

TwentyFour Income Fund

Placing, Offer for Subscription and Open Offer and Placing Programme Prospectus 2016



Numis



TwentyFour
Asset Management

This document comprises a prospectus (the “**Prospectus**”) relating to TwentyFour Income Fund Limited (the “**Company**”) prepared in accordance with the Guernsey Prospectus Rules 2008 and the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 (“**FSMA**”) and made available to the public for the purposes of section 85 of FSMA. This Prospectus has been approved by and filed with the Financial Conduct Authority and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

Potential investors are recommended to seek advice from an independent financial adviser duly authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser before investing in the Company. Potential investors should read this entire document and in particular also consider the risk factors relating to the Company set out on pages 19 to 27 of this Prospectus.

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Schemes Rules 2015 issued by the Guernsey Financial Services Commission (“**GFSC**”). The GFSC, in granting registration, has not reviewed this document but has relied upon specific warranties provided by Northern Trust International Fund Administration Services (Guernsey) Limited.

TWENTYFOUR INCOME FUND LIMITED

(a non-cellular company limited by shares incorporated in the Island of Guernsey under the Companies (Guernsey) Law 2008, as amended, with registered number 56128 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Prospectus relating to the Placing, Offer for Subscription, Open Offer and Placing Programme of up to 300 million New Ordinary Shares of 1p each

Admission to the Official List and trading on the London Stock Exchange’s main market for listed securities of New Ordinary Shares of 1p each and Realisation Shares of 1p each

Numis Securities Limited as Sponsor, Broker and Financial Adviser

Neither the GFSC nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

The Company, whose registered office appears on page 87 of this Prospectus, and the Directors, whose names appear on pages 45 and 46 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

If you are in any doubt about the contents of this document you should consult your accountant, legal professional advisor or financial adviser.

Application will be made in due course to the Financial Conduct Authority for any New Ordinary Shares issued pursuant to this Prospectus and any Ordinary Shares that are redesignated as Realisation Shares to be admitted to the premium segment of the Official List. Application will also be made to the London Stock Exchange for all such Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission will occur, and that unconditional dealings in such shares will commence, at 8.00 a.m. on or around 8 March 2016. The International Security Identification Number (ISIN) for the New Ordinary Shares admitted to listing and trading is: GG00B90J5Z95 and for the Realisation Shares admitted to listing and trading is: GG00BYW8B177.

Prospective investors should read this entire document and, in particular, the matters set out under the heading “Risk Factors” on pages 19 to 27, when considering an investment in the Company.

The Ordinary Shares are not dealt in on any other Recognised Investment Exchange and no other such applications have been made or are currently expected.

Numis Securities Limited (“**Numis**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company in connection with the issue of Ordinary Shares as described in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Numis or for advising any such person in connection with the issue of Ordinary Shares as described in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by FSMA or the regulatory regime established thereunder, Numis accepts no responsibility whatsoever for the contents of this Prospectus or for any statement made or purported to be made by it or on its behalf in connection with the Company, the Portfolio Manager, the Ordinary Shares or the Realisation Shares. Numis accordingly disclaims all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company or Numis Securities Limited that would permit an offer of the Ordinary Shares or possession or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Shares described in this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or the securities laws of any states of the United States or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or their respective territories or possessions. Accordingly, the Shares may not (unless an exemption from such legislation or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or their respective territories or possessions. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors will not be entitled to the benefits of such legislation. Persons resident in territories other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of Shares.

In particular, the attention of persons resident in the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan is drawn to paragraph 19 of Part 11 of this Prospectus. This Prospectus does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Shares in any jurisdiction in which such offer or solicitation is unlawful.

The Company will not pay commission to third parties that advise investors to subscribe for Shares in the Company. In relation to the Placing Programme, the Shares will be issued to Placees at the Placing Programme Price and no commission will be paid to any third parties that advise investors in respect of such issues under the Placing Programme.

This document has been approved by the Financial Conduct Authority as a prospectus which may be used to offer securities to the public for the purposes of section 85 of FSMA and Directive 2003/71/EC. No arrangement has however been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions.

Phoenix Fund Services (UK) Limited, the Company’s AIFM, has notified the Financial Conduct Authority of its intention to market the Ordinary Shares in the UK in accordance with Regulation 57 of the AIFM Regulations.

29 January 2016

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SUMMARY

Summaries are made up of disclosure requirements known as “**Elements**”. These elements are numbered in sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for Ordinary Shares and the Company. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

It is possible that no relevant information can be given regarding a required Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

| Section A – Introduction and warnings | | |
|--|--|---|
| Element | Disclosure requirement | Disclosure |
| A.1 | Introduction and warning | This summary should be read as an introduction to the Prospectus. Any decision to invest in the New Ordinary Shares should be based on consideration of the Prospectus as a whole. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation of the summary but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or 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 New Ordinary Shares. |
| A.2 | Consent to use Prospectus in respect of the Issue and Placing Programme | Not applicable; no consent will be given for the use of this Prospectus for the subsequent resale or final placement of Shares by financial intermediaries. |

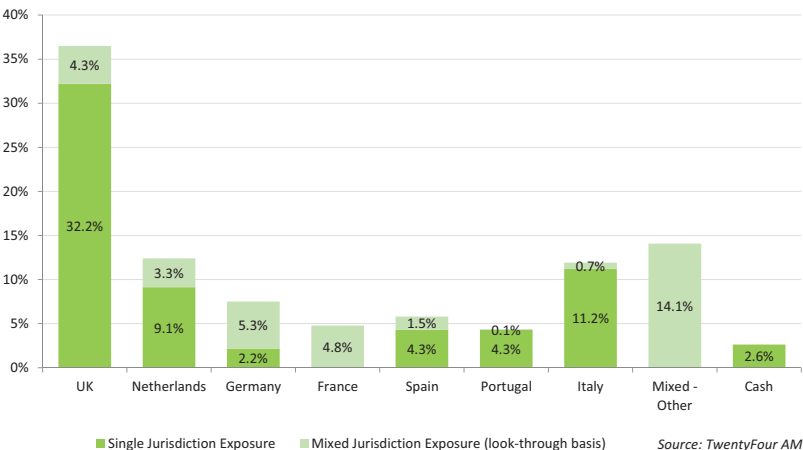
| Section B – Issuer | | | | | | | | | | | | | | | | | |
|---------------------------|--|--|--|---------------------------------------|--|-----------------|--|--|------------|--------|-------|-----------------|-------|-------|--------------|--------|-------|
| B.1 | Legal and commercial name | TwentyFour Income Fund Limited. | | | | | | | | | | | | | | | |
| B.2 | Domicile, legal form, legislation and country of incorporation | The Company is a non-cellular company limited by shares, incorporated in the Island of Guernsey under the Law and domiciled in Guernsey. | | | | | | | | | | | | | | | |
| B.5 | Group structure | Not applicable; the Company is not part of a group. | | | | | | | | | | | | | | | |
| B.6 | Notifiable interests, different voting rights and controlling interests | <p>As at the close of business on 27 January 2016, being the latest practicable date prior to the publication of this Prospectus, the Directors had beneficial interests in the following number of Ordinary Shares:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right;">No. of Ordinary Shares</th> <th style="text-align: right;">% of issued share capital</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Director</td> <td></td> <td></td> </tr> <tr> <td style="text-align: left;">Trevor Ash</td> <td style="text-align: right;">30,000</td> <td style="text-align: right;">0.011</td> </tr> <tr> <td style="text-align: left;">Richard Burwood</td> <td style="text-align: right;">5,000</td> <td style="text-align: right;">0.002</td> </tr> <tr> <td style="text-align: left;">Jan Etherden</td> <td style="text-align: right;">25,000</td> <td style="text-align: right;">0.009</td> </tr> </tbody> </table> | | No. of Ordinary Shares | % of issued share capital | Director | | | Trevor Ash | 30,000 | 0.011 | Richard Burwood | 5,000 | 0.002 | Jan Etherden | 25,000 | 0.009 |
| | No. of Ordinary Shares | % of issued share capital | | | | | | | | | | | | | | | |
| Director | | | | | | | | | | | | | | | | | |
| Trevor Ash | 30,000 | 0.011 | | | | | | | | | | | | | | | |
| Richard Burwood | 5,000 | 0.002 | | | | | | | | | | | | | | | |
| Jan Etherden | 25,000 | 0.009 | | | | | | | | | | | | | | | |

| | | <p>As at 26 October 2015, the following persons were known to be interested in 5 per cent. or more of the Company's share capital:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">No. of Ordinary Shares</th> <th style="text-align: right;">% of issued share capital</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td></td> <td></td> </tr> <tr> <td>Investec Wealth & Investment</td> <td style="text-align: right;">39,909,296</td> <td style="text-align: right;">14.01</td> </tr> <tr> <td>Brewin Dolphin, Stockbrokers</td> <td style="text-align: right;">28,936,279</td> <td style="text-align: right;">10.16</td> </tr> <tr> <td>Architas Multi Manager</td> <td style="text-align: right;">20,840,396</td> <td style="text-align: right;">7.31</td> </tr> <tr> <td>F&C Asset Management</td> <td style="text-align: right;">19,422,747</td> <td style="text-align: right;">6.82</td> </tr> <tr> <td>Sarasin & Partners</td> <td style="text-align: right;">18,518,520</td> <td style="text-align: right;">6.50</td> </tr> </tbody> </table> <p>None of the Company's shareholders have different voting rights. The Company is not aware of any person who, directly or indirectly, jointly or severally, exercises control of the Company.</p> | | No. of Ordinary Shares | % of issued share capital | Director | | | Investec Wealth & Investment | 39,909,296 | 14.01 | Brewin Dolphin, Stockbrokers | 28,936,279 | 10.16 | Architas Multi Manager | 20,840,396 | 7.31 | F&C Asset Management | 19,422,747 | 6.82 | Sarasin & Partners | 18,518,520 | 6.50 | | | | | | | | | | | | | |
|------------------------------------|--|---|---------|--|--|---|--|-------------|------------------------------|-------------|-------------|------------------------------|------------|---------|------------------------|------------|-----------------------|----------------------|------------|-------|--------------------|------------------------------------|--------|--------|--------|---------|----------------------------|------|-----|-----|-------|----------------------------|------|------|------|------|
| | No. of Ordinary Shares | % of issued share capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Director | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investec Wealth & Investment | 39,909,296 | 14.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Brewin Dolphin, Stockbrokers | 28,936,279 | 10.16 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Architas Multi Manager | 20,840,396 | 7.31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| F&C Asset Management | 19,422,747 | 6.82 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sarasin & Partners | 18,518,520 | 6.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.7 | Historical Financial Information | <p>The information has been prepared in accordance with IFRS.</p> <p>The key figures that summarise the Company's financial condition in respect of the periods from 11 January 2013 to 31 March 2014, 1 April 2014 to 31 March 2015 and for six months ended 30 September 2014 and 30 September 2015, which have been extracted without material adjustment from the audited Annual Reports and the unaudited Interim Reports are set out in the following table:</p> <table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="2" style="text-align: center;">Audited annual report and accounts for the period/year ended 31 March</th> <th colspan="2" style="text-align: center;">Unaudited interim report for the six months ended 30 September</th> </tr> <tr> <th style="text-align: center;">2014</th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2014</th> <th style="text-align: center;">2015</th> </tr> </thead> <tbody> <tr> <td>Total net assets (£'000)</td> <td style="text-align: right;">314,049</td> <td style="text-align: right;">343,225</td> <td style="text-align: right;">324,170</td> <td style="text-align: right;">326,958</td> </tr> <tr> <td>NAV per Share (pence)</td> <td style="text-align: right;">117.7</td> <td style="text-align: right;">120.5</td> <td style="text-align: right;">121.5</td> <td style="text-align: right;">114.8</td> </tr> <tr> <td>Total comprehensive income (£'000)</td> <td style="text-align: right;">51,325</td> <td style="text-align: right;">26,123</td> <td style="text-align: right;">21,144</td> <td style="text-align: right;">(5,868)</td> </tr> <tr> <td>Earnings per Share (pence)</td> <td style="text-align: right;">24.4</td> <td style="text-align: right;">9.5</td> <td style="text-align: right;">7.9</td> <td style="text-align: right;">(2.1)</td> </tr> <tr> <td>Dividend per Share (pence)</td> <td style="text-align: right;">6.38</td> <td style="text-align: right;">6.65</td> <td style="text-align: right;">3.00</td> <td style="text-align: right;">3.00</td> </tr> </tbody> </table> <p>Save for the (i) interim dividend of 1.5 pence per Ordinary Share announced on 8 October 2015 in respect of the 3 month period ending 30 September 2015 and resulting in a cash distribution of £4,273,631 paid on 30 October 2015; and (ii) a dividend of 1.5 pence per Ordinary Share announced on 14 January 2016 in respect of the 3 month period ending 31 December 2015 which will result in a cash distribution of £4,273,631 to be paid on 29 January 2016, there has been no significant change in the financial or trading position of the Company since 30 September 2015, being the end of the last interim financial period for which unaudited financial information has been published.</p> | | Audited annual report and accounts for the period/year ended 31 March | | Unaudited interim report for the six months ended 30 September | | 2014 | 2015 | 2014 | 2015 | Total net assets (£'000) | 314,049 | 343,225 | 324,170 | 326,958 | NAV per Share (pence) | 117.7 | 120.5 | 121.5 | 114.8 | Total comprehensive income (£'000) | 51,325 | 26,123 | 21,144 | (5,868) | Earnings per Share (pence) | 24.4 | 9.5 | 7.9 | (2.1) | Dividend per Share (pence) | 6.38 | 6.65 | 3.00 | 3.00 |
| | Audited annual report and accounts for the period/year ended 31 March | | | Unaudited interim report for the six months ended 30 September | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2014 | 2015 | | 2014 | 2015 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Total net assets (£'000) | 314,049 | 343,225 | 324,170 | 326,958 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NAV per Share (pence) | 117.7 | 120.5 | 121.5 | 114.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total comprehensive income (£'000) | 51,325 | 26,123 | 21,144 | (5,868) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Earnings per Share (pence) | 24.4 | 9.5 | 7.9 | (2.1) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dividend per Share (pence) | 6.38 | 6.65 | 3.00 | 3.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.8 | Pro forma financial information | Not applicable; this Prospectus does not contain <i>pro forma</i> financial information. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.9 | Profit forecasts | Not applicable; this Prospectus does not contain profit forecasts or estimates. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.10 | Qualifications in the audit report | Not applicable; the audit reports on the historical financial information contained in this Prospectus do not contain any qualifications. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.11 | Working capital | Not applicable; the Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements that is, for at least the next twelve months from the date of this Prospectus. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| <p>B.34</p> | <p>Investment objective and policy</p> | <p>The Company's investment objective is to generate attractive risk adjusted returns principally through income distributions.</p> <p>The Company's investment policy is to invest in a diversified portfolio of UK and European Asset Backed Securities.</p> <p>The Company will maintain a Portfolio diversified by issuer concentration, it being anticipated that the Portfolio will comprise at least 50 Asset Backed Securities at all times.</p> <p>The Portfolio must comply, as at each date an investment is made, with the following restrictions:</p> <ul style="list-style-type: none"> (i) no more than 20 per cent. of the Portfolio value will be backed by collateral in any single country (save that this restriction will not apply to Northern European countries); and (ii) no more than 5 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities; and (iii) no more than 10 per cent. of the Portfolio value will be exposed in aggregate to instruments not deemed securities for the purposes of FSMA. <p>As an exception to the requirements set out above the Portfolio Manager will be permitted to purchase new investments at any time when the Portfolio does not comply with one or more of those restrictions so long as, at the time of investment:</p> <ul style="list-style-type: none"> ● the asset purchased would be compliant with the single country restriction above (even where following the purchase more than 20 per cent. of the Portfolio will be backed by collateral in another single country due to market movements); ● the asset purchased would be compliant with the single Asset Backed Security/issuer exposure restriction above (even where following the purchase more than 5 per cent. of the Portfolio value will be exposed to another single Asset Backed Security or issuer due to market movements); and ● such purchase does not make the Portfolio, in aggregate, less compliant with any of (i), (ii) and (iii) above. <p>The Company will not employ gearing or derivatives for investment purposes. The Company may, from time to time, use borrowing for short-term liquidity purposes, which could be achieved through a loan facility or other types of collateralised borrowing instruments including repurchase transactions or stock lending.</p> <p>Efficient portfolio management techniques will be employed by the Company, such as currency hedging, interest rate hedging and the use of derivatives such as credit default swaps to mitigate market volatility.</p> <p>The Company will operate in Sterling as its base currency. The Company hedges the value of any non-Sterling assets into Sterling using spot and forward foreign exchange contracts, rolling forward on a periodic basis. The Company's hedging policy will only be used for efficient portfolio management and not to attempt to enhance investment returns.</p> <p>The Company does not intend to employ interest rate hedging in its management of the Portfolio unless it invests in fixed rate ABS in which case it may employ interest rate hedging.</p> <p>In the event that Realisation occurs, the investment objective and investment policy applying to the Realisation Pool will be to realise the assets comprised in such pool on a timely basis in accordance with an orderly realisation programme with the aim of making progressive returns of cash to holders of Realisation Shares as soon as practicable.</p> |
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| | | |
|-------------|---|---|
| | | <p>The Portfolio Manager will seek to liquidate positions in the Realisation Pool as efficiently, and at as much value, as is possible. The Portfolio Manager may, if authorised by the Board, sell assets to the Continuation Pool from the Realisation Pool in order to dispose of assets from the Realisation Pool.</p> <p>In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Portfolio Manager through a Regulatory Information Service.</p> |
| B.35 | Borrowing limits | The Company has the power to borrow, subject to its gearing policy, up to 10 per cent. of the Company's NAV at the time of draw down and may also enter into repurchase transactions or stock lending agreements in order to raise funds, in each case for short term liquidity purposes. |
| B.36 | Regulatory status | The Company is not regulated by the FCA or by any financial services or other regulator but, in common with other issuers listed on the Official List, is subject to the Listing Rules of the UK Listing Authority applicable to closed-ended collective investment funds and the Disclosure and Transparency Rules made by the FCA and is bound to comply with applicable laws including the Law and FSMA. The Company is registered as a closed-ended collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and the Registered Collective Investment Schemes Rules 2015 made thereunder. |
| B.37 | Typical investor | Typical investors for whom New Ordinary Shares are intended are professionally advised private investors, or institutional investors, seeking principally income returns from a portfolio of Asset Backed Securities. |
| B.38 | Investment of 20% or more in single underlying asset or investment company | Not applicable; no more than 5 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer. |
| B.39 | Investment of 40% or more in single underlying asset or investment company | The Company will not invest more than 10 per cent., in aggregate, of the value of its total assets in other closed-ended investment funds that are listed on the Official List, except where the closed-ended investment funds themselves have published investment policies to invest no more than 15 per cent. of their total assets in other closed-ended investment funds that are admitted to the Official List. The Company will not invest more than 15 per cent., in aggregate, of the value of its total assets in other closed-ended investment funds that are listed on the Official List. |
| B.40 | Service providers | TwentyFour acts as the Portfolio Manager under the Portfolio Management Agreement dated 29 May 2014. Under the terms of the Portfolio Management Agreement, TwentyFour provides discretionary portfolio management services to the Company for an annual fee equal to 0.75 per cent. of, in respect of each class of Shares that are: (i) listed or admitted to trading on any stock exchange, the lower of NAV and the market capitalisation of that class of Shares; and/or (ii) not listed or admitted to trading on any stock exchange, the NAV of that class of Shares, plus, in each case any applicable VAT. The fee is payable on the last Business Day of each month or on the date of termination of the Agreement. The Portfolio Management Agreement may be terminated by the Company, the AIFM or the Portfolio Manager giving not less than 12 months' notice, or sooner in certain prescribed circumstances. |

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|-------------|---|--|
| | | <p>The Company has appointed Phoenix as the AIFM and the parties have agreed the terms of the Alternative Investment Fund Management Agreement, under which Phoenix agrees to provide the services of an AIFM in compliance with the AIFM Rules. A periodic fee is payable by the Company to the AIFM to be calculated as percentages of the Company's net assets, subject to a minimum annual fee of £20,000.</p> <p>Northern Trust International Fund Administration Services (Guernsey) Limited is the Administrator under the Administration Agreement and among other things, acts as administrator and company secretary of the Company. The Administrator is entitled to receive an annual fee from the Company under the Administration Agreement, to be calculated as percentages of the Company's net assets, subject to a minimum annual fee of £75,000. In addition, the Company must also pay the Administrator a fixed annual fee of £25,000 for corporate governance and company secretarial services provided. Fees are payable quarterly in arrears.</p> <p>Northern Trust (Guernsey) Limited acts as Depositary for the Company under the Depositary Agreement. Northern Trust (Guernsey) Limited is a company incorporated under the laws of the Island of Guernsey, whose registered office is at PO Box 71, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3DA. The fees payable to the Depositary by the Company are a depositary fee calculated as percentages of the Company's net assets, subject to a minimum of £25,000 and a custody fee, subject to a minimum of £8,500 per annum.</p> <p>Computershare Investor Services (Guernsey) Limited has been appointed as registrar and Computershare Investor Services plc has been appointed as receiving agent to the Company. The Registrar was registered in Guernsey with registration number 50855 on 3 September 2009. Under the terms of the Registrar's Agreement, the Company pays the Registrar an annual fee payable monthly in arrears, which will be a minimum of £7,000, although this fee may be greater dependent on the number of transaction fees incurred during the year. Under the Receiving Agent's Agreement the fees payable to the Receiving Agent are based on the number of applications received and are subject to a management fee of £7,000.</p> |
| B.41 | Service providers' regulatory status | <p>TwentyFour is the Portfolio Manager and is authorised and regulated by the FCA under FSMA with firm reference number: 481888.</p> <p>The Board appointed Phoenix as the Company's AIFM. Phoenix is authorised and regulated by the FCA under FSMA with firm reference number 469627.</p> <p>Northern Trust International Fund Administration Services (Guernsey) Limited is the Administrator and is licensed and regulated by the GFSC under the POI Law, with GFSC reference number: 10239.</p> <p>Northern Trust (Guernsey) Limited acts as Depositary for the Company and is licensed and regulated by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law, as amended, with GFSC reference number: 33.</p> |
| B.42 | Net asset value calculations | <p>The unaudited NAV per Ordinary Share is calculated and, if the Realisation takes place, it is anticipated that the unaudited NAV per Realisation Share will be calculated, as at the close of business on the last Business Day of every week and the last Business Day of every month by the Administrator and is expected to be announced by RIS the following Business Day.</p> |

| B.43 | Cross liabilities | Not applicable; the Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another investment undertaking. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------|----------------------------------|---|----------------|----------------------|--------|----------------|----------|--------|------------|------------|------------|-------|------------|------------|------|------------|-------|---------|------------|------------|------------|-------|--------------|------------|------------|-----------|-------|------------|-----------|------------|-----------|-------|--------|------------|-----|-----------|-------|--------|------------|-----|-----------|-------|--------|-----------|---------------------|-----------|-------|-----------|------------|---------------------|-----------|-------|-------|------------|------------|-----------|-------|------------------|----------------------------------|--|----|-------|------|-------------|------|------|---------|------|------|--------|----|------|-------|------|------|----------|------|------|-------|-------|------|---------------|----|-------|------|------|----|
| B.44 | Financial Statements | Not applicable; the Company has commenced operations and historical financial information is included within this Prospectus. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.45 | Investment Portfolio | <p>As at the close of business on 27 January 2016, being the latest practicable date prior to the publication of this Prospectus, the Portfolio comprising of 98 investments. As at that date the Company's top 10 investments and their sectoral portfolio allocations were:</p> <table border="1" data-bbox="568 526 1441 896"> <thead> <tr> <th>Security</th> <th>Number of Securities</th> <th>Sector</th> <th>Fair Value (£)</th> <th>% of NAV</th> </tr> </thead> <tbody> <tr> <td>LUSI 5</td> <td>20,869,252</td> <td>Prime RMBS</td> <td>12,064,767</td> <td>3.84%</td> </tr> <tr> <td>LEMES 06-1</td> <td>15,130,000</td> <td>CMBS</td> <td>10,620,583</td> <td>3.38%</td> </tr> <tr> <td>CBFLU 1</td> <td>10,000,000</td> <td>Buy To Let</td> <td>10,000,000</td> <td>3.19%</td> </tr> <tr> <td>EMACP 07-NL4</td> <td>13,750,000</td> <td>Prime RMBS</td> <td>8,800,013</td> <td>2.80%</td> </tr> <tr> <td>AMF 2015-1</td> <td>8,400,000</td> <td>Buy To Let</td> <td>8,415,258</td> <td>2.68%</td> </tr> <tr> <td>ALME 3</td> <td>12,000,000</td> <td>CLO</td> <td>7,945,046</td> <td>2.53%</td> </tr> <tr> <td>ARBR 3</td> <td>11,000,000</td> <td>CLO</td> <td>7,547,852</td> <td>2.41%</td> </tr> <tr> <td>WARW 1</td> <td>8,000,000</td> <td>Non-Conforming RMBS</td> <td>7,331,728</td> <td>2.34%</td> </tr> <tr> <td>RLOC 07-1</td> <td>11,250,424</td> <td>Non-Conforming RMBS</td> <td>7,264,705</td> <td>2.31%</td> </tr> <tr> <td>ERF 5</td> <td>10,350,000</td> <td>Prime RMBS</td> <td>7,101,339</td> <td>2.26%</td> </tr> </tbody> </table> <p><i>Source: TwentyFour AM / as at 27 January 2016</i></p> <p>The following graphs illustrate as at the close of business on 27 January 2016, being the latest practicable date prior to the publication of this Prospectus, geographic, rating and sectoral breakdowns of the Portfolio:</p> <p>Geographical Breakdown</p>  <table border="1" data-bbox="598 1120 1404 1568"> <thead> <tr> <th>Country/Category</th> <th>Single Jurisdiction Exposure (%)</th> <th>Mixed Jurisdiction Exposure (look-through basis) (%)</th> </tr> </thead> <tbody> <tr> <td>UK</td> <td>32.2%</td> <td>4.3%</td> </tr> <tr> <td>Netherlands</td> <td>9.1%</td> <td>3.3%</td> </tr> <tr> <td>Germany</td> <td>2.2%</td> <td>5.3%</td> </tr> <tr> <td>France</td> <td>0%</td> <td>4.8%</td> </tr> <tr> <td>Spain</td> <td>4.3%</td> <td>1.5%</td> </tr> <tr> <td>Portugal</td> <td>4.3%</td> <td>0.1%</td> </tr> <tr> <td>Italy</td> <td>11.2%</td> <td>0.7%</td> </tr> <tr> <td>Mixed - Other</td> <td>0%</td> <td>14.1%</td> </tr> <tr> <td>Cash</td> <td>2.6%</td> <td>0%</td> </tr> </tbody> </table> <p><i>Source: TwentyFour AM As at 27 January 2016</i></p> | Security | Number of Securities | Sector | Fair Value (£) | % of NAV | LUSI 5 | 20,869,252 | Prime RMBS | 12,064,767 | 3.84% | LEMES 06-1 | 15,130,000 | CMBS | 10,620,583 | 3.38% | CBFLU 1 | 10,000,000 | Buy To Let | 10,000,000 | 3.19% | EMACP 07-NL4 | 13,750,000 | Prime RMBS | 8,800,013 | 2.80% | AMF 2015-1 | 8,400,000 | Buy To Let | 8,415,258 | 2.68% | ALME 3 | 12,000,000 | CLO | 7,945,046 | 2.53% | ARBR 3 | 11,000,000 | CLO | 7,547,852 | 2.41% | WARW 1 | 8,000,000 | Non-Conforming RMBS | 7,331,728 | 2.34% | RLOC 07-1 | 11,250,424 | Non-Conforming RMBS | 7,264,705 | 2.31% | ERF 5 | 10,350,000 | Prime RMBS | 7,101,339 | 2.26% | Country/Category | Single Jurisdiction Exposure (%) | Mixed Jurisdiction Exposure (look-through basis) (%) | UK | 32.2% | 4.3% | Netherlands | 9.1% | 3.3% | Germany | 2.2% | 5.3% | France | 0% | 4.8% | Spain | 4.3% | 1.5% | Portugal | 4.3% | 0.1% | Italy | 11.2% | 0.7% | Mixed - Other | 0% | 14.1% | Cash | 2.6% | 0% |
| Security | Number of Securities | Sector | Fair Value (£) | % of NAV | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LUSI 5 | 20,869,252 | Prime RMBS | 12,064,767 | 3.84% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| LEMES 06-1 | 15,130,000 | CMBS | 10,620,583 | 3.38% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CBFLU 1 | 10,000,000 | Buy To Let | 10,000,000 | 3.19% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EMACP 07-NL4 | 13,750,000 | Prime RMBS | 8,800,013 | 2.80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AMF 2015-1 | 8,400,000 | Buy To Let | 8,415,258 | 2.68% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ALME 3 | 12,000,000 | CLO | 7,945,046 | 2.53% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ARBR 3 | 11,000,000 | CLO | 7,547,852 | 2.41% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| WARW 1 | 8,000,000 | Non-Conforming RMBS | 7,331,728 | 2.34% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RLOC 07-1 | 11,250,424 | Non-Conforming RMBS | 7,264,705 | 2.31% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ERF 5 | 10,350,000 | Prime RMBS | 7,101,339 | 2.26% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Country/Category | Single Jurisdiction Exposure (%) | Mixed Jurisdiction Exposure (look-through basis) (%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| UK | 32.2% | 4.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Netherlands | 9.1% | 3.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Germany | 2.2% | 5.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| France | 0% | 4.8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Spain | 4.3% | 1.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Portugal | 4.3% | 0.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Italy | 11.2% | 0.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mixed - Other | 0% | 14.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 2.6% | 0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | <p>Ratings Breakdown</p> <table border="1"> <thead> <tr> <th>Rating</th> <th>Investment Grade (%)</th> <th>Non-Investment Grade (%)</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>2.6%</td> <td></td> </tr> <tr> <td>AAA</td> <td>0.8%</td> <td></td> </tr> <tr> <td>AA</td> <td>5.2%</td> <td></td> </tr> <tr> <td>A</td> <td>16.1%</td> <td></td> </tr> <tr> <td>BBB</td> <td>26.8%</td> <td></td> </tr> <tr> <td>BB</td> <td></td> <td>21.1%</td> </tr> <tr> <td>B</td> <td></td> <td>17.7%</td> </tr> <tr> <td>CCC</td> <td></td> <td>0%</td> </tr> <tr> <td>CC</td> <td></td> <td>2.0%</td> </tr> <tr> <td>NR</td> <td></td> <td>7.7%</td> </tr> </tbody> </table> <p>Source: TwentyFour AM As at 27 January 2016</p> <p>Sector Breakdown</p> <table border="1"> <thead> <tr> <th>Sector</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>RMBS</td> <td>53.5%</td> </tr> <tr> <td>CLO</td> <td>32.9%</td> </tr> <tr> <td>CMBS</td> <td>4.3%</td> </tr> <tr> <td>Leases</td> <td>2.4%</td> </tr> <tr> <td>Consumer ABS</td> <td>1.9%</td> </tr> <tr> <td>Student Loans</td> <td>1.2%</td> </tr> <tr> <td>CDO</td> <td>1.2%</td> </tr> <tr> <td>Cash</td> <td>2.6%</td> </tr> </tbody> </table> <p>Source: TwentyFour AM As at 27 January 2016</p> | Rating | Investment Grade (%) | Non-Investment Grade (%) | Cash | 2.6% | | AAA | 0.8% | | AA | 5.2% | | A | 16.1% | | BBB | 26.8% | | BB | | 21.1% | B | | 17.7% | CCC | | 0% | CC | | 2.0% | NR | | 7.7% | Sector | Percentage (%) | RMBS | 53.5% | CLO | 32.9% | CMBS | 4.3% | Leases | 2.4% | Consumer ABS | 1.9% | Student Loans | 1.2% | CDO | 1.2% | Cash | 2.6% |
|---------------|------------------------|--|--------|----------------------|--------------------------|------|------|--|-----|------|--|----|------|--|---|-------|--|-----|-------|--|----|--|-------|---|--|-------|-----|--|----|----|--|------|----|--|------|--------|----------------|------|-------|-----|-------|------|------|--------|------|--------------|------|---------------|------|-----|------|------|------|
| Rating | Investment Grade (%) | Non-Investment Grade (%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 2.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AAA | 0.8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| AA | 5.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A | 16.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BBB | 26.8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BB | | 21.1% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B | | 17.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CCC | | 0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CC | | 2.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NR | | 7.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sector | Percentage (%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| RMBS | 53.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CLO | 32.9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CMBS | 4.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Leases | 2.4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Consumer ABS | 1.9% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Student Loans | 1.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CDO | 1.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | 2.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.46 | Net asset value | <p>The NAV per Ordinary Share as at the close of business on 27 January 2016, which is the latest practicable date prior to the publication of this Prospectus, was 110.5 pence.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Section C –Securities | | |
|------------------------------|----------------------------------|--|
| C.1 | Description of securities | <p>The securities which the Company intends to issue are New Ordinary Shares of the Company of 1p each. The ISIN for the New Ordinary Shares is GG00B90J5Z95 and their SEDOL is B90J5Z9. The ISIN for Ordinary Shares redesignated as Realisation Shares of the Company of 1p each pursuant to the Realisation is GG00BYW8B177 and their SEDOL is BYW8B17. The ISIN for the Offer for Subscription is GG00BDGN6C75 and the SEDOL is BDN6C7. The ISIN for the Open Offer Entitlement is GG00BDGN5Y21 and the SEDOL is BDN5Y2. The ISIN for the Excess Open Offer Entitlement is GG00BDGN5Z38 and the SEDOL is BDN5Z3.</p> |
| C.2 | Currency of securities | <p>The Ordinary Shares, and in the event that the Ordinary Shares are redesignated as Realisation Shares, the Realisation Shares will be denominated in Sterling and the Issue Price will be payable in Sterling.</p> |

| | | |
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| C3 | Amount paid up and par value | As at the close of business on 27 January 2016, the latest practicable date prior to the publication of this Prospectus, the Company had 284,908,712 fully paid Ordinary Shares of 1p par value in issue. The Company has no partly paid Ordinary Shares in issue. |
| C.4 | Rights attaching to the Ordinary Shares, continuing Ordinary Shares and the Realisation Shares | <p>Ordinary Shares</p> <p>Dividend rights: all Ordinary Shares are entitled to participate in dividends which the Company declares from time to time proportionate to the amounts paid or credited as paid on such Ordinary Shares.</p> <p>Rights as respect to capital: all Ordinary Shares are entitled to a distribution of capital in the same proportions as capital is attributable to them (including on winding up).</p> <p>Voting rights: every Shareholder shall have one vote for each Ordinary Share held by it.</p> <p>Continuing Ordinary Shares</p> <p>Dividend rights: all Continuing Ordinary Shares are entitled to participate in dividends derived from the Continuation Pool, which the Company declares from time to time proportionate to the amounts paid or credited as paid on such Continuing Ordinary Shares.</p> <p>Rights as respect to capital: all Continuing Ordinary Shares are entitled to a distribution from the Continuation Pool of capital in the same proportions as capital is attributable to them (including on winding up).</p> <p>Voting rights: every Shareholder shall have one vote for each Continuing Ordinary Share held by it, except in relation to any resolution proposed at a General Meeting to give effect to the realisation of assets comprised in the Realisation Pool.</p> <p>Realisation Share</p> <p>Dividend Rights: all Realisation Shares are entitled to participate in dividends derived from the Realisation Pool, which the Company declares from time to time proportionate to the amounts paid or credited as paid on such Realisation Shares.</p> <p>Rights as respect to capital: all Realisation Shares are entitled to a distribution of capital from the Realisation Pool in the same proportions as capital is attributable to them (including on winding up).</p> <p>Voting rights: every Shareholder shall have one vote for each Realisation Share held by it in relation to resolutions proposed at a General Meeting (a) to give effect to the realisation of assets comprised in the Realisation Pool and (b) in respect of any matter prescribed by the Listing Rules as requiring approval of the Shareholders of the Company.</p> |
| C.5 | Restrictions on free transferability of the Ordinary Shares | <p>The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form or uncertificated form (subject to the Articles) which is not fully paid or on which the Company has a lien provided that this would not prevent dealings in the Shares of that class from taking place on an open and proper basis on the London Stock Exchange.</p> <p>In addition, the Board may refuse to register a transfer of Shares if (i) in the case of certificated Shares (a) it is in respect of more than one class of Shares, (b) it is in favour of more than four joint transferees or (c) it is delivered for registration to the registered office of the Company or such other place as the Board may decide and is not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require and (ii) the transfer is in favour of any person, as determined by the Directors, to whom a sale or transfer of Shares, or in relation to whom the sale or transfer of a direct or</p> |

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| | | <p>beneficial holding of Shares, would or might result in (w) the Company being required to register as an investment company under the Investment Company Act, (x) benefit plan investors (“Plan Investors”) (as defined in Section 3(42) of ERISA) acquiring an aggregate interest exceeding 25 per cent. of the value of any equity class in the Company, (y) the assets of the Company being deemed to be assets of a Plan Investor or (z) it would cause the Company to be subject to a deduction or withholding relating to FATCA or suffer any other detriment under FATCA or such person does not comply with its obligations to (i) provide information to the Company required to enable the Company to comply with its obligations under FATCA; (ii) consents to the disclosures by the Company of information to relevant governmental authorities required under FATCA; and (iii) notify the Company of material changes which affect its status under FATCA or which result in information previously provided to the Company becoming inaccurate or incomplete</p> <p>The Board may decline to register a transfer of an uncertificated Share which is traded through the CREST UK system in accordance with The Uncertificated Securities (Guernsey) Regulations 2009, (as amended from time to time) and the relevant rules issued from time to time by Euroclear where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Shares is to be transferred exceeds four.</p> |
| C.6 | Admission | <p>Applications will be made to the FCA for the New Ordinary Shares to be issued pursuant to this Prospectus and any Ordinary Shares that are redesignated as Realisation Shares pursuant to the Realisation to be admitted to the premium segment of the Official List and to the London Stock Exchange for such New Ordinary Shares and Realisation Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.</p> |
| C.7 | Dividend policy | <p>Quarterly dividends with a target yield for the financial year ending on 31 March 2016 of 6 per cent. of the Issue Price and for each financial year thereafter 6 pence per Ordinary Share or such higher Dividend Target as the Directors determine at their absolute discretion from time to time. In the event that the Realisation takes place, the target yield will not apply in respect of any Realisation Shares in issue.</p> |

| Section D – Risks | | |
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| D.1 | Key risks specific to the Company | <p>(a) Shareholders may not get back the full value of their investment and may not receive dividends in line with the Dividend Target because there can be no guarantee that the Company will be able to meet its investment objective or target total return. This is because market risk, such as price volatility and levels of sovereign debt may be materially detrimental to the performance of the Company’s investments. In addition, the Company may not be able to find sufficient suitably priced investments because such investments do not exist at the time when the Company is investing its Portfolio.</p> <p>(b) The value of Asset Backed Securities can be affected by a number of factors, including changes in market perception; economic and political factors; changes in the perceived creditworthiness of the originator of the security or any other third parties; and the speed at which mortgages or loans within the pool are repaid by the underlying borrowers. Investments in subordinated Asset Backed</p> |

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| | | <p>Securities involve greater credit risk of default than the more senior class(es) of the issue or series. The due diligence process may not reveal all facts that may be relevant in connection with an investment and the Company's ability to enforce its rights and to recover moneys owed to it in the event of a default with respect to a particular Asset Backed Security may not be effective (as levels of protection and rights of enforcement can vary significantly from one country to another and can change over time), either of which could have a material adverse effect on the Company's profitability, Net Asset Value and Ordinary Share price.</p> <p>(c) There is significant divergence in the terms of the legal documentation used in relation to the Asset Backed Securities, and it may be the case that the terms of that documentation do not create a perfected senior security, or may be subordinated to the claims of other creditors.</p> <p>(d) The Company may invest in high yield (i.e. non-investment grade) Asset Backed Securities, which are generally considered to be bonds with a rating lower than BBB-. High yield bonds have an increased risk of capital erosion due to a higher probability of default by the bond issuer. Changing market conditions and interest rate levels can also have a larger impact on the values of high yielding bonds than on other bonds. ABS are not guaranteed by governments, and are therefore generally exposed to greater risk of default in the repayment of the capital provided to the issuer or interest payments due to the Company than those bonds that are guaranteed by governments.</p> <p>(e) Any changes to the tax status and treatment of the Company, including under the Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) could affect the value of the Company's investments and its ability to provide returns to Shareholders.</p> <p>(f) The use of hedging instruments carries risks including the risk that losses on a hedge position reduce the Company's earnings and funds available for distribution to Shareholders.</p> <p>(g) Use of borrowings can reduce NAV where the value of the Company's underlying assets is falling.</p> <p>(h) Changes in law or regulations may have a material adverse effect on the Company's business, investments and results of operations.</p> <p>(i) The result of the Transaction may be such that the Company's NAV and market capitalisation declines, potentially materially, which in turn may impact the liquidity of the Shares, the price of the Shares relative to NAV, and the costs borne per Share.</p> |
| D.3 | Key risks specific to the Ordinary Shares | <p>(a) The Company's ability to pay dividends and redeem or repurchase its shares is governed by the Law, which requires the Company to satisfy a solvency test.</p> <p>(b) As the price of shares in an investment company is determined by the interaction of supply and demand for those shares in the market, the share price can fluctuate and may represent a discount to the Net Asset Value per Ordinary Share.</p> <p>(c) Conversely, the price of shares in an investment company may represent a premium to the Net Asset Value per Ordinary Share, so that investors purchasing such shares in such circumstances may not realise the full extent of their purchase price in the event of winding up of the Company.</p> |

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| | | <p>(d) It is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty in selling such shares.</p> <p>(e) In the event that the Realisation takes place, such Realisation Shares will be less liquid than Continuing Ordinary Shares and they may trade at a price relative to NAV that is inferior to the Continuing Ordinary Shares. Redemptions and repurchases of Realisation Shares might be satisfied by disposals of the assets underlying the relevant Realisation Shares, which will be managed on a realisation basis, not intended to generate cash for immediate distribution and may ultimately generate cash which is less than the published NAV per Realisation Share.</p> <p>(f) The making and timing of any buy backs of Shares will be at the absolute discretion of the Board and not at the option of the Shareholders, is expressly subject to the Company having sufficient surplus cash resources available and will not be available during those periods immediately preceding the publication of annual and interim results.</p> |
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| Section E – Offer | | |
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| E.1 | Net proceeds and expenses | <p>Up to 300 million New Ordinary Shares are available to be issued by the Company pursuant to the Placing, Offer for Subscription, Open Offer and Placing Programme.</p> <p>The net proceeds of the Issue will depend on both the latest published NAV immediately before the Reorganisation Date and the level of demand for New Ordinary Shares relative to Realisation Sale Elections.</p> <p>Under the Issue, each New Ordinary Share will be made available to investors, in the event that the number of New Ordinary Shares issued under the Issue:</p> <ul style="list-style-type: none"> ● exceeds the number of Ordinary Shares in respect of which Realisation Elections are validly made, at a price per New Ordinary Share calculated as (A) the blended average of (i) the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share, multiplied by the aggregate number of Ordinary Shares in respect of which Realisation Elections are validly made, and (ii) a 2 per cent. premium to NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share multiplied by the number of New Ordinary Shares issued under the Issue in excess of the number of Ordinary Shares in respect of which Realisation Elections are validly made and (B) dividing such blended average by the number of New Ordinary Shares issued under the Issue; or ● does not exceed the number of Ordinary Shares in respect of which Realisation Elections are validly made, at a price per New Ordinary Share calculated as the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share. <p>Under the Placing Programme, each New Ordinary Share will be made available to investors at a price calculated by reference to the estimated cum income Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the placing pursuant to the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised.</p> |

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| | | <p>Assuming that 200 million New Ordinary Shares are issued under the Issue at an Issue Price of £1.01, Realisation Elections are validly made in respect of 100 million Ordinary Shares and the expenses of the Issue are £3 million, the net proceeds of the Issue will be £199 million (inclusive of applicable VAT).</p> <p>Alternatively, assuming that 100 million New Ordinary Shares are issued under the Placing Programme and a Placing Programme Price of £1.0975 per New Ordinary Share, being the mid market price as at the latest practicable date prior to the publication of this Prospectus, the gross proceeds would be £109,750,000, the costs of the Placing Programme are estimated at £1,646,250 and the net proceeds of the Placing Programme would therefore be £108,103,750.</p> |
| E.2 | Use of proceeds | <p>The Issue is intended to enable the Company to redeem the shareholdings of Shareholders who wish to realise some or all of their Ordinary Shares through a Realisation Sale Election. Proceeds raised in excess of the amount required to redeem the shareholdings of Shareholders who wish to realise some or all of their Ordinary Shares through a Realisation Sale Election under the Issue and proceeds raised under the Placing Programme will be used for investment in accordance with the Company's investment policy.</p> |
| E.3 | Terms and conditions of the Issue and the Placing Programme | <p>The Issue consists of a placing, an offer for subscription and an open offer of up to 300 million New Ordinary Shares which are being issued at the Issue Price. The total number of New Ordinary Shares issued under the Placing, the Offer for Subscription and the Open Offer will be determined by the Company, Numis and the Portfolio Manager after taking into account demand for the New Ordinary Shares and prevailing economic and market conditions.</p> <p>The Issue is conditional on, among other things, (i) the aggregate NAV of the total number of Ordinary Shares following completion of the Issue (that is taking into account both Realisation Elections and subscriptions for New Ordinary Shares) being not less than £100 million in aggregate, (ii) the Placing Agreement not being terminated in accordance with its terms at any time prior to Admission and (iii) Admission occurring by 8.00 a.m. on 8 March 2016 (or such later date as the Company, the Portfolio Manager and Numis may agree, being in any event not later than 8.00 a.m. on 31 March 2016). If any of these conditions are not met, the Issue will not proceed.</p> <p>The New Ordinary Shares issued pursuant to the Issue will be issued on 8 March 2016. The Issue is only available to investors who can make certain warranties and representations as to their status as an investor, including that they are not a U.S. Person. The Placing is only available to persons of a kind described in paragraph 5 of Article 19 and paragraphs 2(a) to (d) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.</p> <p>An investor applying for New Ordinary Shares under the Issue may elect to receive New Ordinary Shares in uncertificated form, if such investor is a system-member in relation to CREST, or certificated form. Definitive certificates in respect of the New Ordinary Shares issued in certificated form are expected to be despatched during the week commencing 21 March 2016.</p> |

Placing

The Company, the Portfolio Manager and Numis have entered into the Placing Agreement, pursuant to which Numis has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers of the New Ordinary Shares to be made available in the Placing. The Placing is not being underwritten.

