited at section 2B that the owner thereof is named in section 2A;
- (5) having regard to all local anti-money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares mentioned; and

- (6) if the payor and holder(s) are different persons, we are satisfied as to the relationship between them and the reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed:	Name:	Position:
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Name of regulatory authority:	Firm's licence number:
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Website address or telephone number of regulatory authority:
STAMP of firm giving full name and business address:

6. IDENTITY INFORMATION

If the declaration in section 5 cannot be signed and the value of your application is greater than €15,000 (approximately £13,000), please enclose with the Application Form the documents mentioned below, as appropriate. Please also tick the relevant box to indicate which documents you have enclosed, all of which will be returned by the Receiving Agent to the first named applicant.

In accordance with internationally recognised standards for the prevention of money laundering, the documents and information set out below must be provided:

	Tick here for documents provided				
	Holders				Payor
A. For each holder being an individual, enclose:					
(1) an original or a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and					
(2) an original or certified copies of at least two of the following documents no more than 3 months old which purport to confirm that the address given in section 2A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and					
(3) if none of the above documents show their date and place of birth, enclose a note of such information; and					
(4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.					
B. For each holder being a company (a "holder company"), enclose:					
(1) a certified copy of the certificate of incorporation of the holder company; and					

	Tick here for documents provided				
	Holders				Payor
(2) the name and address of the holder company's principal bankers from which the Receiving Agent may request a reference, if necessary; and					
(3) a statement as to the nature of the holder company's business, signed by a director; and					
(4) a list of the name and the residential address of each director of the holder company; and					
(5) for each director provide documents and information similar to that mentioned in A above; and					
(6) a copy of the authorised signatory list for the holder company; and					
(7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.					
C: For each person named in B(7) as a beneficial owner of a holder company, enclose for each such person documentation and information similar to that mentioned in A(1) to (4).					
D. For each beneficiary company named in B(7) as a beneficial owner of a holder company, enclose:					
(1) a certified copy of the certificate of incorporation of that beneficiary company; and					
(2) a statement as to the nature of that beneficiary company's business signed by a director; and					
(3) the name and address of that beneficiary company's principal bankers from which the Receiving Agent may request a reference, if necessary; and					
(4) a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.					
E. If the payor is not a holder and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 5 of the notes on how to complete this form, below), enclose:					
(1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or					
(2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and					
(3) an explanation of the relationship between the payor and the holder(s).					

The Receiving Agent reserves the right to ask for additional documents and information.

7. CONTACT DETAILS

To ensure the efficient and timely processing of this application, please enter below the contact details of a person whom the Receiving Agent may contact with all enquiries concerning this application. Ordinarily,

this contact person should be the person signing in section 3 on behalf of the first named holder. If no contact details are provided in this section 7 but a regulated person is identified in section 5, the Receiving Agent will contact the regulated person. If no contact details are provided in this section 7 and no regulated person is named in section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:

E-mail address:

Contact address:

Telephone No:

Postcode:

APPENDIX 2 - SUSTAINABILITY RELATED DISCLOSURES

Introduction

The Company intends to invest at least partially in Sustainable Investments. The Company promotes environmental or social characteristics but does not have Sustainable Investment as its objective. The Company has not designated a benchmark for the purpose of attaining the environmental or social characteristics promoted by the Company.

What environmental and/or social characteristics are promoted by this financial product?

The environmental characteristics promoted by the Company are focussed on energy efficiency, with investments seeking to reduce primary energy consumption, reduce CO₂ emissions and in many cases deliver economic savings and other benefits to the counterparties, including improved air quality. The Company invests in assets the Investment Adviser has identified as energy efficiency investments. These are defined as for the purposes of the Company as investments:

- in the installation, in the built environment, transportation industry and other sectors of the economy, of proven technologies and solutions such as energy efficient lighting, cogeneration plants, heating, ventilation and air conditioning (HVAC) systems, efficient boilers, solar photo voltaic plants, batteries, other energy storage solutions, electric vehicles and associated charging infrastructure as well as;
- in the acquisition of majority or minority shareholdings in companies with a strategy that aligns with the Company's investment objective, such as developers, operators or managers of energy efficiency projects,

(together "Energy Efficiency Investments").

There are significant number of sustainability indicators which may be used in respect of any particular investment and full details of the measures the Investment Adviser may use are set out in the ESG Policy.

For the Company, the Investment Adviser will, for every project, consider the potential energy savings and energy production respectively as well as CO₂ emission savings. Total CO₂ emission savings will be calculated and the number of trees that would need to be planted to achieve an equivalent CO₂ saving will be determined. These measures could be replaced by other similar measures that are considered to be more appropriate by the Investment Adviser in certain circumstances.

What investment strategy does this financial product follow?

The investment strategy used to attain the environmental or social characteristics promoted by the Company is detailed in the Company's Investment Policy and further explained in detail in the "What environmental and/or social characteristics are promoted by the financial product?" section above.

The Company will invest predominantly in a diversified portfolio of Energy Efficiency Investments located in Europe, with private and public sector counterparties. The Company will seek to diversify across both geographies and technologies.

All elements of the strategy to invest in Energy Efficiency Investments are binding on the Company, as these are set out in the Investment Policy of the Company. After an investment has been successfully made ongoing monitoring is carried out both at portfolio level and at asset level by the responsible risk management functions. The aim of ongoing monitoring is to identify, monitor and minimise Sustainability Risks over the entire term of the investment.

The Investment Adviser has a structured screening, due diligence and investment process. This process is designed to ensure that investments are reviewed and compared on a consistent basis. Execution of this process is facilitated by the team's deep experience in energy infrastructure investing.

The Investment Adviser puts an emphasis on the demonstration of strong governance during the due diligence process. In doing so, the respective regional specifics of the assets are taken into account.

Additional information on how the Investment Adviser integrates sustainability into its investment process to ensure that it is applied on a continuous basis, and in particular its approach to due diligence and ongoing monitoring of investments, can be found at www.aquila-capital.com.

What is the asset allocation planned for this financial product?

As explained in the Investment Policy of the Company, the Company will invest predominantly in a diversified portfolio of Energy Efficiency Investments located in Europe, with private and public sector

counterparties.

The Company will make Energy Efficiency Investments in operational, ready-to-build or under construction assets. The Company may, when making Equity Investments, through such investments, indirectly hold investments that are in the development phase. The Company will acquire controlling and, opportunistically, non-controlling interests in Energy Efficiency Investments and may use a range of investment instruments in the pursuit of its investment objective, including but not limited to equity, mezzanine or debt investments. The Company will hold its investments directly or through one or more SPVs and the investment restrictions will be applied on a look-through basis.

Following full investment, the Company's portfolio will comprise no fewer than ten Energy Efficiency Investments.

As a result of the Company's focus on Energy Efficiency Investments, it will hold Sustainable Investments. These investments, the proportion of these investments and, as such, the description of how these investments contribute to a Sustainable Investment objective, will change over time. These investments contribute to Sustainable Investment by focussing on energy efficiency and in particular assets which seek to reduce primary energy consumption, reduce CO₂ emissions and in many cases deliver economic savings and other benefits to the counterparties including improved air quality.

All assets are assessed with respect to their sustainability as part of the due diligence process to ensure that, while promoting Sustainable Investment in the area of energy efficiency, the principle of "do no significant harm" is taken into account. The investment decision is always based on the inclusion of sustainability criteria. If it becomes apparent that an investment under consideration could cause significant harm to the Sustainable Investment objectives, or there is no clear means to mitigate and improve the sustainability characteristics of an investment, the Company may not commit to that investment.

To the extent that the Company is not fully invested in Energy Efficiency Investments, it may hold cash for liquidity purposes and not for the attainment of the environmental characteristics of the Company. Minimum ESG safeguards will be applied by ensuring that cash is held across various well rated institutions.

In addition, the Company does not intend to use hedging or derivatives for investment purposes but may from time to time use derivative financial instruments such as futures, options, futures contracts and swaps (collectively "**Derivatives**") to hedge currency, inflation, interest rates, commodity prices and/or electricity prices.

The Derivatives will not be used as a means to promote the environmental characteristics of the Company, but the Company does consider minimum ESG safeguards, including that the Derivatives must be traded on a regulated market or by private agreement (OTC) entered into with first class financial institutions or reputable entities specialised in this type of transactions.

Does this financial product take into account principal adverse impacts on Sustainability Factors?

As part of its overall approach to the integration of Sustainability Risks into the decision-making process and management of the Company in its promotion of environmental characteristics, the Investment Adviser identifies and considers the principal adverse impacts on Sustainability Factors.

Further detail on the way in which the Investment Adviser considers such principal adverse impacts will be disclosed in alignment with the requirements of SFDR. In particular, the Investment Adviser shall produce a statement on due diligence policies with respect to principal adverse impacts of investment decisions on Sustainability Factors including:

- information on policies on the identification and prioritisation of principal adverse sustainability impacts and indicators;
- a description of the principal adverse sustainability impacts and of the actions taken and, where relevant, planned;
- brief summaries of engagement policies; and
- reference to the adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of alignment with the long-term global warming targets of the Paris Climate Agreement.

These will be provided during the course of 2021 and disclosures will be updated as relevant.

Can I find more product specific information online?

More product-specific information can be found on the Company's website at [aquila-energy-efficiency-](https://www.aquila-energy-efficiency.com)

trust.com and on the AIFM's website at www.intfundmanagement.com/.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Currently (as of 10 May 2021), no index is designated as a reference benchmark for determining the sustainability impact of the Company.