Offer for Subscription

Each investor under the Offer for Subscription is required to undertake to pay the Issue Price for the New Ordinary Shares issued to such investor by cheque or bankers' draft or by electronic interbank transfer. Applications under the Offer for Subscription must be for a minimum subscription value of £1,000 worth of New Ordinary Shares and thereafter in multiples of £100 worth of New Ordinary Shares. The Directors may, in their absolute discretion, after taking into account the demand for New Ordinary Shares under the Placing, Offer for Subscription and Open Offer and economic and market conditions, waive the minimum initial subscription requirement in respect of any particular application under the Offer for Subscription.

Open Offer

On and subject to the terms and conditions of the Open Offer, Qualifying Shareholders are being given the opportunity to apply for any number of Open Offer Shares up to their Open Offer Entitlement payable in full in cash on application, free of all expenses.

Qualifying Shareholders may also apply, under the Excess Application Facility for additional New Ordinary Shares that they would otherwise not be entitled to. The Excess Application Facility will be comprised of New Ordinary Shares that are not taken up by Qualifying Shareholders under the Open Offer pursuant to their Open Offer Entitlements or by new investors under the Placing and Offer for Subscription. The Excess Application facility will comprise whole numbers of New Ordinary Shares under the Open Offer which are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements or allocated to investors under the Placing and/or Offer for Subscription. There is no limit on the amount of New Ordinary Shares that can be applied for by Qualifying Shareholders under the Excess Application Facility, save that the maximum amount of New Ordinary Shares to be allotted under the Excess Application Facility shall be limited by the maximum size of the Placing, Offer for Subscription and Open Offer less New Ordinary Shares issued under the Placing, Offer for Subscription and the Open Offer pursuant to Qualifying Shareholders' Open Offer Entitlements. Applications under the Excess Application Facility may be allocated in proportions as may be agreed by the Company and Numis.

To the extent that Qualifying Shareholders choose not to take up their entitlements under the Open Offer or that applications from Qualifying Shareholders are invalid, unallocated Open Offer Shares will be made available under the Placing and Offer for Subscription as the Directors, in consultation with Numis shall determine.

No assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

Placing Programme

To the extent that the Company issues less than 300 million New Ordinary Shares under the Issue, it is proposed that the Company should be able to issue the balance (being 300 million less the number of New Ordinary Shares issued under the Issue) pursuant to one or more non-pre-emptive Placings over the next 12 months under the Placing

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| | | <p>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 New Ordinary Shares over a period of time.</p> <p>The issue of New Ordinary Shares under the Placing Programme will be at the discretion of the Directors. The minimum subscription pursuant to the Placing Programme is intended to be £50,000.</p> <p>Each investor is required to undertake to make payment for New Ordinary Shares issued to such investor pursuant to the Placing Programme in such manner as shall be directed by Numis.</p> <p>An investor applying for New Ordinary Shares in the Placing Programme may elect to receive New Ordinary Shares in uncertificated form, if such investor is a system-member in relation to CREST, or certificated form. Where applicable, definitive certificates in respect of the New Ordinary Shares are expected to be dispatched by post to the relevant holders no later than ten Business Days after the relevant issue date.</p> |
| E.4 | Interests material to the Issue and the Placing Programme | Not Applicable; there are no interests that are material to the Issue or the Placing Programme. |
| E.5 | The offeror | The New Ordinary Shares are being offered by the Company. |
| E.6 | Dilution | <p>The share capital of the Company will be increased by 35 per cent. as a result of the Placing, Offer for Subscription and Open Offer (assuming 200,000,000 New Ordinary Shares are issued under the Issue and Realisation Elections are validly made in respect of 100,000,000 New Ordinary Shares).</p> <p>Following the issue of New Ordinary Shares pursuant to the Issue, Qualifying Shareholders who do not take up any of their Open Offer Entitlement (and who do not take up any Excess Shares under the Excess Application Facility) will suffer a dilution of 26 per cent. to their respective voting rights in the Company (assuming 200,000,000 New Ordinary Shares are issued under the Issue and Realisation Elections are validly made in respect of 100 million Ordinary Shares).</p> <p>In the event that 100,000,000 New Ordinary Shares are issued under either the Placing Programme or the Issue and, in the case of the Issue, that no Realisation Elections are validly made, a Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital following the Issue who does not participate in the Placing Programme would, following the completion of the Placing Programme, hold shares representing approximately 3.7 per cent. of the Company's issued Ordinary Share capital.</p> |
| E.7 | Expenses | <p>Investors will not be charged a fee in addition to their payment of the Issue Price, as the Issue Expenses will be met out of the proceeds of the Issue. Assuming that 200 million New Ordinary Shares are issued under the Issue at an Issue Price of £1.01, Realisation Elections are validly made in respect of 100 million Ordinary Shares and the expenses of the Issue are £3 million, the net proceeds of the Issue will be £199 million (inclusive of applicable VAT).</p> <p>The Placing Programme Price will include a premium intended to cover the costs and expenses of placing pursuant to the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. By way of illustration, assuming an initial NAV of £1.102, being the cum income NAV at the latest practicable date prior to the publication of this Prospectus, the Placing Programme</p> |

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| | | Price would be expected to be approximately £1.135, and the expenses indirectly borne by the investor would be £0.017 per New Ordinary Share. |
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PART 1: RISK FACTORS

Prospective investors should consider carefully the following risk factors in addition to the other information presented in this Prospectus. If any of the risks described below were to occur, it could have a material effect on the Company's business or financial condition or the results of its operations. Additional risks not currently known to the Company, or that the Company currently believes are not material, may also adversely affect its business, its financial condition and the results of its operations. The value of the Ordinary Shares could go down due to any of these risk factors, and investors could lose part or all of their investment. Potential investors should review this Prospectus in its entirety and consult with their professional advisers before acquiring any New Ordinary Shares.

1. The Company

The Company is an investment company. Investment companies aim to generate returns for Shareholders by investing in other companies. As an investment company may invest in a range of different companies and sectors, it may represent a method for investors to gain a diversified investment exposure. However, prospective investors should be aware of certain factors which apply to the Company and to investment companies generally.

1.1 Competing investment products

The presence of competing investment products may reduce demand for Ordinary Shares in the Company and hence increase any discount, or reduce or eliminate any premium to Net Asset Value per Share at which the Ordinary Shares may trade.

1.2 Past performance not a guide to future performance

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up, there can be no guarantee that the investment objective of the Company and/or the target total return set out in this Prospectus will be met. Shareholders may not get back the full value of their investment.

1.3 Company's ongoing expenses

The Company's ongoing expenses may represent a greater proportion of the Company's assets and/or income than originally anticipated, which could have a material adverse effect on the Company's return to Shareholders. The Company will incur obligations to pay all fees and properly incurred out-of-pocket expenses by the Directors, the AIFM, the Portfolio Manager, the Administrator, the Depositary, the Registrar and other advisers. These expenses will be payable regardless of whether the Company makes a profit.

1.4 Company's ability to pay dividends

It is not guaranteed that Shareholders will receive dividends because the Company is a non-cellular company limited by shares incorporated in the Island of Guernsey and its ability to pay dividends, distributions, redeem or repurchase its shares is governed by the Law which requires the Company to satisfy a solvency test (by contrast to UK companies which are required to satisfy capital maintenance requirements and pay distributions from distributable reserves). The solvency test requires the directors of a company to carry out a liquidity or cashflow test and a balance sheet solvency test before any dividend or distribution, repurchase or redemption payment can be made. The test requires the board to make a future assessment of solvency by making reference to the solvency test being satisfied immediately after a distribution, dividend, repurchase or redemption payment is made. If at the time a dividend, distribution, repurchase or redemption payment is to be made the directors believe that the solvency test cannot be passed, then no payment may be made.

In addition, the Company's ability to pay dividends is affected by a number of factors but principally by its ability to receive sufficient cash flow from its investments, which is expected to comprise coupons from ABS, returns of principal from ABS which have matured and from secondary market sales of ABS. The ability of the Company to receive cash flow from its investments is subject to applicable local laws and regulatory requirements. In addition, there may be other restrictions including, but not limited to, applicable tax laws.

1.5 No guarantee that the Company will find suitably priced investments

There can be no guarantee that the Company will find sufficient investments at suitable prices to deliver the Dividend Target and Shareholders may not get back the full value of their investment.

1.6 Size of the Company

The Transaction incorporates an opportunity for Shareholders to elect to exit the Company. It is intended that any such elections be at least matched by subscriptions for New Ordinary Shares, but potential investors should be aware that the result of the Transaction may be such that the Company's NAV and market capitalisation declines, potentially materially, which in turn may impact the liquidity of the Shares, the price of the Shares relative to NAV, and the costs borne per Share.

1.7 Placing Programme

The Directors have been authorised to issue New Ordinary Shares under the Placing Programme without the application of pre-emption rights. It is intended that New Ordinary Shares will be issued at prices greater than the prevailing cum income Net Asset Value per Ordinary Share and should therefore be accretive to the Net Asset Value per Ordinary Share, but any issues of New Ordinary Shares may dilute the economic interests and/or voting rights attached to the holdings of Existing Ordinary Shares in the Company then in issue.

2. The Ordinary Shares and the Realisation Shares

2.1 Price of Shares

The price of shares in an investment company is determined by the interaction of supply and demand for such shares in the market as well as the Net Asset Value per share. The share price can therefore fluctuate and may represent a discount to the Net Asset Value per share. This discount is itself variable as conditions for supply and demand change. This can mean that the prices of the Company's shares may go down as well as up and the Share prices can fall when the Net Asset Value per share rises, or vice versa. There is no guarantee that the market price of the Shares will fully reflect their underlying Net Asset Value.

The price of shares in an investment company may represent a premium to the Net Asset Value per share. Investors purchasing Ordinary Shares at a premium to Net Asset Value per Share may not, in the event of a winding up of the Company, realise the full extent of their purchase price. The Company has taken the authority to issue Ordinary Shares with a view, *inter alia*, to limiting the premium to Net Asset Value per Ordinary Share, but such issues are at the absolute discretion of the Board and there is no guarantee that Ordinary Shares in the market will be available at prices close to Net Asset Value per Ordinary Share.

The Ordinary Shares have typically traded at a premium to Net Asset Value since launch. There can be no assurance that the Shares will trade at a premium following the Transaction or in the future.

2.2 Market liquidity of Shares

Market liquidity in the shares of investment companies is frequently inferior to the market liquidity of shares issued by larger companies traded on the London Stock Exchange. Although it is expected that the Shares will be traded on the London Stock Exchange's market for listed securities, it is possible that there may not be a liquid market in the Shares and Shareholders may have difficulty in selling Shares.

2.3 Shareholders rights

The rights of holders of the Shares are governed by Guernsey law and by the Company's memorandum and articles of incorporation. These rights may differ from the rights of shareholders in typical UK corporations.

2.4 Exit opportunity

The Company's structure includes an opportunity for investors to elect to realise all or part of their shareholding in the Company on the date which is 5 Business Days after (a) 6 March 2016 and (b) the annual general meeting of the Company in each third year thereafter. Realisations may be satisfied by the assets underlying the relevant Shares being managed on a realisation basis, which is intended to generate cash for distribution as soon as practicable and may ultimately generate cash which is less than the published NAV per Realisation Share.

In the event that Ordinary Shares are converted into Realisation Shares, the ability of the Company to use its share repurchase and redemption authorities to enable realisations and/or returns of cash to the holders of Realisation Shares will depend not only on the ability of the Portfolio Manager to realise the portfolio but also upon the availability of share capital, share

premium, retained earnings or any other reserve forming part of the Realisation Pool, all of which can be used to fund repurchases and redemptions of the Realisation Shares under the Articles.

2.5 Share buybacks

The Company has been granted the authority to make market purchases of up to a maximum of 14.99 per cent. of the aggregate number of Ordinary Shares in issue as at 27 July 2015. In deciding whether to make any such purchases the Directors will have regard to what they believe to be in the best interests of Shareholders as a whole, to the applicable legal requirements which require the Directors to be satisfied on reasonable grounds that the Company will, immediately after any such repurchase, satisfy a solvency test prescribed by the Law and any other requirements in its Articles. In addition, the Listing Rules prohibit the Company from conducting any share buybacks during close periods immediately preceding the publication of annual and interim results.

2.6 New Ordinary Shares

The issue price of the New Ordinary Shares is not known at the date of this Prospectus and will only be determined following receipt of subscriptions under the Issue, and will depend on both the latest published NAV immediately preceding the Reorganisation Date and the level of demand for New Ordinary Shares relative to Realisation Sale Elections. There is therefore a risk that subscribers for New Ordinary Shares will pay a price relative to the current NAV and/or market price per Ordinary Share that differs from the illustrative example shown in this Prospectus.

2.7 Realisation Shares

If Realisation Shares are created as a result of the Transaction, it is anticipated that such Realisation Shares will be less liquid than the Continuing Ordinary Shares and they may also trade at a price relative to NAV that is inferior to the Continuing Ordinary Shares. The Dividend Target will not apply to the Realisation Shares. While the Company intends to distribute an amount at least equal to the value of the Company's net income attributable to the Realisation Pool arising each quarter to the holders of Realisation Shares, any such dividends paid may not be comparable to those paid on the Ordinary Shares historically or in the future.

3. Portfolio Manager

There can be no assurance that the Directors and Phoenix will be able to find a replacement portfolio manager on acceptable terms if the Portfolio Manager resigns or if the Directors or Phoenix terminate the Portfolio Management Agreement. Under the terms of the Portfolio Management Agreement, the Portfolio Manager may resign by giving the Company and Phoenix not less than 12 months' written notice, (or such shorter period of written notice as the Company may accept). The Portfolio Manager shall, from the date such notice expires, cease to make investment decisions on behalf of the Company. The Directors and Phoenix would, in these circumstances, have to find a replacement portfolio manager for the Company and there can be no assurance that such a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company and Phoenix. In this event, the Directors would formulate and put forward to Shareholders proposals for the future of the Company, which may include a change in its investment policy, its merger with another investment company, a reconstruction or winding up.

4. Portfolio

4.1 Market risk

Shareholders may not get back the full value of their investments and may not receive dividends in line with the Dividend Target because underlying investments comprised in the Portfolio are subject to market risk. The Company is therefore at risk that market events may affect performance and in particular may affect the value of the Company's investments which will be valued on a marked to market basis. Market risk is risk associated with changes in market prices or rates, including interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, national and international political circumstances. While the Company, through its investments in Asset Backed Securities, intends to hold a diversified Portfolio of assets, any of these factors including specific market events, such as levels of sovereign debt, may be materially detrimental to the performance of the Company's investments.

4.2 Reinvestment risk

A key determinant of a bond's yield is the price at which it is purchased and, therefore, when the market price of bonds generally increases, the yield of bonds purchased generally decreases. As such, the overall yield of the Portfolio, and therefore the level of dividends payable to Shareholders, would fall to the extent that the market prices of Asset Backed Securities generally rise and the proceeds of Asset Backed Securities held by the Company that mature or are sold are not able to be reinvested in Asset Backed Securities with a yield comparable to that of the Portfolio as a whole.

4.3 Liquidity

Investments made by the Company may be relatively illiquid and this may limit the ability of the Company to realise its investments and in turn pay dividends to Shareholders. Substantially all of the assets of the Company will be invested in Asset Backed Securities. There may be no active market in the Company's interests in Asset Backed Securities. The Company may not have redemption rights in relation to all of its investments. In circumstances where there is no active market in the Company's interests in Asset Backed Securities and the Company is required to provide liquidity for example in order to fund redemption requests or repay borrowings, the Company may only be able to realise its interest at a discount to the Net Asset Value and at a time when the value of such Asset Backed Securities is depressed because of adverse market conditions. As a consequence, the value of the Company's investments may be materially adversely affected.

4.4 Asset Backed Securities

Each Asset Backed Security is typically backed by a pool of assets representing the obligations of a number of different borrowers or debtors (such as mortgage or credit card borrowers for example). In some cases however, the security may be backed by a single asset, for example a mortgage relating to a specific commercial property. The value of an Asset Backed Security can be affected by a number of factors, including: (i) changes in the market's perception of the underlying assets backing the security; (ii) economic and political factors such as interest rates and levels of unemployment and taxation which can have an impact on the arrears, foreclosures and losses incurred with respect to the pool of assets backing the security; (iii) changes in the market's perception of the adequacy of credit support built into the security's structure to protect against losses caused by arrears and foreclosures; (iv) changes in the perceived creditworthiness of the originator of the security or any other third parties to the transaction; (v) the speed at which mortgages or loans within the pool are repaid by the underlying borrowers (whether voluntary or due to arrears or foreclosures).

At times of rapid changes in market conditions it may be difficult to value certain Asset Backed Securities and values may fluctuate considerably, with market prices quickly becoming out of date and not reflecting the value which would be realised on a sale of the relevant Asset Backed Securities in such market conditions. The value of the Company's Asset Backed Securities will be determined on a marked to market basis and, accordingly, falls in the market price of Asset Backed Securities will result in a corresponding fall in the Net Asset Value of the Company and the Shares.

Asset Backed Securities that are not backed by mortgages present certain risks that are not presented by mortgage-backed securities such as securities backed by assets such as residential mortgages and commercial mortgages. Primarily, these securities may not have the benefit of the same security interest in the related collateral. Credit card receivables, for example, are generally unsecured. Therefore, there is a possibility that recoveries on defaulted collateral may not, in some cases, be available to support payments on these securities. The risk of investing in these types of Asset Backed Securities is ultimately dependent upon payment of the underlying debt by the debtor.

The investment characteristics of Asset Backed Securities differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, very often monthly or quarterly, and that principal may be prepaid at any time because the underlying loans are often capable of being prepaid at any time.

Investments in subordinated Asset Backed Securities involve greater credit risk of default than the more senior class(es) of the issue or series.

4.5 Due diligence process

The due diligence process that the Portfolio Manager undertakes in connection with its investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Portfolio Manager conducts due diligence to the extent it deems reasonable and appropriate based on the applicable facts and circumstances. The objective of the due diligence process will be to identify attractive investment opportunities. When conducting due diligence, the Portfolio Manager evaluates a number of important issues, which may include business, financial, tax, accounting, environmental, regulatory and legal issues in determining whether or not to proceed with an investment.

Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Portfolio Manager relies on resources available to it, including information provided by internationally recognised rating agencies which, may or may not be registered in the EU and other independent sources including issuers, originators and investment bank analysts. The due diligence process may at times be required to rely on limited or incomplete information. Accordingly, the Portfolio Manager cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

It should also be noted that there is significant divergence in the terms of the legal documentation used in relation to the Asset Backed Securities, and it may be the case that the terms of that documentation do not create the asset that was intended to be created, for example, the Asset Backed Securities may be unsecured, whether because of legal limitations or a failure to create a perfected senior security, or may be subordinated to the claims of other creditors.

Any failure by the Portfolio Manager to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share prices.

4.6 Credit risk

The Company may not achieve the Dividend Target and investors may not get back the full value of their investment because it will invest in Asset Backed Securities comprising debt securities issued by companies, trusts or other investment vehicles which, compared to bonds issued or guaranteed by governments, are generally exposed to greater risk of default in the repayment of the capital provided to the issuer or interest payments due to the Company. The amount of credit risk is usually measured by the issuer's credit rating which is assigned by one or more internationally recognised rating agencies, which may or may not be registered in the EU. This does not amount to a guarantee of the issuer's creditworthiness but generally provides a strong indicator of the likelihood of default. Securities which have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. There is a risk that an internationally recognised rating agency may assign incorrect or inappropriate credit ratings to issuers. Issuers often issue securities which are ranked in order of seniority which, in the event of default, would be reflected in the priority in which investors might be paid back.

The level of defaults in the Portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions.

In the event of a default under an Asset Backed Security, the Company's right to recover under the Asset Backed Security will depend on the ability of the Company to exercise any rights that it has against the borrower under the insolvency legislation of the jurisdiction in which the borrower is incorporated. As a creditor, the Company's level of protection and rights of enforcement may therefore vary significantly from one country to another, may change over time and may be subject to rights and protections which the relevant borrower or its other creditors might be entitled to exercise, which may adversely affect the value of the Portfolio and consequently the Shares.

4.7 Non-investment grade Asset Backed Securities

The Company may invest in high yield (i.e. non-investment grade) Asset Backed Securities, which are generally considered to be bonds with a rating (provided by internationally recognised rating agencies, which may or may not be registered in the EU) lower than BBB-. High yield bonds have an increased risk of capital erosion due to a higher probability of default by the bond issuer, which may lead to a reduction in the value of the Portfolio and consequently the Shares. Changing

market conditions and interest rate levels can also have a larger impact on the values of high yielding bonds than on other bonds.

4.8 Assets outside the UK and Guernsey

The Company has flexibility to invest a material percentage of the Portfolio in assets outside the UK and Guernsey from time to time. Laws and regulations of countries other than the UK and Guernsey, may impose restrictions that would not exist in the UK or Guernsey. Investments in entities organised outside the UK and Guernsey have their own legal, economic, political, social, cultural, business, industrial and labour environment and may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in the UK or Guernsey. In addition, governments outside the UK and Guernsey may from time to time impose restrictions intended to prevent capital flight, which may, for example, involve punitive taxation (including high withholding taxes) on certain securities or transfers or the imposition of exchange controls, making it difficult or impossible to exchange or repatriate foreign currency. These and other restrictions may make it impracticable for the Company to distribute the amounts realised from such investments at all or may force the Company to distribute such amounts other than in Sterling and therefore a portion of the distribution may be made in foreign securities or currency. It also may be difficult to obtain and enforce a judgment in a court outside of the UK or Guernsey.

The Portfolio Manager, through due diligence investigations, will analyse information with respect to political and economic environments and the particular legal and regulatory risks in countries outside the UK and Guernsey before making investments, but no assurance can be given that a given political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the Company.

As a separate point, governments outside the UK and Guernsey may introduce new tax laws (e.g. transaction or industry specific taxes) which may change the tax profile of the relevant entity.

4.9 Currency risk

If an investor's currency of reference is not Sterling, currency fluctuations between the investor's currency of reference and Sterling may adversely affect the value of an investment in the Company.

A proportion of the Company's investments will be denominated in currencies other than Sterling. The Company will maintain its accounts and intends to pay distributions in Sterling. Accordingly, fluctuations in exchange rates between Sterling and the relevant local currencies and the costs of conversion and exchange control regulations will directly affect the value of the Company's investments and the ultimate rate of return realised by investors. Whilst the Company continues to intend to enter into hedging arrangements to mitigate this risk to some extent, there can be no assurances that such arrangements will be sufficient to cover such risk.

4.10 Hedging risk

Should the Company elect to enter into hedging arrangements to protect against currency risk (and it will be under no obligation to do so), the use of instruments to hedge a portfolio carries certain risks, including the risk that losses on a hedge position will reduce the Company's earnings and funds available for distribution to Shareholders and that such losses may exceed the amount invested in such hedging instruments. There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. The Company may also be exposed to the risk that the counterparties with which the Company trades may cease making markets and quoting prices in such instruments, which may render the Company unable to enter into an offsetting transaction with respect to an open position.

Although the Company will select the counterparties with which it enters into hedging arrangements with due skill and care, the residual risk that the counterparty may default on its obligations remains.

4.11 Recent change of investment policy

The Company's investment policy was recently changed to provide the Portfolio Manager with greater flexibility. The proposed changes increase the degree to which the Portfolio Manager may invest in certain areas that were limited by the investment policy at launch, such as non-investment grade securities and instruments not deemed securities for the purposes of FSMA. While the

Portfolio Manager intends to use only gradually the greater flexibility provided and will continue to select investments which it believes provide attractive risk-adjusted returns, Shareholders should be aware that the Portfolio composition may change over time, potentially materially, from that developed since launch which forms the basis of the current trading and investment portfolio disclosure in Part 5 of this Prospectus.

5. Borrowings

The Company may borrow money on a short-term basis (being 12 months or less) for liquidity purposes and is likely to have to provide security over the Company's assets or deliver the Company's assets as collateral. Whilst the use of borrowings should enhance the Net Asset Value of the Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. This may further increase the volatility of the Net Asset Value per Ordinary Share. The use of borrowings also exposes the Company to capital risk and interest costs.

The Company has the ability to use leverage in aggregate of up to 10 per cent. of NAV for short term liquidity purposes. The use of leverage increases the exposure of investments to adverse economic factors such as rising interest rates, severe economic downturns or deteriorations in the condition of an investment or its market. In particular, the Company may be required to realise its interests in Asset Backed Securities to fund the repayment of the Company's borrowings at a time when the value of such Asset Backed Securities is depressed because of adverse market conditions.

Where the Company obtains financing through repurchase transactions or stock lending arrangements, it may be required to transfer assets to its lenders by way of collateral for the borrowed monies. To the extent that the collateral transferred has a greater value than the aggregate amount borrowed from the lender, the Company will have exposure to the credit risk of that lender.

6. Key Individuals

There is no certainty that significant members of TwentyFour will continue to perform the role of portfolio managers through the life of the Company. The loss of the services of such members or such members devoting all or a significant part of their business time to their other affairs and activities could have an adverse effect on the Company's performance. The Portfolio Management Agreement provides that if any two or more of Rob Ford, Ben Hayward, Aza Teeuwen or Douglas Charleston cease to be involved in managing the Portfolio pursuant to the Portfolio Management Agreement and are not replaced within 90 days by alternative portfolio managers approved by the Company, then the Company shall have the right to terminate the Portfolio Management Agreement immediately by giving written notice to the Portfolio Manager.

7. Taxation

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this Prospectus are those currently available and their value depends on the individual circumstances of investors.

Any change in the Company's tax status or any change in taxation legislation could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.

The Company is an offshore fund which has reporting fund status for the purposes of the UK tax regime for offshore funds. A consequence of reporting fund status is that a Shareholder who is treated as holding Shares at the end of a reporting period of the Company is potentially subject to UK taxation on income received by the Company in that period as though it had been distributed to him/her by the Company even if such income is not so distributed to such Shareholder. It is intended that the Company will distribute amounts at least equal to the aggregate UK tax liability for which Shareholders may be liable in respect of distributions actually paid and distributions deemed to be paid pursuant to the UK offshore funds rules but which are not actually paid. In addition, failure of the Company to qualify as a reporting fund may lead to any disposal by a Shareholder of his/her shares being taxed as income rather than a capital gain. The Administrator and the Investment Manager will review the level of compliance with the requirements imposed by UK tax law which must be fulfilled by a company with reporting fund status.

The amount of distributions and future distribution growth will depend on the Company's underlying Investment Portfolio. Any change or incorrect assumption in the tax treatment of dividends or interest or other receipts received by the Company (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of distributions received by Shareholders. In addition any change in the accounting policies, practices or guidelines relevant to the Company and its investments may reduce or delay the distributions received by investors. The Company's ability to pay dividends will be subject to the provisions of the Law.

The Board may determine that it would be beneficial to structure the Portfolio so that certain investments are held through a wholly owned subsidiary in another jurisdiction. The incorporation of any subsidiary will cause the Company to incur set-up and ongoing expenses, which will impact the total expense ratio of the Company.

8. Economic Conditions

Changes in underlying economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely or favourably affect the Company's prospects and the value of the Portfolio.

9. Accounts

The Company will prepare its accounts in accordance with IFRS. IFRS is subject to change and this may have an effect on the Company's calculation of NAV. Changes in the accounting policies of the Company could adversely affect Shareholders.

To the extent that there are impairments to the value of the Company's investments that are recognised in the Company's accounts under IFRS, this may affect the profitability of the Company (or lead to losses) and affect the ability of the Company to pay dividends.

10. Operational and Regulatory Risk

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and performance. The Company is subject to laws and regulations enacted by national and local government. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended collective investment companies which are domiciled in Guernsey. These include compliance with any decision of the GFSC. In addition, the Company is subject to and will be required to comply with certain regulatory requirements applicable to closed-ended investment companies (including continuing obligations) whose shares are listed on the premium segment of the Official List. The Portfolio Manager is authorised and regulated by the FCA.

Any change in the laws and regulations affecting the Company, the Company's AIFM, the Portfolio Manager or the Asset Backed Securities may have an adverse affect on the ability of the Company to carry on its business and pursue its investment policy. Any such changes may also adversely affect the value of the Asset Backed Securities. In such event, the investment returns of the Company may be materially adversely affected.

Control failures, either by the Administrator, the Company's AIFM, the Portfolio Manager or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations. An independent depositary has been appointed by the Company to safeguard the assets of the Company.

The FCA has restricted the promotion of unregulated collective investment schemes and close substitutes to retail investors in the UK. The FCA has confirmed that the restriction will not apply to companies established outside the EEA, where such companies would qualify for approval as an investment trust by the Commissioners for HM Revenue and Customs under section 1158 and 1159 of the Corporation Tax Act 2010 if resident in the UK. In the event that the Company would not meet the criteria for investment trust status if it were resident and listed in the UK, the promotion of its shares to retail investors would be restricted. The Company intends to conduct its affairs so that it will qualify for this exclusion.

11. Conflicts of interest

The Portfolio Manager, the Company's AIFM, the Administrator, the Registrar, Numis, any of their members, directors, officers, employees, agents and connected persons and the Directors and any person or company with whom they are affiliated or by whom they are employed may be involved in other financial, investment or other professional activities which may cause potential conflicts of interest with the Company and its investments and which may affect the amount of time allocated by such persons to the Company's business. In particular, these parties may, without limitation: provide services similar to those provided to the Company to other entities; buy, sell or deal with assets on its own account (including dealings with the Company); and/or take on engagements for profit to provide services including but not limited to origination, development, financial advice, transaction execution, asset and special purpose vehicle management with respect to assets that are or may be owned directly or indirectly by the Company will not in any such circumstances be liable to account for any profit earned from any such services. The Directors will take reasonable steps to ensure compliance with Rule 4 (Conflicts of Interest) of the Registered Collective Investment Schemes Rules 2015.

12. United States Tax Withholding and Reporting under the Foreign Account Tax Compliance Act (FATCA)

Under the FATCA provisions of the U.S. Hiring Incentives to Restore Employment (HIRE) Act, where the Company invests directly or indirectly in U.S. assets or there are payments to the Company of U.S.-source income after 1 July 2014, gross proceeds of sales of U.S. property by the Company after 31 December 2016 and certain other payments received by the Company after 31 December 2016, these will be subject to a 30 per cent. U.S. withholding tax unless the Company complies with FATCA.

Guernsey has entered into an inter-governmental agreement with the U.S. Treasury. Under the terms of the US-Guernsey IGA, Guernsey resident financial institutions that comply with the requirements of Guernsey's domestic legislation to report certain information to the Guernsey tax authorities will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. If the Company does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of US source income (including interest and dividends) (from 1 July 2014) and proceeds from the sale of property that could give rise to US source interest or dividends (from 1 January 2019).

PART 2: IMPORTANT INFORMATION

In assessing an investment in the Company, investors should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors, the Portfolio Manager, Numis or any other person. 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 New Ordinary 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 therein is correct at any time subsequent to the date of this Prospectus.

Numis and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company or the Portfolio Manager for which it would have received fees. Numis and its affiliates may provide such services to the Company, the Portfolio Manager or any of its affiliates in the future.

In connection with the Issue and/or the Placing Programme, Numis and any of its affiliates acting as an investor for its or their own account(s), may subscribe for the New Ordinary 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 any related investments in connection with the Issue and/or the Placing Programme or otherwise. Accordingly, references in this Prospectus to the New Ordinary Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by Numis and any of its affiliates acting as an investor for its or their own account(s). Numis 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.

1. Regulatory Information

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

Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out at page 2 of this Prospectus.

2. Investment Considerations

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, investment or any other matter.

Prospective investors should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, conversion, transfer or other disposal of Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, conversion, transfer or other disposal of Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, conversion, transfer or other disposal of Ordinary Shares.

Prospective investors must rely upon their own representatives, including their own legal advisors and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein. It should be remembered that the price of securities and the income from them can go down as well as up.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objective will be achieved.

As past performance of investments managed and monitored by the Portfolio Manager is not necessarily a guide to future performance and the value of an investment in the Company, and the income derived from it, if any, may go down as well as up, there can be no guarantee that the investment objective of the Company will be met. Therefore investors may not get back the full value of their investment.

This Prospectus should be read in its entirety before making any investment in the New Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum of Incorporation and Articles of Incorporation of the Company which investors should review. Details of where the Memorandum of Incorporation and the Articles of Incorporation are displayed can be found in paragraph 23 of Part 11 of this Prospectus.

The actual number of New Ordinary Shares to be issued pursuant to the Issue and the Placing Programme will be determined by the Company, Numis and the Portfolio Manager after taking into account demand for the New Ordinary Shares and prevailing market conditions. In such event, the information in this Prospectus should be read in light of the actual number of New Ordinary Shares to be issued pursuant to the Issue and the Placing Programme.

Statements made in this Prospectus are based on the law and practise currently in force and are subject to changes therein.

3. Forward Looking Statements

This 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”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward looking statements include matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the facts described in the “Risk Factors” section of this Prospectus.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Prospectus reflect the Company’s view with respect to future events as at the date of this Prospectus and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations and strategy. Save as required by applicable law, or any UK, Guernsey or EU regulatory requirements (including FSMA, the AIFM Rules, the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules) the Company is under no obligation publicly to release the results of any revisions to any forward-looking statements in this Prospectus that may occur due to any change in its exceptions or to reflect events or circumstances after the date of this Prospectus.

Given these uncertainties, investors and prospective investors are cautioned not to place any undue reliance on such forward-looking statements and should carefully consider the “Risk Factors” section of this Prospectus for a discussion of additional factors that could cause the Company’s actual results to differ materially before making any investment decision.

Notwithstanding the foregoing, nothing contained in this Prospectus shall in any way be taken to qualify the working capital statement contained in paragraph 17 of Part 11 of this Prospectus.

4. Conflicts of Interest

The Portfolio Manager and its members, directors, officers, employees and agents and the Directors will at all times have due regard to their duties owed to the Company and where a conflict arises they will endeavour to ensure that it is resolved fairly and in accordance with Part 4 (Conflicts of Interest) of the Registered Collective Investment Schemes Rules 2015, as amended.

The AIFM will comply with the requirements on conflicts set out in the AIFM Rules, including without prejudice to the generality of the foregoing taking all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors.

5. Latest practicable date

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is the close of business on 27 January 2016.

6. Governing Law

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

PART 3: EXPECTED TIMETABLE, STATISTICS AND DEALING CODES

1. Expected Timetable of Principal Events

| | |
|---|--|
| Record Date for entitlement under the Open Offer | 5.00pm on 28 January 2016 |
| Placing opens | 1 February 2016 |
| Offer for Subscription opens | 1 February 2016 |
| Open Offer opens | 1 February 2016 |
| Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST | as soon as practicable after 8.00am on 2 February 2016 |
| Latest time for withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST | 4.30pm on 22 February 2016 |
| Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST | 3.00pm on 23 February 2016 |
| Latest time for splitting Open Offer Application Forms (to satisfy <i>bona fide</i> market claims only) | 3.00pm on 24 February 2016 |
| Final Interim Dividend announced | 25 February 2016 |
| Latest time and date for receipt of Offer for Subscription Application Forms under the Offer for Subscription and Open Offer Application Forms under the Open Offer and payment in full or settlement of the relevant CREST instruction | 11.00am on 26 February 2016 |
| Latest time and date for receipt of Election Forms in respect of the 2016 Realisation Opportunity | 11.00am on 26 February 2016 |
| NAV announced, which dictates the Issue Price | 29 February 2016 |
| Placing closes | 12 noon on 1 March 2016 |
| Issue Price and results of the Issue announced | by close of business on 4 March 2016 |
| Admission of any Ordinary Shares that are redesignated as Realisation Shares pursuant to the Realisation to the Official List and dealing in the Realisation Shares on the London Stock Exchange's Main Market commence | 8.00 a.m. on 8 March 2016 |
| Admission of the New Ordinary Shares issued under the Issue to the Official List and dealing in the New Ordinary Shares on the London Stock Exchange's Main Market commence | 8.00 a.m. on 8 March 2016 |
| CREST accounts credited with Ordinary Shares held in uncertificated form that have been redesignated as Realisation Shares | 8.00 a.m. on 8 March 2016 |
| CREST accounts credited in respect of Ordinary Shares issued in uncertificated form | 8.00 a.m. on 8 March 2016 |
| Certificates despatched in respect of certificated Realisation Shares | week commencing 21 March 2016 |
| Certificates despatched in respect of Ordinary Shares issued in certificated form | week commencing 21 March 2016 |
| Placing Programme Opens | 9 March 2016 |
| Placing Programme Closes | 27 January 2017 |

Notes:

- (1) References to times above and in this Prospectus generally are to London times unless otherwise specified.
- (2) All times and dates in the expected timetable and in this Prospectus may be adjusted by the Company. Any changes to the timetable will be notified via an RIS.

2. Illustrative Issue Statistics

Issue Price per New Ordinary Share

The Issue Price per Ordinary Share will depend on the latest published NAV immediately before the Reorganisation Date and the level of demand for New Ordinary Shares relative to Realisation Sale Elections.

Under the Issue, each New Ordinary Share will be made available to investors, in the event that the number of New Ordinary Shares issued under the Issue:

- exceeds the number of Ordinary Shares in respect of which Realisation Elections are validly made, at a price per New Ordinary Share calculated as (A) the blended average of (i) the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share, multiplied by the aggregate number of Ordinary Shares in respect of which Realisation Elections are validly made, and (ii) a 2 per cent. premium to NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share multiplied by the number of New Ordinary Shares issued under the Issue in excess of the number of Ordinary Shares in respect of which Realisation Elections are validly made and (B) dividing such blended average by the number of New Ordinary Shares issued under the Issue; or
- does not exceed the number of Ordinary Shares in respect of which Realisation Elections are validly made, at a price per New Ordinary Share calculated as the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share.

Placing Programme Price

Not less than the cum income Net Asset Value per Ordinary Share at the time of issue.*

* The maximum Placing Programme Price will be equal to the best offer price per share at the time the proposed issue is agreed.

3. Dealing Codes

New Ordinary Shares

| | |
|--------|--------------|
| ISIN | GG00B90J5Z95 |
| SEDOL | B90J5Z9 |
| Ticker | TFIF |

Realisation Shares

| | |
|--------|--------------|
| ISIN | GG00BYW8B177 |
| SEDOL | BYW8B17 |
| Ticker | TFIR |

Offer for Subscription

| | |
|-------|--------------|
| ISIN | GG00BDGN6C75 |
| SEDOL | BDGN6C7 |

Open Offer Entitlement

| | |
|-------|--------------|
| ISIN | GG00BDGN5Y21 |
| SEDOL | BDGN5Y2 |

Excess Open Offer Entitlement

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| ISIN | GG00BDGN5Z38 |
| SEDOL | BDGN5Z3 |

PART 4: DEFINITIONS

In this Prospectus, unless otherwise specified, all references to “sterling”, “pounds” or “£” are to United Kingdom pounds sterling and all references to “p” are to United Kingdom pence sterling.

In this Prospectus, unless the context otherwise requires, the expressions as set out below shall bear the following meanings:

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| 2016 Realisation Opportunity | the Realisation Opportunity due to become effective on the 2016 Reorganisation Date; |
| 2016 Reorganisation Date | 8 March 2016; |
| Administrator or NTIFASGL | Northern Trust International Fund Administration Services (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of Guernsey with registered number 15532); |
| Administration Agreement | the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 10.3 of Part 11 of this Prospectus; |
| Admission | the dates on which admission of New Ordinary Shares to listing on the premium segment of the Official List of the UKLA and to trading on the London Stock Exchange’s main market for listed securities first becomes effective; |
| AGM | an annual general meeting of the Company; |
| AIC | Association of Investment Companies; |
| AIC Code | the AIC Code of Corporate Governance for companies incorporated in Guernsey; |
| AIC Guide | the AIC Corporate Governance Guide for Investment Companies; |
| AIFM or Phoenix | Phoenix Fund Services (UK) Limited, the Company’s alternative investment fund manager for the purposes of regulation 4 of the AIFM Regulations; |
| AIFM Agreement | the alternative investment fund management agreement between the Company and Phoenix, a summary of which is set out in paragraph 10.2 of Part 11 of this Prospectus; |
| AIFM Directive | the Alternative Investment Fund Managers Directive, (2011/61/EU); |
| AIFM Regulations | The Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773); |
| AIFM Rules | the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK, including without prejudice to the generality of the foregoing to the AIFM Regulations and all relevant provisions of the FCA Handbook; |
| AIM | the London Stock Exchange’s international market for smaller and growing companies; |
| Annual Reports | has the meaning given in paragraph 2 of Part 9 of this Prospectus; |
| Articles or Articles of Incorporation | the articles of incorporation of the Company, a summary of which is set out in paragraph 4 of Part 11 of this Prospectus; |
| Asset Backed Securities or ABS | any security that entitles the holder to receive payments that depend primarily on the cash flow from, the market value of, or the credit exposure to, a specified pool of financial assets, either fixed or revolving (including, but not limited to, residential and commercial mortgages, credit card receivables, automobile, boat and recreational vehicle leases and loans, instalment sales contracts, bank loans, leases, corporate debt securities and various types of accounts receivable), together with rights or |

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| | other assets designed to assure the servicing or timely distribution of proceeds to the holder of the security; |
| Audit Committee | the Company's audit committee as described in paragraph 21.4 of Part 5 of this Prospectus; |
| Auditor | PricewaterhouseCoopers CI LLP (a limited liability partnership incorporated in England and Wales with registered number OC309347); |
| Board or Directors | the directors of the Company whose names are set out in the paragraph headed "Directors" in paragraph 6 Part 5 of this Prospectus; |
| Business Day | any day on which banks are open for business in Guernsey and London (excluding Saturdays and Sundays); |
| Chairman | the chairman of the Board as elected from time to time; |
| Circular | the circular to Shareholders dated 25 November 2015 containing notice of the December General Meeting and relating to proposals for changes to the investment policy, disapplication of pre-emption rights and changes to the Company's articles; |
| Company | TwentyFour Income Fund Limited; |
| Continuation Pool | the pool of assets to be established under a Realisation attributable to holders of Continuing Ordinary Shares; |
| Continuation Resolution | means an Ordinary Resolution that the Company continues its business as a closed-ended investment scheme, put to the Shareholders, in accordance with the Articles, at the AGM following any Reporting Period in which the Dividend Target is not met; |
| Continuing Ordinary Shares | Ordinary Shares held by Shareholders who do not submit Realisation Elections in respect of those Ordinary Shares before any Reorganisation Date; |
| Corporate Governance Code | the UK Corporate Governance Code dated September 2015; |
| CREST | the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations; |
| Dealing Day | a day on which the London Stock Exchange is open for business; |
| December General Meeting | the General Meeting of the Company held at 11.00 a.m. on 16 December 2016; |
| Depository | Northern Trust (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of Guernsey with registered number 2651); |
| Depository Agreement | the depository agreement between the Company, Phoenix and the Depository, a summary of which is set out in paragraph 10.4 Part 11 of this Prospectus; |
| Disclosure and Transparency Rules | the Disclosure Rules and Transparency Rules made by the FCA under section 72 of FSMA; |
| Dividend Target | 6 pence per Ordinary Share or such higher Dividend Target as the Directors determine at their absolute discretion from time to time; |
| Election Form | the election form issued by the Company to Qualifying Shareholders on or around the date of this Prospectus enabling Qualifying Shareholders to make Realisation Elections on the terms and subject to the conditions set out in this Prospectus and on the Election Form; |

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| Election Period | the period beginning 28 days before the Reorganisation Date and ending 7 days before the Reorganisation Date (or, if that date is not a Business Day, on the next subsequent Business Day); |
| ERISA | the United States Employee Retirement Income Security Act of 1974, as amended; |
| EU or European Union | the European Union first established by the treaty made at Maastricht on 7 February 1992; |
| Euroclear | Euroclear UK & Ireland Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST); |
| European Economic Area or EEA | the European Union, Iceland, Norway and Liechtenstein; |
| Excess Application Facility | to the extent that the Open Offer Entitlements to Open Offer Shares are not subscribed for in full by Qualifying Shareholders, a facility for Shareholders to apply for additional Open Offer Shares over and above their Open Offer Entitlements, subject to the terms and conditions of the Open Offer set out in this Prospectus; |
| Excess CREST Open Offer Entitlement | in respect of each Qualifying CREST Shareholder, the entitlement (in addition to their Open Offer Entitlement) to apply for New Ordinary Shares using CREST pursuant to the Excess Application Facility; |
| Excess Shares | has the meaning given in paragraph 5.2 of Part 7 of this Prospectus; |
| Existing Ordinary Shares | Ordinary Shares in issue on the Record Date; |
| Extraordinary Resolution | a resolution passed by 75 per cent. of Shareholders in accordance with the Articles and the Law; |
| FATCA | the US Foreign Account Tax Compliance Act; |
| FCA | the Financial Conduct Authority; |
| FCA Handbook or FCA Rules | the FCA Handbook of Rules and Guidance of the FCA, as amended; |
| Final Interim Dividend | the Company's final interim dividend for the financial year ending 31 March 2016 to be announced on 25 February 2016, as described in paragraph 18 of Part 5 of this Prospectus; |
| FSMA | Financial Services and Markets Act 2000; |
| General Meeting | a general meeting of the Company convened in accordance with the Articles; |
| GFSC | the Guernsey Financial Services Commission; |
| Guernsey AML Requirements | means any provision of the Criminal Justice Proceeds of Crime (Financial Services Businesses) (Bailiwick of Guernsey) Regulations 2007; |
| HMRC | Her Majesty's Revenue and Customs; |
| IFRS | International Financial Reporting Standards; |
| Interim Reports | has the meaning given in paragraph 2 of Part 9 of this Prospectus; |
| Investment Company Act | the United States Investment Company Act of 1940, as amended; |
| Investment Management Agreement | the investment management agreement between TwentyFour and the Company dated 18 February 2013 and terminated on 29 May 2014; |
| IPO | the initial public offering of the Shares as described in the IPO Prospectus; |

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| IPO Prospectus | the prospectus published by the Company on 19 February 2013 in respect of the IPO; |
| ISA | an investment plan for the purposes of Chapter 3 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 and the Individual Savings Account Regulations 1998 (SI 1998/1870) (as amended); |
| Issue | the issue of New Ordinary Shares pursuant to the Placing, the Offer for Subscription and the Open Offer at the Issue Price; |
| Issue Expenses | the costs, commissions, fees and expenses incidental to the Issue which will be borne by the Company and paid on or around Admission; |
| Issue Price | the price per New Ordinary Share at which New Ordinary Shares are issued under the Issue to be calculated as set out in paragraph 6 Part 7 of this Prospectus; |
| Issue Shares | New Ordinary Shares to be issued under the Issue; |
| Law | the Companies (Guernsey) Law 2008, as amended; |
| LIBOR | the London Interbank Offered Rate; |
| Listing Rules | the listing rules made by the FCA under section 73A of FSMA; |
| London Stock Exchange | London Stock Exchange plc (a company registered in England and Wales with registered number 2075721); |
| Main Market | the main market of the London Stock Exchange for listed securities; |
| Management Engagement Committee | the management engagement committee of the Company as described in paragraph 21.5 of Part 5 of this Prospectus; |
| Memorandum of Incorporation or Memorandum | the memorandum of incorporation of the Company; |
| Money Laundering Regulations | the UK Money Laundering Regulations 2007, the Money Laundering Directive (Council Directive No. 91/308/EEC) and the Guernsey AML Requirements, in each case as amended; |
| Net Asset Value or NAV | in relation to an Ordinary Share or a Realisation Share, as the case may be, its net asset value, in relation to Ordinary Shares or Realisation Shares, the net asset value per Ordinary Share or Realisation Share, as the case may be, multiplied by the number of shares of that class in issue (excluding, for the avoidance of doubt, any Shares held in treasury) and in relation to the Company, the net asset value of the Company as a whole, in each case calculated in accordance with the Company's normal reporting policies from time to time; |
| New Ordinary Shares | the new ordinary redeemable shares of 1p each in the capital of the Company to be issued pursuant to the Issue or the Placing Programme, as the case may be; |
| Northern Europe | the UK, the Netherlands, the Republic of Ireland, France, Germany, Switzerland, Sweden, Norway, Denmark, Belgium, Finland and Luxembourg; |
| Numis | Numis Securities Limited; |
| Offer for Subscription | the offer for subscription to the public for New Ordinary Shares on the terms and subject to the conditions set out in this Prospectus; |
| Offer for Subscription Application Form | the application form for use in connection with the Offer for Subscription set out at the end of this Prospectus; |
| Official List | the Official List maintained by the UK Listing Authority pursuant to Part VI of FSMA; |

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| Open Offer | the offer proposed to be made by the Company to Shareholders inviting them to apply to subscribe for the Open Offer Shares as part of the Issue on the terms and subject to the conditions set out in this Prospectus; |
| Open Offer Application Form | the personalised application form on which Qualifying Shareholders who hold their Ordinary Shares in certificated form may apply for New Ordinary Shares under the Open Offer; |
| Open Offer Entitlement | the <i>pro rata</i> basic entitlement for Qualifying Shareholders to subscribe for Open Offer Shares in proportion to the Existing Ordinary Shares; |
| Open Offer Shares | the New Ordinary Shares which are subject to the Open Offer; |
| Ordinary Resolution | a resolution passed by a simple majority in accordance with the Law; |
| Ordinary Shares | ordinary redeemable shares of 1p each in the capital of the Company; |
| Ordinary Shareholders | holders of Ordinary Shares; |
| Overseas Shareholders | a Shareholder who is not a UK Shareholder, Guernsey Shareholder or Restricted Shareholder; |
| Panel | the Panel on Takeovers and Mergers; |
| Placee | an investor with whom New Ordinary Shares are placed by Numis, as agent of the company, pursuant to the Placing or the Placing Programme, as the context requires; |
| Placing | the conditional placing by Numis of New Ordinary Shares described in this Prospectus, on the terms and subject to the conditions set out in the Placing Agreement and this Prospectus; |
| Placing Agreement | the conditional placing agreement between the Company, the Portfolio Manager and Numis, details of which are set out in paragraph 10.5 of Part 11 of this Prospectus; |
| Placing Programme | the proposed programme of placings in the period from 9 March 2016 to 27 January 2017 of an aggregate number of New Ordinary Shares equal to 300 million less the number of New Ordinary Shares issued under the Placing, Offer for Subscription and Open Offer as described in the Prospectus; |
| Placing Programme Price | the price at which the New Ordinary Shares will be issued to Placees under the Placing Programme, being such price, not less than the prevailing cum income Net Asset Value per Ordinary Share at the time that the proposed issue is agreed, as shall be determined by the Directors in accordance with paragraph 10.5 of Part 11 of this Prospectus, plus a premium intended to at least cover the associated issue costs; |
| POI Law | the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended together with any rules and regulations made under it; |
| Pool(s) | the Continuation Pool and the Realisation Pool, as applicable; |
| Portfolio | the Company's portfolio of assets; |
| Portfolio Management Agreement | the portfolio management agreement between the Company, the Portfolio Manager and Phoenix, a summary of which is set out in paragraph 10.1 of Part 11 of this Prospectus; |
| Portfolio Manager or TwentyFour | TwentyFour Asset Management LLP (a limited liability partnership incorporated in England and Wales with registered number OC335015); |
| Preceding Ordinary Shares | any Realisation Shares in issue immediately before a Reorganisation Date that were redesignated as such at a preceding Reorganisation Date; |

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| Prospectus | this Prospectus; |
| Prospectus Rules | the prospectus rules made by the United Kingdom Listing Authority under section 73A of FSMA; |
| Qualifying CREST Shareholders | Qualifying Shareholders holding Existing Ordinary Shares in CREST; |
| Qualifying Non-CREST Shareholders | Qualifying Shareholders holding Existing Ordinary Shares in certificated form; |
| Qualifying Shareholders | holders of Ordinary Shares on the register of members of the Company as at the Record Date other than the Restricted Shareholders; |
| Realisation | the reorganisation of the Portfolio into two separate pools of assets, as described in paragraph 17.1 of Part 5 of this Prospectus; |
| Realisation Election | a Realisation Sale Election or a Realisation Share Election; |
| Realisation Issue | an issue of new Ordinary Shares made for the purposes of or including financing the redemption or repurchase of Ordinary Shares in relation to which Realisation Sale Elections may be made; |
| Realisation Opportunity | an opportunity for Shareholders to realise their Shares as described paragraph 17.1 of Part 5 of this Prospectus; |
| Realisation Pool | the pool of assets to be established under a Realisation attributable to holders of Realisation Shares; |
| Realisation Sale Election | an instruction sent by an Ordinary Shareholder during the Election Period in accordance with the Articles requesting that all or part of the Ordinary Shares held by such holder be redeemed or repurchased or purchased out of the proceeds of a new issue of Ordinary Shares or purchased under a tender offer and if not so redeemed shall be converted into Realisation Shares; |
| Realisation Share Election | an instruction sent by an Ordinary Shareholder during the Election Period in accordance with the Articles requesting that all or part of the Ordinary Shares held by such holder be redesignated as Realisation Shares with effect from the Reorganisation Date; |
| Realisation Shares | ordinary redeemable realisation shares of 1p each in the capital of the Company; |
| Receiving Agent | Computershare Investor Services PLC; |
| Receiving Agent's Agreement | the receiving agent's agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 10.7 of Part 11 of this Prospectus; |
| Recognised Investment Exchange | an investment exchange in relation to which a recognition order of the FCA is in force; |
| Record Date | the close of business on 28 January 2016; |
| Redemption Price | 1 per cent. discount to NAV; |
| Registrar | Computershare Investor Services (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of Guernsey with registered number 50855); |
| Registrar's Agreement | the registrar's agreement between the Company and the Registrar, a summary of which is set out in paragraph 10.6 of Part 11 of this Prospectus; |
| Regulations | the Uncertificated Securities Regulations 2001 (SI 2001/3755) and/or The Uncertificated Securities (Guernsey) Regulations 2009 (as amended from time to time) (as applicable); |

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| Reorganisation Date | the date which is 5 Business Days after any of (a) 6 March 2016; and (b) the date of the Annual General Meeting of the Company held in each third year thereafter; |
| Reporting Period | the period running from 1 April 2016 to 31 March 2017, and each period thereafter in respect of which the Company publishes audited financial statements; |
| Restricted Shareholders | Shareholders who are resident in, or citizens of, a Restricted Territory; |
| Restricted Territory | each of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland and Japan; |
| RIS or Regulatory Information Service | a regulatory information service that is on the list of regulatory information services maintained by the FCA; |
| Securities Act | the United States Securities Act of 1933, as amended; |
| Shareholders | holders of Shares; |
| Shares | Ordinary Shares and/or Realisation Shares and/or New Ordinary Shares and/or Continuing Ordinary Shares; |
| Special Resolution | a resolution passed by not less than a 75 per cent. majority in accordance with the Law; |
| Takeover Code | the City Code on Takeovers and Mergers, as amended from time to time; |
| Tax Code | the United States Internal Revenue Code of 1986, as amended; |
| Tendered Ordinary Shares | Ordinary Shares in respect of which a Realisation Sale Election has been made; |
| Transaction | the transaction offering the holders of Existing Ordinary Shares the option to retain, increase or realise their investment, as more particularly described in the Circular; |
| UK or United Kingdom | the United Kingdom of Great Britain and Northern Ireland; |
| UKLA or UK Listing Authority | the FCA as the competent authority for listing in the United Kingdom. |
| United States or U.S. | the United States of America, its possessions or territories, any state of the United States of America and the District of Columbia or any area subject to its jurisdiction or any political subdivision thereof; and |
| U.S. Person | a US person as defined by Regulation S of the Securities Act. |

PART 5: THE COMPANY

1. Introduction

1.1 Background

TwentyFour Income Fund Limited was launched on 6 March 2013 with an investment objective of generating attractive, risk-adjusted returns, principally through income distributions, by investing in a diversified portfolio of UK and European Asset Backed Securities. The Company has appointed TwentyFour as its portfolio manager.

The Existing Ordinary Shares are admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

The Articles established at launch provided for a realisation opportunity under which holders of Existing Ordinary Shares could elect to realise some or all of their holding with effect on the Company's third anniversary.

On 16 December 2015, Shareholders approved certain changes to the Company's investment policy to reflect the evolving investment opportunity in UK and European Asset Backed Securities. Shareholders also approved the disapplication of pre-emption rights to facilitate the Issue, the Placing Programme and the Realisation Opportunity, which included the making of certain changes to the Articles to, *inter alia*, amend the form of the realisation opportunity.

1.2 Current trading and prospects

Since launch the Company has delivered strong performance for Shareholders:

- the total return of the Shares (based on NAV) from launch to close of business on 27 January 2016, being the latest practicable date prior to the publication of the Prospectus was 30.29 per cent., or 9.56 per cent. per annum, which compares favourably with the Company's target annual total return of 7 and 10 per cent. per annum;
- the income return to Shareholders has been ahead of the Company's targets at launch. The IPO Prospectus stated a target dividend of at least 5p per Ordinary Share in respect of the year to 31 March 2014 and at least 6p per Ordinary Share thereafter. The Company met these targets by paying dividends of 6.38p and 6.65p per Ordinary Share in respect of the periods ended 31 March 2014 and 2015 respectively, and the Board currently estimates a total dividend in respect of the year ending 31 March 2016 of in excess of 6p per Ordinary Share*; and
- the Ordinary Shares have predominantly traded at a premium to NAV since launch, reflecting net demand in the market from a broad range of existing and new investors. The discount to NAV was 1.27 per cent. as at close of business on 27 January 2016, being the latest practicable date prior to the publication of the Prospectus.

The Company believes that UK and European ABS continue to offer attractive, risk-adjusted returns. Recent sentiment across fixed income has been affected by a number of negative events including the material correction in oil and other commodity prices and the moves in the Chinese currency. This has led to more attractive yields in the European ABS market as prices have been suppressed by a lower risk tolerance. In addition, specific events in some parts of the European ABS market (over supply of UK RMBS, volatility in Portuguese fixed income) have created further value.

Fundamental performance has improved for the majority of transactions in the European ABS market, buoyed by a low interest rate environment, low inflation and improving employment, wage and housing data. This improved performance has not been matched across the board by lower yields on a consistent basis, and as such the Company believes that a better risk can yield a more attractive return.

The recent change in the rate environment in the US may be followed this year by a similar move in the UK. As the Company has a yield that is based on floating rate coupons, the Company's yield can be expected to go up as the financial markets expect a higher rate environment.

* This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the size of the Issue, the number of Ordinary Shares in respect of which Realisation Elections are made and the Company's total expense ratio. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in or retain or increase their investment in the Company. See further under paragraph 1.4 of the "Risk Factors".

The better yields available currently may pull in new investors when compared to historical yields and yields in other parts of fixed income, which could provide material capital gains in a recovering environment.

Importantly the strong performance of transactions is expected to continue with Fitch updating its cumulative lifetime loss rate predictions for European RMBS and ABS to 0.3 per cent. and 0.2 per cent. respectively.

1.3 The Transaction

The Company has today announced that it intends to implement the Transaction, which provides holders of Existing Ordinary Shares with the following options:

- retain their current investment in the Company, which requires no action;
- increase their investment in the Company, by making an Open Offer application. The proceeds of the Open Offer are intended to be supplemented by those of the Placing and the Offer for Subscription; or
- realise their investment in the Company, by making a Realisation Sale Election. Such elections will initially be satisfied by their Existing Ordinary Shares being redeemed by the Company at the Redemption Price, funded by the net proceeds of the Issue up to an amount equal to the net proceeds of the Issue. Where the value of such elections (calculated by reference to the Redemption Price) exceeds the net proceeds of the Issue resulting in the Company not being able to redeem such Ordinary Shares, such Ordinary Shares will be converted into Realisation Shares with effect from the 2016 Reorganisation Date. In such case, following the 2016 Reorganisation Date, the Portfolio will be split into two separate and distinct pools and the assets attributable to the Realisation Pool will be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash.

This Prospectus sets out key information relating to the:

- Company in this Part 5;
- investment opportunity in UK and European Asset Backed Securities in Part 6; and
- Transaction, including the action to be taken by Existing Shareholders, in Part 7,

and provides further details regarding the Company and the Transaction in the subsequent Parts.

Shareholders and potential investors should consider fully the risk factors associated with the Company (as set out in Part 1) and should read the whole of this Prospectus and not rely on the key information sections. Before making any investment decision, Existing Shareholders and potential new investors are recommended to seek advice from an authorised independent financial adviser.

The Directors (and their connected persons) are interested in an aggregate of 60,000 Existing Ordinary Shares (representing approximately 0.021 per cent. of the Existing Ordinary Shares as at 27 January 2016, being the latest practicable date prior to the publication of this Prospectus). The Directors intend to retain their holdings of Existing Ordinary Shares. In addition, Trevor Ash intends to subscribe for an additional £20,000 worth of New Ordinary Shares and Ian Burns intends to subscribe for £30,000 worth of New Ordinary Shares.

2. Investment Objective

The Company's investment objective is to generate attractive, risk-adjusted returns, principally through income distributions.

3. Target Total Return

On the basis of market conditions as at the date of this Prospectus and whilst not forming part of the Company's investment objective, the Company will target a net total return on the Company's NAV of between 6 and 9 per cent. per annum*. The Board intends to review the level of the target

* This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the size of the Issue, the number of Ordinary Shares in respect of which Realisation Elections are made and the Company's total expense ratio. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in or retain or increase their investment in the Company. See further under paragraph 1.4 of the "Risk Factors".

NAV total return at its absolute discretion from time to time and, in particular, in the event that Sterling LIBOR rates increase significantly.

4. Investment Policy

The Company's investment policy is to invest in a diversified portfolio of UK and European Asset Backed Securities.

4.1 Diversification

The Company will maintain a Portfolio diversified by issuer concentration, it being anticipated that the Portfolio will comprise at least 50 Asset Backed Securities at all times.

4.2 Investment restrictions

The Portfolio must comply, as at each date an investment is made, with the following restrictions:

- (i) no more than 20 per cent. of the Portfolio value will be backed by collateral in any single country (save that this restriction will not apply to Northern European countries); and
- (ii) no more than 5 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities; and
- (iii) no more than 10 per cent. of the Portfolio value will be exposed in aggregate to instruments not deemed securities for the purposes of FSMA.

As an exception to the requirements set out above the Portfolio Manager will be permitted to purchase new investments at any time when the Portfolio does not comply with one or more of those restrictions so long as, at the time of investment:

- the asset purchased would be compliant with the single country restriction above (even where following the purchase more than 20 per cent. of the Portfolio will be backed by collateral in another single country due to market movements);
- the asset purchased would be compliant with the single Asset Backed Security/issuer exposure restriction above (even where following the purchase more than 5 per cent. of the Portfolio value will be exposed to another single Asset Backed Security or issuer due to market movements); and
- such purchase does not make the Portfolio, in aggregate, less compliant with any of (i), (ii) and (iii) above.

4.3 Cash management

Uninvested cash or surplus capital or assets may be invested on a temporary basis in:

- cash or cash equivalents, namely money market funds or short term money market funds (as defined in the 'Guidelines on a Common Definition of European Money Market Funds' published by the Committee of European Securities Regulators (CESR) and adopted by the European Securities and Markets Authority (ESMA) and other money market instruments (including certificates of deposit, floating rate notes and fixed rate commercial paper of banks or other counterparties having a "single A" or higher credit rating as determined by any internationally recognised rating agency selected by the Board which, may or may not be registered in the EU); and
- any "government and public securities" as defined for the purposes of the FCA Rules.

4.4 Gearing and derivatives

The Company will not employ gearing or derivatives for investment purposes. The Company may, from time to time, use borrowing for short-term liquidity purposes, which could be achieved through a loan facility or other types of collateralised borrowing instruments including repurchase transactions or stock lending. The Company is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to the Company's assets. In this case, the Directors will restrict borrowing to an amount not exceeding 10 per cent. of the Company's Net Asset Value at the time of drawdown. Derivatives may be used for currency hedging purposes as set out below and for efficient portfolio management. At the date of this Prospectus, the Company has not incurred any borrowings and has not granted any mortgages, charges or security over or in relation to any of its assets.

4.5 Efficient Portfolio Management

Efficient portfolio management techniques will be employed by the Company, such as currency hedging, interest rate hedging and the use of derivatives such as credit default swaps, currency swaps, futures and volatility index products to mitigate market volatility.

The Company operates in Sterling as its base currency. The Company hedges the value of any non-Sterling assets into Sterling using spot and forward foreign exchange contracts, rolling forward on a periodic basis. The Company's hedging policy will only be used for efficient portfolio management and not to attempt to enhance investment returns.

The Company does not intend to employ interest rate hedging in its management of the Portfolio unless it invests in fixed rate ABS in which case it may employ interest rate hedging.

4.6 Realisation

In the event that Realisation occurs, the investment objective and investment policy applying to the Realisation Pool will be to realise the assets comprised in such pool on a timely basis in accordance with an orderly realisation programme with the aim of making progressive returns of cash to holders of Realisation Shares as soon as practicable. The Portfolio Manager will seek to liquidate positions in the Realisation Pool as efficiently, and at as much value, as is possible. The Portfolio Manager may, if authorised by the Board, sell assets to the Continuation Pool from the Realisation Pool in order to dispose of assets from the Realisation Pool.

4.7 Material Breach of Investment Restrictions

In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Portfolio Manager through a Regulatory Information Service.

4.8 Amendment to Investment Policy

In accordance with the Listing Rules, the Company can only make a material change to its investment policy with the approval of its Shareholders by Ordinary Resolution.

5. Investment Portfolio and Use of Proceeds

The Board has approved the appointment of Phoenix as the Company's AIFM to provide investment management services to the Company as required by the AIFM Rules. Investment management services comprise risk management and portfolio management services. In accordance with the AIFM Rules, Phoenix has delegated the performance of the portfolio management services to TwentyFour and will monitor TwentyFour's provision of such services in accordance with the AIFM Rules and the terms of the Portfolio Management Agreement.

The Portfolio Manager will select investments for the Company which it believes are appropriate to the Company's investment objective and policy.

It is anticipated that at least 40 per cent. of the Portfolio value will continue to be backed by collateral in the UK and Northern Europe. As at the date of this Prospectus, ABS are predominantly issued and backed by collateral in three countries outside of the UK and Northern Europe (being Italy, Spain and Portugal). While the Company's investment policy does not include any restrictions with respect to investing in particular sectors, it is expected that the Portfolio will retain a significant exposure to residential and commercial mortgage-backed securities.

As at the close of business on 27 January 2016, being the latest practicable date prior to the publication of this Prospectus, the Portfolio comprised 98 investments. As at that date the Company's top 10 investments and their sectoral portfolio allocations were:

| Security | Number of Securities | Sector | Fair Value (£) | % of NAV |
|--------------|----------------------|---------------------|----------------|----------|
| LUSI 5 | 20,869,252 | Prime RMBS | 12,064,767 | 3.84% |
| LEMES 06-1 | 15,130,000 | CMBS | 10,620,583 | 3.38% |
| CBFLU 1 | 10,000,000 | Buy To Let | 10,000,000 | 3.19% |
| EMACP 07-NL4 | 13,750,000 | Prime RMBS | 8,800,013 | 2.80% |
| AMF 2015-1 | 8,400,000 | Buy To Let | 8,415,258 | 2.68% |
| ALME 3 | 12,000,000 | CLO | 7,945,046 | 2.53% |
| ARBR 3 | 11,000,000 | CLO | 7,547,852 | 2.41% |
| WARW 1 | 8,000,000 | Non-Conforming RMBS | 7,331,728 | 2.34% |
| RLOC 07-1 | 11,250,424 | Non-Conforming RMBS | 7,264,705 | 2.31% |
| ERF 5 | 10,350,000 | Prime RMBS | 7,101,339 | 2.26% |

Source: TwentyFour AM / as at 27 January 2016

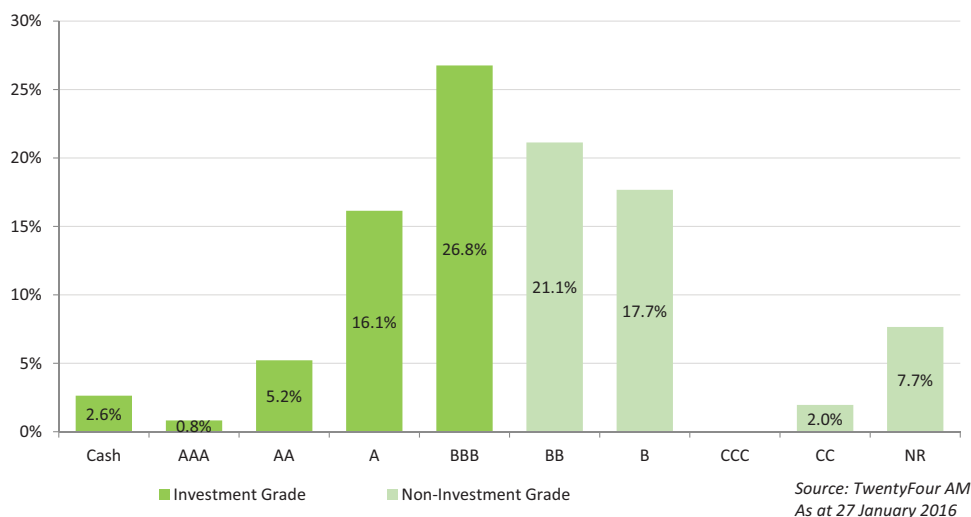
The following graphs illustrate, as at the close of business on 27 January 2016, being the latest practicable date prior to the publication of this Prospectus, geographic, rating and sectoral breakdowns of the Portfolio:

Geographical Breakdown

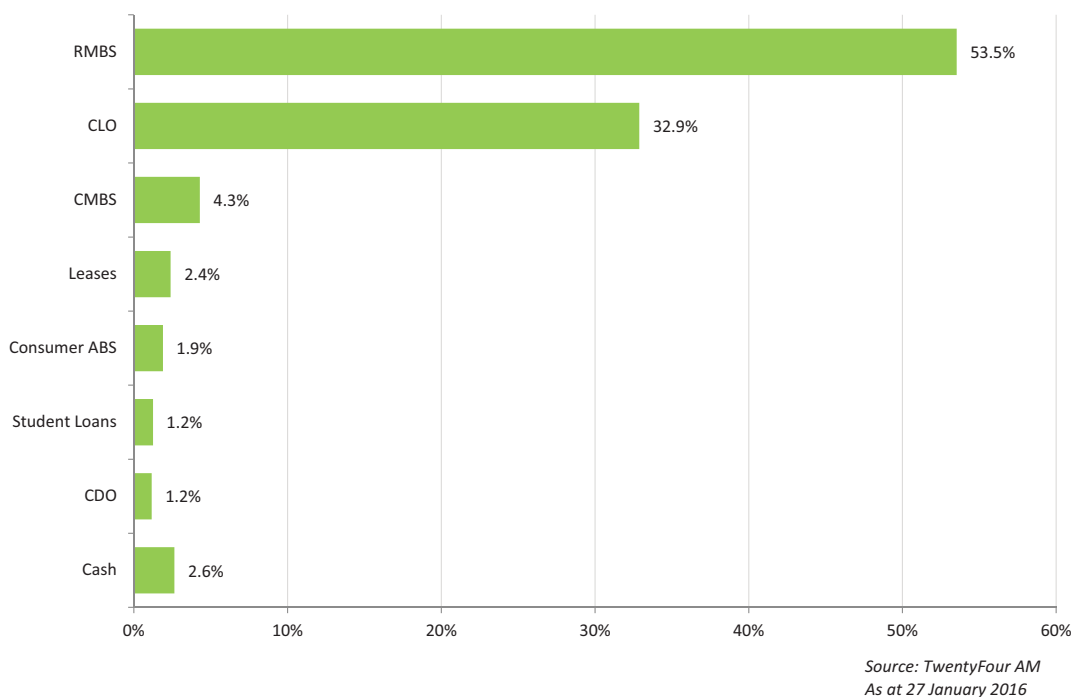


Source: TwentyFour AM
As at 27 January 2016

Ratings Breakdown



Sector Breakdown



As at 31 December 2015 the Portfolio had a gross yield of 7.71 per cent.*.

6. Directors

The Directors, all of whom are non-executive and all of whom are independent of the Portfolio Manager, are responsible for the determination of the investment policy of the Company and the supervision of the implementation of such policy. The Board currently consists of:

Trevor Ash – (Chairman) (age 69)

Mr Ash is a resident of Guernsey and has over 30 years of investment experience. He is a Fellow of the Chartered Institute for Securities and Investment. He was formerly a managing director of Rothschild Asset Management (CI) Limited (now Insight Investment Management (CI) Limited). He is a director of a number of hedge funds, fund of hedge funds, venture capital, derivative and other offshore funds including several managed or advised by Insight and Merrill Lynch. Mr Ash retired

* Calculated on the current NAV.

as a director of NM Rothschild & Sons (CI) Limited, the banking arm of the Rothschild Group in the Channel Islands in 1999. Mr Ash was appointed to the Board on 11 January 2013.

Ian Burns – *(Non-executive Director and Chairman of the Audit Committee) (age 56)*

Mr Burns is a resident of Guernsey and a fellow of both the Institute of Chartered Accountants in England and Wales and the Chartered Institute of Securities and Investment. He is a founder and Executive Director of Via Executive Limited, a specialist management consulting company and managing director of Regent Mercantile Holdings Limited, a privately owned investment company.

Mr Burns is currently a non-executive director of London listed Phaunos Timber Fund Limited, River and Mercantile UK Micro Cap Limited and Fast Forward Innovations Limited (AIM). He is also a director of Montreux Capital Corp which is listed on the Toronto Stock Exchange and a number of other offshore funds. Mr Burns was appointed to the Board on 17 January 2013.

Richard Burwood – *(Non-executive Director) (age 48)*

Mr Burwood is a resident of Guernsey with over 25 years' experience in banking and investment management. During 18 years with Citibank London, Mr Burwood spent 11 years as a fixed income portfolio manager spanning both banks/finance investments and Asset Backed Securities. He gained direct experience as a portfolio manager of securities backed by mortgages, auto loans and collateralised loan obligations.

Mr Burwood has lived in Guernsey since 2010, initially working as a portfolio manager for EFG Financial Products (Guernsey) Ltd managing the treasury department's ALCO Fixed Income portfolio.

From 2011 to 2013 Mr Burwood worked as the business and investment manager for the Guernsey branch of Man Investments (CH) AG. This role involved overseeing all aspects of the business including operations and management of proprietary investments. Since 2014 Mr Burwood has served on the Board of RoundShield Fund Ltd, a Guernsey registered private equity fund focused on European small to mid-cap special opportunities. In August 2015 he joined the Board of Funding Circle SME Income Fund Ltd, a Guernsey registered company giving investors access to a diversified portfolio of SME loans. Mr Burwood was appointed to the Board on 17 January 2013.

Jan Etherden – *(Non-executive Director) (age 55)*

Ms Etherden is a resident of the United Kingdom. She started in 1983 as a research analyst at Confederation Life (acquired by Sun Life of Canada in 1994) and was Head of UK Equities from 1991. In 1996 she moved to Newton Investment Management Limited as a multi-asset fund manager. She was appointed a Director of Newton Investment Management Limited in 1997 and additionally was Chief Operating Officer of Investments at Newton Investment Management Limited from 1999 until her resignation in 2001. From January 2004 to January 2006 she was Business Development Manager for the Candela Fund at Olympus Capital Management. Ms Etherden has been a Director of Ruffer Investment Company Ltd since 1 July 2004 and a Director of Miton UK MicroCap Trust plc since 31 March 2015. Ms Etherden was appointed to the Board on 17 January 2013.

The Directors have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

7. Portfolio Manager

Discretionary portfolio management services are provided by TwentyFour.

TwentyFour is a fixed income specialist asset manager established in 2008 and based in the City of London. TwentyFour had over £5 billion of total funds under management as at 31 December 2015, including a range of funds investing in the asset class invested in by the Company. The Portfolio Manager is authorised and regulated by the FCA. TwentyFour is 60 per cent. owned by Vontobel Asset Management, with the working partners of TwentyFour retaining 40 per cent. ownership. Vontobel Asset Management is a multi-boutique asset manager headquartered in Switzerland.

7.1 In respect of the Company, the key members of TwentyFour's portfolio management team are:

Rob Ford – Partner, Portfolio Management

Before founding TwentyFour, Mr Ford was a partner and portfolio manager at Synapse Investment Management. Prior to this, Mr Ford spent over 20 years at Barclays Capital (formerly BZW) in London, where he was latterly a Managing Director and Head of European ABS Trading. Mr Ford has been trading Asset Backed Securities since their inception in the late 1980s and is one of the market's leading authorities on the sector. Mr Ford has also managed other trading areas including establishing and running Barclays Capital's highly successful LIBOR credit trading unit. As well as trading Asset Backed Securities, Mr Ford has also traded corporate bonds and gilts. Earlier in his career Mr Ford also traded LIFFE futures and options.

Ben Hayward, CFA – Partner, Portfolio Management

Mr. Hayward is a seasoned fixed-income portfolio manager with over 17 years' experience managing asset-backed and credit securities. Mr. Hayward is one of the founding partners of TwentyFour and a member of the portfolio management team where his primary responsibility is the co-management of TwentyFour's ABS based public bond funds, as well as a number of bespoke portfolios for institutional clients.

Aza Teeuwen – Partner, Portfolio Management

Mr Teeuwen joined TwentyFour in 2011 as a member of the portfolio management team, where his primary responsibility is the co-management of the Firm's Monument and Dynamic Bond Funds as well as a number of bespoke portfolios for institutional clients. Before joining TwentyFour, Mr Teeuwen worked at IMC asset management in Amsterdam for 4 years. Mr Teeuwen worked on the structured products desk that managed European mezzanine ABS, CDOs and funds. At IMC he was responsible for analysis, monitoring, trading and he played an active role in the portfolio management of the different mandates. Mr Teeuwen brings experience in predominantly Dutch, German and South European ABS backed by retail mortgages. Additionally he was involved in the structuring of a private transaction of a German portfolio of mortgages and consumer loans.

Douglas Charleston – Portfolio Management

Mr Charleston joined TwentyFour in 2013 and has over 8 years' experience in fixed income. Mr Charleston is a member of the portfolio management team where his responsibility is the co-management of TwentyFour's ABS based public bond funds, as well as a number of bespoke portfolios for institutional clients.

7.2 TwentyFour's management board comprises:

Axel Schwarzer – Chairman

Mr Schwarzer has been Head of Asset Management at Vontobel since May 2011. Before joining Vontobel he was CEO of DWS Investments (formerly Scudder) and Head of Deutsche Asset Management Americas in New York from 2005-2009 and Vice Chairman of Deutsche Asset Management (DeAM) and Global Head of Relationship Management at DWS Investments, Frankfurt, Germany 2009-2010. Mr. Schwarzer began his career at Deutsche Bank and held various positions within the Private Banking and Retail banking division.

Dr Martin Sieg Castagnola

Dr. Castagnola has been Chief Financial Officer at Vontobel since November 2008. Before this he worked at Zürcher Kantonalbank (ZKB), Zurich, Switzerland in various roles pertaining to trading and risk, including Member of the Executive Board and Head of Investment & Private Banking 2007-2008, Head of Asset Management 2007 and Head of Treasury 2005-2006. He has also lectured at the University of Zurich in the area of empirical economic research (econometrics).

Felix Lenhard

Mr. Lenhard has been Chief Operating Officer at Vontobel since January 2010. Mr. Lenhard joined Vontobel in 2001 and has worked as Project Manager (2001-2003), Head of the Business Applications division (2003-2009) and Head of IT (2009). Prior to this he worked as a Senior Consultant to the Financial Services division of PwC in Zurich and London, was a partner at Almax AG and a member of executive management at BZ Informatik AG.

Mark Holman – Chief Executive Officer

Mr. Holman is one of the founding partners of TwentyFour which was launched in September 2008, and serves as the firm's Chief Executive. He sits on TwentyFour's Executive Committee which has the overall responsibility for the day to day running of the firm as well as the Management Board which sets the overall strategy and direction of the business.

Nick Knight-Evans – Chief Operating Officer & General Counsel

As the Chief Operating Officer, Mr. Knight-Evans has overall responsibility for a broad range of TwentyFour's functions including finance, operations, IT and facilities. As an English-qualified solicitor, Mr. Knight-Evans also serves as the firm's General Counsel. As a member of TwentyFour's Executive Committee and Management Board, Mr. Knight-Evans shares responsibility for the direction, strategy and management of the firm.

Prior to founding TwentyFour, Mr. Knight-Evans was a Legal Director at Barclays Capital with responsibility for fund-linked derivatives and prime brokerage and previously performed in-house legal roles at BNP Paribas and Societe Generale. Prior to this, Mr. Knight-Evans worked in private practice for the English law firm Wilde Sapte (now Dentons).

7.3 TwentyFour's Executive Committee comprises

Graeme Anderson – Chairman

Mr Anderson is one of the founding partners of TwentyFour which was launched in September 2008, and serves as the firm's Executive Committee Chairman. Mr. Anderson is also Chairman of TwentyFour's Asset Allocation Committee and is responsible for its process.

Mark Holman – Chief Executive Officer

As above.

Nick Knight-Evans – Chief Operating Officer & General Counsel

As above.

Ben Hayward, CFA – Partner, Portfolio Management

As above.

8. Investment Process

The investment process adopted by TwentyFour is structured on a 'top-down/bottom-up' basis. The 'top-down' part of the process is controlled by the investment committee, which meets formally on a monthly basis. The meeting follows a set agenda and reviews key inputs (such as economic fundamentals, market technicals, sentiment, valuations and risk/stress analysis) and this drives the macro strategy for each portfolio and produces outputs such as strategy revisions, asset allocations, sector weighting and bespoke research to be undertaken. The investment committee also meets weekly to conduct a top-down portfolio review and a macro strategy validation or revision as necessary.

Detailed 'bottom-up' credit analysis is carried out on each transaction before it is considered as an investment. A potential investment will be allocated to one of the portfolio managers who will then conduct a detailed analysis of the transaction including analysis of relevant documentation including the deal prospectus, pre-sale reports, investment banking research, historical information/reporting, manager evaluation or site visits if applicable, deal modelling and any macro analysis that might be necessary to fully understand the prospective investment. Once the analysis is complete, the deal will be presented to the portfolio management team for further scrutiny and, if necessary, further analysis can be carried out. Once an investment is approved, the on going monitoring will normally be the responsibility of the portfolio manager that carried out the initial analysis and that individual will produce a monitoring template and will report on performance on an on-going basis.

The Portfolio Manager seeks to construct a Portfolio with a mix of maturities, which is intended to provide a greater probability of consistent performance and is expected to assist in NAV progression, income generation and the ability to benefit from spread tightening. Asset Backed Securities are tradable in the secondary market, and could therefore be sold in order to provide liquidity.

9. Portfolio Management Agreement

Discretionary investment management services are provided by TwentyFour.

Phoenix, the Company's AIFM has delegated its responsibility for portfolio management for the Company to the Portfolio Manager in accordance with the AIFM Rules. The Portfolio Manager is therefore appointed by Phoenix on behalf of the Company to manage the Portfolio and to advise the Company and Phoenix on behalf of the Company in relation to the investment of the Portfolio.

A monthly management fee is payable on the last Business Day of the month, or on the date of termination of the Portfolio Management Agreement by the Company to TwentyFour of 0.75 per cent. per annum of, in respect of each class of Shares that are: (i) listed or admitted to trading on any stock exchange, the lower of the NAV and the market capitalisation of that class of Shares; and/or (ii) not listed or admitted to trading on any stock exchange, the NAV of that class of Shares, plus, in each case, any applicable Value Added Tax.

TwentyFour, under the terms of the Portfolio Management Agreement, is responsible for:

- seeking out and evaluating opportunities for investment by the Company including making such issuer visits and obtaining such information as it may consider necessary from time to time;
- recommending the manner in which any moneys raised by the Company might be invested, taking into account the Company's particular requirements;
- recommending the manner in which any moneys required for outgoings of the Company should be retained or realised;
- advising whether and in what manner all rights conferred by the investments held in the Portfolio should be exercised;
- analysing the performance of the investments held in the Portfolio and advising the Company and the AIFM on behalf of the Company generally in relation to investment trends, market movements and all other matters likely, or which might reasonably be considered likely, to affect the investment policy of the Company;
- devoting such time and having sufficient suitability qualified personnel and equipment as may be required to enable it to carry out its obligations under the Portfolio Management Agreement properly and efficiently;
- employing efficient portfolio management techniques to protect against the Company's exposure to, where it considers it appropriate, to mitigate market volatility and using credit derivatives to hedge against market movements;
- using borrowing for short-term liquidity purposes in accordance with the Company's investment policy;
- monitoring the Company's discount management procedures;
- producing and publishing monthly factsheets, which will include information on the Company's performance, holdings and investment activity;
- keeping such records required to be kept by the AIFM Rules applicable to the Portfolio Manager, maintaining such books, records and reports as are necessary to provide a complete record of the provision of the Portfolio Manager's obligations under the Portfolio Management Agreement and information about executed transactions on a transaction by transaction basis;
- providing such information to the Board and the AIFM as they may reasonably request, and at such times and with such frequency as they shall reasonably request, in relation to the Company, the Portfolio or the performance by the Portfolio Manager of its duties under the Portfolio Management Agreement;
- providing such information to Phoenix as it reasonably requests, and at such times and with such frequency as it shall reasonably require to enable Phoenix to fulfil its duties under the AIFM Agreement;
- providing such information to the Administrator as it reasonably requests, and at such times and with such frequency as it shall reasonably request to enable the Administrator to fulfil its duties under the Administration Agreement;

- notifying the AIFM as soon as reasonably practicable of any development that may have a material impact on the Portfolio Manager's ability to carry out its obligations under the Portfolio Management Agreement in accordance with the AIFM Rules and if any material breach occurs or is likely to occur;
- making available in person or by telephone (as may be requested by the Board or the AIFM) the services of an appropriate person to attend meetings of the Board quarterly or at such intervals as shall be agreed between TwentyFour and the Company and the AIFM, and preparing reports or other documents as requested by the Company in connection with such meetings; and
- providing such information and assistance to the Company and the AIFM as it reasonably requests, and at such times and with such frequency as it shall reasonably request, in relation to the activities of the Company, the Administrator or the Company's brokers in promoting the Ordinary Shares or any other marketing, promotional and corporate activities as may be conducted by the Company's brokers from time to time, and any issues arising from time to time in the context of relations between the Company and its shareholders, at all times subject to compliance with FSMA, the FCA Rules (including without limitation the general prohibition in section 19 of FSMA and the financial promotion restriction in section 21 of FSMA) and the AIFM Rules.

The Portfolio Management Agreement may be terminated by the Company, the AIFM or the Portfolio Manager giving not less than 12 months' notice.

The Company and the AIFM (acting jointly) may terminate the Portfolio Management Agreement with immediate effect if any two or more of Rob Ford, Ben Hayward, Aza Teeuwen or Douglas Charleston cease to be involved in managing the Portfolio and are not replaced within 90 days by alternative portfolio managers approved by the Company. The Company and the AIFM (acting jointly) may also terminate the Portfolio Management Agreement with immediate effect if the Company is or is being wound up in accordance with the Articles, which shall include where in accordance with the Articles, any Continuation Resolution is not passed by the Company's shareholders, or a winding up in circumstances where one or more Reorganisation Elections are duly made but the Realisation does not take place because the Net Asset Value of the Continuing Ordinary Shares is less than £100 million.

10. AIFM

The Board has appointed Phoenix as the Company's AIFM. Phoenix is a private company limited by shares with registration number 6252439 and is authorised and regulated by the FCA. Phoenix was incorporated in England and Wales on 18 March 2007.

Phoenix covers potential professional liability risks resulting from its activities as AIFM by holding professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, in accordance with the AIFM Rules.

11. The AIFM Agreement

Alternative investment fund management services are provided by Phoenix. The AIFM Agreement may be terminated by any party serving the other party with 3 months' prior written notice (or such shorter time as may be agreed by the parties) or immediately by the Company if (i) Phoenix's authorisation to manage investment funds is not maintained by it, or is suspended or restricted by the FCA, so that the Company is not able to realise its investment objective or implement its investment policy, (ii) if the Portfolio Manager ceases to maintain its authorisation from the FCA, or (iii) Phoenix fails to notify the Company of an investigation by the FCA. The AIFM Agreement will automatically terminate if the FCA requires Phoenix to stop acting as AIFM. Either party may terminate the AIFM Agreement immediately if (i) the other party is insolvent, or in the case of the Company a Continuation Resolution is not passed by the Company's shareholders, (ii) the other party is in material or persistent breach of the AIFM Agreement, which if capable of remedy has not been remedied within 20 days after having been required in writing by the other party so to do.

For the provision of its services under the AIFM Agreement, Phoenix is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (7 basis points on the first £49,999,999.99 of net assets, 5 basis points on net assets between £50 million and £100 million and 3 basis points on net assets in excess of £100 million), subject to a minimum annual

fee of £20,000. The Company will also reimburse Phoenix for reasonable expenses properly incurred by Phoenix in the performance of its obligations under the AIFM Agreement.

Phoenix provides, among others, the following services under the terms of the AIFM Agreement:

- Provision of risk management services as required by the AIFM Rules, including the implementation of adequate risk management systems to identify, measure, manage and monitor appropriately all risks relevant to the Company's investment strategy and which the Company is or may be exposed and ensuring that the Company's risk management policy and its implementation of the same comply with the AIFM Rules;
- Ensuring that quantitative or qualitative risk limits are set in conjunction with the Company, which are implemented by the Company, taking into account all relevant risks;
- Monitoring on a daily basis the compliance by TwentyFour, as portfolio manager, with the Company's investment objective and investment policy and reporting any non-compliance in a timely fashion to TwentyFour and the Board;
- Appraise the performance of TwentyFour and present an analysis of the performance of TwentyFour to the Board on an annual or more frequent basis as may reasonably be requested by the Board;
- Ensuring that a depositary compliant with the AIFM Rules is appointed by or on behalf of the Company and that the assets of the Company are entrusted to the depositary for safekeeping in accordance with the AIFM Rules and providing the depositary with all information required to enable the Depositary to comply with its obligations under the AIFM Rules in respect of the Company;
- Ensuring that the disclosures required to be made by the Company under the AIFM Rules are made;
- Providing the Company with reports and reporting to the FCA as required under the AIFM Rules;
- Ensuring that the Portfolio is valued in accordance with the AIFM Rules; and
- Ensuring that it is authorised by the FCA to market the Company in accordance with the AIFM Rules as required by the Company from time to time.

12. Administrator

The Administrator is a non-cellular company limited by shares which was incorporated in the Island of Guernsey on 29 May 1986 with registration number 15532. It is licensed by the GFSC under the POI Law. The Administrator is a wholly-owned, indirect subsidiary of Northern Trust Corporation, a corporation established in the U.S. and based in Chicago. Northern Trust Corporation is a leading provider of investment management, asset and fund administration, fiduciary and banking solutions for corporations, institutions and individuals worldwide. Northern Trust Corporation is quoted on NASDAQ.

13. Administration Agreement

Administrative, secretarial and other services are provided by NTIFASGL. The Administration Agreement may be terminated by either party serving the other party with 90 days' written notice or immediately (i) in the event of the winding up of (other than a voluntary liquidation for the purpose of a reconstruction, amalgamation or merger) or the appointment of an administrator, examiner or receiver to the other party or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction, (ii) if either party commits any material breach of the provisions of the Administration Agreement and shall, if capable of remedy, not have remedied the same within 30 days after the service of notice requiring it to be remedied (in such cases such right of termination lies with the non-defaulting party), (iii) if the continued performance of the Administration Agreement for any reason ceases to be lawful (including under the POI Law and in circumstances where the Administrator ceases to hold the relevant licence, consent, permit or registration to carry on the Administrator's activities), (iv) if a party is declared to be en état de désastre under the laws of Guernsey, or (v) if the Administrator is or is deemed to be resident for tax purposes elsewhere than in Guernsey or has a permanent establishment or other taxable presence elsewhere than in Guernsey. The Company may terminate the Administration Agreement immediately by notice if the Administrator ceases to be qualified to act pursuant to the Registered Collective Investment Schemes Rules 2015.

For the provision of the services under the Administration Agreement, the Administrator is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (6 basis points on the first £99,999,999.99 of net assets, 5 basis points on net assets between £100 million and £200 million and 4 basis points on net assets in excess of £200 million, subject to a minimum annual fee of £75,000. In addition, a fixed annual fee of £25,000 will also be charged for corporate governance and company secretarial services provided by NTIFASGL to the Company (the parties may by agreement revise these fees from time to time). The Company will also reimburse the Administrator for disbursements and reasonable out of pocket expenses incurred by the Administrator on behalf of the Company.

The Administrator, under the terms of the Administration Agreement provides *inter alia* the following services:

- company secretarial and administrative services;
- assistance with the implementation of corporate governance and other compliance requirements;
- calculation of Net Asset Value of the Ordinary Shares and, in the event that the Realisation takes place, the Realisation Shares;
- maintenance of adequate accounting records and management information;
- preparation of the audited annual financial statements and the unaudited interim report and publication of the same through a Regulatory Information Service;
- attending to general tax affairs of the Company in Guernsey where necessary; and
- providing certain reporting information to the Depositary in order to allow the Depositary to carry out its obligations under the Depositary Agreement.

The register of members of the Company is maintained by the Registrar and a copy of the register of members is available from the Administrator at its registered office being PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL.

14. Depositary

Northern Trust (Guernsey) Limited has been appointed as Depositary for the Company under the Depositary Agreement, a summary of which is set out in paragraph 10.4 of Part 11 of this Prospectus. Northern Trust (Guernsey) Limited is a company incorporated in Guernsey, whose registered office is PO Box 71, Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3DA. The Depositary is a bank licensed by the GFSC under the provisions of the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended and under the POI Law with GFSC reference number: 33.

The fees payable to the Depositary by the Company are (i) a minimum safe-keeping fee of £8,500 per annum, although the fee may be greater dependent on the level of transaction fees incurred during the year and is payable monthly in arrears and (ii) a Depositary fee calculated as percentages of the Company's net assets (1.75 basis points on the first £99,999,999.99 of net assets, 1.5 basis points on net assets between £100 million and £200 million and 1.25 basis points on net assets in excess of £200 million), subject to a minimum annual fee of £15,000 in the first year and £25,000 for each year thereafter.

15. Registrar and Receiving Agent

Computershare Investor Services (Guernsey) Limited has been appointed as Registrar to the Company under the Registrar's Agreement. Computershare Investor Services PLC has been appointed Receiving Agent of the Company for the Issue and the Transaction under the terms of the Receiving Agent's Agreement. A summary of each of the Registrar's Agreement and the Receiving Agent's Agreement is set out in paragraphs 10.6 and 10.7 of Part 11 of this Prospectus.

The fees payable to the Registrar are based on the number of transactions plus properly incurred expenses, subject to a minimum annual fee of £7,000. The fees payable to the Receiving Agent are based on the number of applications received and are subject to a management fee of £7,000.

16. Capital Structure

16.1 Share capital and duration

The Company's share capital structure consists solely of Ordinary Shares and, in the event that the Realisation takes place, as described under "Discount Management" below, Realisation Shares. As at the close of business on 27 January 2016, the latest practicable date prior to the publication of this Prospectus, the Company had 284,908,712 fully paid Ordinary Shares of 1p par value in issue. The Company has no partly paid Ordinary Shares in issue. The Ordinary Shares are and any Ordinary Shares redesignated as Realisation Shares pursuant to the Realisation will be in registered form and may be held in certificated or in uncertificated form.

The Company does not have a winding-up date. Shareholders have an opportunity to vote on the continuation of the Company, in accordance with the Articles, at the AGM following any Reporting Period in which the Dividend Target is not met. In such circumstances the Directors will propose a Continuation Resolution that the Company should continue as an investment company. If a 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 the Shareholders at a general meeting to be convened by the Directors for a date not more than 6 months after the date of the meeting at which such Continuation Resolution was not passed.

16.2 Further issues of Ordinary Shares

Under the Articles further issues of shares, of whatever class, for cash will be subject to pre-emption rights conferred on existing Shareholders, save to the extent these rights have been disapplied by Extraordinary Resolution. The Company issued 18 million Ordinary Shares in the financial year ending 31 March 2015 as a result of an additional investment opportunity following the announcement of the ABS purchase programme by the European Central Bank. Following the year ended 31 March 2015 up to 27 January 2016, being the latest practicable date at which such figure could be ascertained before publication of this Prospectus no additional Ordinary Shares were issued.

Shareholder authority was granted at the December General Meeting to issue up to 300 million New Ordinary Shares on a non pre-emptive basis, such authority extending until 16 March 2017.

The Directors intend to issue further New Ordinary Shares under the Issue and the Placing Programme in order to facilitate the implementation of the Transaction, in case of the Issue and in both cases, in order to raise further funding to be invested in accordance with the Company's investment policy and objective, as described in paragraph 4 of Part 5 of this Prospectus, which can only be materially changed with the approval of the FCA and Shareholders.

The Issue Price per Ordinary Share will depend on the latest published NAV immediately before the Reorganisation Date and the level of demand for New Ordinary Shares relative to Realisation Sale Elections.

Under the Issue, each New Ordinary Share will be made available to investors, in the event that the number of New Ordinary Shares issued under the Issue:

- exceeds the number of Ordinary Shares in respect of which Realisation Elections are validly made, at a price per New Ordinary Share calculated as (A) the blended average of (i) the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share, multiplied by the aggregate number of Ordinary Shares in respect of which Realisation Elections are validly made, and (ii) a 2 per cent. premium to NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share multiplied by the number of New Ordinary Shares issued under the Issue in excess of the number of Ordinary Shares in respect of which Realisation Elections are validly made and (B) dividing such blended average by the number of New Ordinary Shares issued under the Issue; or
- does not exceed the number of Ordinary Shares in respect of which Realisation Elections are validly made, at a price per New Ordinary Share calculated as the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share.

Further information regarding the Issue Price is provided in paragraph 6 of Part 7 of this Prospectus.

The Directors only intend to use their authority to issue New Ordinary Shares under the Placing Programme in the event that the Ordinary Shares trade at a premium to Net Asset Value and,

consequently, the authority may be used in order to reduce any premium over NAV at which the Company may be trading. As a consequence, further issues of Ordinary Shares will be made under the Placing Programme, entirely at the Directors' discretion in respect of an aggregate number of New Ordinary Shares equal to 300 million, less any New Ordinary Shares issued under the Issue, and only at prices (net of issue costs) that represent a premium to the prevailing Net Asset Value per Ordinary Share and, therefore, will not have a dilutive effect on the NAV of the Ordinary Shares then in issue.

The Directors currently intend to seek annual renewal of the authority to issue Ordinary Shares on a non-pre-emptive basis from Ordinary Shareholders in respect of a number of Ordinary Shares equal to up to 10 per cent. of the then issued Ordinary Shares.

New Ordinary Shares issued under the Placing Programme may be issued under this Prospectus provided that the prospectus is updated by a supplementary prospectus (if required) under section 87G of FSMA. The Prospectus Rules currently allow for the issue of shares representing, over a period of 12 months, less than 10 per cent. of the number of shares of the same class already admitted to trading on the same regulated market, provided that such issue is not made by way of an offer of the Company's securities to the public without the requirement for a prospectus to be published.

Should the Board wish to issue New Ordinary Shares in excess of the amount which it is authorised to allot, further authorities will be sought at an appropriate time by convening an extraordinary general meeting of Shareholders for the purpose. It is expected that this Prospectus will remain valid for twelve months from the date hereof, subject to the requirement under the Prospectus Rules to the publication of supplementary prospectuses to disclose any significant changes in the financial or trading position of the Company.

17. Discount Management

17.1 Realisation Opportunity

Realisation Elections may be made at three year intervals whereby Shareholders may elect to realise all or part of their holdings of Ordinary Shares or, alternatively, continue their investment in the Company.

In respect of any Realisation Opportunity on any Reorganisation Date, the Company may, but shall not be obliged to offer Shareholders who wish to realise Ordinary Shares to have those shares redeemed or repurchased or purchased out of the proceeds of a new issue of Ordinary Shares or purchased under a tender offer. Any Ordinary Shares which are not so redeemed or repurchased or purchased out of the proceeds of a new issue of Ordinary Shares or purchased under a tender offer shall be converted into Realisation Shares.

Where the Company makes available to Shareholders the opportunity to do so during the Election Period Shareholders shall be entitled to make a Realisation Sale Election by delivering such Realisation Sale Election to the Company at its registered office or to such other place as the Company shall specify. A Realisation Sale Election shall be a notice requesting that all or a portion of the Ordinary Shares held by a Shareholder shall be redeemed out of the proceeds of a new issue of Ordinary Shares on such basis as the Company shall have notified to Shareholders before or at the time the Company sends to Shareholders a reminder notice and if not so redeemed shall be converted into Realisation Shares.

Unless the Company makes available to Shareholders a Realisation Sale Election as aforesaid Shareholders shall be entitled to serve a Realisation Share Election during the Election Period by delivering such Realisation Share Election to the Company at its registered office or to such other place as the Company shall specify.

A Realisation Share Election shall be a notice requesting that all or a portion of the Ordinary Shares held by a Shareholder be converted to Realisation Shares.

If required at the time, a prospectus in relation to the Realisation Shares will be produced and sent to Ordinary Shareholders. It is anticipated that the cost of producing any such new prospectus will be apportioned to the Pools *pro rata* to the number of Ordinary Shares and Realisation Shares.

The Company will send Ordinary Shareholders a reminder of their right to serve a Realisation Election on the Company by giving not less than 56 days' notice prior to the Reorganisation Date.

Elections for Realisation must be made not later than 7 days and not more than 28 days before the Reorganisation Date. Ordinary Shares held by Shareholders who do not submit a valid and complete Realisation Election in accordance with the Articles will remain Ordinary Shares.

A Realisation Election once given shall be irrevocable, unless the Board agrees otherwise.

Ordinary Shares in respect of which Realisation Share Elections have been made, or in respect of which Realisation Sale Elections have been made, but the relevant Ordinary Shares have not been redeemed, repurchased or purchased out of the proceeds of a new issue of Ordinary Shares or purchased under a tender offer, will be redesignated as Realisation Shares. If Ordinary Shares are redesignated as Realisation Shares the Portfolio will be split into two separate and distinct Pools namely the Continuation Pool comprising the assets attributable to the Continuing Ordinary Shares and the Realisation Pool comprising the assets attributable to the Realisation Shares (which assets will be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash to holders of Realisation Shares as soon as practicable) with effect from the Reorganisation Date.

The Board shall divide and allocate the assets and liabilities of the Company on each Reorganisation Date into two pools which will be accounted for as two separate sub-portfolios, being respectively the Continuation Pool and the Realisation Pool. Each of the Company's holdings of investments (excluding assets attributable to holders of Preceding Realisation Shares) shall be split between the Continuation Pool and the Realisation Pool *pro rata* as nearly as practicable to the numbers of Ordinary Shares and Realisation Shares (excluding any Preceding Realisation Shares) respectively in existence immediately following Realisation and the remainder of the assets and liabilities (excluding assets and liabilities attributable to holders of Preceding Realisation Shares) being apportioned to the Continuation Pool.

Assets and liabilities shall be allocated between the Continuation Pool and the Realisation Pool in such manner as in the Board's opinion best achieves the objective of splitting the Company's assets fairly between the Continuation Pool and the Realisation Pool.

Costs and expenses of the realisation of assets comprising the Realisation Pool will be attributed to the Realisation Pool and the costs and expenses of reorganising the Company's assets into the Continuation Pool and the Realisation Pool may be apportioned as between the Continuation Pool and the Realisation Pool in the proportion that the Board in its sole discretion deems fair and reasonable. In particular, the Board may increase the proportion of cash to be allocated to a particular Pool if they consider it would be equitable to both the holders of Realisation Shares and the holders of Ordinary Shares to do so, or if they determine it is necessary or desirable to retain cash for the Company's working capital purposes, they may decrease the proportion of cash to be so allotted and the Board may choose an alternative allocation, or subsequently rebalance the Pools, in respect of non-cash assets if they consider a *pro rata* allocation to be impracticable or that to do so would be equitable to both holders of Realisation Shares and the holders of Ordinary Shares.

Ordinary Shares which are redesignated as Realisation Shares will not rank for any dividend or other distribution declared, paid or made on the Ordinary Shares after their redesignation.

The Board is authorised to cause the Company to repurchase, redeem, convert or otherwise acquire and hold all or any Realisation Shares in such manner and on such terms as the Board may determine, and to redeem any such Realisation Shares *inter alia* for any reason or for no reason at the Board's absolute discretion. The price of shares purchased by the Company may be paid out of the share capital, share premium or retained earnings to the fullest extent permitted under the Law.

The precise mechanism for any return of cash to holders of Realisation Shares will depend upon the relevant factors prevailing at the time and will be at the discretion of the Board, but may include a combination of capital distributions, share repurchases and redemptions.

If one or more Realisation Elections are duly made and the Net Asset Value of the Continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date and the gross proceeds of any issue of new Ordinary Shares made in conjunction with any Realisation Opportunity is less than £100 million, no Ordinary Shares will be redesignated as Realisation Shares and the Portfolio will not be split into the Continuation Pool and the Realisation Pool and with effect from the Reorganisation Date, unless the Directors have previously been released from this obligation by an Extraordinary Resolution, the investment objective and

investment policy of the Company will be to realise the Company's assets on a timely basis with the aim of making progressive returns of cash to Shareholders as soon as practicable. The Portfolio Manager will seek to liquidate the Company's assets as efficiently and at as much value as is possible.

17.2 Share Buybacks

Under the Company's Articles, the Company may purchase Ordinary Shares in the market at prices which represent a discount to the prevailing NAV per Share so as to enhance the NAV per Share for the remaining holders of Ordinary Shares. Subject to satisfying a statutory solvency test, the Company has been granted the authority to make market purchases of up to a maximum of 14.99 per cent. of the aggregate number of Ordinary Shares in issue on 27 July 2015.

In deciding whether to make any such purchases the Directors will have regard to what they believe to be in the best interests of Shareholders as a whole, to the applicable legal requirements and any other requirements in the Articles. The making and timing of any buybacks will be at the absolute discretion of the Board not at the option of Shareholders, and is expressly subject to the Company having sufficient surplus cash resources available (excluding borrowed monies).

The Board intends to seek Shareholder approval to renew its authority to make market purchases of its own issued Ordinary Shares once its existing authority has expired or at subsequent Annual General Meetings.

Under the Listing Rules, the maximum price (exclusive of expenses) which may be paid for an Ordinary Share 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, or (ii) the higher of the price of the last independent trade and the highest current investment bid for the Ordinary Shares. In addition, Ordinary Shares will be repurchased only at prices below the NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for remaining Shareholders. A renewal of the authority to make market purchases will be sought from Shareholders at each annual general meeting of the Company and more frequently if necessary.

Purchases of Ordinary Shares will be made within guidelines established from time to time by the Board and only in accordance with the Law, the Listing Rules, and the Disclosure and Transparency Rules. Any purchase of Shares would be made out of the available cash or cash equivalent resources of the Company or from borrowings.

Ordinary Shares bought back by the Company may, to the maximum extent permitted by law, be retained in treasury to be reissued at a future date and resold by the Company. Such Ordinary Shares may (subject to there being in force a resolution of Shareholders to disapply the statutory rights of pre-emption that would otherwise apply) be resold by the Company at a discount to the prevailing Net Asset Value per Ordinary Share, provided that the discount at which they are sold is less than the discount at which they were bought back by the Company and is less than 5 per cent. in absolute terms.

In the year ended 31 March 2015, no Ordinary Shares were repurchased by the Company and no Ordinary Shares were reissued out of treasury, there having been no Ordinary Shares in treasury. At the date of this Prospectus, the Company did not hold any Ordinary Shares in treasury.

18. Dividend Policy

The Board's current policy is to distribute an amount at least equal to the value of the Company's net income arising each quarter ending March, June, September and December to the holders of Ordinary Shares, and if the Realisation takes place, to the holders of Realisation Shares. The four interim dividends are paid in July, October, January and April. For these purposes, the Company's income includes the interest payable by the Asset Backed Securities in the Portfolio and the amortisation of any discount or premium to par at which an Asset Backed Security is purchased over its remaining expected life, prior to its maturity.

As a consequence of the 2016 Realisation Opportunity, the Board intends to announce the Final Interim Dividend on 25 February 2016 rather than in April as would normally be the case. This will require the Board to estimate the amount of income to be paid out to Shareholders for the period running from 24 February 2016 to 31 March 2016. The Board expects that the Final Interim Dividend will be paid on 29 April 2016 to those Shareholders on the register of members on 3 March 2016.

The Final Interim Dividend will only be paid out to Existing Ordinary Shareholders. Holders of Existing Ordinary Shares that make a Realisation Sale Election in respect of all or some of their Existing Ordinary Shares will not be entitled to any portion of the Final Interim Dividend on or after the 2016 Reorganisation Date attributable to those Existing Ordinary Shares in respect of which a Realisation Sale Election is made. As such, in calculating the Issue Price, an amount equal to the Final Interim Dividend per Ordinary Share will be deducted from the NAV per Ordinary Share as at the latest published date immediately preceding the Reorganisation Date.

In the event that the Board underestimates the amount of income accruing for the period running from 24 February 2016 to 31 March 2016, the Board will roll that income into the interim dividend payable for the period running from 1 April 2016 to 30 June 2016. The Board expects the amount of any underestimated income to be de minimis.

On 9 April 2015 the Board declared an interim dividend of 2.15p per Ordinary Share which was paid on 30 April 2015 to those Shareholders on the register of members on 17 April 2015. On 9 July 2015 the Board declared an interim dividend of 1.5p per Ordinary Share which was paid on 31 July 2015 to those Shareholders on the register of members on 17 July 2015. On 8 October 2015 the Board declared an interim dividend of 1.5p per Ordinary Share which was paid on 30 October 2015 to those Shareholders on the register of members on 16 October 2015. On 14 January 2016 the Board declared an interim dividend of 1.5p per Ordinary Share which was paid on 29 January 2016 to those Shareholders on the register of members on 22 January 2016.

Dividends are expected to constitute the principal element of the return to the holders of Ordinary Shares. In respect of the year ended 31 March 2015, the Company paid aggregate dividends of 6.65p per Ordinary Share.

Dividend payments will vary over time due to a number of factors, including: (i) changes to the overall yield of the Portfolio as proceeds from the sale or maturity of Asset Backed Securities are reinvested at yields that are lower or higher than the overall yield of the Portfolio (for example where prevailing yields in the market have changed materially since the date that the Company purchased such assets); and (2) changes in the LIBOR rate, as the bulk of the Asset Backed Securities are expected to have floating rate coupons; and (3) the Company's cash resources and cash flows, which are expected to be derived from the ABS in the Portfolio and from proceeds of returns of principal from ABS in the Portfolio which have matured and secondary market sales of ABS. Other factors that could impact the level of dividend payments include any default or rescheduling of the debt due under the Asset Backed Securities in the Portfolio or any unexpected increases in the costs and expenses of the Company.

The Directors believe that the annual dividend should be at least equal to, 6 pence per Ordinary Share, or such higher target as the Directors determine at their absolute discretion from time to time.*

The Company may offer Shareholders the opportunity to elect to receive dividends in the form of further Ordinary Shares.

Dividends will only be paid subject to the Company satisfying the solvency test prescribed under Guernsey law.

19. Shareholder Information

The Company's audited annual report and accounts are prepared up to 31 March each year and copies will normally be sent to Shareholders within 4 months of that date. Shareholders also receive an unaudited half year report covering the six months to 30 September each year which is expected to be despatched within 3 months of that date. The Net Asset Value of an Ordinary Share is (and if the Realisation takes place, it is anticipated that the unaudited Net Asset Value of each Realisation Share will be) published weekly and information on performance, holdings and investment activity is published monthly by the Portfolio Manager in the form of a factsheet to be made available on the Company's dedicated website: www.twentyfourincomefund.com.

* This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the size of the Issue, the number of Ordinary Shares in respect of which Realisation Elections are made and the Company's total expense ratio. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in the Company. See further under paragraph 1.6 of the "Risk Factors".

In accordance with the AIFM Rules, the AIFM ensures that the following information in relation to the Portfolio is published in the Company's audited annual report and audited financial statements, which can be found on the Company's website – www.twentyfourincomefund.com:

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Company;
- the current risk profile of the Company and the risk management systems employed by Phoenix to manage those risks;
- any changes to the maximum level of leverage which Phoenix and the Portfolio Manager may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement. The Company will, in addition, notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via an RIS; and
- the total amount of leverage employed by the Company.

20. Regulatory Status

The Company is a registered closed-ended collective investment scheme registered pursuant to the POI Law and the Registered Collective Investment Schemes Rules 2015 issued by the GFSC. The Company is not (and is not required to be) regulated or authorised by the FCA under FSMA but, in common with other issuers listed on the Official List, is subject to the Listing Rules and the Disclosure and Transparency Rules made by the FCA and is bound to comply with applicable laws including the Law and FSMA.

21. Corporate Governance

21.1 Compliance

The Company is subject to the GFSC's Finance Sector Code of Corporate Governance which applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes. The GFSC requires an assurance statement from the Company confirming that the Directors have considered the effectiveness of their corporate governance practices and are satisfied with their degree of compliance with the principles set out in the GFSC Code, or the alternative codes accepted by the GFSC, in the context of the nature, scale and complexity of the business. As the Company reports against the UK Corporate Governance Code (as discussed further below), it is deemed to meet the requirements of the GFSC Code.

The Board is committed to high standards of corporate governance and holds membership of the AIC. The Board has therefore made arrangements to enable the Company to comply with the UK Corporate Governance Code as recommended by the AIC Code or as otherwise may be disclosed from time to time.

As an investment company, most of the Company's day to day responsibilities are delegated to third parties and the Directors are all non-executive. Thus not all the provisions of the Corporate Governance Code are directly applicable to the Company. The Board has taken appropriate action to ensure that the appropriate level of corporate governance is attained and the Company's practices are consistent with the Principles of the Corporate Governance Code.

For the reasons referred to below, the Company does not comply with the Corporate Governance Code provisions relating to:

- (a) the role of the chief executive;
- (b) executive directors' remuneration;
- (c) the need for an internal audit function;
- (d) the need for a separate nomination committee; and
- (e) the whistle blowing policy.

For the reasons set out in the AIC Guide, and in the preamble to the AIC Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company therefore does not report in respect of these provisions.

21.2 Internal Audit

As the Company delegates to third parties its day-to-day operations and has no employees, the Board has determined that there are no requirements for an internal audit function. The Board reviews annually whether a function equivalent to an internal audit is needed and it monitors its systems of internal controls in order to provide assurance that they operate as intended.

21.3 Board Independence, Composition and Tenure

The Board, chaired by Trevor Ash who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role, currently consists of four non-executive Directors. The Board meets at least four times a year and receives full information about the Company's investment performance assets, liabilities and other relevant information in advance of Board Meetings. The Directors' biographical details, set out in paragraph 6 of Part 5 of this Prospectus, demonstrate a breadth of investment, commercial and professional experience. The Directors review their independence annually.

Given its non-executive nature, the Board does not think it is appropriate for the Directors to be appointed for a specified term of more than 3 years as recommended by the Corporate Governance Code.

The Chairman regularly reviews the training and development needs of each Director. Directors' appointments will be reviewed formally every three years by the Board. Any Director may resign in writing to the Board at any time.

The Board also receives regular briefings from, amongst others, the Company's auditor regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors.

21.4 Audit Committee

The Audit Committee meets at least twice per year. It comprises the entire Board including the Chairman and is chaired by Ian Burns. The Audit Committee is responsible for the review of the audited annual report and the unaudited half year report, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them.

The Audit Committee reviews the need for non-audit services and authorise such on a case by case basis.

The Audit Committee meets representatives of the Administrator, the AIFM and the Portfolio Manager and their compliance officers who report as to the proper conduct of business in accordance with the regulatory environment in which the Company, the Administrator, the AIFM and the Portfolio Manager operate. The Company's auditor also attends the Audit Committee at its request and reports on its work procedures, the quality and effectiveness of the Company's accounting records and its findings in relation to the Company's statutory audit. The Company meets with the auditor, without representatives of the Administrator and the Portfolio Manager being present, at least once a year.

21.5 Management Engagement Committee

The Management Engagement Committee meets at least once per year. It comprises the entire Board and is chaired by Trevor Ash. The Management Engagement Committee is responsible for the regular review of the terms of the Administration Agreement, the AIFM Agreement and the Portfolio Management Agreement with, and the performance of, the Administrator, the Company's AIFM and Portfolio Manager and also the Company's other service providers.

21.6 Policy on Directors' Fees

The aggregate fees of the non-executive Directors will not exceed £150,000. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive directors. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

21.7 Directors' Letters of Appointment

It is the Board's policy that none of the Directors has a service contract. The terms of the Directors' appointment provide that they will retire and be subject to election at every annual general meeting held after the ninth anniversary of their appointment. In addition, the Articles require that any Director who was not appointed or re-appointed at one of the preceding two

annual general meetings shall retire from office but shall remain eligible for re-appointment. Those terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

22. Taxation

A summary of certain limited aspects of UK and Guernsey taxation applicable to the Company and Shareholders is contained in Part 8 of this Prospectus. If any potential investor is in any doubt about the tax consequences of his/her acquiring, holding or disposing of Shares, he/she should seek advice from his/her own independent professional adviser.

23. Financial Information

23.1 Annual Running Expenses

In addition to management, administration and secretarial fees referred to above and in Part 11 of this Prospectus, the Company pays all other fees and expenses incurred in the operation of its business including, without limitation:

- brokerage and other transaction charges and taxes;
- Directors' fees and expenses;
- fees and expenses for custodial, registrar, legal, auditing and other professional services;
- any borrowing costs;
- the ongoing costs of maintaining the listing of the Ordinary Shares, and in the event that the Realisation takes place, the Realisation Shares, on the premium segment of the Official List and their continued admission to trading on the Main Market;
- NAV publication costs;
- the ongoing costs of maintaining the Company's status as a registered closed-ended collective investment scheme;
- directors and officers insurance premiums;
- promotional expenses (including membership of any industry bodies, including the AIC, and marketing initiatives approved by the Board); and
- costs of printing the Company's financial reports and posting them to Shareholders.

The Company's total fixed operational costs (excluding portfolio management fees, brokerage and other transaction charges and taxes and any borrowing costs) for the period ending 31 March 2015 were £682,738, being 0.2 per cent. of the Company's Net Asset Value as at that date.

23.2 Allocation of Ongoing Costs

Interest expenses are recognised within 'finance costs' in the statement of comprehensive income using the effective interest rate method. All other expenses are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

23.3 NAV Calculations

The unaudited Net Asset Value per Ordinary Share is calculated and, if the Realisation takes place, it is anticipated that the unaudited Net Asset Value per Realisation Share will be calculated, as at the close of business on the last Business Day of every week and the last Business Day of every month by the Administrator and is expected to be announced through a Regulatory Information Service on the following Business Day. Such unaudited NAV will be calculated on the same basis as the calculation of the NAV per Ordinary Share and the NAV per Realisation Share for the purpose of the Company's financial statements.

The Net Asset Value per Ordinary Share is calculated and, if the Realisation takes place, it is anticipated that the unaudited Net Asset Value per Realisation Share, will be calculated in accordance with IFRS and the AIC's Guide. Accordingly, NAV calculations will be prepared on the following basis:

Asset Backed Securities that are traded or dealt on an organised market or exchange will be valued by reference to their quoted market mid price as at the close of trading on the relevant Dealing Day. The quoted market price used will be based on the last traded market price.

Asset Backed Securities that are not traded or dealt on an organised market or exchange will be valued by reference to their mid price, as at the close of business on the relevant Dealing Day as

determined by independent price vendors (such as Market Structured Finance). If a price cannot be obtained from an appropriate independent price vendor, or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Portfolio Manager sources mid prices as at the close of the relevant Dealing Day from third party broker/dealer quotes for the relevant security.

In cases where no third party price is available (either from an independent price vendor or third party broker/dealer quotes), or where the Portfolio Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Portfolio Manager determines the valuation based on the Portfolio Manager's valuation policy.

The overall criterion for fair value is a price at which a round lot, being the minimum amount that may be sold of a particular security, of the securities involved would change hands in a transaction between a willing buyer and a willing seller, neither being under compulsion to buy or sell and both having the same knowledge of the relevant facts.

Consistent with the above criterion, the following criteria will be considered when applicable:

- valuation of other securities by the same issuer for which market quotations are available;
- reasons for the absence of market quotations;
- the soundness of the security, its interest yield, the date of maturity, the credit standing of the issuer and current general interest rates;
- recent sales prices and/or bid and ask quotations for the security;
- value of similar securities of issuers in the same or similar industries for which market quotations are available;
- economic outlook of the relevant industry;
- an issuer's position in the relevant industry;
- the financial statements of the issuer; and
- the nature and duration of any restriction on disposition of the security.

The value of other assets held within the Portfolio is determined as follows:

- derivative instruments will be valued at fair value based on observable market inputs wherever possible; and
- cash or near cash will be held at par.

The calculation of the Net Asset Value per Ordinary Share and if the Realisation takes place, the Realisation Shares, will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as practicable.

24. Liquidity Risk Management

The AIFM shall maintain a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their Ordinary Shares from the Company, but do have an opportunity to realise their investment every three years as more particularly described in paragraph 17.1 of Part 5 of this Prospectus. There is no guarantee that there will be a liquid market in the Ordinary Shares.

Further details regarding the risk management process and liquidity management shall be available from the AIFM, on request.

25. Governing Law

The agreement between the Shareholders and the Company for the acquisition of New Ordinary Shares under the Placing, the Offer for Subscription, the Open Offer and the Placing Programme is governed by English law and, by purchasing New Ordinary Shares, Shareholders agree that the courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with the purchase of New Ordinary Shares will be in English.

PART 6: THE INVESTMENT OPPORTUNITY

1. Background

Attractive levels of income have become difficult to generate from many investment sectors, including fixed income, due to a number of factors including:

- the expectation that base rates will remain relatively low for the medium term;
- banks are now increasingly able to access liquidity from sources other than customer deposits and therefore no longer offer attractive returns on deposits;
- 'quantitative easing' and other unconventional policy action implemented by central banks have pushed mainstream fixed income products to record low yields; and
- Asset Backed Securities issuance is likely to remain low as banks continue to deleverage.

The Board does not consider that this scenario is likely to change materially for a number of years. As the scenario has caused investors to investigate specialist sources of income, the Board believes that Asset Backed Securities offer the potential for attractive risk-adjusted returns. While more highly rated Asset Backed Securities have generally been a liquid part of the fixed income market, there are numerous opportunities to invest in less liquid securities that offer an attractive yield premium for investors, while capital protection is improving due to stronger fundamentals. This might be because increased solvency requirements for banks and insurers have reduced appetite from these investors, who have historically made up a large part of the buyer base.

2. What are Asset Backed Securities?

Asset Backed Securities are bonds backed by specific pools of financial assets, such as mortgages or loans, where the coupons and principal payable to the bondholders derive directly from the underlying assets. Individual Asset Backed Security deals cover specific asset classes, including residential mortgages, commercial mortgages, auto loans, credit cards and loans to companies. Although the relevant underlying assets will generally have been originated by a bank or financial institution, the deals are typically structured so that the bonds are issued and the underlying pool of assets are held by a legal entity that is independent and segregated from the bank or financial institution. The pool of assets is thereby protected from outside events, such as bank bail-in regulations, that could affect the originating bank or financial institution. Asset Backed Securities are typically structured into different tiers or tranches of risk whereby, broadly speaking, the more senior the tier, the lower the risk and lower the coupon. In this way, the more junior tranches will act as loss absorbers for the more senior tranches. Asset Backed Securities encompass the full spectrum in terms of credit quality, from bonds with investment grade credit ratings (i.e. within the range AAA to BBB-) to bonds with non-investment grade credit ratings (i.e. within the range BB+ to C) and include bonds with no assigned credit rating.

3. Market Statistics

Based on historical default rates, the default rates for European ABS have been estimated in 2015 as likely to be amongst the lowest in fixed income. For example, Fitch stated: "EMEA RMBS losses are low at 0.2 per cent., mainly resulting from Spanish and UK nonconforming deals (69 per cent. and 13 per cent. of total losses, respectively). Fitch expects no losses on UK prime RMBS and only 0.001 per cent. losses on Dutch prime RMBS."* The total amount of outstanding European ABS at the end of the first half of 2015 was €1.34 trillion, of which 59 per cent. was RMBS.**

* (Fitch Ratings Special Report: "Global Structured Finance Losses: 2000-2014 Issuance", 17 February 2015)

** (AFME/ESF Securitisation Data Report Q2: 2015)

4. Improving fundamentals

With European economies recovering, the fundamentals for Asset Backed Securities have improved in recent years. The key drivers for mortgage performance are unemployment and house prices. In the UK unemployment rates have dropped from 7.8 per cent. in January 2013 to 5.4 per cent. in September 2015. In the same period house prices increased by 26 per cent. in the UK (*Halifax*), providing significant buffer levels. A similar picture can be painted in most parts of continental Europe, which is in an earlier stage of the recovery process. ECB economic policies and Quantitative Easing are expected to result in lower Eurozone interest rates for a prolonged period

of time, which can be expected to result in a low default rate environment for the foreseeable future for both consumer and corporate borrowers. Additionally increased lender competition has improved refinancing opportunities and is expected to increase prepayment rates further, boosting credit enhancement and shortening credit duration.

5. Technicals

In 2014 the ECB announced their ECB Asset Backed Securities Purchase Program (ABSPP), to buy senior tranches of Asset Backed Securities in both the primary and secondary markets to support the market and the asset class. Although the actual size of the program disappointed, this resulted in significant tightening of senior bonds from Eurozone geographies, but as a side effect also caused spreads of UK deals to widen after increased new issuance. In addition if interest rates in the UK follow the recent US hike as some expect, this will boost yields for floating rate bonds.

6. Why Asset Backed Securities?

Asset Backed Securities have a number of important features which can be of significant benefit to an investor. These include the following:

- 6.1 ABS provide specific exposure to a given fixed asset pool that can then be analysed with accuracy;
- 6.2 detailed, frequent reporting provides a high degree of transparency which enables an investor to carry out both quantitative and qualitative research and allows for modelling and stress testing;
- 6.3 ABS are structured so that losses can be absorbed by junior tranches and other types of 'credit enhancement' such as the 'reserve fund' and 'excess spread', and investors therefore have the ability to select the risk profile that they wish to have by selecting the appropriate tranche; and
- 6.4 as predominantly floating rate investments, they remove fixed interest rate risk and offer upside exposure to rising interest rates (although, conversely, the income from them is likely to go down if interest rates fall).

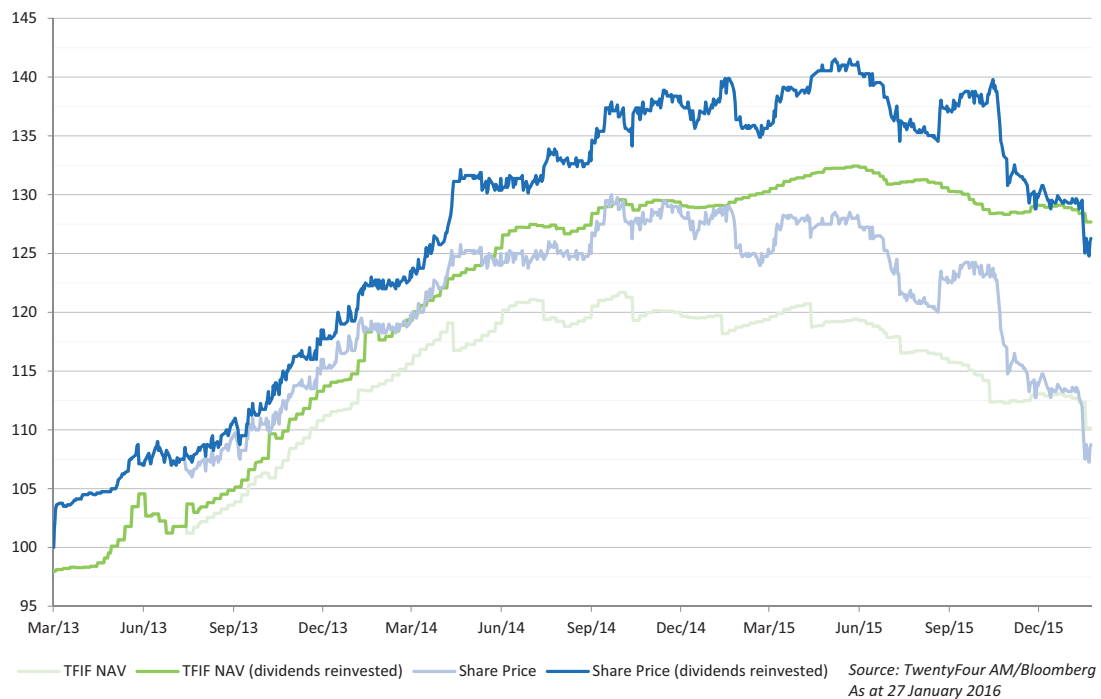
7. Asset Backed Securities versus Corporate Bonds

The following key differences between these two asset classes currently favour the risk/return profile of Asset Backed Securities relative to conventional corporate bonds:

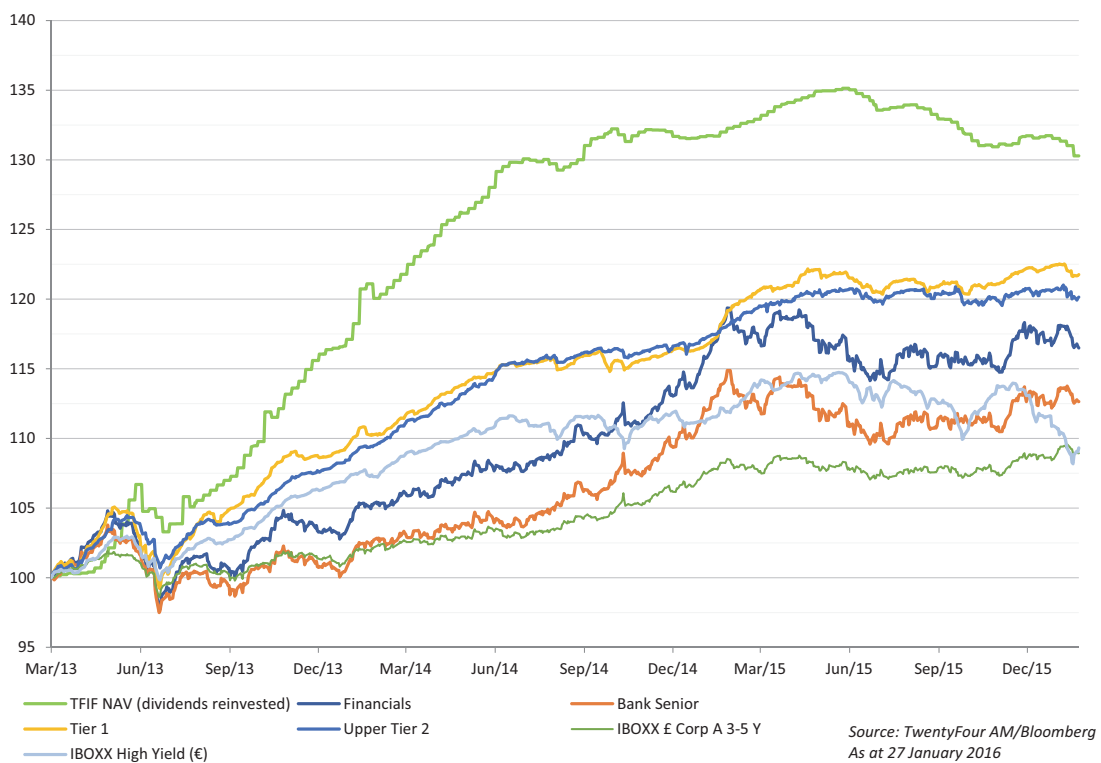
- 7.1 significantly higher quality information is generally available to an investor in ABS on a frequent and timely basis, which will typically provide a breakdown of the different risks and the performance of each underlying asset pool;
- 7.2 unlike the vast majority of corporate bonds, ABS are predominantly floating rate bonds and will therefore offer significant upside in a rising interest rate environment. By contrast fixed rate corporate bonds can be expected to be adversely impacted by rising interest rates;
- 7.3 the strict operating procedures for ABS mean that an investor will not be exposed to ever changing corporate dynamics;
- 7.4 ABS are bankruptcy remote and not subject to bail-in as a result of financial distress of a bank or lender; and
- 7.5 ABS are typically backed by amortising loans so repayment risk naturally declines over time, unlike corporate bonds which depend on the health of the corporate issuer right up to the maturity date because the principal amount of a corporate bond will only be repaid on its expiry, as well as the issuer's ability to refinance the debt in the primary debt market.

8. Company's Performance*

8.1 NAV per Share vs Share Price



8.2 Total Return of the Company vs Credit Indices (since IPO)



* Past performance is not necessarily indicative of future results, and there can be no assurance that the Company will achieve comparable results or that the Company will be able to implement its investment strategy or achieve its investment objectives.

PART 7: THE TRANSACTION

1. Introduction

The Company wishes to offer Qualifying Holders an opportunity to retain, increase or realise their investment in the Company. It also wishes to provide new investors with an opportunity to invest in the Company. Further information regarding the background and details of the Transaction can be found in the Circular and elsewhere in this Prospectus.

In order to implement the Transaction, the Company has issued Election Forms to all Qualifying Shareholders on or around the date of this Prospectus in order to enable Qualifying Shareholders to elect to:

- retain their current investment in the Company, which requires no action;
- increase their investment in the Company through the Open Offer, supplemented by the Placing and Offer for Subscription for new investors; or
- realise all or part of their investment in the Company.

2. The Issue

The Issue consists of a placing, an offer for subscription and an open offer of up to 300 million New Ordinary Shares which are being issued at the Issue Price. The total number of New Ordinary Shares issued under the Placing, the Offer for Subscription and the Open Offer will be determined by the Company, Numis and the Portfolio Manager after taking into account demand for the New Ordinary Shares and prevailing economic and market conditions.

The Issue is intended to raise additional capital in part to enable the Company to redeem the shareholdings of Shareholders who wish to realise some or all of their Ordinary Shares through a Realisation Sale Election. Subject to the Issue raising sufficient funds, Shareholders who make a Realisation Sale Election will receive payment in cash as soon as practicable after 6 March 2016 of a purchase price which is intended to represent a 1.0 per cent. discount to the then prevailing NAV per Ordinary Share. This will enable Shareholders who make a Realisation Sale Election to receive payment for the Ordinary Shares that they wish to realise faster than would be the case if they had to wait for the proceeds of the sale of assets in the Realisation Pool to be distributed to them.

If the Issue does not raise sufficient funds to fund the repurchase of all Tendered Ordinary Shares, the shortfall will be apportioned to Shareholders *pro rata* to the number of Ordinary Shares respectively held by them in respect of which a Realisation Sale Election is made and such Ordinary Shares which are not redeemed out of the proceeds of the Issue will be converted into Realisation Shares and cash will be returned to the holders of the Realisation Shares as the proceeds of the Realisation Pool are realised.

The Issue Price per Ordinary Share will depend on the latest published NAV immediately before the Reorganisation Date and the level of demand for New Ordinary Shares relative to Realisation Sale Elections.

Under the Issue, each New Ordinary Share will be made available to investors, in the event that the number of New Ordinary Shares issued under the Issue:

- exceeds the number of Ordinary Shares in respect of which Realisation Elections are validly made, at a price per New Ordinary Share calculated as (A) the blended average of (i) the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share, multiplied by the aggregate number of Ordinary Shares in respect of which Realisation Elections are validly made, and (ii) a 2 per cent. premium to NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share multiplied by the number of New Ordinary Shares issued under the Issue in excess of the number of Ordinary Shares in respect of which Realisation Elections are validly made and (B) dividing such blended average by the number of New Ordinary Shares issued under the Issue; or
- does not exceed the number of Ordinary Shares in respect of which Realisation Elections are validly made, at a price per New Ordinary Share calculated as the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share.

Further details of the calculation of the Issue Price are set out in paragraph 6 of Part 7 of this Prospectus.

It is intended that the Issue will include an Open Offer which will provide an opportunity for all Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price in proportion to their holdings of Existing Ordinary Shares held with the option for subscribing for more pursuant to an Excess Application Facility. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part, or at all.

The Placing and the Offer for Subscription will also provide existing Shareholders and new investors with an opportunity to subscribe for Issue Shares at the Issue Price.

Investors will not be charged a fee in addition to their payment of the Issue Price in order to subscribe for New Ordinary Shares under the Issue, as the Issue Expenses will be met out of the proceeds of the Issue. The net proceeds of the Issue will depend on the latest published NAV immediately before the Reorganisation Date and the level of demand for New Ordinary Shares relative to Realisation Sale Elections. Assuming that 200 million New Ordinary Shares are issued under the Issue at an Issue Price of £1.01, Realisation Elections are validly made in respect of 100 million Ordinary Shares and the expenses of the Issue are £3 million, the net proceeds of the Issue will be £199 million (inclusive of applicable VAT).

Further details on the conditions to the Placing, the Offer for Subscription and the Open Offer are set out below.

3. The Placing

New Ordinary Shares allocated to Placees under the Placing will be subject to clawback to meet valid applications made by Qualifying Shareholders under the Open Offer in respect of their Open Offer Entitlement. Further details of the Placing Agreement are set out in paragraph 10.5 of Part 11 of this Prospectus.

The Directors have agreed to participate in the Placing by subscribing for a total of £50,000 worth of New Ordinary Shares at the Issue Price. The Directors are not proposing to apply for New Ordinary Shares under the Offer for Subscription.

Placees will receive a contract note following closing of the Placing and prior to Admission of the New Ordinary Shares notifying them of the number of New Ordinary Shares they will receive. Dealings in the New Ordinary Shares issued pursuant to the Placing will not be permitted prior to Admission.

4. The Offer for Subscription

New Ordinary Shares are also being made available to the public in the United Kingdom (other than certain overseas investors) through the Offer for Subscription at the Issue Price per Ordinary Share payable in full on application for a number of New Ordinary Shares of up to 300 million, less any New Ordinary Shares issued under the Placing and Open Offer.

Applications under the Offer for Subscription must be for a minimum subscription value of £1,000 worth of New Ordinary Shares and thereafter in multiples of £100 worth of New Ordinary Shares. The Directors may, in their absolute discretion, after taking into account the demand for New Ordinary Shares under the Placing, the Offer for Subscription and the Open Offer and economic and market conditions, waive the minimum initial subscription requirement in respect of any particular application under the Offer for Subscription. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

The New Ordinary Shares will be a qualifying investment for the stocks and shares component of an ISA, provided they are acquired by an ISA plan manager through an offer to the public (such as the Offer for Subscription or the Open Offer) or in the market, but not through the Placing. Any person wishing to apply for New Ordinary Shares under the Offer for Subscription through an ISA should contact their ISA manager as soon as possible.

The terms and conditions of application under the Offer for Subscription are set out in Part 13 of this Prospectus. The procedure for applying for New Ordinary Shares under the Offer for Subscription and an application form for use under the Offer for Subscription can be found at the end of this Prospectus.

Payment must be made by cheque or bankers' draft or by electronic interbank transfer (CHAPS). Payment by cheque or bankers' draft must be in pounds Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds (the account name should be the same as that shown on the Offer for Subscription Application Form), must be made payable to "CIS PLC re – TwentyFour Income Fund Limited Issue" and crossed "A/C Payee". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect.

Cheques or bankers' drafts will be presented for payment upon receipt. No interest will be paid on payments made before they are due. It is a term of the Offer for Subscription that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and bankers' drafts sent through the post will be sent at the risk of the sender.

If cheques or bankers' drafts are presented for payment before the conditions of the Issue are fulfilled, the application monies will be kept in a separate interest bearing bank account with any interest being retained for the Company until all conditions are met. If the Offer for Subscription does not become unconditional, no New Ordinary Shares will be issued pursuant to the Issue and all moneys will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Offer for Subscription.

Payment by electronic interbank transfer (CHAPS) must be accompanied by a personalised payment reference number which may be obtained by contacting Computershare Investor Services PLC directly on TwentyFour@computershare.co.uk. Payment by CHAPS must come from a personal account in the name of the individual investor where they have a sole or joint title to the funds (the account name should be the same as that shown on the Offer for Subscription Application Form).

Completed Offer for Subscription Application Form accompanied by a cheque or banker's draft for the full amount due or indicating that a CHAPS payment for the full amount has been made must be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and, in any event, by 11.00 am on 26 February 2016 at which time and date the Offer for Subscription will close. The Directors may, with the prior approval of the Portfolio Manager and Numis, alter such date by shortening or lengthening the offer period under the Offer for Subscription. The Company will notify investors of any such change through the publication of a notice through a Regulatory Information Service.

5. Open Offer

5.1 Open Offer Entitlement

On and subject to the terms and conditions of the Open Offer, as set out in Part 14 of this Prospectus, Qualifying Shareholders are being given the opportunity to apply for any amount of New Ordinary Shares at the Issue Price, payable in full on application and free of all expenses, up to a maximum of their Open Offer Entitlement which shall be calculated on the basis of:

1 New Ordinary Shares for every 3 Ordinary Share held on the Record Date based on an indicative issue price of 101p per New Ordinary Share,*

- * ● calculated as (A) the blended average of (i) the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share, multiplied by the aggregate number of Ordinary Shares in respect of which Realisation Elections are validly made, and (ii) a 2 per cent. premium to NAV per Ordinary Share as on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share multiplied by the number of Ordinary Shares issued under the Issue in excess of the number of Ordinary Shares in respect of which Realisation Elections are validly made and (B) dividing such blended average by the number of New Ordinary Shares issued under the Issue; and
- assuming that 200,000,000 New Ordinary Shares are issued under the Issue, the NAV per Ordinary Share at the latest published date immediately preceding the Reorganisation Date, less an amount equal to the Final Interim Dividend per Ordinary Share if £1 and Realisation Elections are validly made in respect of 100,000,000 Ordinary.

Further information regarding the Issue Price is provided in paragraph 6 of Part 7 of this Prospectus.

registered in the name of each Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares then registered.

Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility and investors under the Placing, the Offer for Subscription and the Placing Programme.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue and Open Offer Application Forms cannot be traded.

Applications by Qualifying Shareholders made and accepted in accordance with the Terms and Conditions of the Open Offer in Part 14 of this Prospectus will be satisfied in full up to the amount of their individual Open Offer Entitlement. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

The latest time and date for acceptance and payment in full in respect of the Open Offer will be 11.00 a.m. on 26 February 2016. Valid applications under the Open Offer will be satisfied in full up to applicants' Open Offer Entitlements. Qualifying Shareholders are also being offered the opportunity to subscribe for New Ordinary Shares in excess of their Open Offer Entitlements under the Excess Application Facility, described below.

The terms and conditions of application under the Open Offer are set out in Part 14 of this Prospectus. These terms and conditions should be read carefully before an application is made.

Shareholders who are in any doubt about the Open Offer should consult their stock broker, bank manager, solicitor, accountant or other financial adviser if they are in any doubt.

Investors who are in any doubt about the Open Offer should consult an independent financial advisor duly authorised under FSMA if they are in doubt.

5.2 Excess Application Facility under the Open Offer

Qualifying Shareholders who take up all of their Open Offer Entitlements may also apply under the Excess Application Facility for additional New Ordinary Shares in excess of their Open Offer Entitlement. The Excess Application Facility, will comprise whole numbers of New Ordinary Shares under the Open Offer which are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements (together, "**Excess Shares**").

Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should complete the relevant sections on the Open Offer Application Form.

Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2(c) of the terms and conditions of application under the Open Offer in Part 14 of this Prospectus for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Excess Shares under the Excess Application Facility will be allocated to Qualifying Shareholders that have taken up all of their Open Offer Entitlements on such basis as the Company and Numis may agree, and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all. To the extent any New Ordinary Shares remain unallocated pursuant to the Issue such New Ordinary Shares may be offered subsequently under the Placing Programme.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying CREST Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by the CREST Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.

5.3 Action to be Taken under the Open Offer

Non-CREST Shareholders

Qualifying Non-CREST Shareholders are being sent an Open Offer Application Form giving details of their Open Offer Entitlement.

Persons that have sold or otherwise transferred all of their Existing Ordinary Shares held in certificated form before 26 February 2016 should forward this Prospectus, together with any Open Offer Application Form, if and when received, at once to the purchaser or transferee, or the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that this Prospectus and the Open Offer Application Form should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the Restricted Territories subject to certain limited exceptions.

Any Qualifying Shareholder that has sold or otherwise transferred only some of their Existing Ordinary Shares held in certificated form on or before 26 February 2016, should refer to the instructions regarding split applications in the terms and conditions of application under the Open Offer in Part 14 of this Prospectus and in the Open Offer Application Form.

CREST Shareholders

Qualifying CREST Shareholders will not be sent an Open Offer Application Form. Instead, Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlement and their Excess CREST Open Offer Entitlement as soon as practicable after 8.00 a.m. on 2 February 2016.

In the case of any Qualifying Shareholder that has sold or otherwise transferred only part of their holding of Existing Ordinary Shares held in uncertificated form on or before 26 February 2016, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate Open Offer Entitlements to the purchaser or transferee. Automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

Full details of the Open Offer are contained in the terms and conditions of application under the Open Offer in Part 14 of this Prospectus. If you have any doubt what action you should take, you should seek your own financial advice from an independent financial adviser duly authorised under FSMA who specialises in advice on the acquisition of shares and other securities immediately.

6. Calculation of the Issue Price

The Issue Price will be calculated as:

$$\frac{A + B}{C}$$

where:

$$A = D \times E$$

$$B = D \times 1.02 \times F$$

$$F = C - E$$

C is the aggregate number of New Ordinary Shares issued under the Issue.

D is the NAV per Ordinary Share as at 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share.

E is the aggregate number of Ordinary Shares in respect of which Realisation Elections are validly made.

Example A

In the event that the number of New Ordinary Shares issued under the Issue exceeds the number of Ordinary Shares in respect of which Realisation Election are validly made and if:

- 200,000,000 New Ordinary Shares are issued under the Issue;
- the NAV per Ordinary Share at the latest published date immediately preceding the Reorganisation Date, less an amount equal to the Final Interim Dividend per Ordinary Share is £1; and
- Realisation Elections are validly made in respect of 100,000,000 Ordinary Shares, the Issue Price would be calculated as follows:

$$\frac{(\pounds 1 \times 100,000,000) + (\pounds 1 \times 1.02 \times 100,000,000)}{200,000,000} = \text{Issue Price of } \pounds 1.01 \text{ per New Ordinary Share}$$

Example B

In the event that the number of New Ordinary Shares issued under the Issue does not exceed the number of Ordinary Shares in respect of which Realisation Elections are validly made and if the NAV per Ordinary Share at the latest published date immediately preceding the Reorganisation Date, less an amount equal to the Final Interim Dividend per Ordinary Share is £1, the Issue Price per New Ordinary Share would be £1.

In both examples set out above the total price payable by any investor in respect of any New Ordinary Shares issued to such investor under the Issue will be rounded up to the nearest penny.

7. Dealings and Settlement

Application will be made to the UK Listing Authority for up to 300 million New Ordinary Shares to be issued pursuant to the Issue and admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market. It is expected that Admission will occur and that dealing in the New Ordinary Shares will commence, on 21 March 2016.

The New Ordinary Shares will be issued on 8 March 2016, fully paid and in registered form, and may be delivered into CREST or in certificated form. Applicants under the Offer for Subscription wishing to have their New Ordinary Shares delivered to a CREST stock account in their own name, which is expected to take place on 8 March 2016, should include their CREST details in section 5 of the Offer for Subscription Application Form. Temporary documents of title will not be issued pending the despatch of definitive certificate for New Ordinary Shares issued in certificated form, which is expected to take place in the week commencing 21 March 2016.

When admitted to trading, the New Ordinary Shares will be registered with ISIN number GG00B90J5Z95 and SEDOL number B90J5Z9, the Realisation Shares, if any are issued under the Realisation, will be registered with ISIN number GG00BYW8B177 and SEDOL number BYW8B17, the Offer for Subscription will be registered with ISIN number GG00BDGN6C75 and SEDOL number BDGN6C7, the Open Offer Entitlement will be registered with ISIN number GG00BDGN5Y21 and SEDOL number BDGN5Y2 and the Excess Open Offer Entitlement will be registered with ISIN number GG00BDGN5Z38 and SEDOL number BDGN5Z3.

8. Announcements regarding the Placing, Offer for Subscription and the Open Offer

The Issue Price, results of the Placing, the Offer for Subscription and the Open Offer and the basis of allocation are expected to be announced by the Company through a Regulatory Information Service on or around 8 March 2016 and, in any event, prior to Admission. Dealings in the New Ordinary Shares issued pursuant to the Issue will not be permitted prior to Admission. Subsequent to Admission, dealings in New Ordinary Shares in advance of the crediting of the relevant CREST accounts or the issue of share certificates will be at the risk of the person concerned.

9. Conditions of the Issue

The Issue is conditional on, among other things, (i) the aggregate NAV of the total number of Ordinary Shares following completion of the Issue (that is taking into account both Realisation Elections and subscriptions for New Ordinary Shares) being not less than £100 million in aggregate, (ii) the Placing Agreement not being terminated in accordance with its terms at any time prior to Admission and (iii) Admission occurring by 8.00 a.m. on 8 March 2016 (or such later date as the Company, the Portfolio Manager and Numis may agree, being in any event not later than 8.00 a.m. on 31 March 2016). If any of these conditions is not met, the Issue will not proceed and an announcement to that effect will be made via a Regulatory Information Service.

The issue of New Ordinary Shares pursuant to the Placing, the Offer for Subscription and the Open Offer will be revoked if Admission has not occurred by 8.00 a.m. on 8 March 2016 (or such other date as the Company, the Portfolio Manager and Numis may agree, being in any event not later than 8.00 a.m. on 31 March 2016) or, if earlier, on the date on which the Issue ceases to be capable of becoming conditional. Any such revocation will be announced by the Company through a Regulatory Information Service as soon as practicable after the Company has become aware of the occurrence of the event that has resulted in such revocation.

In the event that the Issue does not proceed for whatever reason, application monies will be returned, without interest, to investors by returning an investor's cheque or by crossed cheque in favour of the first named applicant, by post at the risk of the person entitled thereto.

10. Scaling back

The Directors are authorised to issue up to 300 million New Ordinary Shares pursuant to the Issue. Once Open Offer Entitlements have been satisfied, to the extent that applications under the Issue are made for more than 300 million New Ordinary Shares, those applications will be scaled back as Numis and the Company shall determine.

To the extent that the subscription monies received by the Company in relation to any application for New Ordinary Shares through the Placing, the Offer for Subscription and the Open Offer exceed the aggregate value, at their Issue Price, of the New Ordinary Shares issued pursuant to such application, the balance of such sum will be returned without interest by cheque sent by post to, and at the risk of the applicant concerned.

11. Costs of the Issue

The net proceeds of the Issue will depend on the latest published NAV immediately before the Reorganisation Date and the level of demand for New Ordinary Shares relative to Realisation Sale Elections. Assuming that 200 million New Ordinary Shares are issued under the Issue at an Issue Price of £1.01, Realisation Elections are validly made in respect of 100 million Ordinary Shares and the expenses of the Issue are £3 million, the net proceeds of the Issue will be £199 million (inclusive of applicable VAT).

12. Dilution

Ordinary Shareholders' shareholdings will be diluted by the Issue to the extent that they do not participate in the Open Offer. The share capital of the Company will be increased by 35 per cent. as a result of the Placing, Offer for Subscription and Open Offer (assuming 200,000,000 New Ordinary Shares are issued under the Issue and Realisation Elections are validly made in respect of 100,000,000 New Ordinary Shares). Following the issue of New Ordinary Shares pursuant to the Issue, Qualifying Shareholders who do not take up any of their Open Offer Entitlement (and who do not take up any Excess Shares under the Excess Application Facility) will suffer a dilution of 26 per cent. to their respective voting rights in the Company (assuming 200,000,000 New Ordinary Shares are issued under the Issue and Realisation Elections are validly made in respect of 100 million Ordinary Shares).

13. Use of proceeds

The Issue is intended to enable the Company to redeem the shareholdings of Shareholders who wish to realise some or all of their Ordinary Shares through a Realisation Sale Election. Proceeds raised in excess of the amount required to redeem shareholdings of Shareholders who wish to realise some or all of their Ordinary Shares through a Realisation Sale Election under the Issue and proceeds raised under the Placing Programme will be used for investment in accordance with the Company's published investment policy.

14. Profile of typical investor

The typical investors for whom the New Ordinary Shares are intended are professionally advised private investors, or institutional investors, seeking principally income returns from a portfolio of Asset Backed Securities.

15. Money Laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the United Kingdom and in Guernsey, the Company and its agents, the AIFM, Numis or Receiving Agent may require evidence of the identity of each investor in connection with any application for New Ordinary Shares, including further identification of the applicant(s) before any New Ordinary Shares are issued.

Each of the Company and its agents, including the Administrator, the Registrar, the Receiving Agent and Numis reserves the right to request such information as its 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 New Ordinary Shares. In the event of delay or

failure by the Shareholder or prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with the Company's agents, including the Administrator, the Registrar, the Receiving Agent and Numis may refuse to accept a subscription for New Ordinary Shares, or may refuse the transfer of New Ordinary Shares held by such Shareholder.

16. U.S. Purchase and Transfer Restrictions

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the AIFM or the Portfolio Manager.

The Company has elected to impose the restrictions described below on the issue and on the future trading of the New Ordinary Shares so that the Company will not be required to register the offer and sale of the New Ordinary Shares under the Securities Act, so that the Company will not have an obligation to register as an investment company under the Investment Company Act and related rules and to address certain ERISA, Tax Code, FATCA and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the New Ordinary Shares to trade such securities. Due to the restrictions described below, potential investors in the United States and U.S. Persons are advised to consult legal counsel prior to making any offer, resale, exercise, pledge or other transfer of the New Ordinary Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the New Ordinary Shares made other than in compliance with the restrictions described below.

17. Restrictions due to lack of registration under the Securities Act and Investment Company Act restrictions

The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the New Ordinary Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons. There will be no public offer of the New Ordinary Shares in the United States. Subject to certain exceptions, the New Ordinary Shares are being offered and sold only outside the United States to persons who are not U.S. Persons in reliance on the exemption from registration provided by Regulation S under the Securities Act.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. The New Ordinary Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

18. 2016 Realisation Opportunity

Qualifying Shareholder who elect to realise all or part of their investment in the Company will be given the opportunity to do so. Such elections will initially be satisfied by the Company redeeming such Ordinary Shares out of the net proceeds of the Issue at the Redemption Price up to an amount equal to the net proceeds of the Issue. Where the value of such elections (calculated by reference to the Redemption Price) exceed the net proceeds of the Issue resulting in the Company not being able to redeem such Ordinary Shares, such Ordinary Shares will be converted into Realisation Shares with effect from the 2016 Reorganisation Date. In such case, following the 2016 Reorganisation Date, the Portfolio will be split into two separate and distinct pools and the assets attributable to any Realisation Pool will be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash.

19. General

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 under the Open Offer and the Offer for Subscription may not withdraw their applications for New Ordinary Shares.

Applicants under the Open Offer and the Offer for Subscription wishing to exercise their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA after the publication of a supplementary prospectus 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 Member Account ID of such CREST member by post or by hand (during normal business hours only) with Computershare Investor Services PLC, Corporate Actions Projects, Bristol B599 6AH or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than two 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. 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 the New Ordinary Shares to such applicant becoming unconditional and in such event Shareholders are recommended to seek independent legal advice.

PART 8: THE PLACING PROGRAMME

1. Introduction

The Company has made arrangements under which the Board has discretion to issue under the Placing Programme up to 300 million New Ordinary Shares less the number of New Ordinary Shares issued under the Issue. 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 New Ordinary Shares over a period of time. The Placing Programme is intended to satisfy market demand for the Ordinary Shares and to raise further money for investment in accordance with the Company's investment policy.

2. Background to and reasons for the Placing Programme

The Company wishes to have the flexibility to issue further New Ordinary 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 their Net Asset Value per Ordinary Share. In addition, as any New Ordinary Shares issued under the Placing Programme will be issued at a price not less than the prevailing cum income Net Asset Value per Ordinary Share, nor more than the best offer price per Ordinary Share as quoted on the London Stock Exchange at the time that the proposed issue is agreed, as determined by the Directors, an issue of New Ordinary Shares under the Placing Programme may be used by the Company to reduce any premium over NAV at which its Shares may be trading. Shareholder authority to issue further New Ordinary Shares on a non-pre-emptive basis was granted at the December General Meeting. In utilising its discretion under the Placing Programme and seeking such authorities in the future the Directors intend to take into account relevant factors, including the desirability of limiting the premium to Net Asset Value at which the Ordinary Shares trade in order to ensure that Shareholders and new investors who acquire Ordinary Shares are not disadvantaged by being required to acquire additional New Ordinary Shares at a high premium to NAV per Ordinary Share.

3. Benefits of the Placing Programme

The Directors believe that the issue of New Ordinary Shares pursuant to the Placing Programme should yield the following principal benefits:

- (a) maintain the Company's ability to issue New Ordinary Shares, so as to better manage any premium at which the Ordinary Shares may trade to NAV per Ordinary Share;
- (b) enhance the NAV per Ordinary Share of existing Ordinary Shares through new share issuance at a premium to the cum income NAV per Ordinary Share;
- (c) grow the Company, thereby spreading operating costs over a larger capital base which should reduce the total expense ratio; and
- (d) improve liquidity in the market for the Ordinary Shares.

The Directors will consider the potential impact of the Placing Programme on the payment of dividends to Shareholders and intend to ensure that it will not result in any material dilution of the dividends per Ordinary Share that the Company may be able to pay. In the event that 100,000,000 New Ordinary Shares are issued under either the Placing Programme or the Issue and, in the case of the Issue, that no Realisation Elections are validly made, a Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital following the Issue, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 3.7 per cent. of the Company's issued Ordinary Share capital.

4. The Placing Programme

The Placing Programme will open on 9 March 2016 and will close on 27 January 2017. The maximum number of New Ordinary Shares to be issued pursuant to the Placing Programme will equal 300 million less the number of New Ordinary Shares issued under the Issue. Such New Ordinary Shares will, subject to the Company's decision to proceed with an issue at any given time be issued to Numis at the Placing Programme Price. Numis will trade the New Ordinary Shares in the secondary market. No New Ordinary Shares will be issued at a discount to the Net Asset Value per Ordinary Share at the time of the relevant allotment. The Company will not issue any

New Ordinary Shares at a discount of 10 per cent. or more to the middle market price of the Ordinary Shares at the relevant time without further Shareholder approval.

The issue of New Ordinary Shares under the Placing Programme is at the discretion of the Directors. Issues may take place at any time prior to the closing date of the Placing Programme. An announcement of each issue under the Placing Programme will be released through an RIS. It is anticipated that dealings in the New Ordinary Shares will commence approximately three Business Days after their issue. Whilst it is expected that all New Ordinary Shares issued pursuant to the Placing Programme will be issued in uncertificated form, if any New Ordinary Shares are issued in certificated form it is expected that share certificates will be despatched within ten Business Days after the relevant issue date.

Payment for any New Ordinary Shares issued under the Placing Programme should be made in accordance with settlement instructions provided to Placees by Numis

The minimum subscription pursuant to the Placing Programme is intended to be £50,000. There is no maximum subscription.

The Placing Programme is not being underwritten and, as at the date of this Prospectus, the actual number of New Ordinary Shares to be issued under the Placing Programme is not known. The number of New Ordinary Shares available under the Placing Programme should not be taken as an indication of the number of New Ordinary Shares finally to be issued.

So far as the Directors are aware as at the date of this Prospectus, no major Shareholders or Directors intend to make a commitment for New Ordinary Shares under the Placing Programme.

Applications will be made to the FCA for the New Ordinary Shares issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on the Main Market. All New Ordinary Shares issued pursuant to the Placing Programme will be issued conditionally on such Admission occurring. This Prospectus has been published in order to obtain Admission to the Official List of any New Ordinary Shares issued pursuant to the Placing Programme. This will include any Ordinary Shares issued under the Directors' existing authority to issue Ordinary Shares on a non-pre-emptive basis after the date of this Prospectus. Should the Board wish to issue Ordinary Shares in excess of the amount which it will then be authorised to issue, further authorities will be sought at an appropriate time by convening a general meeting of Shareholders for this purpose.

The New Ordinary Shares issued pursuant to the Placing Programme 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 issue of the relevant New Ordinary Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue New Ordinary Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion.

In the event that there are any significant matters affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of this Prospectus and prior to the termination of the Placing Programme, the Company will publish a supplementary prospectus. Any supplementary prospectus published by the Company will give details of the significant change(s) or the significant new matter(s).

5. Conditions

Each issue of New Ordinary Shares pursuant to the Placing Programme is conditional on:

- (a) Shareholder authority for the disapplication of pre-emption rights in respect of the relevant issue being in place;
- (b) the Placing Programme Price being determined by the Directors as described below; and
- (c) Admission of the New Ordinary Shares issued pursuant to such issue.

In circumstances in which these conditions are not fully met, the relevant issue of New Ordinary Shares pursuant to the Placing Programme will not take place.

6. Calculation of the Placing Programme Price

The Placing Programme Price will be calculated by reference to the estimated cum income Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs

and expenses of the relevant placing pursuant to the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. The Directors will determine the Placing Programme Price on the basis described above so as to cover the costs and expenses of each placing of New Ordinary Shares under the Placing Programme and thereby avoid any dilution of the Net Asset Value of the existing Ordinary Shares held by Shareholders. By way of illustration, assuming an initial NAV of £1.102, being the cum income NAV at the latest practicable date prior to the publication of this Prospectus, the Placing Programme Price would be expected to be approximately £1.135, and the expenses indirectly borne by the investor would be £0.017 per New Ordinary Share.

Fractions of New Ordinary Shares will not be issued.

The net proceeds of the Placing Programme is dependent on the number of New Ordinary Shares issued pursuant to the Placing Programme and the applicable Placing Programme Price of any New Ordinary Shares issued.

Where New Ordinary Shares are issued, the total assets of the Company will increase by that number of New Ordinary Shares multiplied by the relevant Placing Programme Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue are expected to be invested in investments consistent with the investment objective and investment policy of the Company and the Placing Programme Price of the New Ordinary Shares is expected to represent a modest premium to the then prevailing Net Asset Value per Ordinary Share.

7. Settlement

Payment for New Ordinary Shares issued under the Placing Programme will be made through CREST or through Numis, in any such case in accordance with settlement instructions to be notified to Placees by Numis. In the case of those subscribers not using CREST, monies received and held in account by or on behalf of Numis will not be held as client money within the meaning of the relevant provisions of the FCA Handbook, which therefore will not require Numis to segregate such money, as that money will be held by Numis under a banking relationship and not as trustee.

To the extent that any placing commitment is rejected in whole or in part, any monies received will be returned without interest at the risk of the Placee.

8. Costs of the Placing Programme

Alternatively, assuming that 100 million New Ordinary Shares are issued under the Placing Programme and a Placing Programme Price of £1.0975 per New Ordinary Share, being the mid market price as at the latest practicable date prior to the publication of this Prospectus, the gross proceeds would be £109,750,000, the costs of the Placing Programme are estimated at £1,646,250 and the net proceeds of the Placing Programme would therefore be £108,103,750.

9. Use of proceeds

The net proceeds of the Placing Programme will be invested by the Portfolio Manager on behalf of the Company in accordance with the Company's published investment policy.

10. Money Laundering

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the United Kingdom and in Guernsey, the Company and its agents, the AIFM, Numis or Receiving Agent may require evidence of the identity of each investor in connection with any application for New Ordinary Shares, including further identification of the applicant(s) before any New Ordinary Shares are issued.

Each of the Company and its agents, including the Administrator, the Registrar and Numis reserves the right to request such information as its 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 Directors, in consultation with the Company's agents, including the Administrator, the Registrar and Numis may refuse to accept a subscription for New Ordinary Shares, or may refuse the transfer of New Ordinary Shares held by such Shareholder.

11. U.S. Purchase and Transfer Restrictions

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the AIFM or the Portfolio Manager.

The Company has elected to impose the restrictions described below on the issue and on the future trading of the New Ordinary Shares so that the Company will not be required to register the offer and sale of the New Ordinary Shares under the Securities Act, so that the Company will not have an obligation to register as an investment company under the Investment Company Act and related rules and to address certain ERISA, Tax Code, FATCA and other considerations. These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the New Ordinary Shares to trade such securities. Due to the restrictions described below, potential investors in the United States and U.S. Persons are advised to consult legal counsel prior to making any offer, resale, exercise, pledge or other transfer of the New Ordinary Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the New Ordinary Shares made other than in compliance with the restrictions described below.

12. Restrictions due to lack of registration under the Securities Act and Investment Company Act restrictions

The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the New Ordinary Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons. There will be no public offer of the New Ordinary Shares in the United States. Subject to certain exceptions, the New Ordinary Shares are being offered and sold only outside the United States to persons who are not U.S. Persons in reliance on the exemption from registration provided by Regulation S under the Securities Act.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. The New Ordinary Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by pre-arrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

PART 9: FINANCIAL INFORMATION RELATING TO THE COMPANY

1. Introduction

The audited annual financial statements of the Company are drawn up in Sterling and prepared in accordance with the Law, International Financial Reporting Standards and the Listing Rules. The Company's financial statements include a statement of comprehensive income, which reflects all transactions in relation to the Asset Backed Securities within the 'statement of comprehensive income'.

The Company's audited annual report and financial statements is prepared up to 31 March each year and it is expected that copies will be sent to Shareholders within four months of the year-end.

An unaudited interim report covering the six months to the end of 30 September in each year will be published within three months of that date.

2. Statutory Accounts

Statutory accounts of the Company for the period from 11 January 2013 to 31 March 2014 and for the period from 1 April 2014 to 31 March 2015 (the "Annual Reports"), in respect of which the Company's auditor PricewaterhouseCoopers CI LLP, has given unqualified opinions that the accounts give a true and fair view of the state of affairs of the Company for the periods set out above and that the accounts have been properly prepared in accordance with the Law, have been partly incorporated into this Prospectus by reference.

The interim financial statements for the six month periods ending 30 September 2014 and 30 September 2015 (the "Interim Reports") are unaudited and have been partly incorporated into this Prospectus by reference.

The information from the audited Annual Reports and the unaudited Interim Reports that has been partly incorporated in this Prospectus by reference is detailed, together with the respective pages, in paragraph 3 of this Part 9 of the Prospectus. Any part of the audited Annual Reports or unaudited Interim Reports not included in these tables, and therefore not incorporated by reference, is either not relevant for the investor or is covered elsewhere in the Prospectus.

Unless otherwise indicated, all unaudited financial information relating to the Company contained in this Prospectus has been sourced, without material adjustment from the internal accounting records of the Company which are maintained by the Administrator on the Company's behalf on a basis consistent with the Company's accounting policies.

3. Published Report and Accounts

3.1 Historical financial information

The audited Annual Reports and the unaudited Interim Reports, which have been partly incorporated into this Prospectus by reference, included, on the pages specified in the table below, the following information:

| | Audited annual report and accounts for the period/ year ended 31 March | | Unaudited interim report for the six months ended 30 September | |
|--|--|------------|--|------------|
| | 2014 | 2015 | 2014 | 2015 |
| | Page No(s) | Page No(s) | Page No(s) | Page No(s) |
| <i>Nature of information</i> | | | | |
| Income statement | 28 | 32 | 12 | 14 |
| Balance sheet | 29 | 33 | 13 | 15 |
| Cash flow statement | 31 | 35 | 15 | 17 |
| Accounting policies | 32-37 | 36-40 | 16 | 18 |
| Notes to the financial statements (incorporating summary of principal accounting policies) | 32-54 | 36-62 | 16-27 | 18-29 |
| Audit report | 26-27 | 30-31 | N/A | N/A |

3.2 Selected financial information

The key figures that summarise the Company's financial condition in respect of the periods covered by the audited Annual Reports and the unaudited Interim Reports, which have been

extracted without material adjustment from the historical financial information referred to in paragraph 3.1 of this Part 9 (unless otherwise indicated in the notes below the following table), are set out in the following table:

| | Audited annual report and accounts for the period/ year ended 31 March | | Unaudited interim report for the six months ended 30 September | |
|------------------------------------|---|-------------|---|-------------|
| | 2014 | 2015 | 2014 | 2015 |
| Total net assets (£'000) | 314,049 | 343,225 | 324,170 | 326,958 |
| NAV per Share (pence) | 117.7 | 120.5 | 121.5 | 114.8 |
| Total comprehensive income (£'000) | 51,325 | 26,123 | 21,144 | (5,868) |
| Earnings per Share (pence) | 24.4 | 9.5 | 7.9 | (2.1) |
| Dividend per Share (pence) | 6.38 | 6.65 | 3.00 | 3.00 |

3.3 Operating and Financial Review

The audited Annual Reports and the unaudited Interim Reports, on the pages specified in the table below, describe the Company's financial condition (in both capital and revenue terms); details of the Company's investment activities and portfolio exposure; and changes in its financial conditions for each of those years.

| | Audited annual report and accounts for the period/ year ended 31 March | | Unaudited interim report for the six months ended 30 September | |
|------------------------------|---|-------------------|---|-------------------|
| | 2014 | 2015 | 2014 | 2015 |
| | Page No(s) | Page No(s) | Page No(s) | Page No(s) |
| <i>Nature of information</i> | | | | |
| Chairman's statement | 5 | 5 | 5 | 5-6 |
| Portfolio manager's report | 6-7 | 6-8 | 6-7 | 7-8 |
| Top Twenty Holdings | 8 | 9 | 8 | 9 |

Interim period ended 30 September 2015

The interim period total return of the Company was -1.57 per cent., including dividends and the Ordinary Shares traded at an average premium to NAV of 5.90 per cent. during the period. Initially the Net Asset Value benefited from a continuation of the trend that was seen towards the end of the last financial year as spreads on the NAV continued to tighten. However, there was subsequently strong supply in the UK non-conforming part of the market which, combined with financial markets generally suffering during the Summer, led to spreads on most assets widening and the capital-only NAV ending the period down 4.7 per cent.

Year ended 31 March 2015

The full year total return of the Company was 8.19 per cent., including dividends and the Ordinary Shares traded at an average premium to NAV of 5.65 per cent. during the period. Performance was largely positive over the year, with negative performance towards the end of the summer and in the period towards the turn of the year, as the sector picked up some correlation with mainstream fixed income weakness. The Net Asset Value performance was supported on a fundamental basis by the ongoing positive trends in the underlying assets.

Interim period ended 30 September 2014

The interim period total return of the Company was 6.54 per cent., including the dividends and the Ordinary Shares traded at an average premium to NAV of 4.85 per cent. during the period. The Net Asset Value of the Company displayed positive performance during the period, with the exception of an instance of moderate decline during the start of August as the CLO market weakened as a result of the excess supply during a traditionally quiet time of year. The NAV subsequently recovered to finish the period at a new high water mark.

Period ended 31 March 2014

The total return of the Company from 11 January 2013 to 31 March 2014 was 23.89 per cent., including dividends and the Ordinary Shares traded at an average premium to NAV of 4.64 per cent. during that period. The Net Asset Value of the Company displayed positive performance since launch, with the exception of a limited and temporary decline in June as all markets sold off

in the wake of US Federal Reserve Chairman Bernanke's comments around tapering the volume of bonds the central bank was buying on a monthly basis. The NAV performance was supported on a fundamental basis by the ongoing positive trends in the consumer and corporate loan markets.

3.4 Availability of annual reports and accounts for inspection

Copies of the audited Annual Accounts and the unaudited Interim Report are available for inspection at the address in paragraph 23 of Part 11.

PART 10: TAXATION

The following statements are intended only as a general guide to current UK and Guernsey tax legislation and to what is understood to be the current practice of HMRC, both of which are subject to change with retrospective effect. They summarise certain limited aspects of the UK and Guernsey taxation consequences of holding Shares and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment, who may be subject to special rules. Unless expressly stated otherwise they apply only to Shareholders of the Company resident and, in the case of individuals, domiciled for tax purposes in the United Kingdom at all relevant times, who hold Shares as an investment (rather than as securities to be realised in the course of a trade) and who are the absolute beneficial owners of those Ordinary Shares.

In the event that the Realisation takes place the tax position of Continuing Shareholders may be affected and the Company will therefore, at the time of the Realisation, provide further information in relation to such position to the extent that it differs from that set out in the below statements.

Shareholders or potential investors who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

1. The Company

1.1 Guernsey

1.1.1 Exempt status

The Company has been granted tax exempt status by the Director of Income Tax in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended). The Company will need to reapply annually for exempt status, an application that currently incurs a fee of £1,200 per annum. It is expected that the Company will continue to apply for exempt status throughout its existence. If exempt status is granted, the Company will not be considered resident in Guernsey for Guernsey income tax purposes. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey other than from a bank deposit. It is anticipated that no income other than interest on bank deposits will arise in Guernsey and therefore the Company is not expected to incur any liability to Guernsey tax. Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey. However, such a company may be required to provide information to the Guernsey tax authorities about dividends paid to Guernsey resident individuals.

1.1.2 Capital Taxes and Stamp Duty

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business), nor are there any estate duties (save for registration fees and *ad valorem* duty for a Guernsey grant of representation where the deceased dies leaving assets in Guernsey which require presentation of such a grant).

No stamp duty is chargeable in Guernsey on the issue, transfer, redemption or other disposal of shares in the Company.

1.2 UK

The Company is an AIF for the purposes of the AIFM Directive, established in Guernsey and so it is not resident in the United Kingdom for taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a permanent establishment situated in the UK), the Company will not be subject to UK income tax or corporation tax other than on UK source income and will not be subject to UK capital gains tax. The Directors intend that the affairs of the Company are conducted so that no such UK trade or permanent establishment will arise.

Interest and other income received by the Company which has a UK source may be subject to withholding taxes in the United Kingdom. However, there will be no UK withholding tax on interest payments made by companies on bonds which are listed on a recognised stock exchange for the relevant UK tax purposes.

2. Shareholders

2.1 Guernsey

As Guernsey has no capital gains taxes, neither Guernsey resident nor non-Guernsey resident Shareholders will be subject to Guernsey tax on the redemption or disposal of their holdings of shares in the Company. In the case of Shareholders who are not resident in Guernsey for tax purposes, distributions can be paid to such Shareholders without giving rise to a liability to Guernsey income tax, and the Company will not be required to withhold Guernsey tax on such distributions.

Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm) will incur Guernsey income tax at the applicable rate on a distribution paid to them. The Company will be required to provide to the Director of Income Tax in Guernsey such particulars relating to any distribution paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment. Provided the Company maintains its exempt status, there would currently be no requirement for the Company to withhold tax from the payment of a distribution to a Guernsey resident Shareholder.

The Director of Income Tax can require the Company to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in shares in the Company, together with details of the interest.

2.2 UK

2.2.1 Offshore fund rules

The Company will be an offshore fund for the purposes of UK taxation. Pursuant to the relevant legislation, the basic position is that any gain arising on the disposal of shares in an offshore fund held by persons who are resident in the UK for tax purposes will be taxed at the time of that disposal as income and not as a capital gain. However, this income tax treatment will not apply in relation to the Company provided that it has reporting fund status throughout the period during which the relevant Shareholder holds his Shares. The Company intends to apply to HMRC to obtain reporting fund status and to maintain such status.

On the basis that the Company will have reporting fund status, each Shareholder will be subject to UK tax on income on amounts distributed to him/her by the Company and any Shareholder who is treated as holding a Share at the end of a relevant reporting period (reporting periods will generally be the same as the Company's accounting periods) will also be subject to such tax on the amount by which the reported income attributable to his/her Shares for the relevant reporting period exceeds the amount distributed in respect of such Shares in such period (the "**excess reported income amount**"). The Company will provide details of any excess reported income amount per Share to any Shareholders who hold an investment in the Company at the end of the relevant reporting period.

For Shareholders who are individuals, distributions they receive from the Company and, if they are treated as remaining as Shareholders at the end of the relevant reporting period, any relevant excess reported income amount will be treated as payments of interest and accordingly subject to UK income tax at the appropriate marginal rate of tax for the individual whether 0%, 20%, 40% or 45%.

A disposal by a Shareholder who is an individual of his/her Shares will, provided that the Company holds reporting fund status throughout the time period of the Shareholder's interest in the Company, not be subject to UK tax as income and will be a disposal for capital gains tax purposes and may, depending on the Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to capital gains tax.

For Shareholders within the charge to UK corporation tax, their Shares will be treated as creditor relationships for the purposes of the rules relating to the taxation of most corporate debt contained in Corporation Tax Act 2009 (the “**Corporate Debt Regime**”). Such Shareholders should be subject to UK corporation tax on a fair value basis taking into account distributions received and any increase or decrease in the value of their holding during their accounting period. If the fair value return is negative tax relief should be available. Where the corporate debt regime applies then reporting fund status or not does not affect the tax treatment that should be applied by the corporate investor.

2.2.2 Transfer of assets abroad

Due to the intended distribution of income policy and the Company’s proposed reporting fund status, it is not anticipated that Shareholders who are individuals resident in the UK will be affected by the provisions of Chapter 2 of Part 13 of the Income Tax Act 2007 which might otherwise render such persons liable to taxation in respect of undistributed income and profits of the Company.

2.2.3 Controlled foreign companies rules

UK resident companies are, in certain circumstances, subject to tax on the profits of companies not so resident in which they have an interest. Generally, the relevant rules affect UK resident companies which, hold alone or together with certain other associated persons, interests which confer a right to at least 25 per cent of the profits of a non-resident company where that non-resident company is controlled by persons who are resident in the UK and is subject to a lower level of taxation in its territory of residence. The relevant legislation provides for certain exceptions. UK resident companies holding alone or together with relevant associated persons a right to 25 per cent. or more of the profits of the Company (directly or indirectly) should take their own specific professional taxation advice. These provisions are not directed towards the taxation of capital gains.

2.2.4 Section 13 of the Taxation of Chargeable Gains Act 1992 (“**Section 13**”)

The attention of persons resident in the United Kingdom for taxation purposes is drawn to the provisions of Section 13. Section 13 applies to a “participator” for UK taxation purposes (which term includes a Shareholder) if at any time when a gain accrues to the Company which constitutes a chargeable gain for those purposes, the Company is itself controlled by a sufficiently small number of persons so as to render the Company a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a “close” company for those purposes. The provisions of Section 13 could, if applied, result in any such person who is a “participator” in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person’s proportionate interest in the Company as a “participator”. No liability under Section 13 could be incurred by such a person however, where the amount apportioned to such person and to persons connected with him does not exceed one quarter of the gain.

2.2.5 Transactions in Securities

The attention of Shareholders is drawn to anti-avoidance legislation in Chapter 1, Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 that could apply if Shareholders are seeking to obtain tax advantages in prescribed conditions

2.2.6 ISAs and SSAS/SIPPs

Investors resident in the United Kingdom who are considering acquiring Shares are recommended to consult their own tax and/or investment advisers in relation to the eligibility of the Shares for ISAs and SSAS/SIPPs.

Shares acquired pursuant to the Offer for Subscription will be eligible for inclusion in a stocks and shares ISA. It is not possible for Shares to be allotted directly to an ISA Manager pursuant to the Placing or the Placing Programme. Shares acquired in the market after Admission should be eligible for inclusion in a stocks and shares ISA.

The Shares may be eligible for inclusion in a SSAS or SIPP, subject to the trustees/administrators of the relevant SSAS or SIPP having firstly satisfied themselves that the proposed investment falls within the permitted investment/non-taxable property rules that apply to UK registered SSAS/SIPPs.

2.2.7 Stamp duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty or SDRT will arise on the issue of Shares. No UK stamp duty will be payable on a transfer of Shares, provided that all instruments effecting or evidencing the transfer (or all matters or things done in relation to the transfer) are not executed in the United Kingdom and no matters or things done relating to the transfer are performed in the United Kingdom.

Provided that the Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company and that the Shares are not paired with shares issued by a company incorporated in the United Kingdom, any agreement to transfer the Shares will not be subject to UK SDRT.

3. United States-Guernsey Intergovernmental Agreement

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the United States (“**US-Guernsey IGA**”) regarding the implementation of FATCA. Under FATCA and legislation enacted in Guernsey to implement the US-Guernsey IGA, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the United States, unless a relevant exemption applies. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company.

Under the terms of the US-Guernsey IGA, Guernsey resident financial institutions that comply with the requirements of Guernsey’s domestic legislation to report certain information to the Guernsey tax authorities will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. If the Company does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of US source income (including interest and dividends) (from 1 July 2014) and proceeds from the sale of property that could give rise to US source interest or dividends (from 1 January 2019). The US-Guernsey IGA is implemented through Guernsey’s domestic legislation in accordance with guidance that is published in draft form.

Under the US-Guernsey IGA, securities that are “regularly traded” on an established securities market, such as main market of the London Stock Exchange, are not considered financial accounts and are not subject to reporting. For these purposes, Shares will be considered “regularly traded” if there is a meaningful volume of trading with respect to the Shares on an ongoing basis. Notwithstanding the foregoing, from 1 January 2016, a Share will not be considered “regularly traded” and will be considered a financial account if the Shareholder is not a financial institution acting as an intermediary. Such Shareholders will be required to provide information to the Company to allow it to satisfy its obligations under FATCA, although it is expected that whilst the Shares are in global form and held within CREST, the holder of the Shares will likely be a financial institution acting as an intermediary.

4. United Kingdom-Guernsey Intergovernmental Agreement

On 22 October 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the United Kingdom (“**UK-Guernsey IGA**”). Under the UK-Guernsey IGA and legislation enacted in Guernsey to implement the UK-Guernsey IGA, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of the United Kingdom, unless a relevant exemption applies. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The UK-Guernsey IGA is implemented through Guernsey’s domestic legislation in accordance with guidance that is published in draft form.

Under the UK-Guernsey IGA, securities that are “regularly traded” on an established securities market, such as main market of the London Stock Exchange, are not considered financial accounts

and are not subject to reporting. For these purposes, Shares will be considered “regularly traded” if they are listed or quoted and/or available for trading on an established securities market.

Both Guernsey and the UK have adopted the “Common Reporting Standard” (see below). Accordingly, following a transitional period, reporting under the UK-Guernsey IGA (as implemented in Guernsey) in respect of periods commencing on or after 1 January 2016 will be replaced by reporting under the Common Reporting Standard (as implemented in Guernsey), and the UK-Guernsey IGA and relevant implementing legislation will be repealed.

5. Common Reporting Standard

On 13 February 2014, the Organization for Economic Co-operation and Development released the “Common Reporting Standard” (“**CRS**”) designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement (“**Multilateral Agreement**”) that activates this automatic exchange of FATCA-like information in line with the CRS. Since then further jurisdictions have signed the Multilateral Agreement and in total over 90 jurisdictions have committed to adopting the CRS.

Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018.

Under the CRS and legislation enacted in Guernsey to implement the CRS with effect from 1 January 2016, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Where applicable, information that would need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The CRS is implemented through Guernsey’s domestic legislation in accordance with guidance that is published in draft form that will be supplemented by guidance issued by the Organization for Economic Co-operation and Development.

Under the CRS, there is currently no reporting exemption for securities that are “regularly traded” on an established securities market.

6. Implementation of European Savings Directive in Guernsey

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into agreements with EU Member States on the taxation of savings income. However, paying agents located in Guernsey are not required to operate the measures on payments made by closed-ended investment companies.

On 24 March 2014 the Council of the European Union formally adopted a directive to amend the EU Savings Directive (2003/48/EC) (the “**EU Savings Tax Directive**”). The amendments were to significantly widen the scope of the EU Savings Tax Directive. Member States were required to adopt national legislation to comply with the amended EU Savings Tax Directive by 1 January 2016. The amended EU Savings Tax Directive was anticipated to be applicable from 2017.

However, on 18 March 2015 the European Commission announced a proposal to repeal the EU Savings Tax Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the EU Savings Tax Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that Member States will not be required to apply the amendments adopted on 24 March 2014. This proposal was formally adopted by the Council of the European Union on 10 November 2015.

Guernsey is in the process of seeking confirmation from each EU Member State that the repeal of the EU Savings Tax Directive suspends the equivalent agreements that the EU Member States have with Guernsey. It is anticipated that all EU Member States, other than Austria, will give this confirmation. Discussions with Austria are ongoing and it may be that the equivalent agreement with Austria continues to have effect until 31 December 2016 (at which point the EU Savings Tax Directive will cease to apply to Austria). Guernsey is also intending to suspend domestic EU

Savings Tax Directive legislation with effect from 1 January 2016 (whilst retaining the relevant provisions to enable reports for 2015 to be made), although this process may be delayed pending the outcome of discussions with the Austrian authorities.

PART 11: GENERAL INFORMATION

1. Responsibility

The Company, whose registered office appears in paragraph 2.1.5 of this Part 11, and the Directors, have responsibility for the information contained in this Prospectus. The Directors and the Company have taken all reasonable care to ensure that the factors stated in this Prospectus are true and accurate in all material respects and there are no other facts the omission of which would make misleading any statement in the document, whether of fact or opinion. All the Directors accept responsibility accordingly.

2. The Company

2.1 Incorporation

2.1.1 The Company was incorporated in Guernsey on 11 January 2013 with registered number 56128 as a non-cellular company limited by shares under the Law. The Company is registered as a registered closed-ended collective investment scheme under the POI Law and the Registered Collective Investment Schemes Rules 2015 made thereunder.

2.1.2 The issued Ordinary Shares in the Company are listed on the Official List and are admitted to trading on the London Stock Exchange plc.

2.1.3 As a listed investment company, the Company is not regulated by the FCA but is subject to the Listing Rules applicable to closed-ended collective investment funds. The Company is regulated by the GFSC and is required to provide certain information to the GFSC on an ongoing basis (including copies of the Company's audited annual report and accounts) as well as complying with certain notification requirements to the GFSC.

2.1.4 The principal legislation under which the Company operates is the Law. The Company is domiciled in Guernsey.

2.1.5 The address of the registered office and principal place of business of the Company is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, with telephone number +44 (0)1481 745001.

2.1.6 The Company has no employees and most of its day-to-day activities are delegated to third parties.

2.2 Financial Information

2.2.1 The Company has no subsidiary or parent undertakings, associated companies or employees and neither owns nor leases any premises.

2.2.2 The Memorandum of Incorporation of the Company provides that the objects of the Company are unrestricted. The Memorandum of Incorporation of the Company is available for inspection at the address in paragraph 23 of this Part 11.

3. Share Capital

3.1 The share capital of the Company consists of an unlimited number of shares with or without par value as the Directors may determine which, upon issue, the Directors may designate Ordinary Shares or Realisation Shares of such classes and denominated in such currencies as the Directors may determine. As at the close of business on 27 February 2016, being the latest practicable date before the publication of this Prospectus, the Company had 284,908,712 Ordinary Shares in issue. The Ordinary Shares are in registered form and may be held in certificated or in uncertificated form.

3.2 The Company's issued share capital history during the two financial years and since 11 January 2013 is as follows:

- As at 31 March 2014 the Company had 266,908,712 Ordinary Shares of 1p each in issue. As at this date no shares were held in treasury. During the period running from 11 January 2013 to 31 March 2014 266,908,712 new Ordinary Shares were issued, no Ordinary Shares were reissued out of treasury and no Ordinary Shares were repurchased to be held in treasury.

- As at 31 March 2015 the Company had 284,908,712 Ordinary Shares of 1p each in issue. As at this date no shares were held in treasury. The Company issued 18,000,000 new Ordinary Shares on 20 October 2014. During the period ending 31 March 2015, no Ordinary Shares were reissued out of treasury and no Ordinary Shares were repurchased to be held in treasury.
- 3.3 By virtue of the Extraordinary Resolution passed at the December General Meeting, Shareholders' authority to issue up to 300 million New Ordinary Shares was granted. There are no provisions of Guernsey law which confer rights of pre-emption upon the issue or sale of any class of shares in the Company.
- 3.4 This Prospectus relates to the issue of up to 300 million New Ordinary Shares. The Prospectus Rules require the Company to set a maximum price for the issue of New Ordinary Shares under this Prospectus; to permit maximum flexibility the Directors have set this maximum issue price at £10 per New Ordinary Share.

4. Memorandum of Incorporation and Articles of Incorporation

The Company's Memorandum of Incorporation does not limit the objects of the Company. The Memorandum of Incorporation is available for inspection at the address specified in paragraph 23 above.

The Articles contain (amongst other things) provisions to the following effect:

4.1 Share capital

Subject to any pre-emption rights, the Directors have power to issue an unlimited number of shares or grant rights to subscribe for, or convert any security into shares in accordance with the Law.

Shares may be issued and designated as Ordinary Shares, or Realisation Shares or such other classes of shares as the Board shall determine.

4.2 Alteration of share capital

The Company may from time to time by Ordinary Resolution:

- 4.2.1 consolidate and divide all or any of its share capital into shares of larger amounts;
- 4.2.2 sub-divide all or any of its shares into shares of smaller amounts;
- 4.2.3 cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any person;
- 4.2.4 convert the whole, or any particular class, of its shares into redeemable shares;
- 4.2.5 re-designate or convert the whole, or any particular class, of its shares into shares of another class;
- 4.2.6 convert all or any of its shares the nominal amount of which is expressed in a particular currency or former currency into shares of a nominal amount of a different currency; and
- 4.2.7 where its share capital is expressed in a particular currency or former currency, denominate or redenominate it.

4.3 Share rights

Subject to the Articles and the terms and rights attaching to shares already in issue, shares may be issued with or have attached such rights and restrictions as the Board may from time to time decide. Further the Board also has the power to determine on issue that any shares are redeemable in accordance with the Articles and the Law and may, with the approval of the relevant class of Shareholders convert any shares already in issue into redeemable shares.

4.4 Rights of Ordinary Shareholders to make Realisation Elections.

Where the Company makes available to Shareholders the opportunity to do so during the Election Period Shareholders shall be entitled to make a Realisation Sale Election on such basis as the Company shall notify the Shareholders before or at the time that the Company sends to Shareholders a reminder notice in accordance with the Articles.

Unless the Company makes available to Shareholders a Realisation Sale Election as aforesaid Shareholders shall be entitled to serve a Realisation Share Election during the Election Period.

A Realisation Share Election shall be an instruction sent by a Shareholder during the Election Period requesting that all or part of the Ordinary Shares held by that Shareholder be redesignated as Realisation Shares.

A Realisation Sale Election shall be an instruction sent by a Shareholder during the Election Period requesting that all or part of the Ordinary Shares held by a Shareholder shall be redeemed or repurchased or purchased out of the proceeds of an issue of new Ordinary Shares made for the purposes of or including financing the redemption or repurchase of Ordinary Shares in relation to which Realisation Sale Elections may be made (the “**Realisation Issue**”) or purchased under a tender offer and if not so redeemed shall be converted into Realisation Shares.

The Company will send Ordinary Shareholders a reminder of their right to make a Realisation Election on the Company not less than 56 days prior to the Reorganisation Date.

Ordinary Shares held by Shareholders who do not submit a Realisation Election will remain Ordinary Shares.

A Realisation Election once given shall be irrevocable, unless the Board agrees otherwise.

- 4.5 Subject to the aggregate Net Asset Value of the Ordinary Shares held by Shareholders who do not submit Realisation Elections in respect of those Ordinary Shares (“**continuing Ordinary Shares**”) at the close of business on the last Business Day before any Reorganisation Date being not less than £100 million (or in the case of Realisation Sale Elections the aggregate of the Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date and the gross proceeds of the Realisation Issue), Ordinary Shares the holders of which have made a Realisation Share Election (where applicable) or any Ordinary Shares the holders of which have made Realisation Sale Elections but which are not redeemed or repurchased or purchased out of the proceeds of the Realisation Issue will be redesignated as Realisation Shares and the Portfolio will be split into two separate and distinct Pools namely the Continuation Pool comprising the assets attributable to the continuing Ordinary Shares and the Realisation Pool comprising the assets attributable to the Realisation Shares (which assets will be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash to holders of Realisation Shares as soon as practicable) with effect from the Reorganisation Date. The Board shall divide and allocate the assets and liabilities of the Company on a Reorganisation Date in the following manner:

4.5.1 The assets of the Company, or on any Reorganisation Date (a “**Subsequent Reorganisation Date**”) on which Realisation Shares (“**Preceding Realisation Shares**”) redesignated with effect from a preceding Reorganisation Date are still in issue, the assets attributable to the Ordinary Shares in issue immediately before the Subsequent Reorganisation Date, shall be divided as at the opening of business on a Reorganisation Date into two pools which will be accounted for as two separate sub-portfolios, being respectively the Continuation Pool and the Realisation Pool. Each of the Company’s holdings of investments (excluding assets attributable to holders of Preceding Realisation Shares) shall be split between the Continuation Pool and the Realisation Pool *pro rata* as nearly as practicable to the numbers of Ordinary Shares and Realisation Shares (excluding any Preceding Realisation Shares) respectively in existence immediately following Realisation and the remainder of the assets and liabilities (excluding assets and liabilities attributable to holders of Preceding Realisation Shares) being apportioned to the Continuation Pool. Assets and liabilities shall be allocated between the Continuation Pool and the Realisation Pool in such manner as in the Board’s opinion best achieves the objective of splitting the Company’s assets fairly between the Continuation Pool and the Realisation Pool.

4.5.2 Costs and expenses of the realisation of assets comprising the Realisation Pool will be attributed to the Realisation Pool and the costs and expenses of reorganising the Company’s assets into the Continuation Pool and the Realisation Pool may be apportioned as between the Continuation Pool and the Realisation Pool in the proportion that the Board in its sole discretion deems fair and reasonable. In particular,

the Board may increase the proportion of cash to be allocated to a particular Pool if they consider it would be equitable to both the holders of Realisation Shares and the holders of Ordinary Shares to do so, or if they determine it is necessary or desirable to retain cash for the Company's working capital purposes, they may decrease the proportion of cash to be so allotted and the Board may choose an alternative allocation, or subsequently rebalance the Pools, in respect of non-cash assets if they consider a *pro rata* allocation to be impracticable or that to do so would be equitable to both holders of Realisation Shares and the holders of Ordinary Shares.

- 4.6 Ordinary Shares which are redesignated as Realisation Shares will not rank for any dividend or other distribution declared, paid or made on the Ordinary Shares after their redesignation.
- 4.7 The Board is authorised to cause the Company to repurchase, redeem, convert or otherwise acquire and hold all or any Realisation Shares in such manner and on such terms as the Board may determine, and to redeem any such Realisation Shares *inter alia* for any reason or for no reason at the Board's absolute discretion. The price of shares purchased by the Company may be paid out of the share capital, share premium or retained earnings to the fullest extent permitted under the Law.
- 4.8 A certificate for new Realisation Shares will be sent within two months of the Reorganisation Date to each holder without charge, with a new certificate for any balance of Ordinary Shares comprised in the surrendered certificate. To the extent that the Realisation Shares are redeemed on Realisation, the Board need not issue or despatch any certificate in respect thereof.
- 4.9 Existing Certificates for Ordinary Shares that have been redesignated will cease to be valid.
- 4.10 If one or more Realisation Elections are duly made and the Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date (and where applicable the gross proceeds of any Realisation Issue) is less than £100 million, no Ordinary Shares will be realised or redesignated as Realisation Shares and the Portfolio will not be split into the Continuation Pool and the Realisation Pool and with effect from the Reorganisation Date, unless the Directors have previously been released from this obligation by an Extraordinary Resolution, the investment objective and investment policy of the Company will be to realise the Company's assets on a timely basis with the aim of making progressive returns of cash to Shareholders as soon as practicable. The Directors will seek to liquidate the Company's assets as efficiently and at as much value as is possible.
- 4.11 The Board may make such alterations to the timetable and procedures as set out in the Articles as it in its absolute discretion considers appropriate to give effect to the intent of the Articles.
- 4.12 Rights of continuing Ordinary Shares in the event that Ordinary Shares are converted to Realisation Shares, are as follows:
- 4.12.1 As to dividends
- All profits of the Company, available for distribution by way of dividend and/or distribution from time to time and forming part of or derived from the Continuation Pool (including accumulated revenue reserves forming part of the Continuation Pool) and resolved to be distributed shall be distributed to the holders of the Ordinary Shares by way of dividends and/or distributions.
- 4.12.2 As to capital
- On a return of assets on a winding up of the Company, the Ordinary Shares carry a right to a return of the nominal amount paid up in respect of such Ordinary Shares and a right to share, *pari passu* and in proportion to the number of Ordinary Shares held, in the surplus assets of the Company remaining in the Continuation Pool after payment of the nominal amount paid up on the Ordinary Shares and after payment of all liabilities attaching to the Continuation Pool and any excess of those liabilities over the amount of the assets in the Continuation Pool will be paid out of the assets in the Realisation Pool.

4.12.3 As to voting

Subject to any terms as to voting upon which any new Ordinary Shares may be issued, or may for the time being be held, and to the provisions of the Articles, each Ordinary Shareholder shall be entitled to receive notice of, attend and vote at general meetings and shall have one vote for each Ordinary Share held save that at any time when Realisation Shares are in issue, Ordinary Shareholders shall not, unless required by the Listing Rules, be entitled to vote on any resolution proposed at any General Meeting of the Company to give effect to the provisions summarised in paragraph 4.13 below.

4.12.4 As to class rights

Other than with respect to the Realisation, or in the case of any Continuation resolution or if the Company is wound up pursuant to the Articles, separate approval of the holders of Ordinary Shares as a class must be obtained in respect of any proposals which would modify, alter or abrogate the rights attaching to the Ordinary Shares including for these purposes any resolution to wind up the Company, or to approve a reconstruction or takeover of the Company or any material change to the investment policy applicable to the Continuation Pool, in which circumstances the prior approval of the holders of Ordinary Shares as a class is required by the passing of a resolution at a separate class meeting.

4.13 Rights of Realisation Shares, are as follows:

4.13.1 As to dividends

All profits of the Company available for distribution by way of dividend and/or distribution from time to time and forming part of or derived from the Realisation Pool (including accumulated revenue reserves by way of dividend forming part of the Realisation Pool), and resolved to be distributed shall be distributed to the holders of Realisation Shares by way of dividend and, for the avoidance of doubt Ordinary Shares which are redesignated as Realisation Shares will not rank for any dividend declared or paid on the Ordinary Shares after their redesignation.

4.13.2 As to capital

On a return of assets on a winding up of the Company, the Realisation Shares carry a right to a return of the nominal amount paid up in respect of such Realisation Shares and a right to share, *pari passu* and in proportion to the number of Realisation Shares held, in the surplus assets of the Company remaining in the Realisation Pool after payment of the nominal amount paid up on the Realisation Shares and after payment of all liabilities attaching to the assets in Realisation Pool and any excess of those liabilities over the amount of the assets in Realisation Pool will be paid out of the assets in the Continuation Pool.

4.13.3 As to voting

The holders of Realisation Shares shall, subject to any terms on which any new Realisation Shares may be issued, or may for the time being be held, and to the provisions of the Articles, receive notice of, attend and vote at general meetings and shall have one vote for each Realisation Share held, provided that they may not vote on any proposed resolutions other than any resolution proposed at any general meeting of the Company at any time at which Realisation Shares are listed on the Premium segment of the Official List (a) to give effect to the provisions summarised in paragraph 4.13.5 and (b) in respect of any matter prescribed by the Listing Rules as requiring approval of the Shareholders of the Company.

4.13.4 As to class rights

Other than with respect to the Realisation or a winding-up in the case of any proposals drawn up by the Board pursuant to the Articles, or if the Company is to be wound up pursuant to the Articles, separate approval of the holders of Realisation Shares as a class must be obtained in respect of any proposals which would modify, alter or abrogate the rights attaching to the Realisation Shares including for these purposes (a) any resolution to wind up the Company, or to approve a takeover of the Company or any material change to the investment policy applicable to the Realisation Pool and (b) any proposal to issue or create Realisation Shares other than pursuant to

Realisation Elections (in respect of any Reorganisation Date), in which circumstances the prior approval of the holders of Realisation Shares as a class is required by the passing of a resolution at a separate class meeting.

4.13.5 As to redemption

The cash received by the Company as a result of the realisation of assets comprised in the Realisation Pool will be returned to the holders of Realisation Shares as soon as practicable through any of the following means or a combination thereof, at the discretion of the Directors: capital distributions, share repurchases and/or redemptions. For the purpose of giving effect to this provision the Board is authorised subject to the provisions of the Articles, to cause the Company to repurchase, redeem, convert or otherwise acquire and hold all or any Realisation Shares in such manner and on such terms as the Board may determine, and to redeem any such Realisation Share *inter alia* for any reason or no reason at the Board's discretion, provided that the price paid per Realisation Share is equal to or greater than the Net Asset Value per Realisation Share, calculated as at the close of business on the first Business Day following the date of the relevant Board decision, less any fiscal charges, fees and expenses incurred by the Company as a result of such purchase, redemption, conversion and/or acquisition.

4.14 Continuation Resolution

The Directors shall propose an Ordinary Resolution that the Company continues its business as a closed-ended collective investment scheme (a "**Continuation Resolution**") at the AGM following any Reporting Period at which the Dividend Target is not met. If any such 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 the Shareholders at a general meeting to be convened by the Directors for a date not more than 6 months after the date of the meeting at which such Continuation Resolution was not passed.

4.15 Issue of shares

Subject to the provisions of the Articles, the Directors have power to issue an unlimited number of shares or grant rights to subscribe for, or convert any security into shares in accordance with the Law.

4.16 Pre-emption rights

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of the Ordinary Shares. However, the Articles provide that the Company is not permitted to allot (for cash) equity securities (being Ordinary Shares or rights to subscribe for, or convert securities into, Ordinary Shares) or sell (for cash) any Ordinary Shares held in treasury, unless it shall first have offered to allot to each existing holder of Ordinary Shares on the same or more favourable terms a proportion of those Ordinary Shares the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the total Net Asset Value of the Company represented by the Ordinary Shares held by such shareholder. These pre-emption rights may be excluded and disapplied or modified by extraordinary resolution of the Shareholders.

4.17 Voting rights

Each shareholder shall have one vote for each share held by it. However, if that share is not fully paid up then the shareholder is not entitled to attend or vote at any General Meeting or separate class meeting. Further, if the shareholder fails to disclose his interest in the shares within 14 days, in a case where the shares in question represent at least 0.25 per cent. of the number of shares in issue of the class of shares concerned, and within 28 days, in any other case, of receiving notice requiring the same, then the Board may determine that the shareholder may not attend or vote at any General Meeting or separate class meeting.

Where there are joint registered holders of any share, such persons shall not have the right of voting individually in respect of that share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the share register of the Company in respect of that share shall alone be entitled to vote.

4.18 Dividends and other distributions

The Directors may from time to time authorise dividends and distributions to be paid to shareholders on a class by class basis in accordance with the procedure set out in the Law and subject to any shareholder's rights attaching to their shares. The amount of such dividends or distributions paid in respect of one class may be different from that of another class.

All dividends and distributions will be apportioned and paid proportionately to the amounts paid or credited as paid on the relevant class of shares during the portion or portions of the period in respect of which the dividend or distribution is paid. If any share class is issued on terms providing that it will rank for dividends or distributions as from a particular date, such share class will rank for dividends or distributions accordingly.

All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. All dividends unclaimed on the earlier of (i) a period of seven years after the date when it first became due for payment and (ii) the date on which the Company is wound-up shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

4.19 Shares

Subject to the exceptions set out in paragraph 4.22 of this Part 11 under the section headed "Transfer of Shares", shares are freely transferable and shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their shares on a winding-up of the Company or a winding-up of the business of the Company.

4.20 Winding-up

On a winding-up the surplus assets remaining after payment of all creditors shall be divided amongst the classes of shares then in issue (if more than one) in the same proportions as capital is attributable to them at the relevant winding-up date as calculated by the Directors or the liquidator in their discretion and, within each such class, such assets shall be divided equally among the holders of shares of the relevant class in proportion to the number of shares of the relevant class held at the commencement of the winding-up, subject in any such case to the rights of any shares which may be issued with special rights or privileges. Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company (the "transferee"), the Company by Ordinary Resolution may confer general or specific authority on the Company's liquidator to receive in compensation or part compensation for the transfer or sale, shares, policies or other like interests in the transferee for distribution among the Shareholders or may enter into any other arrangement whereby the Shareholders may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the transferee.

4.21 Variation of rights

If at any time the shares of the Company are divided into different classes, all or any of the rights at the relevant time attached to any share or class of shares (whether or not the Company may be in liquidation) may be varied or abrogated in such manner (if any) as may be provided by those rights or, in the absence of such provision, either with the consent in writing of the holders of more than two thirds of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate General Meeting of the holders of the shares of that class. The quorum at such meeting (other than an adjourned meeting where the quorum shall be one holder entitled to vote and present in person or by proxy) shall be two persons holding or representing by proxy at least one-third in value of the issued shares (excluding any shares of that class held as treasury shares).

The rights conferred upon the holders of the shares of any class issued with preferred/deferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by (i) the creation or issue of further shares ranking as regards the profits or assets of the Company in some or all respects *pari passu* with them but in no respect in priority to them or (ii) the purchase or redemption by the

Company of any of its own shares (or the holding of such shares as treasury shares); or (iii) anything done in accordance with or implementing the provisions described in paragraphs 4.4 and 4.13 above.

4.22 Transfer of shares

Subject to the Articles (and the restrictions on transfer contained therein) and the terms of issue of shares, a shareholder may transfer all or any of his shares in any manner which is permitted by the Law or in any other manner which is from time to time approved by the Board.

A transfer of a certificated share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

Subject to the Articles (and the restrictions on ownership contained therein), a shareholder may transfer an uncertificated share by means of a relevant system authorised by the Board or in any other manner which may from time to time be approved by the Board.

The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated form or uncertificated form (subject to the Articles) which is not fully paid or on which the Company has a lien provided that, in the case of a listed share this would not prevent dealings in the shares of that class from taking place on an open and proper basis on the London Stock Exchange.

In addition, the Board may refuse to register a transfer of shares if (a) it is in respect of more than one class of shares, (b) it is in favour of more than four joint transferees or (c) in the case of certificated shares it is delivered for registration to the registered office of the Company or such other place as the Board may decide and is not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require and (ii) the transfer is in favour of any person, as determined by the Directors, to whom a sale or transfer of shares, or in relation to whom the sale or transfer of a direct or beneficial holding of shares, would or might result in (w) the Company being required to register as an investment company under the Investment Company Act, (x) benefit plan investors (“**Plan Investors**”) (as defined in Section 3(42) of ERISA) acquiring an aggregate interest exceeding 25 per cent. of the value of any equity class in the Company or (y) the assets of the Company being deemed to be assets of a Plan Investor, or (z) it would cause the Company to be subject to a deduction or withholding relating to FATCA or suffer any other detriment under FATCA or such person does not comply with its obligations to (i) provide information to the Company required to enable the Company to comply with its obligations under FATCA; (ii) consents to the disclosures by the Company of information to relevant governmental authorities required under FATCA; and (iii) notify the Company of material changes which affect its status under FATCA or which result in information previously provided to the Company becoming inaccurate or incomplete.

The Board have the power: to require the sale or transfer of shares in certain circumstances. Such power may be exercised to prevent (i) the Company from being in violation of, or required to register under, the Investment Company Act or being required to register the Shares under the U.S. Securities Exchange Act of 1934, as amended (including in order to maintain the status of the Company as a “foreign private issuer” for the purposes of those Acts); (ii) any member of the Group being in violation of, or required to register under or report pursuant to, the US Investment Adviser Act of 1940; (iii) the assets of the Company from being deemed to be assets of an employee benefit plan within the meaning of ERISA or of a plan within the meaning of Section 4975 of the Tax Code; (iii) any member of the Group from being in violation of, or required to register under, the US Commodity Exchange Act of 1936 (CEA); and (iv) any member of the Group from having compliance obligations under, or from being in violation of, the Hiring Incentive for Restoring Employment Act of 2010 (which incorporates the anti-avoidance revenue provisions contained in FATCA or otherwise not being in compliance with the Investment Company Act, ERISA, the CEA, FATCA or the Tax Code).

The Board may decline to register a transfer of an uncertificated share which is traded through the CREST UK system in accordance with the Uncertificated Securities (Guernsey) Regulations 2009 (as amended from time to time) and CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated shares is to be transferred exceeds four.

4.23 General meetings

The General Meetings (which are annual general meetings) shall be held at least once in each calendar year and in any event, no more than 15 months since the last annual general meeting. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. Extraordinary general meetings and annual general meetings shall be held in Guernsey or such other place outside the UK as may be determined by the Board from time to time.

The notice must specify the date, time and place of any General Meeting and the text of any proposed Special Resolution, Extraordinary Resolution or Ordinary Resolution.

4.24 Directors

Unless otherwise determined by the shareholders by Ordinary Resolution, the number of Directors shall not be less than two and there shall be no maximum number.

A Director need not be a shareholder. A Director who is not a shareholder shall nevertheless be entitled to attend and speak at shareholders' meetings.

Subject to the Articles, a person may be appointed as a Director by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a General Meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office (or, if an electronic address has been specified by the Company for such purposes, sent to the Company's electronic address) notice in writing signed by a shareholder who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected, specifying his tax residency status and containing a declaration that he or she is not ineligible to be a Director in accordance with the Law.

No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he or she has attained the age of 70 years or any other age.

Subject to the Articles, at each AGM, any Director (i) who has been appointed by the Board since the last AGM, (ii) who held office at the time of the two preceding AGMs and who did not retire at either of them or (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire or by rotation (as case may be) from office and may offer himself for election or re-election by the shareholders.

A Director who retires at an AGM may, if willing to continue to act, be elected or re-elected at that meeting. If he or she is elected or re-elected he or she is treated as continuing in office throughout. If he or she is not elected or re-elected, he or she shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.

The office of a Director shall be vacated:

- (a) if he or she (not being a person holding an executive office which is for a fixed term subject to termination if he or she ceases for any cause to be a Director) resigns his office by giving written notice signed by him sent to or deposited at the Company's registered office or tendered at a meeting of the Board;
- (b) if he or she dies;
- (c) if the Company requests that he or she resigns his office by giving him written notice;
- (d) if he or she absents himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 6 months and the Board resolves that his office shall be vacated;

- (e) if he or she becomes bankrupt or makes any arrangements or composition with his creditors generally;
- (f) if he or she ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment;
- (g) if he or she is requested to resign by written notice signed by a majority of his fellow Directors (being not less than two in number) and sent to or deposited at the Company's registered office or tendered at a meeting of the Board;
- (h) if the Company by Ordinary Resolution shall declare that he or she shall cease to be a Director; or
- (i) if he or she becomes ineligible to be a Director in accordance with the Law.

Any Director may, by notice in writing, appoint any other person, who is willing to act as his alternate and may remove that other person from that office.

Each alternate Director shall be eligible to be a Director under the Law and shall sign a written consent to act.

Every appointment or removal of an alternate Director shall be by notice in writing signed by the appointor and served upon the Company.

4.25 Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretion exercisable by the Board.

The Board may elect one of their number as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

Questions arising at any meeting shall be determined by a majority of votes. In the case of a tie, the chairman shall not have a casting vote.

The Board may delegate any of its powers to committees consisting of one or more Directors as it thinks fit. Any committee so formed shall be governed by any regulations that may be imposed on it by the Board and (subject to such regulations) by the provisions of the Articles that apply to meetings of the Board.

4.26 Remuneration of Directors

The Directors, other than any alternate Director, shall be entitled to receive fees for their services as Directors. Those fees for all the Board collectively shall not exceed £150,000 in any financial year in aggregate (or such larger sum as the Company may, by Ordinary Resolution, determine).

The Board may grant special remuneration to any Director who performs any special or extra services to, or at the request of, the Company. Further, the Directors shall be paid all reasonable travelling, hotel and other expenses properly incurred by them in and about the performance of their duties.

4.27 Pensions and gratuities for Directors

The Board may pay gratuities, pensions or other retirement, superannuation, death or disability benefits to any Director or former Director.

4.28 Permitted interests of Directors

Subject to the provisions of the Law, and provided that he or she has disclosed to the other Directors in accordance with the Law the nature and extent of any material interest of his, a Director, notwithstanding his office:

- (a) may hold any other office or place of profit under the Company (other than the office of the auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;
- (b) may be a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company is otherwise interested;

- (c) may act for the Company by himself or through his firm in a professional capacity (otherwise than as auditor) and he or she or his firm shall be entitled to remuneration for professional services as if he or she were not a Director;
- (d) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise directly or indirectly interested in, any body corporate promoted by the Company, or with which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested; and
- (e) shall not by reason of his office be accountable to the Company for any benefit which he or she derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

For the purposes of the Articles:

- (f) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
- (g) an interest of which a Director is unaware shall not be treated as an interest of his.

A Director shall be counted in the quorum at any meeting in relation to any resolution in respect of which he or she has declared an interest, but shall not vote thereon unless the Board resolves that such interest is immaterial.

A Director may continue to be or become a director, managing director, manager or other officer, employee or member of any company promoted by the Company or in which the Company may be interested or with which the Company has entered into any transaction, arrangement or agreement, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager, or other officer or member of any such other company.

Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to the directors, managing directors, managers or other officers of such company).

Any Director who, by virtue of office held or employment with any other body corporate, may from time to time receive information that is confidential to that other body corporate (or in respect of which he or she owes duties of secrecy or confidentiality to that other body corporate) shall be under no duty to the Company by reason of his being a Director to pass such information to the Company or to use that information for the benefit of the Company, in either case where the same would amount to breach of confidence or other duty owed to that other body corporate.

4.29 Borrowing powers

The Directors may exercise all the powers of the Company to borrow money for short-term liquidity purposes, to give guarantees, hypothecate, mortgage, charge or pledge all or part of the Company's assets, property (present or future) or undertaking and uncalled capital, or any part thereof for the purposes of financing capital distributions pursuant to the Realisation, share repurchases or redemptions, making investments or satisfying working capital requirements, provided that borrowings of the Company may not exceed 10 per cent. of the NAV of the Company as at the time of drawdown (unless approved by the Company by an Ordinary Resolution).

4.30 Indemnity of Directors and other officers

Subject to applicable law, the Company may indemnify any Director or a Director who has been appointed as a director of any subsidiary undertaking against any liability except such (if any) as he or she shall incur by or through his own default, breach of trust or breach of duty or negligence and may purchase and maintain insurance against any liability for any Director or a Director who has been appointed as a director of any subsidiary undertaking.

4.31 Untraced Shareholders

The Company may sell any share of a shareholder, or any share to which a person is entitled by transmission on death or bankruptcy, at the best price reasonably obtainable, if:

- (a) for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the shareholder or to the person entitled to the share at his address in the Company's register of shareholders or otherwise the last known address given by the shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the shareholder or the person so entitled, provided that in such 12-year period the Company has paid out at least three interim or final dividends;
- (b) the Company has at the expiration of such 12 year period by advertisement in a newspaper circulating in the area in which the address referred to in (a) above is located given notice of its intention to sell such shares;
- (c) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the shareholder or person so entitled; or
- (d) if any part of the share capital of the Company is quoted on any stock exchange, the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.

4.32 Disclosure of ownership

The Board shall have power by notice in writing to require any shareholder to disclose to the Company the identity of any person other than the shareholder who has any interest (whether direct or indirect) in the shares held by the shareholder and the nature of such interest or who has been so interested at any time during the three years immediately preceding the date on which the notice is issued. For these purposes, a person shall be treated as having an interest in shares if they have any interest in them whatsoever, including but not limited to any interest acquired by any person as a result of:

- (e) entering into a contract to acquire them;
- (f) not being the registered holder, being entitled to exercise, or control the exercise of, any right conferred by the holding of the shares;
- (g) having the right to call for delivery of the shares; or
- (h) having the right to acquire an interest in shares or having the obligation to acquire such an interest.

The Articles provide that, where an addressee of such a notice fails to give the Company the information required by the notice within the time specified in the notice, the Company may deliver a further notice on the shareholder holding the shares in relation to which the default has occurred imposing restrictions on those shares. The restrictions attaching to those defaulted shares may prevent the shareholder holding the shares from attending and voting at a meeting (including by proxy) and, where the default shares represent at least 0.25 per cent. of any class of shares concerned, any dividend or other amount payable shall be retained by the Company in respect of such shares and, save in certain circumstances, no transfer of such shares shall be approved for registration.

5. Squeeze-out and Sell-out Rules relating to the Ordinary Shares

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and its concert parties to Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the

circumstances, its concert parties) would be required, except with the consent of the Panel, 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 acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of Shares by a person holding (together with its concert parties) Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

6. Valuation Policy

The Administrator and the AIFM are responsible for calculating the NAV per Share of the Company. The Administrator will not act as the external valuer of the Company under the AIFM Rules. The unaudited NAV per Ordinary Share is calculated and, if the Realisation Shares are in issue, it is anticipated that the unaudited net Asset Value per Realisation Share will be calculated, as at the close of business on the last Business Day of every week and the last Business Day of every month by the Administrator and will be announced by a Regulatory Information Service the following Business Day. The NAV is calculated in accordance with paragraph 23.3 of Part 5 of this Prospectus. Valuations of NAV per Share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained or for regulatory reasons. Any such suspension will be announced to a Regulatory Information Service.

7. Net Asset Value and Ordinary Share Price

As at the close of business on 27 January 2016, which is the latest practicable date prior to the publication of this Prospectus, the Net Asset Value per Ordinary Shares was 110.5 pence and the Ordinary Share price was 108.75 pence, representing a 1.27 per cent. discount to Net Asset Value per Ordinary Share.

8. Conflicts of Interest

The Administrator, the Portfolio Manager and the AIFM, any of their respective directors, officers, employees, agents and affiliates 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. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and will not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

9. Interests of Directors, major shareholders and related party transactions

9.1 Directors' interests

9.1.1 As at the close of business on 27 January 2016, being the latest practicable date prior to the publication of this Prospectus, the Directors had beneficial interests in the following number of Ordinary Shares:

| | Ordinary Shares | % of issued share capital |
|-----------------|----------------------------|--|
| Trevor Ash | 30,000 | 0.011 |
| Richard Burwood | 5,000 | 0.002 |
| Jan Etherden | 25,000 | 0.009 |

9.1.2 The Directors have confirmed to the Company that they intend to subscribe for the £ worth of New Ordinary Shares set out in the table below:

| | £ Worth of New Ordinary Shares |
|------------|---|
| Trevor Ash | 20,000 |
| Ian Burns | 30,000 |

9.1.3 No Director 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 which was effected by the Company since its incorporation.

9.1.4 No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

9.1.5 There are no outstanding loans granted by the Company to any of the Directors nor is any guarantee provided by the Company for the benefit of any of the Directors.

9.2 Directors' contracts with the Company

All the Directors of the Company are non-executive. It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that a Director may be removed without notice and that no compensation will be due on leaving office.

For the year ended 31 March 2015, Mr Ash was paid fees of £30,000 per annum, Mr Burns was paid fees of £27,500 per annum and the other Directors were paid fees of £25,000 per annum payable monthly in arrears. In respect of the financial year ended 31 March 2015, the aggregate remuneration of the Directors charged to the Company was £107,647., of which £26,875 remained payable at the end of the year.

The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. There is no amount set aside or accrued by the Company in respect of contingent or deferred compensation payments or any benefits in kind payable to the Directors.

Each of the Directors is engaged under a letter of appointment with the Company and does not have a service contract with the Company. Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at least every three years. The Directors are required to seek re-election if they have already served for more than nine years. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a director of the Company becoming effective.

9.3 Directors' other interests

Over the five years preceding the date hereof, the Directors have held the following directorships (apart from their directorships' of the Company) and/or partnerships:

| | Current directorships/partnerships | Past directorships/partnerships |
|-------------------|--|--|
| Trevor Ash | Blackpoint Management Limited Blackpoint PCC Limited Nemrod Diversified Holdings Limited ELDeRS Limited Global Farmlands Fund Limited (Formerly Insight Global Farmlands Limited) Insight Consumer Debt Recovery GP1 Limited Insight Consumer Debt Recovery GP11 Limited Invista Real Estate Investment Management (C.I) Limited J P Morgan Private Equity Limited (formerly Bear Stearns Private Equity Fund Limited) JPMorgan Specialist Fund Limited Picton Property Income Limited Sherborne Investors (Guernsey) B Limited FxPro Group Limited | Thames River Tybourne Fund Limited Thames River Edo Fund Limited The Accelerated Return Fund Limited European Value and Income Fund Limited Thames River ZeCo Fund Limited Thames River Origin Fund Limited Grand Harbour Marina Limited Thames River 2X Currency Alpha Fund Limited Thames River Argentum Fund Limited Thames River Kingsway Fund Limited Kingsway Fund Limited Thames River Hedge Ventures Limited Thames River Kingsway Plus Fund Limited Merrill Lynch FTSE 100 Stepped Growth & Income Limited The Accelerated Return Fund Limited India Strategic Assets Fund Limited Absolute Plus Insight Limited Absolute Insight Plus Emerging Market Debt Limited Absolute Insight Plus UK Equity |

Current directorships/partnerships**Past directorships/partnerships****Ian Burns**

Apiro Capital GP (Guernsey) Ltd
 Bluefield European Solar Fund Ltd
 Circum Minerals Holdings Limited
 Curlew Capital Guernsey Limited
 Darwin Property Investment
 Management (Guernsey)
 Darwin Alternative Investment
 Management (Guernsey)
 Fast Forward Innovations Limited
 Milroy Capital Limited
 Montreux Capital Corp
 NewGen Trading Fund 2 SPC
 NewGen Trading Master Fund Ltd
 One Hyde Park Limited
 Phaunos Timber Fund Limited
 Premier Asset Management
 (Guernsey) Limited
 Regalis Petroleum Limited
 Regency Consulting Limited
 Regent Mercantile Trustcorp (Pvt)
 Limited
 River & Mercantile UK Micro Cap
 Investment Co Ltd
 Seven Dials European Property
 Limited
 Smoke Rise Holdings Limited
 Via Executive Limited

Market Neutral Limited
 Absolute Insight Plus Europe Equity
 Market Neutral Limited
 Absolute Insight Plus Currency
 Limited
 Absolute Insight Plus Bond Limited
 Absolute Insight Plus International
 Equity Market Neutral Limited
 Dexion Absolute Limited
 Thames River Hillside Apex 11 Fund
 Limited
 Thames River Apex Fund SPC
 Limited
 Thames River Legion Fund Limited
 Close Enhanced Commodities Fund
 11 Limited
 Camper & Nicholson Marina
 Investments Limited
 CQS Fund Limited

Azincourt Uranium Inc
 Signet Petroleum Ltd
 N2 Petroleum Limited
 Danakil Holdings Limited
 Mandalore Devevelopment Limited
 Polo Resources Limited
 Actium Oil Corporation
 Laurite Limited
 Loshed Reources Limited
 Global Tin Corporation
 Seven Dials Guernsey Limited
 Guernsey Citizens Advice Bureau
 LBG
 Via Administration Limited
 Minfer Holdings Limited
 Centurion Drilling
 Indo Phoenix Coal Limited
 REE International Inc
 Copper Ex Corporation
 H-Gold Corporation
 T-Gold Resources Limited
 Global Nickel Corporation
 Ferrum Resources Limited
 Kilo Gold Corporation
 Hex Resources Limited

**Richard
Burwood**

RoundShield Fund I GP, Limited
 RoundShield Luxembourg I, SARL
 Funding Circle SME Income Fund
 Limited
 Basinghall Lending DAC

Jan Etherden

Ruffer Investment Company Ltd
 Miton UK MicroCap Trust Plc

As at the date of this Prospectus, there are no potential conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties. There are no lock-up provisions regarding the disposal by any of the Directors of any Ordinary Shares.

9.4 The Directors in the five years before the date of this Prospectus:

- (a) do not have any convictions in relation to fraudulent offences;
- (b) have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- (c) do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

The Company maintains directors' and officers' liability insurance on behalf of the Company at the expense of the Company.

9.5 Major Shareholders

The Law imposes no requirement on shareholders in the Company to disclose holdings of 5 per cent. (or any greater limit) or more of the share capital of the Company. However, the Articles provide for the Company to issue a notice requiring disclosure of an interest in shares and the Disclosure and Transparency Rules provide that certain persons (including shareholders) must notify the Company if the proportion of the Company's voting rights which they then hold directly or indirectly as a shareholder or through a direct or indirect holding of certain financial instruments reaches, exceeds or falls below thresholds of 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent.

As at 26 October 2015, the following parties were known to be interested in 5 per cent. or more of the Company's share capital:

| Shareholder | No. of Ordinary Shares | % of issued share capital |
|------------------------------|-------------------------------|----------------------------------|
| Investec Wealth & Investment | 39,909,296 | 14.01 |
| Brewin Dolphin, stockbrokers | 28,936,279 | 10.16 |
| Architas Multi Manager | 20,840,396 | 7.31 |
| F&C Asset Management | 19,422,747 | 6.82 |
| Sarasin & Partners | 18,518,520 | 6.50 |

As at the date of this Prospectus, save as disclosed above, the Company is not aware of any person who will directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company is not aware of any arrangement, the operation of which may at a subsequent date result in a change of control of the Company. None of the Company's Shareholders including the Company's major Shareholders have different voting rights from other Shareholders.

9.6 Related party transactions

As at the date of this Prospectus, the Company was not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No. 1606/2002) at any time during the two financial years to 31 March 2015 or during the period from 1 April 2015 to the close of business on 27 January 2016, being the latest practicable date before the publication of the Prospectus.

10. Material Contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company is a party, for the two years immediately preceding publication of this Prospectus, or which contains any provision under which the Company has any obligation or entitlement which is material to it at the date of this Prospectus.

10.1 Investment Management Agreement and Portfolio Management Agreement

Under an Investment Management Agreement dated 18 February 2013, TwentyFour provided discretionary investment management services to the Company. TwentyFour was entitled to receive from the Company, in respect of the investment management services provided under

this Agreement, a management fee at the rate of 0.75 per cent per annum in respect of each class of Shares that are: (i) listed or admitted to trading on any stock exchange, the lower of the NAV and the market capitalisation of that class of Shares; and/or (ii) not listed or admitted to trading on any stock exchange, the NAV of that class of Shares, plus, in each case, any applicable Value Added Tax. TwentyFour was also entitled to a commission of 0.15 per cent. of the aggregate gross offering proceeds plus any applicable VAT in relation to any issue of new Shares following the IPO in consideration for the marketing services that it provides to the Company which is payable on the last Business Day of the month, or on the date of termination of the Investment Management Agreement.

In order to enable the Company's relationship with the Company's AIFM and TwentyFour to be compliant with the AIFM Rules, the Investment Management Agreement was terminated and replaced with the Portfolio Management Agreement entered into by the Company, TwentyFour and Phoenix on 29 May 2014. The fees payable to TwentyFour remain the same under the Portfolio Management Agreement.

The Portfolio Manager under the terms of the Portfolio Management Agreement provides *inter alia* the following services:

- (a) seeking out and evaluating investment opportunities;
- (b) recommending the manner by which moneys should be invested, retained or realised;
- (c) advising on how rights conferred by the investments should be exercised;
- (d) analysing the performance of investments made;
- (e) advising the Company and the AIFM on behalf of the Company in relation to trends, market movements and other matters which may affect the investment policy of the Company; and
- (f) marketing the shares in the Company as may be required from time to time, subject to the FSMA, the FCA rules and the AIFM Rules.

The Portfolio Management Agreement may be terminated by the Company, the AIFM or the Portfolio Manager giving to the other not less than 12 months' written notice.

In any of the following circumstances the Company and the AIFM (acting jointly) is entitled immediately to terminate the Portfolio Management Agreement by notice in writing:

- (a) if TwentyFour commits any material or persistent breach of or omits to observe any of the material obligations on its part contained in the Portfolio Management Agreement and (if such breach is capable of remedy) fails (within 20 Business Days after having been required by the Company so to do) to remedy such breach to the satisfaction of the Company;
- (b) if TwentyFour ceases to carry on business or is or comes to be prohibited by law or under any rules, regulations, governmental agency, administrative agency, court, stock exchange, self-regulatory organisation or other regulatory organisation from providing its services or complying with its obligations under the Portfolio Management Agreement;
- (c) if TwentyFour files a petition for reorganisation or for the adoption of an arrangement under any insolvency legislation or has filed against it any similar proceeding by creditors and such case is not dismissed within 60 days of filing; makes an assignment for the benefit of its creditors; or has entered against it a court order appointing a receiver, trustee, liquidator, assignee, sequestrator or depositary (or similar official) for all or a substantial part of its property;
- (d) if the Company is or is being wound up in accordance with the Articles, which shall include where in accordance with the Articles, any Continuation Resolution is not passed by the Company's shareholders, or where one or more Reorganisation Elections are duly made but the Realisation does not take place because the Net Asset Value of the Continuing Ordinary Shares is less than £100 million;
- (e) if any two of Rob Ford, Ben Hayward, Aza Teeuwen or Douglas Charleston cease to be involved in managing the Portfolio and are not replaced within 90 days by alternative portfolio managers approved by the Company;
- (f) where it is in the best interests of the Company's investors to do so; or

- (g) in the event that the Portfolio Manager is no longer able to carry out the obligations under the Portfolio Management Agreement effectively or in compliance with applicable laws and the AIFM Rules.

In the following circumstances TwentyFour is entitled to terminate the Portfolio Management Agreement immediately by notice:

- (a) if the Company commits any material or persistent breach of or omits to observe any of the material obligations on its part contained in the Portfolio Management Agreement and (if such breach is capable of remedy) fails (within 20 Business Days after having been required by TwentyFour so to do) to remedy such breach to the satisfaction of TwentyFour; or
- (b) if the Company shall have an administration order or any application for an administration order made in respect of it or if the Company shall have a receiver, liquidator or administrator appointed over the whole or any part of its undertaking or if any order shall be made or an effective resolution passed for the winding up of the Company (save for the purpose of and followed by an amalgamation or reconstruction (provided that the Company is solvent) and/or where, in accordance with this Prospectus and/or the Articles, any Continuation Resolution is not passed by the Company's shareholders, or where immediately before the Reorganisation Date, the Net Asset Value of the Continuing Ordinary Shares is less than £100 million and as a result, proposals are formulated by the Board in order to wind up the Company) or following any other event of bankruptcy, *désastre*, *saïse* or event of insolvency with respect to the Company under Parts XXI or Parts XXII of the Law or if a distress or execution shall be levied or enforced upon or against any of the property or assets of the Company and shall not be discharged or paid out within 14 days.

TwentyFour is entitled to carry on any business similar to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without being liable to account to the Company for its profits, provided its ability to perform its obligations under the Portfolio Management Agreement is not impaired. However, TwentyFour may not provide such services to any other investment trust, company or closed ended investment company with a similar investment objective to the Company, and with shares admitted to trading on the London Stock Exchange or AIM without first having received the prior written consent of the Company. The Portfolio Management Agreement makes it clear that TwentyFour is permitted to effect transactions in which TwentyFour or any of its associates has, directly or indirectly, a material interest or a relationship of any description with another party which may involve a potential conflict of interest with TwentyFour's duty to the Company, again without being liable to account to the Company for its profits, provided, *inter alia*, that where there is such a conflict it shall take reasonable steps to ensure fair treatment of the Company.

In the year ended 31 March 2015 the fees payable under the Portfolio Management Agreement amounted to £2,466,913 (excluding VAT).

10.2 AIFM Agreement

The Company is party to an AIFM Agreement with Phoenix Fund Services (UK) Limited dated 29 May 2014 pursuant to which Phoenix provides the Company with alternative investment fund management services, so that the Company is compliant with the AIFM Directive.

For the provision of services under the AIFM Agreement, Phoenix is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (7 basis points on the first £49,999,999.99 of net assets, 5 basis points on net assets between £50 million and £100 million and 3 basis points on net assets in excess of £100 million), subject to a minimum annual fee of £20,000. The Company also reimburses Phoenix for reasonable expenses properly incurred by Phoenix in the performance of its obligations under the Agreement.

Phoenix under the terms of the AIFM Agreement provides, among other services, the following services:

- (a) provision of risk management services as required by the AIFM Rules;
- (b) ensuring that risk limits are set and implemented in conjunction with the Company;

- (c) monitoring the Portfolio Manager, including reconciliation of the Company's investments against its investment policy;
- (d) appraising the performance of TwentyFour, as portfolio manager and presenting an analysis of the performance of TwentyFour to the Board;
- (e) ensuring that a depositary compliant with the AIFM Rules is appointed by or on behalf of the Company;
- (f) ensuring that the disclosures required to be made by the Company under the AIFM Rules are made;
- (g) reporting to the FCA as required under the AIFM Rules;
- (h) ensuring that the Portfolio is valued in accordance with the AIFM Rules; and
- (i) ensuring that it is authorised by the FCA to market the Company in accordance with the AIFM Rules as required by the Company from time to time.

The AIFM Agreement may be terminated by any party serving the other party with 3 months' prior written notice (or such shorter time as may be agreed by the parties).

The Company may terminate the AIFM Agreement immediately by notice in writing if:

- (a) Phoenix's authorisation to manage investment funds is not maintained by it, or is suspended or restricted by the FCA, so that the Company is not able to realise its investment objective or implement its investment policy;
- (b) the Portfolio Manager ceases to maintain its authorisation from the FCA or such authorisation is suspended;
- (c) Phoenix fails to notify the Company of an investigation by the FCA;
- (d) an order is made or an effective resolution is passed for the purpose of a winding up otherwise than for the purpose of and followed by its amalgamation or reconstruction;
- (e) Phoenix is insolvent or stops or threatens to stop carrying on business or payment of its debts or make any arrangement with its creditors generally; and
- (f) a receiver or administrator of Phoenix is appointed over any of its assets.

The AIFM Agreement will automatically terminate if the FCA requires Phoenix to stop acting as AIFM.

Phoenix may terminate the AIFM Agreement immediately in the following circumstances:

- (a) if the Company shall have an administration order or any application for an administration order made in respect of it or if the Company shall have a receiver, liquidator or administrator appointed over the whole or any part of its undertaking or if any order shall be made or an effective resolution passed for the winding up of the Company (save for the purpose of and followed by an amalgamation or reconstruction (provided that the Company is solvent));
- (b) where a Continuation Resolution is not passed by the Company's shareholders and as a result proposals are formulated by the Board in order to wind up the Company; and
- (c) following any other event of bankruptcy, désastre, saisie or event of insolvency with respect to the Company under Parts XXI or Parts XXII of the Law, as amended, or if a distress execution shall be levied or enforced upon or against any of the property or assets of the Company and shall not be discharged or paid out within 14 days.

Either party may terminate the AIFM Agreement immediately if the other party is in material or persistent breach of the AIFM Agreement, which is either irremediable or if capable of remedy has not been remedied within 20 days after having been required in writing by the other party so to do.

Phoenix will generally not be liable for loss suffered by the Company unless such loss arises directly from the fraud, negligence, wilful default, breach of the obligations of Phoenix under the AIFM Agreement or of the rules of any competent regulatory authority having jurisdiction over Phoenix or of any statutory duty by Phoenix or any person to whom Phoenix may have delegated any of its obligations and/or functions under the AIFM Agreement. The Company has given an indemnity to Phoenix in respect of any losses or liabilities arising out of the proper performance by Phoenix of its duties under the AIFM Agreement.

Phoenix will treat all of the Company's investors fairly and will not allow any such investor to obtain preferential treatment, unless such treatment is disclosed in the Articles. Phoenix may effect transactions in which it has directly, or indirectly, a material interest, or a relationship of any description with another party which involves or may involve a potential conflict with Phoenix's duty to the Company, but it will ensure that such transactions are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed. Phoenix warrants and represents that it complies with and will continue to comply with the requirements on conflicts as set out in the AIFM Rules, including taking all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors.

The Company's AIFM delegates portfolio management to the Portfolio Manager in accordance with the AIFM Rules. Phoenix does not consider that any conflicts of interest arise from such delegation.

In the year ended 31 March 2015 the fees payable under the AIFM Agreement amounted to £90,421 (excluding VAT).

10.3 Administration Agreement

The Company is party to an Administration Agreement with Northern Trust International Fund Administration Services (Guernsey) Limited and Phoenix Fund Services (UK) Limited dated 7 February 2013, as amended and restated on 29 May 2014, pursuant to which the Administrator provides day-to-day administration of the Company and acts as secretary and administrator to the Company including maintaining accounts, preparing interim and annual accounts of the Company and calculating the Net Asset Value.

For the provision of the services under the Administration Agreement, the Administrator is entitled to receive an annual fee calculated as percentages of the Company's net assets (6 basis points on the first £99,999,999.99 of net assets, 5 basis points on net assets between £100 million and £200 million and 4 basis points on net assets in excess of £200 million), subject to a minimum annual fee of £75,000. In addition, a fixed annual fee of £25,000 is charged for corporate governance and company secretarial services provided by NTIFASGL to the Company (the parties may by agreement revise these fees from time to time). The Company reimburses the Administrator for disbursements and reasonable out of pocket expenses properly incurred by the Administrator on behalf of the Company.

The Administration Agreement may be terminated by either party serving the other party with 90 days written notice or immediately (i) in the event of the winding up of (other than a voluntary liquidation for the purpose of a reconstruction, amalgamation or merger) or the appointment of an administrator, examiner or receiver to the other party or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction, (ii) if either party commits any material breach of the provisions of the Administration Agreement and shall, if capable of remedy, not have remedied the same within 30 days after the service of notice requiring it to be remedied (in such cases such right of termination lies with the non-defaulting party), (iii) if the continued performance of the Administration Agreement for any reason ceases to be lawful (including under the POI Law and in circumstances where the Administrator ceases to hold the relevant licence, consent, permit or registration to carry on the Administrator's activities), (iv) if a party is declared to be en état de désastre under the laws of Guernsey, or (v) if the Administrator is or is deemed to be resident for tax purposes elsewhere than in Guernsey or has a permanent establishment or other taxable presence elsewhere than in Guernsey.

The Administrator will generally not be liable for any loss, damages or liabilities incurred as a result of the proper performance by the Administrator of its obligations and duties under the Administration Agreement in the absence of its negligence, fraud, bad faith or wilful default. To the fullest extent permitted by law, the Administrator shall not be liable for any indirect, incidental, special or consequential losses including loss of profit, revenue, savings or goodwill. The Company indemnifies the Administrator against all actions, proceedings, claims, costs, demands and expenses that may be imposed on, incurred by or asserted against the Administrator in respect of any loss or damage suffered or alleged to have been suffered by

any party in connection with or arising out of the proper performance by the Administrator of its obligations and duties under the Administration Agreement, otherwise than as a result of some act of negligence, fraud, bad faith or wilful default on the part of the Administrator.

Provided its ability to perform its obligations under the Administration Agreement is not impaired, the Administrator is entitled to carry on any business similar to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without accounting to the Company for its profits.

In the year ended 31 March 2015 the fees payable under the Administration Agreement amounted to £186,295 (excluding VAT).

10.4 Custody Agreement and Depositary Agreement

The Northern Trust Company acted as custodian for the Company under a custody agreement entered into on 12 February 2013. The Northern Trust Company is a company incorporated under the laws of the State of Illinois. Its principal place of business is in England and Wales. The Northern Trust Company is authorised and regulated by the FCA under FSMA with firm reference number 122020.

In order to enable the Company, the Company's AIFM and the Depositary to be compliant with the AIFM Rules, the custody agreement entered into on 12 February 2013 was terminated and replaced by the Depositary Agreement between the Company, the AIFM and Northern Trust (Guernsey) Limited on 29 May 2014.

Northern Trust (Guernsey) Limited is regulated by the GFSC under the POI Law, with firm reference number: 33. The Depositary is responsible for the safe-keeping of financial instruments held on behalf of the Company and periodically verifies the ownership of other investments held directly by the Company.

Under the terms of the Depositary Agreement, the Depositary has full power to delegate the whole or any part of its depositary functions. The Depositary must exercise care and diligence in choosing and appointing a sub-custodian as a safe-keeping agent so as to ensure that the sub-custodian is a fit and proper person, and has and maintains the expertise, competence and standing appropriate to discharge the responsibilities concerned. The Depositary must maintain an appropriate level of supervision over the sub-custodian and make appropriate enquiries from time to time to confirm that the obligations of the sub-custodian continue to be completely discharged.

The Depositary Agreement provides that the appointment of the Depositary will continue in force unless and until terminated by either party giving to the other not less than six months (or such shorter notice period as may be agreed by the parties) prior written notice although in certain circumstances (e.g. the insolvency of the Depositary or if the Depositary is no longer permitted to perform its obligations under applicable law) the Depositary Agreement may be terminated forthwith by resolution of the Directors.

The Depositary shall be liable to the Company for any loss suffered by them as a result of the Depositary's fraud, wilful default or negligence provided however that the Depositary shall not be liable to the Company for any indirect, special, punitive or consequential loss arising out of or in connection with the Depositary Agreement.

The fees payable to the Depositary by the Company are (i) a minimum safe-keeping fee of £8,500 per annum, although the fee may be greater dependent on the level of transaction fees incurred during the year and are payable monthly in arrears and (ii) a Depositary fee calculated as percentages of the Company's net assets (1.75 basis points on the first £99,999,999.99 of net assets, 1.5 basis points on net assets between £100 million and £200 million and 1.25 basis points on net assets in excess of £200 million), subject to a minimum annual fee of £25,000.

In the year ended 31 March 2015 the fees payable under the Depositary Agreement amounted to £66,119 (excluding VAT).

10.5 Placing Agreement

In connection with the Placing, the Open Offer and the Placing Programme, the Company, TwentyFour and Numis entered into the Placing Agreement on 28 January 2016. The Placing Agreement is conditional on, *inter alia*, the aggregate NAV of the total number of Ordinary Shares following completion of the Issue (that is taking into account both Realisation Elections

and subscriptions for New Ordinary Shares) being not less than £100 million in aggregate, Admission taking place on 8 March 2016 or such later date (not being later than 8.00 a.m. on 31 March 2016) as the Company, the Portfolio Manager and Numis may agree.

The principal terms of the Placing Agreement are as follows:

- (a) Numis has agreed, as agent of the Company, to use its reasonable endeavours to procure (i) Placees to subscribe for New Ordinary Shares at the Issue Price; and (ii) Placees to subscribe for New Ordinary Shares pursuant to the Placing Programme at the Placing Programme Price. The Placing and the Placing Programme are not being underwritten;
- (b) in respect of the Placing the Company has, provided the Placing Agreement becomes unconditional, agreed to pay Numis a “**Placing Fee**” comprising (i) a sliding scale base fee of between 0.275 per cent. and 0.2 per cent. of the NAV, as at 29 February 2016, depending on the size of the Issue and the number of Realisation Sale Elections (the “**Base Fee**” and the percentage of the NAV on which the Base Fee is calculated being “**Base Fee Percentage**”); (ii) a commission equal to 1.5 per cent. of the difference between the number of Ordinary Shares in issue pre- and post- Admission of the New Ordinary Shares issued pursuant to the Issue (where such amount is a positive number), multiplied by the Issue Price; and (iii) a commission equal to 0.75 per cent. of the number of Ordinary Shares in respect of which Realisation Sale Elections were made, multiplied by the Issue Price (“**Realisation Gross Proceeds**”) less the Base Fee Percentage of the Realisation Gross Proceeds (plus applicable VAT);
- (c) in respect of the Placing the Company has agreed to pay an amount equal to 12.5 per cent. of the difference between the “**Placing Fee**” and £200,000 to TwentyFour, in the event that the Placing Fee is equal to or exceeds £200,000 (exclusive of VAT). This fee shall reduce the Placing Fee.
- (d) in respect of each placing under the Placing Programme the Company has agreed to pay: (i) a commission at a variable rate of between 1 per cent. and 1.3125 per cent. of the placing proceeds attributable to any placing under the Placing Programme to Numis (plus applicable VAT); and (ii) a commission at a variable rate of between 0.125 per cent. and 0.1875 per cent. of the placing proceeds attributable to any placing under the Placing Programme to TwentyFour (plus applicable VAT).
- (e) The Company has agreed to pay all of the properly incurred costs and expenses of and incidental to the Issue and the Placing Programme and related arrangements together with any applicable VAT;
- (f) the Company has given certain warranties to Numis as to the accuracy of the information in this Prospectus and as to other matters relating to the Company. TwentyFour has also given certain warranties to Numis as to certain information in this Prospectus and as to themselves. The Company has given an indemnity to Numis in respect of any losses or liabilities arising out of the proper performance by Numis of its duties under the Placing Agreement, TwentyFour has given indemnities to Numis in respect of their respective obligations and the Company and TwentyFour have given an indemnity to Numis in respect of any increased liability to any third party that would not have arisen had any of the Company or TwentyFour not entered into any agreement or arrangement with any third party adviser in connection with the Issue, the terms of which provide that the liability of that adviser to Company or TwentyFour (as the case may be) is excluded or limited in any manner, and Numis has joint or joint and several liability with such adviser; and
- (g) Numis may at any time before the earliest of (i) 27 January 2017, (ii) the date on which all of the New Ordinary Shares available for issue under the Placing Programme have been issued and (iii) such other date as may be agreed between the parties, terminate the Placing Agreement in certain circumstances, including for breach of the warranties referred to above.

10.6 Registrar’s Agreement

The registrar’s agreement dated 19 February 2013 between the Company and Computershare Investor Services (Guernsey) Limited whereby the Registrar provides registrar services to the Company. The fees payable to the Registrar are based on the number of transactions plus

properly incurred expenses, subject to a minimum annual fee of £7,000. The Registrar's Agreement contains certain standard indemnities from the Company in favour of the Registrar and from the Registrar in favour of the Company. The Registrar's liabilities under the Registrar's Agreement are subject to a financial limit.

10.7 Receiving Agent's Agreement

The receiving agent agreement dated 28 January 2016 between the Company and the Receiving Agent whereby the receiving agent has agreed to act as receiving agent to the Offer for Subscription and the Open Offer. The fees payable to the Receiving Agent are based on the number of applications received and are subject to a management fee of £7,000. The agreement contains certain standard indemnities from the Company in favour of the Receiving Agent and from the Receiving Agent in favour of the Company. The Receiving Agent's liabilities under the agreement are subject to a financial limit.

10.8 Previously Disclosed Material Contracts

The material contracts described in paragraph 9 of Part 10 of the IPO Prospectus are incorporated by reference into this Prospectus.

11. Litigation

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months immediately preceding the date of this Prospectus which may have, or have had, in the recent past significant effects on the Company or the Company's financial position or profitability.

12. Significant change in the financial or trading position

Save for the (i) interim dividend of 1.5 pence per Ordinary Share announced on 8 October 2015 in respect of the 3 month period ending 30 September 2015 and resulting in a cash distribution of £4,273,631 paid on 30 October 2015; and (ii) a dividend of 1.5 pence per Ordinary Share announced on 14 January 2016 in respect of the 3 month period ending 31 December 2015 which will result in a cash distribution of £4,273,631 to be paid on 29 January 2016, there has been no significant change in the financial or trading position of the Company since 30 September 2015, being the end of the last interim financial period for which unaudited financial information has been published.

13. Significant gross change

The Issue will constitute a significant gross change in relation to the Company for the purpose of the Prospectus Rules as it will increase the Company's assets by up to £303,000,000 (before the deduction of Issue Expenses), assuming that no Realisation Elections are made and an Issue Price of £1.01. The Issue will materially effect the Company's earnings per Ordinary Share.

14. Third party information and consents

Certain information contained in this Prospectus has been sourced from third parties. Such information has been accurately reproduced and, as far as the Company is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Numis, as sponsor and broker 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 it appears.

15. General

The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

The Company has no subsidiaries.

Where New Ordinary Shares are issued under the Placing Programme, the total assets of the Company will increase by that number of New Ordinary Shares multiplied by the relevant Placing Programme Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue are expected to be invested in investments consistent with the investment objective and policy of the Company and

the Placing Programme Price will always represent a modest premium to the then prevailing Net Asset Value.

No application is being made for the New Ordinary Shares or, if applicable, the Realisation Shares, to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.

The publication or delivery of this Prospectus shall not under any circumstances imply that the information contained in this Prospectus is correct as at any time subsequent to the date of this Prospectus or that there has not been any change in the affairs of the Company since that date.

16. Auditor

The auditor of the Company is PricewaterhouseCoopers CI LLP of PO Box 321, Royal Bank Place, 1 Glatigny Esplanade, St Peter Port, Guernsey GY1 4ND.

17. Working capital

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is for at least 12 months following the date of this Prospectus.

18. Capitalisation and indebtedness

The following table shows, sourced from the Company's internal accounting records, the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at the close of business on 22 January 2016 (being the latest practicable date prior to the publication of this Prospectus) and the Company's unaudited capitalisation as at 30 September 2015 (being the last date in respect of which the Company has published unaudited financial information).

| | 22 January 2016 |
|---|--------------------------|
| | £'000 |
| Total current debt | 0 |
| Guaranteed | 0 |
| Secured | 0 |
| Unguaranteed/unsecured | 0 |
| | <hr/> |
| Total current debt | 0 |
| | <hr/> <hr/> |
| <i>Non-current debt (excluding current portion of long-term debt)</i> | |
| Guaranteed | 0 |
| Secured | 0 |
| Unguaranteed/unsecured | 0 |
| | <hr/> |
| Total non-current debt | 0 |
| | <hr/> <hr/> |
| | 30 September 2015 |
| | £'000 |
| <i>Shareholder's equity</i> | |
| Share capital | 292,108 |
| Legal reserve | 0 |
| Other reserves* | 0 |
| | <hr/> |
| Total Shareholders' equity* | 292,108 |
| | <hr/> <hr/> |

* Excludes the Company's revenue reserve

As at close of business on 22 January 2016 (being the latest practicable date prior to the publication of this Prospectus), there has been no material change in the unaudited capitalisation of the Company as at 30 September 2015 (being the last date in respect of which the Company has published unaudited financial information).

The following table shows, sourced from its internal accounting records, the Company's unaudited net indebtedness as at the close of business on 22 January 2016 (being the latest practicable date prior to the publication of this Prospectus). There is no secured or guaranteed indebtedness.

| | 22 January 2016 |
|--|------------------------|
| | £'000 |
| A Cash | 16.2 |
| B Cash equivalent | 0 |
| C Liquidity (A + B) | 16.2 |
| D Current financial receivables | 1.6 |
| E Current bank debt | 0 |
| F Current position of non-current debt | 0 |
| G Other current financial debt | 0 |
| H Current financial debt (E + F + G) | 0 |
| I Net current financial assets (C + D – H) | 17.8 |
| J Non-current bank loans | 0 |
| K Bonds issued | 0 |
| L Other non-current loans | 0 |
| M Non-current financial debt (J + K + L) | 0 |
| N Net financial indebtedness (I – M) | 17.8 |

There are no indirect or contingent liabilities.

19. Overseas investors

If you receive a copy of this Prospectus in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you. It is your responsibility, if you are outside the United Kingdom and wishing to make an application for New Ordinary Shares, to satisfy yourself that you have fully observed 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. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom.

Without limiting the above, the New Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or in the United States except in reliance on, or in a transaction not subject to, the registration requirements under the Securities Act or other relevant legislation. If you subscribe for New Ordinary Shares you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States. No application will be accepted if it bears an address in Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States or appears to have been posted from Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States or otherwise where there is cause to believe you are in Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States.

20. Fair Treatment of investors

The AIFM has established procedures, arrangements and policies to ensure compliance with the principles more particularly described in the AIFM Rules relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interests of the Company and of the Shareholders;
- ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile;
- ensuring that the interests of any group of Shareholders are not placed above the interests of any other group of Shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;
- preventing undue costs being charged to the Company and Shareholders;

- taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Shareholders; and
- recognising and dealing with complaints fairly.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest.

21. AIFM Directive Disclosures

- 21.1 The Company is categorised as a non-EEA AIF for the purposes of the AIFM Directive and its AIFM is an EEA AIFM. Accordingly, the AIFM is required to make certain disclosures to prospective investors prior to their investment in the Company, in accordance with Article 23 of the AIFM Directive and FUND 3.2.2 and 3.2.3 of the FCA Handbook. An explanation of where each of these disclosures may be found in this Prospectus (or of the non-applicability to the Company of certain of these disclosures) is set out in this paragraph 21. References to “FUND” are to the FUND sourcebook of the FCA Handbook.
- 21.2 Part 5 contains a description of the investment policy, strategy and objectives of the Company, the types of assets in which the Company may invest, the techniques it may employ, any applicable investment restrictions and the procedures by which the Company may change its investment strategy or the Company’s investment policy.
- 21.3 Part 5 of this Prospectus also contains a description of the circumstances in which the Company may use leverage, the types and sources of leverage permitted, restrictions on the use of leverage and the maximum level of leverage which the Company is permitted to employ. There are no collateral or reuse arrangements in place in respect of the Portfolio.
- 21.4 The key risks associated with the investment policy, strategy, objectives and techniques of the Company and with the use of leverage by the Company are contained in the section of this Prospectus entitled “Risk Factors”.
- 21.5 The Company is not a fund of funds and so there is no master AIF for the purposes of the AIFM Directive, nor will there be any underlying funds.
- 21.6 A description of the main legal implications of the contractual relationship entered into for the purpose of investment in the Company, including information on jurisdiction and applicable law, is contained in Parts 12 (terms and conditions of application under the Placing and Placing Programme) and 13 (terms and conditions of application under the Offer for Subscription) of this Prospectus and Part 14 (terms and conditions of application under the Open Offer). In particular, the Issue and Placing Programme are governed by English law and subject to the jurisdiction of English courts, the same law and jurisdiction under which the Company is established. More generally, a foreign judgment obtained in an EU member state may be recognised and enforced in England pursuant to Council Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the “**Brussels Regulation**”). A judgment which has been certified as a European Enforcement Order pursuant to Regulation (EC) 805/2004 may also be recognised and enforced in England.
- 21.7 Details of the identities of the AIFM, Portfolio Manager, Depositary, Auditors and other service providers to the Company, their duties to the Company and investors’ rights (exercised through the Company) are contained in Part 5 and in this Part 11.
- 21.8 The AIFM will cover professional liability risks by way of professional indemnity insurance.
- 21.9 The AIFM delegates portfolio management to the Portfolio Manager. Save as aforesaid the AIFM, the Portfolio Manager and the Depositary are responsible for their own work and there will be no delegation of AIFM management functions or safekeeping functions, as applicable, for the purposes of FUND 3.2.2R(6).
- 21.10A description of the Company’s valuation procedures and of the pricing methodology for valuing assets, which includes the methods that will be used in valuing hard-to-value assets, is contained in Part 5 of this Prospectus.
- 21.11The Company is a closed-ended investment company and there are therefore no redemption rights.

However, the Shares are to be admitted to listing on the premium segment of the Official List and to trading on the Main Market and will be freely transferable save as described in this Prospectus. As regards liquidity risk management, a description of the discount management mechanisms which may be employed by the Company is contained in Part 5 of this Prospectus, although it should be noted that the Directors' exercise of these rights is entirely discretionary.

21.12A description of all fees, charges and expenses and of the maximum amounts thereof (to the extent that this can be assessed) which are borne by the Company and thus indirectly by investors is contained in Part 5 and this Part 11 of the Prospectus. There are no expenses charged directly to investors by the Company.

21.13As the Ordinary Shares are and the New Ordinary Shares and any Realisation Shares will be admitted to listing on the premium segment of the Official List and to trading on the Main Market, the Company will be required to comply with, *inter alia*, the relevant provisions of the Disclosure and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors. As at the date of this Prospectus, no investor has obtained preferential treatment or the right to obtain preferential treatment.

21.14Information relating to the historical financial performance of the Company is contained in Part 9 of this Prospectus.

21.15The procedure and conditions for the issue and sale of New Ordinary Shares is contained in Parts 7,8,12 13 and 14 of this Prospectus.

21.16The Company has not engaged the services of any prime broker.

21.17The Depositary Agreement prohibits the transfer or reuse by the Depositary of the Company's assets.

21.18The information required under paragraphs 4 and 5 of Article 23 of the AIFM Directive and FUND 3.2.5 and FUND 3.2.6 is disclosed to investors in the Company's audited annual report.

21.19If there are any material changes to any of the information referred to in this paragraph 21, such changes will be notified in the Company's audited annual report, in accordance with Article 23 of the AIFM Directive and FUND 3.2.2.

22. Availability of Prospectus

A copy of this Prospectus will be available for inspection at The National Storage Mechanism which is located at www.hemscott.com/nsm.do, and for as long as New Ordinary Shares are available for issue under this Prospectus, copies of this Prospectus are available for collection, free of charge from the offices of the Administrator. The Prospectus will also be available on the Company's website – www.twentyfourincomefund.com.

23. Documents on display

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS, from the date of this Prospectus until Placing, the Offer for Subscription and the Open Offer close:

23.1 this Prospectus dated 29 January 2016;

23.2 the Memorandum of Incorporation of the Company and the Articles;

23.3 the audited Annual Reports and the unaudited Interim Report; and

23.4 the material contracts referred to in paragraph 10 of this Part 11 of the Prospectus.

PART 12: TERMS AND CONDITIONS OF APPLICATION UNDER THE PLACING AND PLACING PROGRAMME

1. Introduction

Each Placee which confirms its agreement to Numis to subscribe for New Ordinary Shares under the Placing and/or any placing under the Placing Programme, as the case may be, will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Numis may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) see(s) fit and/or may require any such Placee to execute a separate placing letter (a “**Placing Letter**”).

2. Agreement to Subscribe for New Ordinary Shares

Conditional on: (i) the aggregate NAV of the total number of Ordinary Shares following completion of the Issue (that is taking into account both Realisation Elections and subscriptions for New Ordinary Shares) being not less than 100 million in aggregate, (ii) the Placing Agreement not being terminated in accordance with its terms at any time prior to Admission of the relevant New Ordinary Shares; (iii) initial Admission occurring and becoming effective by 8.00 a.m. on 8 March 2016 (or such later date as the Company, the Portfolio Manager and Numis may agree, being in any event, not later than 8.00 a.m. on 31 March 2016) and any subsequent Admission under the Placing Programme occurring not later than 8.00 a.m. on such other dates as may be agreed between the Company and Numis prior to the closing of each placing under the Placing Programme, by not being later than 27 January 2017; and (iv) Numis confirming to the Placees their allocation of New Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those New Ordinary Shares allocated to it by Numis at the Issue Price or the applicable Placing Programme Price, as the case may be. 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.

3. Payment for New Ordinary Shares

Each Placee undertakes to pay the Issue Price or the applicable Placing Programme Price, as the case may be, for the New Ordinary Shares issued to the Placee in the manner and by the time directed by Numis. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee shall be deemed to have appointed Numis or any nominee of Numis as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the New Ordinary Shares in respect of which payment shall not have been made as directed, and to indemnify Numis 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.

A sale of all or any of such New Ordinary Shares shall not release the relevant Placees from their obligations to make such payment for relevant New Ordinary Shares to the extent that Numis or its nominee has failed to sell such New Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Issue Price or the applicable Placing Programme Price.

4. Representations and Warranties

By agreeing to subscribe for New Ordinary Shares, each Placee which enters into a commitment to subscribe for New Ordinary Shares will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Portfolio Manager, the AIFM, the Registrar and Numis that:

- (a) in agreeing to subscribe for New Ordinary Shares under the Placing and/or any placing under the Placing Programme, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to Admission of the relevant New Ordinary Shares and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the New Ordinary Shares, the Placing and/or the Placing Programme. It agrees that none of the Company, the Portfolio Manager, the AIFM, Numis or the Registrar, nor any of their respective officers, agents employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have 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 New Ordinary Shares under the Placing and/or any placing under the Placing Programme, 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 territory and that it has not taken any action or omitted to take any action which will result in the Company, the Portfolio Manager, the AIFM, Numis or the Registrar or any of their respective officers, agents, or employees or affiliates being in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing and/or any placing under the Placing Programme;
- (c) it has carefully read and understands this Prospectus in its entirety and acknowledges that it is acquiring New Ordinary Shares on the terms and subject to the conditions set out in this Part 12 and the Articles as in force at the date of Admission of the relevant New Ordinary Shares;
- (d) it has not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this Prospectus;
- (e) the content of this Prospectus is exclusively the responsibility of the Company and its Directors and neither Numis nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing and/or any placing under the Placing Programme based on any information, representation or statement contained in this Prospectus or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Placing and/or any placing under the Placing Programme to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to the date of Admission of the relevant New Ordinary Shares and, if given or made, any information or representation must not be relied upon as having been authorised by Numis, the Company, the Portfolio Manager or the AIFM;
- (g) 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;
- (h) it accepts that none of the New Ordinary Shares have been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Ordinary Shares may otherwise lawfully be offered under such Order, 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, that it is a person to whom the New Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (j) if it is a resident in the EEA (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive and (b) if that relevant Member State has implemented the AIFM Directive, that it is a person to whom the New Ordinary Shares may lawfully be marketed under the AIFM Directive or under the applicable implementing legislation (if any) of that relevant Member State;
- (k) it is not a Guernsey resident or, if it is a resident in Guernsey, it understands that the New Ordinary Shares may only be promoted in Guernsey by persons licensed for the activity of promotion by the Guernsey Financial Services Commission under the POI Law or, alternatively, to those persons licensed under the POI Law, The Banking Supervision

(Bailiwick of Guernsey) Law, 1994, The Insurance Business (Bailiwick of Guernsey) Law, 2002 or The Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey Law, 2000;

- (l) in the case of any New Ordinary Shares acquired by a Placee as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the New Ordinary Shares acquired by it in the Placing and/or any placing under the Placing Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Numis has been given to the offer or resale; or (ii) where New Ordinary Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those New Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (m) if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing and/or any placing under the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Ordinary Shares pursuant to the Placing and/or any placing under the Placing Programme unless, in the relevant territory, such offer, invitation 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 New Ordinary 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;
- (n) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the New Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (o) if the investor 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 New Ordinary Shares under the Placing and/or any placing under the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Placing or such placing under the Placing Programme is accepted;
- (p) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Placing, the Placing Programme or the New Ordinary Shares to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- (q) it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5, below;
- (r) it acknowledges that neither Numis nor any of its affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and/or any placing under the Placing Programme or providing any advice in relation to the Placing and/or Placing Programme and participation in the Placing and/or any placing under the Placing Programme is on the basis that it is not and will not be a client of Numis and that Numis does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing and/or any placing under the Placing Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing and/or any placing under the Placing Programme;
- (s) it acknowledges that neither Numis nor any person acting on its behalf is making any recommendations to it advising it or regarding the suitability of any transactions it may enter into in connection with the Placing and/or any placing under the Placing Programme or providing any advice in relation to the Placing and/or the Placing Programme and participation in the Placing and/or any placing under the Placing Programme is on the basis that it will not be a client of Numis and that Numis does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the

Placing and/or the Placing Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing and/or any placing under the Placing Programme;

- (t) it acknowledges that where it is subscribing for New Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus (including these terms and conditions of application under the Placing and Placing Programme; and (iii) to receive on behalf of each such account any documentation relating to the Placing and/or any placing under the Placing Programme in the form provided by the Company and/or Numis. It agrees that the provision of this paragraph shall survive any resale of the New Ordinary Shares by or on behalf of any such account;
- (u) it irrevocably appoints any director of the Company and any director of Numis 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 New Ordinary Shares for which it has given a commitment under the Placing and/or the Placing Programme, in the event of its own failure to do so;
- (v) it accepts that if the Placing and/or any placing under the Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the New Ordinary Shares for which valid applications are received and accepted are not admitted to listing on the premium segment of the Official List and to trading on the Main Market for any reason whatsoever then none of Numis or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (w) in connection with its participation in the Placing and/or any placing under the Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering ("**Money Laundering Legislation**") and that its application 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. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 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) subject to the Guernsey AML Requirements; or (iv) 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;
- (x) it acknowledges that due to anti-money laundering requirements, Numis and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the Placee to produce any information required for verification purposes, Numis and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Numis and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;
- (y) it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Ordinary Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (as amended);
- (z) it acknowledges and agrees that information provided by it to the Company, the Registrar or the Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the "**Data Protection Law**") and other relevant data

protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below, being to:

- (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares;
 - (iii) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
 - (iv) without limitation, provide such personal data to the Company, the AIFM, Numis, the Depositary and to the Portfolio Manager and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
 - (v) process its personal data for the Administrator's internal administration.
- (aa) in providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subjects to the Registrar and the Administrator 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 in paragraph (y) above). For the purposes of this Prospectus, "**data subject**", "**personal data**" and "**sensitive personal data**" shall have the meanings attributed to them in the Data Protection Law;
 - (bb) Numis and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
 - (cc) the representations, undertakings and warranties contained in this Prospectus (including these terms and conditions of application under the Placing and the Placing Programme) are irrevocable. It acknowledges that Numis, the Company, the Portfolio Manager, the AIFM and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the New Ordinary Shares are no longer accurate, it shall promptly notify Numis and the Company;
 - (dd) where it or any person acting on behalf of it is dealing with Numis, any money held in an account with Numis 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 provisions of the FCA Handbook which therefore will not require Numis to segregate such money, as that money will be held by Numis under a banking relationship and not as trustee;
 - (ee) any of its clients, whether or not identified to Numis, will remain its sole responsibility and will not become clients of Numis for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
 - (ff) it accepts that the allocation of New Ordinary Shares shall be determined by Numis in its absolute discretion but in consultation with the Company and that the Numis may scale down any placing commitments for this purpose on such basis as it may determine;
 - (gg) time shall be of the essence as regards its obligations to settle payment for the New Ordinary Shares and to comply with its other obligations under the Placing and/or any placing under the Placing Programme;
 - (hh) it is capable, or the underlying client(s) in the case of applications on behalf of professionally-advised investors are capable themselves, of evaluating the merits and risks of an investment in the Company and have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment; and

- (ii) authorises Numis to deduct from the total amount subscribed under the Placing and/or any placing under the Placing Programme, the aggregate fees and commissions (if any) (calculated at the rate agreed with the Company) payable on the number of New Ordinary Shares allocated under the Placing and/or the relevant placing under the Placing Programme.

5. United States Purchase and Transfer Restrictions

By participating in the Placing and/or any placing under the Placing Programme, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Portfolio Manager, the AIFM, the Registrar and Numis that:

- (a) it is not a U.S. Person and, is not located within the United States and is acquiring the New Ordinary Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act and it is not acquiring the New Ordinary Shares for the account or benefit of a U.S. Person;
- (b) it acknowledges that the New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the Securities Act;
- (c) it acknowledges that the Company has not registered under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act;
- (d) 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 New Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Tax Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Tax Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (e) that if any New Ordinary Shares offered and sold pursuant to Regulation S under the Securities Act are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

“TWENTYFOUR INCOME FUND LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “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, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.”;

- (f) if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. It acknowledges that any sale,

transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;

- (g) it is purchasing the New Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Ordinary Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;
- (h) it acknowledges that the Company reserves the right to make inquiries of any holder of the New Ordinary Shares or interests therein at any time as to such person's status under 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 U.S. securities laws to transfer such New Ordinary Shares or interests in accordance with the Articles;
- (i) it acknowledges and understands that the Company is required to comply with international regimes for the automatic exchange of information to improve tax compliance (including the US provisions known as "FATCA". The Placee agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required to enable it to comply with its obligations under such automatic exchange of information regimes;
- (j) it is entitled to acquire the New Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Portfolio Manager, the AIFM, Numis or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing and/or any placing under the Placing Programme or its acceptance of participation in the Placing and/or any placing under the Placing Programme;
- (k) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the New Ordinary Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- (l) if it is acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Portfolio Manager, the AIFM, the Registrar, Numis and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the Placee will immediately notify the Company.

6. Supply and Disclosure of Information

If Numis, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for New Ordinary Shares under the Placing and/or any placing under the Placing Programme, such Placee must promptly disclose it to them.

7. Miscellaneous

The rights and remedies of Numis, the Registrar, the Portfolio Manager, the AIFM and the Company 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 his nationality.

On application, 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 the Placing and/or any placing under the Placing Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the New Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Placing and/or any placing under the Placing Programme, have been acquired by the Placee. The contract to subscribe for New Ordinary Shares under the Placing and/or the Placing Programme and the appointments and authorities mentioned in this Prospectus 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. For the exclusive benefit of Numis, the Company, the Portfolio Manager, the AIFM 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 the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Ordinary Shares under the Placing and/or any placing under the Placing Programme, 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.

Numis and the Company expressly reserve the right to modify the Placing and/or any placing under the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Placing and/or any placing under the Placing Programme is/are subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part 11 of this Prospectus.

PART 13: TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1. Introduction

If you apply for New Ordinary Shares under the Offer for Subscription, you will be agreeing with the Company and the Receiving Agent as set out in this Part 13.

2. Terms and Conditions for Selected Applicants

Unless otherwise defined herein, defined terms in the Prospectus shall have the same meaning in these terms and conditions, and:

Application means an application for New Ordinary Shares made by sending a USE Instruction through CREST in accordance with these terms and conditions;

Selected Applicant means a person invited in writing by Numis to apply under the Offer for Subscription through CREST; and

Subscription Entitlement means in respect of each Selected Applicant the entitlement to apply for New Ordinary Shares pursuant to the Offer for Subscription.

2.1 Introduction

Subscription Entitlements are expected to be credited to stock accounts of Selected Applicants in CREST as soon as possible after 8.00 a.m. on 2 February 2016. The latest time and date for payment in full under the Offer for Subscription and settlement of relevant CREST instructions is expected to be 11.00 a.m. on 26 February 2016 with Admission and commencement of dealings in New Ordinary Shares expected to take place at 8.00 a.m. on 8 March 2016.

Selected Applicants should note that, although the Subscription Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Subscription Entitlements may only be made by the Selected Applicant originally entitled.

2.2 Procedure for Application and Payment

Selected Applicants should refer to the CREST Manual for further information on the CREST procedures referred to below.

2.2.1 General

Each Selected Applicant will receive a credit to its stock account in CREST of its Subscription Entitlement equal to the maximum amount of New Ordinary Shares for which it is entitled to apply to acquire under the Offer for Subscription (being the maximum size of the Offer for Subscription) and Selected Applicants may apply for any amount of New Ordinary Shares up to and including such amount. Applications under the Offer for Subscription will be allocated in such manner as the Directors may determine, in their absolute discretion, and no assurance can be given that the applications by Selected Applicants will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the Selected Applicant (at the Selected Applicant's risk) without interest as soon as practicable by way of CREST payment or cheque if required.

The CREST stock account to be credited will be an account under the participant ID and member account ID advised to the Receiving Agent by the Selected Applicant prior to 10 February 2016.

If, for any reason, the Subscription Entitlements cannot be admitted to CREST by, or the stock accounts of Selected Applicants cannot be credited on, 12 February 2016, or such later time and/or date as the Company may decide, Selected Applicants will be advised by Numis to apply in the Offer for Subscription using the Subscription Form attached to the Prospectus and in accordance with paragraph 3 of these Terms and Conditions of Application under the Offer for Subscription.

A Subscription Entitlement may not be sold or otherwise transferred.

Selected Applicants should note that, although the Subscription Entitlements will be admitted to CREST, they will have limited settlement capabilities. The Subscription Entitlements will be neither tradable nor listed and applications may only be made by the Selected Applicants originally entitled. There will be no market claims in respect of Subscription Entitlements. Nor will it be permitted to withdraw Subscription Entitlements from CREST.

All enquiries in connection with the procedure for application of Subscription Entitlements should be made to Computershare Investor Services PLC, Corporate Actions Projects, Bristol B599 6AH or by calling Computershare Investor Services PLC directly on 0370 707 4040 (or, if outside the UK, +44 (0) 370 707 4040). Calls may be recorded and randomly monitored for security and training purposes. However, you should note that the Receiving Agent cannot give you any investment, legal, tax or other financial advice. If you require such advice, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser.

2.2.2 USE Instructions

Selected Applicants who want to apply for New Ordinary Shares must send a USE Instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with an amount of Subscription Entitlement corresponding to the amount of New Ordinary Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the amount of New Ordinary Shares referred to in (i) above).

2.2.3 Content of USE Instruction in respect of Subscription Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the amount of the New Ordinary Shares for which the Application is being made (and hence the amount of the Subscription Entitlement being delivered to the Receiving Agent);
- (ii) the ISIN of the Subscription Entitlement. This is GG00BDGN6C75;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Subscription Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent. This is 8RA27;
- (vi) the member account ID of the Receiving Agent. This is TWEFINC;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the amount of New Ordinary Shares referred to in (i) above;
- (viii) the intended settlement date. This must be before 11.00 a.m. on 26 February 2016; and
- (ix) the Corporate Action Number for the Offer for Subscription. This will be available by viewing the relevant corporate action details in CREST.

In order for the Application in respect of a Subscription Entitlement under the Offer for Subscription to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 26 February 2016.

In order to assist prompt settlement of the USE Instruction, CREST members may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

Selected Applicants should note that the last time at which a USE Instruction may settle on 26 February 2016 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Subscription Entitlement facility.

In the event that the Offer for Subscription does not become unconditional by 8.00a.m. on 8 March 2016 or such later time and date as the Directors determine (being no later than 31 March 2016), the Offer for Subscription will lapse, the Subscription Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Selected Applicant by way of a CREST payment or a cheque if required, without interest, as soon as practicable thereafter. Any interest earned on such monies will be retained for the benefit of the Company.

2.2.4 Validity of Application

A USE Instruction complying with the requirements set out in these Terms and Conditions of Application under the Offer for Subscription which settles by no later than 11.00 a.m. on 26 February 2016 will constitute a valid and irrevocable Application under the Offer for Subscription.

2.2.5 CREST procedures and timings

Selected Applicants should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Offer for Subscription. It is the responsibility of the CREST Member concerned to take such action as shall be necessary to ensure that a valid Application is made as stated above by 11.00 a.m. on 26 February 2016. In this connection Selected Applicants are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

In addition, it should be noted that as the possibility of applying for New Ordinary Shares under the Offer for Subscription through CREST will only be available to selected persons invited by Numis, interested persons will need to have registered their interest in applying through CREST and to have been formally invited by Numis to do so by 5 February 2016 in order to allow time for the crediting of Subscription Entitlements.

2.2.6 Incorrect or incomplete Applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the Application in full and refund the payment to the CREST Member in question (without interest);
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid Application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid Application for all the New Ordinary Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

2.2.7 Effect of valid Application

- (i) The contracts created by the acceptance of Applications (in whole or in part) under the Offer for Subscription will be conditional upon: (i) the aggregate NAV of the total number of Ordinary Shares following completion of the Issue (that is taking into account both Realisation Elections and subscriptions for New Ordinary Shares) being not less than 100 million in aggregate, (ii) the Placing Agreement not being terminated in accordance with its terms at any time prior to Admission of the New Ordinary Shares under the Issue and (iii) Admission occurring by 8.00 a.m. on 8 March 2016 (or such later date as the Company, the Portfolio Manager and Numis may agree, being in any event not later than 8.00 a.m. on 31 March 2016). If any of these conditions is not met, the Issue will not proceed. In such circumstances application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter and an announcement to that effect will be made via a Regulatory Information Service.

- (ii) The Company reserves the right to reject in whole or part or to scale back or limit any Application. The Company may treat Applications as valid and binding if made in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Offer for Subscription. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Applicant's CREST payment. In the meantime, application monies will be retained by the Receiving Agent in a separate account.
- (iii) A Selected Applicant who makes or is treated as making a valid Application in accordance with the procedures set out in these Terms and Conditions of Application under the Offer for Subscription:
 - (a) offers to subscribe for the amount of New Ordinary Shares specified in the USE Instruction (or such lesser amount for which the Application is accepted) on the terms of and subject to the Prospectus, including these Terms and Conditions of Application under the Offer for Subscription, and subject to the Memorandum and Articles of Incorporation of the Company;
 - (b) represents and warrants to the Company that it has the right, power and authority, and has taken all action necessary, to make the application under the Offer for Subscription and to execute, deliver and exercise its rights, and perform its obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
 - (c) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST Member to pay to the Company the amount payable on application);
 - (d) represents and warrants that it is the Selected Applicant originally entitled to the Subscription Entitlements;
 - (e) agrees that, in consideration of the Company agreeing to process its Application, the Application cannot be revoked (subject to any legal right to withdraw your Application which arises as a result of a publication of a supplementary prospectus) and that this paragraph shall constitute a collateral contract between the Selected Applicant and the Company which will become binding upon sending of a valid USE Instruction;
 - (f) agrees that (A) any monies returnable to the Selected Applicant may be retained pending the completion of any verification of identity required by the Money Laundering Regulations, and (B) monies pending allocation will be retained in a separate account and that such monies will not bear interest;
 - (g) undertakes to provide satisfactory evidence of the Selected Applicant's identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with the Money Laundering Regulations;
 - (h) agrees that in respect of those New Ordinary Shares for which an Application has been received and is not rejected, acceptance of the Application shall be constituted, at the election of the Company, either (i) by notification to the UK Listing Authority and the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to the Receiving Agent;
 - (i) authorises the Receiving Agent to procure that the Selected Applicant's name (together with the name(s) of any other joint Applicant(s)) or any nominee (e.g. CREST) is/are placed on the register of members of the Company in Guernsey in respect of such New Ordinary Shares referred to in paragraph (e) above;

- (j) agrees with the Company that all Applications, acceptances of Applications and contracts resulting therefrom shall be governed by and construed in accordance with English law, and that the Selected Applicant submits to the jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding 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;
- (k) confirms to the Company that in making the Application he is not relying on any information or representation in relation to the Company and the New Ordinary Shares other than that contained in this Prospectus and, and accordingly agrees that no person (responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation;
- (l) irrevocably authorises the Company or any person authorised by it to do all things necessary to effect registration of any New Ordinary Shares subscribed by or issued to the Selected Applicant into its name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such New Ordinary Shares has been transferred and authorise any representative of the Company to execute any document required therefor;
- (m) agrees that, having had the opportunity to read the Prospectus, it shall be deemed to have had notice of all information and representations concerning the Company and the New Ordinary Shares contained therein;
- (n) confirms that it have reviewed the restrictions and procedures contained in these Terms and Conditions of Application under the Offer for Subscription;
- (o) agrees that all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto;
- (p) represents and warrants that in connection with its Application such Selected Applicant has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue or transfer or other taxes due in connection with your Application in any territory and that it has not taken any action for itself or as nominee, agent or on behalf of any person which will or may result in the Company or any person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your Application;
- (q) save where the Selected Applicant has satisfied the Company that an appropriate exemption applies so as to permit it to subscribe, represents and agrees that it is not (i) a US Person (meaning any person who is a US Person within the meaning of Regulation S adopted under the Securities Act and is not acting on behalf of a US Person, that it is not purchasing with a view to re-sale in the US or to or for the account of a US Person and that it is not an employee benefit plan as defined in section 3(3) of ERISA (whether or not subject to the provisions of Title 1 of ERISA) or an individual retirement account as defined in section 408 of the US Internal Revenue Code or (ii) a resident of any of the Restricted Territories or any other territory or acting on behalf of any person in any territory in which the subscription by the Selected Applicant or by it on behalf of any person for New Ordinary Shares under the Offer for Subscription would be unlawful or in breach of any applicable regulations without further action on the part of the Company; and
- (r) agrees, on request by the Company, or the Receiving Agent on behalf of the Company to disclose promptly in writing to the Company or the Receiving Agent any information which the Company, or the Receiving Agent, may reasonably request in connection with the Application and authorise the Company or the Receiving Agent on behalf of the Company, to disclose any information relating to the Application as the Company or the Receiving Agent considers appropriate.

- (iv) No person receiving a copy of this Prospectus and/or being credited with Subscription Entitlement(s) in any territory other than the UK may treat the same as constituting an invitation or an offer to him; nor should he in any event make an Application unless, in the relevant territory, such an invitation or offer could lawfully be made to him or the Application could lawfully be made without contravention of any, or compliance with any unfulfilled registration or other legal or regulatory requirements. It is the responsibility of any person outside the UK wishing to apply for New Ordinary Shares under the Offer for Subscription for himself or on behalf of any person to satisfy himself as to full observance of the laws of any relevant territory in connection with any such application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in any such territory and paying any issue, transfer or other taxes required to be paid in any such territory.
- (v) The New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons. The Company has not been and will not be registered as an “**investment company**” under the Investment Company Act, and investors will not be entitled to the benefits of the Investment Company Act. In addition, relevant clearances have not been, and will not be, obtained from any securities commission or authority of any province of any of the Restricted Territories and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the New Ordinary Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly, in any of the Restricted Territories. Unless the Company has expressly agreed otherwise in writing or unless an exemption under relevant legislation or regulation is applicable (the applicability of which the Selected Applicant hereby represents and warrants), the Selected Applicant represents and warrants to the Company that it is not a US Person or a resident of any of the Restricted Territories and that it is not subscribing for such New Ordinary Shares for the account of any US Person or resident of any of the Restricted Territories and that it will not offer, sell, renounce, transfer or deliver, directly or indirectly New Ordinary Shares subscribed for by the Selected Applicant in the United States or any of the Restricted Territories or to any US Person or resident of any of the Restricted Territories. No Application will be accepted if it bears an address in the United States or any of the Restricted Territories unless an appropriate exemption is available as referred to above.
- (vi) Pursuant to The Data Protection (Bailiwick of Guernsey) Law 2001 (the “**DP Law**”), the Company the Administrator, the Registrar and/or the Receiving Agent may hold personal data (as defined in the DP Law) relating to past and present Shareholders.
- (vii) Such personal data held is used by the Administrator, the Registrar and the Receiving Agent to maintain the Company’s register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned in paragraph (i) below when (1) effecting the payment of dividends and redemption proceeds to Shareholders and the payment of commissions to third parties and (2) filing returns of Shareholders and their respective transactions in shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.
- (viii) The countries referred to in paragraph (vii) above include, but need not be limited to, those in the European Economic Area and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States of America.
- (ix) By becoming registered as a holder of New Ordinary Shares in the Company, a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company, the Administrator, the Registrar and/or the Receiving Agent of any personal data relating to them in the manner described above.

- (x) The basis of allocation will be determined by the Directors after consultation with Numis at their absolute discretion. The right is reserved to reject in whole or in part any Application or any part thereof. The right is reserved to treat as valid any Application not in all respects completed in accordance with the instructions in these Terms and Conditions of Application under the Offer for Subscription.
- (xi) If for any reason it becomes necessary to adjust the expected timetable as set out in this Prospectus, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates. In particular, the Directors have the discretion to extend the last time and/or date for Applications, and any such extension will not affect Applications already made, which will continue to be irrevocable.
- (xii) Save where the context otherwise requires words and expressions defined in the Prospectus have the same meanings when used in these terms and conditions.

2.2.8 Company's direction as to the rejection and validity of Applications

The Company may in its sole discretion:

- (i) treat as valid (and binding on the Selected Applicant concerned) an Application which does not comply in all respects with the requirements as to validity set out or referred to in these Terms and Conditions of Application under the Offer for Subscription;
- (ii) accept an alternative properly authenticated dematerialised instruction from a Selected Applicant as constituting a valid Application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "**first instruction**") as not constituting a valid Application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a Selected Applicant, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any Selected Applicant, the Selected Applicant is unable validly to apply for New Ordinary Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

2.2.9 Lapse of the Offer for Subscription

In the event that the Offer for Subscription does not become unconditional by 8.00 a.m. on 8 March 2016 or such later time and date as the Company and Numis may agree (being no later than 31 December 2016), the Offer for Subscription will lapse, the Subscription Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Selected Applicant by way of a CREST payment, without interest, as soon as practicable thereafter. Any interest earned on such monies, will be retained for the benefit of the Company.

2.2.10 General

- (i) Subscription Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 26 February 2016. If the conditions to the Offer for Subscription described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid Application for New Ordinary Shares by utilising the CREST application procedures and whose Applications have been accepted by the Company. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

- (ii) Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Selected Applicants an Offer for Subscription Application Form instead of crediting the relevant stock account with Subscription Entitlements, and to allot and/or issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.
- (iii) The Company shall, in agreement with Numis, be entitled to amend the dates that Subscription Entitlements are credited to stock accounts in CREST, without prejudice to their discretion to amend the timetable for the Offer for Subscription as described elsewhere in this Prospectus with an announcement on a Regulatory Information Service.

3. Terms and Conditions for Applicants using the Offer for Subscription Application Form

3.1 Offer to acquire New Ordinary Shares under the Offer for Subscription

Your application must be made on the Offer for Subscription Application Form attached at the end of this Prospectus or otherwise published by the Company. By completing and delivering an Offer for Subscription Application Form, you, as the applicant, and, if you complete an Offer for Subscription Application Form on behalf of another person or a corporation, that person or corporation:

- 3.1.1 offer to subscribe for the worth of New Ordinary Shares specified in section 1 of your Offer for Subscription Application Form (or such lesser amount for which your application is accepted) at the Issue Price per New Ordinary Share on the terms, and subject to the conditions, set out in this Prospectus (including this Part 13) and the Memorandum and Articles of Incorporation of the Company;
- 3.1.2 agree that, in consideration of the Company and Numis agreeing that they will not, prior to Admission, offer for subscription any New Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked until after 31 March 2016 and shall not be revoked after Admission of such New Ordinary Shares and that this paragraph 2.2 shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Offer for Subscription Application Form;
- 3.1.3 warrant that the remittance accompanying your Offer for Subscription Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to have any New Ordinary Shares applied for in uncertificated form credited to a CREST account or to receive a share certificate for any New Ordinary Shares applied for in certificated form or to enjoy or receive any rights in respect of such New Ordinary Shares unless and until you make payment in cleared funds for such New 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 Company and the Receiving Agent 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 issue such New Ordinary Shares and may issue them to some other person(s), in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds of the remittance, once honoured, which accompanied your Offer for Subscription Application Form, without interest);
- 3.1.4 agree that the crediting to a CREST account of any New Ordinary Shares in uncertificated form to which you may become entitled may be delayed by, and that any share certificate in respect of any New Ordinary Shares in certificated form to which you or, in the case of joint applicants, any of the persons specified by you in your Offer for Subscription Application Form may become entitled and monies returnable 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 subparagraphs 9.1, 9.2, 9.6, 9.8 or 9.9 of this Part 13 or any other suspected breach of the terms and conditions of application set out in this Part 13; or
 - (iii) pending any verification of identity which is, or which the Company, or the Receiving Agent considers may be, required for the purposes of their respective money laundering obligations under the Money Laundering Regulations and any other regulations applicable thereto,
and any interest accruing on such retained monies shall accrue to and for the sole benefit of the Company;
- 3.1.5 agree, on the request of the Company or the Receiving Agent, to disclose promptly in writing to them such information as the Company and the Receiving Agent may request in connection with your application and authorise the Company and the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- 3.1.6 agree that, if evidence of identity satisfactory to the Company, and/or the Receiving Agent is not provided to the Receiving Agent within a reasonable time in the opinion of the Company following a request therefor, the Company may terminate the agreement with you to issue Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been issued to you may be re-issued and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn, or from which any electronic interbank transfer (CHAPS) was made, without interest and at your risk;
- 3.1.7 agree that you are not applying on behalf of a person engaged in money laundering;
- 3.1.8 undertake to ensure that, in the case of an Offer for Subscription Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certificate by a solicitor or notary) is enclosed with your Offer for Subscription Application Form;
- 3.1.9 undertake to pay interest at the rate described in paragraph 4.3 of this Part 13 if the remittance accompanying your Offer for Subscription Application Form is not honoured on first presentation;
- 3.1.10 authorise the Receiving Agent to credit the CREST account specified in section 5 of the Offer for Subscription Application Form with the amount of New Ordinary Shares for which your application is accepted or, if that section is not completed, send a definitive certificate in respect of the number of New Ordinary Shares for which your application is accepted by post to your address (or that of the first-named applicant) as set out in your Offer for Subscription Application Form;
- 3.1.11 agree that, in the event of any difficulties or delays in the admission of the New Ordinary Shares to CREST or the use of CREST in relation to the Issue, the Company and Numis may agree that all of the New Ordinary Shares should be issued in certificated form;
- 3.1.12 authorise the Receiving Agent to send a crossed cheque for any monies returnable (without interest) by post to your address (or that of the first-named applicant) as set out in your Offer for Subscription Application Form at your risk;
- 3.1.13 confirm that you have read and complied with paragraph 11.2 of this Part 13;
- 3.1.14 confirm that you are not a Guernsey resident or, if you are a resident in Guernsey, you understand that the New Ordinary Shares may only be promoted in Guernsey by persons licensed for the activity of promotion by the Guernsey Financial Services Commission under the POI Law or, alternatively, to those persons licensed under the POI Law, The Banking Supervision (Bailiwick of Guernsey) Law, 1994, The Insurance Business (Bailiwick of Guernsey) Law, 2002 or The Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2000;
- 3.1.15 consent to the processing of personal data given in relation to your application and acknowledge and accept that information provided by you to the Company, the Registrar, Receiving Agent or Administrator will be stored on the Registrar's, the Receiving Agent's and/or the Administrator's computer system and manually. You

acknowledge and agree that for the purposes of the Data Protection (Bailiwick of Guernsey) Law, 2001 (the "Data Protection Law") and other relevant data protection legislation which may be applicable, the Registrar, the Receiving Agent and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar, the Receiving Agent and the Administrator will only use such information for the purposes set out below, being to:

- (i) process your personal data (including sensitive personal data) as required by or in connection with your holding of New Ordinary Shares, including processing personal data in connection with credit and money laundering checks on you;
- (ii) communicate with you as necessary in connection with your affairs and generally in connection with your holding of New Ordinary Shares;
- (iii) provide personal data to such third parties as the Administrator or Receiving Agent may consider necessary in connection with your affairs and generally in connection with your holding of New Ordinary Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
- (iv) without limitation, provide such personal data to the Company, Numis, the Portfolio Manager, the AIFM, the Administrator, the Receiving Agent and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
- (v) process your personal data for the Administrator's internal administration.

In providing the Registrar, the Receiving Agent and the Administrator with information, you hereby represent and warrant to the Registrar, the Receiving Agent and the Administrator that you have obtained the consent of any data subjects to the Registrar, the Receiving Agent and the Administrator and their respective associates holding and using their personal data for the purposes (including the explicit consent of the data subject for the processing of any sensitive personal data for the Purposes set out in paragraph 2.14 (a) above). For the purposes of this Prospectus, "**data subject**", "**personal data**" and "**sensitive personal data**" shall have the meanings attributed to them in the Data Protection Law; and

3.1.16 agree that your Offer for Subscription Application Form is addressed to the Company and Numis.

3.2 Acceptance of Applications

3.2.1 In respect of those New Ordinary Shares for which your application has been received and is not rejected, acceptance of your application shall be constituted, at the election of the Company either:

- (i) by notifying the UK Listing Authority of the basis of allocation (in which case the acceptance will be on that basis); or
- (ii) by notifying acceptance thereof to the Receiving Agent.

3.2.2 The basis of allocation will be determined by the Company in consultation with Numis. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application. The right is also reserved to treat as valid any application not complying fully with these Terms and Conditions of Application under the Offer for Subscription or not in all respects completed or delivered in accordance with the instructions accompanying the Offer for Subscription Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Offer for Subscription Application Form where you have agreed with them in some other manner to apply in accordance with the terms and conditions of application in this Part 13. The Company reserves the right (but shall not be obliged) to accept Offer for Subscription Application Forms and accompanying remittances which are received through the post after 11.00am on 26 February 2016.

3.2.3 The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application monies pending clearance of successful applicant's cheques. The Company may require you to pay interest or its

other resulting costs (or both) if any cheque 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 cheque from the date on which the basis of allocation under the Offer for Subscription is publicly announced 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 2per cent. per annum.

3.2.4 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than 1,000 worth of New Ordinary Shares, or applications which are more than 1,000 but not a multiple of 100 worth of New Ordinary Shares thereafter.

3.2.5 Multiple applications are liable to be rejected. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

3.3 Conditions

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon: (i) the aggregate NAV of the total number of Ordinary Shares following completion of the Issue (that is taking into account both Realisation Elections and subscriptions for New Ordinary Shares) being not less than 100 million in aggregate, (ii) the Placing Agreement not being terminated in accordance with its terms at any time prior to Admission of the New Ordinary Shares under the Issue and (iii) Admission occurring by 8.00 a.m. on 8 March 2016 (or such later date as the Company, the Portfolio Manager and Numis may agree, being in any event not later than 8.00 a.m. on 31 March 2016). If any of these conditions is not met, the Issue will not proceed. In such circumstances application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter and an announcement to that effect will be made via a Regulatory Information Service.

3.4 Latest practicable date

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is the close of business on 27 January 2016.

3.5 Governing Law

3.5.1 Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales and Guernsey and are subject to changes therein.

3.5.2 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.

3.6 Return of Application Moneys

If any application is not accepted in whole, or is accepted in part only (as a result of any scaling back of any part of an application), or if any contract created by acceptance does not become unconditional, the application moneys or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in favour of the first-named applicant, by post at the risk of the person(s) entitled thereto. In the meantime, application moneys will be retained by the Receiving Agent in a separate account.

3.7 Warranties

By completing an Offer for Subscription Application Form, you:

3.7.1 warrant that, if you sign the Offer for Subscription 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 or corporation and that such other person or corporation will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in this Part 13 and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;

3.7.2 warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, 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 such territory or jurisdiction and that you have not taken any action or omitted to take any action which will result in the Company, Numis, the Portfolio Manager, the AIFM 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 the United Kingdom in connection with the Offer for Subscription in respect of your application;

3.7.3 confirm that, in making an application, you are relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to Admission of the New Ordinary Shares issued pursuant to the Issue and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Ordinary Shares, the Issue and/or the Placing Programme. You agree that none of the Company, the Portfolio Manager, the AIFM, Numis or the Registrar, nor any of their respective officers, agents employees, will have any liability for any other information or representation. You irrevocably and unconditionally waive any rights you may have in respect of any other information or representation;

3.7.4 agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations contained in it;

3.7.5 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 this Prospectus and any supplementary prospectus issued by the Company prior to Admission of the New Ordinary Shares issued pursuant to the Issue and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Numis, the AIFM or the Portfolio Manager;

3.7.6 warrant that you are not under the age of 18 on the date of your application;

3.7.7 agree that all documents and moneys 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 moneys to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Offer for Subscription Application Form;

3.7.8 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);

3.7.9 confirm that you have reviewed the restrictions contained in paragraph 2 of this Part 13 and warrant to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions in that paragraph;

3.7.10 you acknowledge and understand that the Company may be required to comply with international regimes for the automatic exchange of information to improve the compliance (including the US provisions known as "**FATCA**") and that the Company will comply with requirements to provide information to the Guernsey tax authority which may be passed on to other relevant tax authorities. You agree to furnish any information and documents the Company may from time to time request, including but not limited to information required; and

3.7.11 agree that you are capable, or the underlying client(s) in the case of applications on behalf of professionally-advised investors are capable themselves, of evaluating the merits and risks of an investment in the Company and have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment.

3.8 Money Laundering

3.8.1 You agree that, in order to ensure compliance with the Money Laundering Regulations and any other regulations applicable thereto the Company and/or the Receiving Agent may, at its/their absolute discretion, require verification of identify from any person lodging an Offer for Subscription Application Form who either:

- (i) tenders payment by way of banker's draft or cheque or money order drawn on, or by way of telegraphic transfer or similar electronic means from, an account in the name of another person or persons (in which case verification of your identity may be required); or
- (ii) appears to the Receiving Agent to be acting on behalf of some other person (in which case verification of or identity of any persons on whose behalf you appear to be acting may be required).

3.8.2 Failure to provide the necessary evidence or identity may result in application(s) being rejected or delays in the despatch of documents or CREST accounts being credited.

3.8.3 Without prejudice to the generality of paragraph 3.8 of this Part 13, verification of the identity of applicants will be required if the amount you wish to subscribe for New Ordinary Shares, whether in one or more applications, exceeds 10,000. If the amount you wish to subscribe for New Ordinary Shares, whether in one or more applications, exceeds 10,000 you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) of the Offer for Subscription Application Form is completed.

3.9 Overseas Investors

The attention of investors who are not resident in, or citizens of, countries other than the United Kingdom and Guernsey is drawn to paragraph 11.1 to 11.4 below:

3.9.1 The offer of New Ordinary Shares under the Offer for Subscription to persons who are resident in, or citizens of, countries other than the United Kingdom and Guernsey may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for New Ordinary Shares under the Offer for Subscription. It is the responsibility of all such persons receiving this Prospectus and/or wishing to subscribe for New Ordinary Shares under the Offer for Subscription, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territories.

3.9.2 No person receiving a copy of this Prospectus in any territory other than the United Kingdom or Guernsey may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.

3.9.3 Persons (including, without limitation, nominees and trustees) receiving this Prospectus should not distribute or send it to any U.S. Person or in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan, their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.

3.9.4 The Company reserves the right to treat as invalid any agreement to subscribe for New 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.

3.10 Miscellaneous

3.10.1 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 New Ordinary Shares and the Offer for Subscription.

3.10.2 The rights and remedies of the Company and the Receiving Agent, pursuant to this Part 13 are in addition to any rights and remedies, which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.

- 3.10.3 The Company reserves the right to delay the closing time of the Offer for Subscription from 11.00 am on 26 February 2016 by giving notice to the UK Listing Authority. In this event, the revised closing time will be published in such manner as Numis, in consultation with the Company, determines subject and having regard, to the Listing Rules, the Prospectus Rules and any other requirements of the UKLA.
- 3.10.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission of the New Ordinary Shares issued under the Issue. If such right is exercised, the Offer for Subscription will lapse and any moneys will be returned to you without interest.
- 3.10.5 You agree that Numis is acting for the Company in connection with the Issue and for no-one else and that Numis will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of New Ordinary Shares or concerning the suitability of New Ordinary Shares for you or otherwise in relation to the Offer for Subscription.
- 3.10.6 You authorise the Receiving Agent or any person authorised by it or the Company, as your agent, to do all things necessary to effect registration of any New Ordinary Shares subscribed by you into your name(s) and authorise any representatives of the Receiving Agent to execute and/or complete any document required therefor.
- 3.10.7 You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription and any non-contractual obligations arising under or in connection therewith shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
- 3.10.8 The dates and times referred to in this Part 13 may be altered by the Company so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 3.10.9 Save where the context requires otherwise, terms used in this Part 13 bear the same meaning as where used elsewhere in this Prospectus.

3.11 Joint Applicants

- 3.11.1 If you make a joint application, you will not be able to transfer your New Ordinary Shares into an ISA, SIPPS or SSAS. If you are interested in transferring your New Ordinary Shares into an ISA, SIPPS or SSAS, you should apply in your name only.
- 3.11.2 If you do wish to apply jointly, you may do so with up to three other persons. Sections 2 and 3 of the Offer for Subscription Application Form must be completed by one applicant. All other persons who wish to join in the application must complete and sign section 6 of the Offer for Subscription Application Form.
- 3.11.3 Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques and other correspondence will be sent to the address set out in the first paragraph of the Offer for Subscription Application Form.

3.12 Contact Telephone Number

Insert in section 7 of the Offer for Subscription Application Form a daytime contact telephone number, including STD, (and, if different, from the person named in section 2 of the Offer for Subscription Application Form, the name of the person to contact) in the case of any queries regarding your application.

3.13 Verification of Identity

Section 8 of the Offer for Subscription Application Form only applies if the amount you wish to subscribe for the New Ordinary Shares, whether in one or more applications, exceeds 10,000. If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

3.13.1 Professional adviser or intermediary

You should complete section 8.1 of the Offer for Subscription Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

3.13.2 Applicant identity information

Section 8.3 of the Offer for Subscription Application Form need only be completed where the amount you wish to subscribe for the New Ordinary Shares, whether in one or more applications, exceeds 10,000 and neither sections 8.1 nor 8.2 of the Offer for Subscription Application Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Offer for Subscription Application Form has been completed and signed, the Receiving Agent and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Offer for Subscription Application Form and/or to seek verification of identity of each holder and payer (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 requested in section 8.3 of the Offer for Subscription Application Form, 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.

3.14 Instructions for Delivery of Completed Offer for Subscription Application Forms

The Completed Offer for Subscription Application Form should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol B5996AH or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS138AE, so as to be received by no later than 11.00a.m. on 26 February 2016. If you post your Offer for Subscription Application Form, you are recommended to use first class post and to allow at least four Business Days for delivery. Offer for Subscription Application Forms received after 11.00a.m. on 26 February 2016 may be rejected and returned to the first-named applicant.

PART 14: TERMS AND CONDITIONS OF APPLICATION UNDER THE OPEN OFFER

1. Introduction

In the case of a joint application, references to you in these terms and conditions are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Open Offer Application Form or sending a USE Instruction in CREST.

The Record Date for entitlements under the Open Offer for Qualifying CREST Shareholders and Qualifying Non-CREST Shareholders is 28 January 2016. Open Offer Application Forms are expected to be posted to Qualifying Non-CREST Shareholders on or around 1 February 2016 and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST as soon as possible after 8:00 a.m. on 2 February 2016. The latest time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11:00 a.m. on 26 February 2016 with Admission and commencement of dealings in New Ordinary Shares expected to take place at 8:00 a.m. on 8 March 2016.

This Prospectus and, for Qualifying Non-CREST Shareholders only, the Open Offer Application Form contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of these Terms and Conditions which gives details of the procedure for application and payment for the Open Offer Shares. The attention of Overseas Shareholders is drawn to paragraph 6 of these Terms and Conditions.

The Open Offer is an opportunity for Qualifying Shareholders to apply for New Ordinary Shares *pro rata* to their current holdings at the Issue Price, in accordance with these Terms and Conditions.

The Excess Application Facility is an opportunity for Qualifying Shareholders who have applied for all of their Open Offer Entitlements to apply for additional New Ordinary Shares. The Excess Application Facility will be comprised of New Ordinary Shares that are not taken up by Qualifying Shareholders under the Open Offer pursuant to their Open Offer Entitlements or allocated to investors under the Placing and/or Offer for Subscription.

Any Qualifying Shareholder who has sold or transferred all or part of his/her registered holding(s) of Existing Ordinary Shares prior to 8:00 am on the Record Date is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for New Ordinary Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchaser(s) under the rules of the London Stock Exchange.

2. The Open Offer

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, in the Open Offer Application Form), Qualifying Shareholders are being given the opportunity to apply for any amount of New Ordinary Shares at the Issue Price (payable in full on application and free of all expenses) up to a maximum of their Open Offer Entitlement, which shall be calculated on the basis of:

1 New Ordinary Share for every 3 Ordinary Share held on the Record Date based on an indicative issue price of 101p per New Ordinary Share,*

registered in the name of each Qualifying Shareholder on the Record Date and so in proportion for any other number of Existing Ordinary Shares then registered.

Applications by Qualifying Shareholders made and accepted in accordance with these Terms and Conditions will be satisfied in full up to the amount of their individual Open Offer Entitlement.

* ● calculated as (A) the blended average of (i) the NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share, multiplied by the aggregate number of Ordinary Shares in respect of which Realisation Elections are validly made, and (ii) a 2 per cent. premium to NAV per Ordinary Share on 29 February 2016, less an amount equal to the Final Interim Dividend per Ordinary Share multiplied by the number of Ordinary Shares issued under the Issue in excess of the number of Ordinary Shares in respect of which Realisation Elections are validly made and (B) dividing such blended average by the number of New Ordinary Shares issued under the Issue; and
● assuming that 200,000,000 New Ordinary Shares are issued under the Issue, the NAV per Ordinary Share at the latest published date immediately preceding the Reorganisation Date, less an amount equal to the Final Interim Dividend per Ordinary Share if £1 and Realisation Elections are validly made in respect of 100,000,000 Ordinary.

Further information regarding the Issue Price is provided in paragraph 6 of Part 7 of this Prospectus.

Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility and investors under the Placing, the Offer for Subscription and the Placing Programme.

Qualifying Shareholders may apply to acquire less than their Open Offer Entitlement should they so wish. In addition, Qualifying Shareholders may apply to acquire Excess Shares using the Excess Application Facility. Please refer to paragraphs 4.1(c) and 4.2(c) of these terms and conditions for further details of the Excess Application Facility.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer, as will holdings under different designations and in different accounts.

If you are a Qualifying Non-CREST Shareholder, the Open Offer Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 2). Qualifying CREST Shareholders will have their Open Offer Entitlement credited to their stock accounts in CREST and should refer to paragraph 4.2 of these Terms and Conditions and also to the CREST Manual for further information on the relevant CREST procedures.

The Open Offer Entitlement, in the case of Qualifying Non-CREST Shareholders, calculated on the basis of an indicative Issue Price of 101p per New Ordinary Share, is equal to the number of New Ordinary Shares shown in Box 3 on the Open Offer Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST.

The Excess Application Facility enables Qualifying Shareholders to apply for any whole number of excess New Ordinary Shares in excess of their Open Offer Entitlement. Qualifying Non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should complete Box 6 on the Open Offer Application Form.

Excess Shares under the Excess Application Facility will be allocated to Qualifying Shareholders that have taken up all of their Open Offer Entitlements in such proportions as may be agreed by the Company and Numis. To the extent any Open Offer Shares remain unallocated pursuant to Open Offer Entitlements, such Open Offer Shares will be allocated to subscribers under the Excess Application Facility, the Placing, the Offer for Subscription and the Placing Programme.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their respective Open Offer Application Forms are not negotiable documents and cannot be traded.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by the CREST Claims Processing Unit. New Ordinary Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up New Ordinary Shares available under the Open Offer will have no rights under the Open Offer. Any New Ordinary Shares which are not applied for in respect of the Open Offer may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility or may be issued to the subscribers under the Placing, the Offer for Subscription or the Placing Programme with the proceeds retained for the benefit of the Company.

Application will be made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be credited to Qualifying CREST Shareholders' CREST accounts. The Open Offer Entitlements, calculated by reference to an indicative Issue Price of 101p per New Ordinary Share, and Excess CREST Open Offer Entitlements are expected to be credited to CREST accounts as soon as possible after 8:00 a.m. on 2 February 2016.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Open Offer Entitlements and Excess CREST Open Offer Entitlements to be admitted to CREST.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

3. Conditions and further terms of the Open Offer

The contract created by the acceptance of an Open Offer Application Form or a USE Instruction will be conditional on among other things, (i) the aggregate NAV of the total number of Ordinary Shares following completion of the Issue (that is taking into account both Realisation Elections and subscriptions for New Ordinary Shares) being not less than £100 million in aggregate, (ii) the Placing Agreement not being terminated in accordance with its terms at any time prior to Admission for New Ordinary Shares issued under the Issue and (iii) Admission occurring by 8.00 a.m. on 8 March 2016 (or such later date as the Company, the Portfolio Manager and Numis may agree, being in any event not later than 8.00 a.m. on 31 March 2016). If any of these conditions is not met, the Issue will not proceed and an announcement to that effect will be made via a Regulatory Information Service. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of New Ordinary Shares under the Open Offer held in uncertificated form. Definitive certificates in respect of New Ordinary Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in certificated form in the week commencing 21 March 2016. In respect of those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in uncertificated form, the New Ordinary Shares are expected to be credited to their stock accounts maintained in CREST on 8 March 2016.

4. Procedure for application and payment

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Open Offer Application Form in respect of your entitlement under the Open Offer or you have Open Offer Entitlements and Excess CREST Open Offer Entitlement credited to your CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted New Ordinary Shares in certificated form. Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form will be allotted New Ordinary Shares in uncertificated form to the extent that their entitlement to New Ordinary Shares arises as a result of their holding Existing Ordinary Shares in uncertificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(g) of these terms and conditions.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders who do not want to apply for the New Ordinary Shares under the Open Offer should take no action and should not complete or return the Open Offer Application Form.

4.1 If you have an Open Offer Application Form in respect of your entitlement under the Open Offer:

(a) General

Subject as provided in paragraph 6 of these terms and conditions in relation to Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Open Offer Application Form. The Open Offer Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 2. It also shows the maximum number of New Ordinary Shares for which they are entitled to apply under the Open Offer (other than the Excess Application Facility), as shown by the total number of Open Offer Entitlements allocated to them set out in Box 3. Box 4 shows how much they would need to pay if they wish to take up their Open Offer Entitlement in full calculated by reference to the indicative Issue Price of 101p per New Ordinary Share. Any fractional entitlements to New Ordinary

Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility and/or the investors under the Placing and the Offer for Subscription.

Qualifying Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Qualifying Non-CREST Shareholders may also hold such an Open Offer Application Form by virtue of a *bona fide* market claim. Qualifying Non-CREST Shareholders may also apply for Excess Shares under the Excess Application Facility by completing Box 6 of the Open Offer Application Form.

The instructions and other terms set out in the Open Offer Application Form form part of the terms of the Open Offer in relation to Qualifying Non-CREST Shareholders.

(b) *Bona fide* market claims

Applications to acquire Open Offer Shares may only be made on the Open Offer Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the Record Date. Open Offer Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 24 February 2016. The Open Offer Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the Record Date, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 9 on the Open Offer Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Open Offer Application Form should not, however be forwarded to or transmitted in or into the United States or any Restricted Territory. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Open Offer Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraphs 4.2(b) below.

(c) Excess Application Facility

Qualifying Non-CREST Shareholders wishing to apply for Excess Shares, may do so by completing Box 6 of the Open Offer Application Form. The maximum number of New Ordinary Shares to be allotted under the Excess Application Facility (the “**Maximum Excess Application Number**”) shall be limited to:

- (i) the maximum size of the Issue; less
- (ii) New Ordinary Shares issued under the Open Offer pursuant to Qualifying Shareholders’ Open Offer Entitlements;
- (iii) New Ordinary Shares issued under the Placing; and
- (iv) New Ordinary Shares issued under the Offer for Subscription. Excess Applications will therefore only be satisfied to the extent that:
 - other Qualifying Shareholders do not apply for their Open Offer Entitlements in full;
 - Numis and the Company do not allocate New Ordinary Shares to subscribers under the Placing and/or the Offer for Subscription; and
 - where fractional entitlements have been aggregated and made available under the Excess Application Facility.

Qualifying Shareholders can apply for up to the Maximum Excess Application Number of New Ordinary Shares under the Excess Application Facility. Excess Shares under the Excess Application Facility will be allocated to Qualifying Shareholders that have taken up all of their Open Offer Entitlements in such proportions as may be agreed by the Company and Numis. No assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

Excess Open Offer Entitlements will not be subject to Euroclear's market claims process. Qualifying CREST Shareholders claiming Excess Open Offer Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account.

(d) Application procedures

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the New Ordinary Shares should complete the Open Offer Application Form in accordance with the instructions printed on it. Completed Open Offer Application Forms should be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or delivered by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, in each case so as to be received as soon as possible and, in any event, by 11.00 a.m. on 26 February 2016, after which time Open Offer Application Forms will not be valid. Qualifying Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Open Offer Application Form is being sent by first-class post in the UK, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

All payments must be in pounds Sterling and made by cheque or banker's draft made payable to "CIS PLC re – TwentyFour Income Fund Limited Issue" and crossed "A/C Payee". Cheques or bankers' drafts must be in pounds Sterling and drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or bankers' drafts must bear the appropriate sort code in the top right hand corner and must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to such effect.

Cheques or bankers' drafts will be presented for payment upon receipt. No interest will be paid on payments made before they are due. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and bankers' drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or bankers' drafts are presented for payment before the conditions of the Issue are fulfilled, the application monies will be kept in a separate interest bearing bank account with any interest being retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no New Ordinary Shares will be issued pursuant to the Issue and all moneys will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable following the lapse of the Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Open Offer Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with these Open Offer Terms and Conditions. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Open Offer Application Forms received after 11:00 a.m. on 26 February 2016; or
- (ii) applications in respect of which remittances are received before 11:00 a.m. on 26 February 2016 from authorised persons (as defined in FSMA) specifying the New Ordinary Shares applied for and undertaking to lodge the Open Offer Application Form in due course but, in any event, within two Business Days.

Multiple applications are liable to be rejected. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

(e) Effect of application

By completing and delivering an Open Offer Application Form, you:

- (i) represent and warrant to the Company and Numis that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer or the Excess Application Facility, as the case may be, and to execute, deliver and exercise your rights, and perform your obligations under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agree with the Company and Numis that all applications and contracts resulting therefrom under the Open Offer and the Excess Application Facility shall be governed by and construed in accordance with the laws of England and Wales;
- (iii) confirm to the Company and Numis that in making the application you are relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to Admission of the New Ordinary Shares issued pursuant to the Issue and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Ordinary Shares, the Issue and/or the Placing Programme. You agree that none of the Company, the Portfolio Manager, the AIFM, Numis or the Registrar, nor any of their respective officers, agents employees, will have any liability for any other information or representation. You irrevocably and unconditionally waives any rights you may have in respect of any other information or representation;
- (iv) you have carefully read and understands this Prospectus in its entirety and acknowledges that you are acquiring New Ordinary Shares on the terms and subject to the conditions set out in this Part 14 and the Articles as in force at the date of Admission of the relevant New Ordinary Shares;
- (v) represent and warrant to the Company and Numis that you are the Qualifying Shareholder originally entitled to the Open Offer Entitlement and Excess Open Offer Entitlement or that you received such Open Offer Entitlement and Excess Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vi) represent and warrant to the Company and Numis that if you have received some or all of your Open Offer Entitlement and Excess Open Offer Entitlement from a person other than the Company you are entitled to apply under the Open Offer in relation to such Open Offer Entitlement and Excess Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vii) you are not a Guernsey resident or, if you are resident in Guernsey, you understand that the New Ordinary Shares may only be promoted in Guernsey by persons licensed for the activity of promotion by the Guernsey Financial Services Commission under the POI Law or, alternatively, to those persons licensed under the POI Law, The Banking Supervision (Bailiwick of Guernsey) Law, 1994, The Insurance Business (Bailiwick of Guernsey) Law, 2002 or The Regulation of Fiduciaries, Administration Business and Company Directors etc (Bailiwick of Guernsey) Law, 2000;
- (viii) request that the New Ordinary Shares, to which you will become entitled be issued to you on the terms set out in this Prospectus and the Open Offer Application Form, subject to the Memorandum of Incorporation and Articles;
- (ix) represent and warrant to the Company and Numis that you are not, nor are you applying on behalf of any Restricted Shareholder or a person in any jurisdiction in which the application for New Ordinary Shares is prevented by law and you are not applying with a view to re-offering, re-selling, transferring or delivering any of the New Ordinary Shares which are the subject of your application in the United States or to any Restricted Shareholder or a person in any jurisdiction in which the application for New Ordinary Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that you are or he or she is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-

discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer or the Excess Application Facility; and

- (x) represent and warrant to the Company and Numis that you are not, and nor are you 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.

All enquiries in connection with the procedure for application and completion of the Open Offer Application Form should be addressed to the Receiving Agent, at Computershare Investor Services PLC, Corporate Actions Projects, Bristol B599 6AH or by calling Computershare Investor Services PLC directly on 0370 707 4040 (or, if outside the UK, +44 (0) 370 707 4040). Calls may be recorded and randomly monitored for security and training purposes. However, you should note that the Receiving Agent cannot give you any investment, legal, tax or other financial advice. If you require such advice, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser.

Qualifying Non-CREST Shareholders who do not want to take up or apply for the New Ordinary Shares under the Open Offer should take no action and should not complete or return the Open Offer Application Form.

- 4.2 If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer:

- (a) General

Subject as provided in paragraph 6 of these terms and conditions in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his or her Open Offer Entitlements equal to the maximum £ worth of New Ordinary Shares for which he or she is entitled to apply to acquire under the Open Offer, calculated by reference to the indicative Issue Price of 101p per New Ordinary Share and as set out above. Entitlements to New Ordinary Shares will be rounded down to the nearest whole number and any fractional Open Offer Entitlement will therefore also be rounded down. Any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility and/or to investors under the Placing and/or the Offer for Subscription.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess CREST Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by 3.00 p.m. on 2 February 2016, or such later time and/or date as the Company may decide, an Open Offer Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess CREST Open Offer Entitlement which should have been credited to his or her stock account in CREST. In these circumstances the expected timetable as set out in this Prospectus will be adjusted as appropriate and the provisions of this Prospectus applicable to Qualifying Non-CREST Shareholders with Open Offer Application Forms will apply to Qualifying CREST Shareholders who receive such Open Offer Application Forms.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Qualifying CREST Shareholders an Open Offer Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

CREST members who wish to apply to acquire some or all of their entitlements to New Ordinary Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent, by calling Computershare Investor Services PLC directly on 0370 707 4040 (or, if outside the UK, +44 (0) 370 707 4040). Calls may be recorded and randomly monitored for security and training purposes. However, you should note that the Receiving Agent cannot give you any investment, legal, tax or other financial advice. If you require such advice, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for New Ordinary Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) Market claim

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and the Excess CREST Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) Excess Application Facility

Qualifying Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying CREST Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of these terms and conditions in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement of 50 million Excess Shares (due to CREST limits on size) in order for any applications for Excess Shares to be settled through CREST. If a Qualifying Shareholder wishes to apply for more Excess Shares, such Qualifying CREST Shareholder should contact the Receiving Agent to arrange for a further credit up to the maximum amount of New Ordinary Shares to be issued under the Excess Application Facility.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph 4.2(f) below and must not return a paper form.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

The maximum number of New Ordinary Shares to be allotted under the Excess Application Facility (the “**Maximum Excess Application Number**”) shall be limited to: (a) the maximum size of Issue; less (b) New Ordinary Shares issued under the Open Offer pursuant to Qualifying Shareholders’ Open Offer Entitlements; less (c) New Ordinary Shares issued under the Placing; less (d) New Ordinary Shares issued under the Offer for Subscription. Excess

Applications will therefore only be satisfied to the extent that: (a) other Qualifying Shareholders do not apply for their Open Offer Entitlements in full and (b) Numis and the Company does not allocate New Ordinary Shares to subscribers under the Placing and/or the Offer for Subscription.

Qualifying Shareholders can apply for up to the Maximum Excess Application Number of New Ordinary Shares under the Excess Application Facility. Excess Shares under the Excess Application Facility will be allocated to Qualifying Shareholders that have taken up all of their Open Offer Entitlements in such proportions as may be agreed by the Company and Numis. No assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full or in part or at all.

Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

All enquiries in connection with the procedure for application of Excess CREST Open Offer Entitlements should be made to the Receiving Agent, by calling Computershare Investor Services PLC directly on 0370 707 4040 (or, if outside the UK, +44 (0) 370 707 4040). Calls may be recorded and randomly monitored for security and training purposes. However, you should note that the Receiving Agent cannot give you any investment, legal, tax or other financial advice. If you require such advice, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser.

(d) USE Instructions

Qualifying CREST Shareholders who are CREST members and who want to apply for New Ordinary Shares in respect of all or some of their Open Offer Entitlements and/or Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with an amount of Open Offer Entitlements and Excess CREST Open Offer Entitlements corresponding to the amount of New Ordinary Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the amount of New Ordinary Shares referred to in (i) above.

(e) Content of USE Instruction in respect of Open Offer Entitlements.

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the amount of New Ordinary Shares for which application is being made (and hence the amount of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GG00BDGN5Y21;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 8RA27;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is TWEFINC;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the amount of New Ordinary Shares referred to in (e)(i) above;
- (viii) the intended settlement date. This must be on or before 11:00 a.m. on 8 March 2016; and

- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 26 February 2016. In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 26 February 2016 in order to be valid is 11.00 a.m. on that day.

If the Issue does not become unconditional by 8.00 a.m. on 8 March 2016 (or such later time and date as the Company, the Portfolio Manager and Numis may agree, being no later than 31 March 2016), the Issue will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

- (f) Content of USE Instruction in respect of Excess CREST Open Offer Entitlements.

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the amount of Excess Shares for which the application is being made (and hence the amount of Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of Excess CREST Open Offer Entitlement. This is GG00BDGN5Z38;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as Receiving Agent. This is 8RA27;
- (vi) the member account ID of the Receiving Agent in its capacity as Receiving Agent. This is TWEFINC;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the amount of Excess Shares referred to in paragraph (f)(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 8 March 2016; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of an Excess CREST Open Offer Entitlement under the Excess Application Facility to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 26 February 2016.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (x) a contact name and telephone number (in the free format shared note field); and
- (xi) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 26 February 2016 in order to be valid is 11:00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Issue does not become unconditional by 8:00 a.m. on 8 March 2016 (or such later time and date as the Company, the Portfolio Manager and Numis may agree, being no later than 31 March 2016), the Issue will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

(g) Deposit of Open Offer Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Open Offer Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Open Offer Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Open Offer Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Open Offer Application Form.

A holder of an Open Offer Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlement and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 26 February 2016. After depositing their Open Offer Entitlement into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Registrar, the recommended latest time for depositing an Open Offer Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Open Offer Application Form as an Open Offer Entitlement or Excess CREST Open Offer Entitlements in CREST, is 3:00 p.m. on 23 February 2016 and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements or Excess CREST Open Offer Entitlements from CREST is 4:30 p.m. on 22 February 2016 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements or Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Open Offer Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements or Excess CREST Open Offer Entitlements prior to 11:00 a.m. on 26 February 2016. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlement and the Excess CREST Open Offer Entitlement.

Delivery of an Open Offer Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Open Offer Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Registrar by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" on page 3 of the Open Offer Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not an Restricted Shareholder or a person in any jurisdiction in which the application for New Ordinary Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(h) Validity of application

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. 26 February 2016 will constitute a valid application under the Open Offer.

(i) CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his or her CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 26 February 2016. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(j) Incorrect or incomplete applications

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (ii) to treat the application as a valid application for such whole number of New Ordinary Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE Instruction,

refunding any unutilised sum to the CREST member in question (without interest).

(k) Effect of valid application

As a CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby you:

- (i) represent and warrant that you have the right, power and authority, and have taken all action necessary, to make the application under the Open Offer or the Excess Application Facility, as the case may be, and to execute, deliver and exercise your rights, and perform your obligations, under any contracts resulting therefrom and that you are not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agree to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (iii) agree that all applications and contracts resulting therefrom under the Open Offer and the Excess Application Facility shall be governed by, and construed in accordance with, the laws of England and Wales;
- (iv) confirm to the Company and Numis that in making the application you are relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to Admission of the New Ordinary Shares issued pursuant to the Issue and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Ordinary Shares and/or the Issue. You agree that none of the Company, the Portfolio Manager, the AIFM, Numis or the Registrar, nor any of their respective officers, agents employees, will have any liability for any other information or representation. You irrevocably and unconditionally waives any rights you may have in respect of any other information or representation;

- (v) represent and warrant that you are the Qualifying Shareholder originally entitled to the Open Offer Entitlement and Excess CREST Open Offer Entitlement or that you received such Open Offer Entitlement and Excess CREST Open Offer Entitlement by virtue of a *bona fide* market claim;
 - (vi) represent and warrant that you received some or all of your Open Offer Entitlement and Excess CREST Open Offer Entitlement from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlement and Excess CREST Open Offer Entitlements by virtue of a *bona fide* market claim;
 - (vii) represent and warrant that you are not a Guernsey resident or, if you are a resident in Guernsey, you understand that the New Ordinary Shares may only be promoted in Guernsey by persons licensed for the activity of promotion by the Guernsey Financial Services Commission under the POI Law or, alternatively, to those persons licensed under the POI Law, The Banking Supervision (Bailiwick of Guernsey) Law, 1994, The Insurance Business (Bailiwick of Guernsey) Law, 2002 or The Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2000;
 - (viii) subject to certain limited exceptions, request that the New Ordinary Shares to which you will become entitled be issued to you on the terms set out in this Prospectus, subject to the Memorandum of Incorporation and Articles;
 - (ix) represent and warrant that you are not, nor are you applying on behalf of any Restricted Shareholder or a person in any jurisdiction in which the application for New Ordinary Shares is prevented by law and you are not applying with a view to re-offering, re-selling, transferring or delivering any of the New Ordinary Shares which are the subject of your application in the United States or to any Restricted Shareholder or a person in any jurisdiction in which the application for New Ordinary Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he or she is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer or the Excess Application Facility; and
 - (x) represent and warrant that you are not, and nor are you 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.
- (l) Company's discretion as to the rejection and validity of applications
The Company may in its sole discretion:
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in these terms and conditions;
 - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;
 - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "**first instruction**") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 34 of the Uncertificated Securities (Guernsey) Regulations 2009 in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
 - (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member

or CREST sponsored member is unable validly to apply for New Ordinary Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

(m) Lapse of the Open Offer

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 8 March 2016 or such later time and date as the Company and Numis may agree (being no later than 31 March 2016), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies, if any, will be retained for the benefit of the Company.

5. Anti-money laundering regulations

5.1 Holders of Open Offer Application Forms

To ensure compliance with the Money Laundering Regulations, the Registrar and/or the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Open Offer Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If the Open Offer Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar or Receiving Agent. In such case, the lodging agent’s stamp should be inserted on the Open Offer Application Form.

The person lodging the Open Offer Application Form with payment and in accordance with the other terms as described above (the “**acceptor**”), including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Open Offer in respect of such amount of New Ordinary Shares as is referred to therein (for the purposes of this paragraph 5 the “**relevant New Ordinary Shares**”) shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If the Receiving Agent determines that the verification of identity requirements apply to any acceptor or application, the relevant New Ordinary Shares (notwithstanding any other term of the Open Offer and the Excess Application Facility) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither the Receiving Agent, the Registrar nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer will be returned (at the acceptor’s risk) without interest to the account of the bank or building society on which the relevant cheque or banker’s draft was drawn.

Submission of an Open Offer Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Registrar, the Receiving Agent and Numis from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));

- (ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (iv) if the aggregate subscription price for the New Ordinary Shares is less than £10,000.

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in sterling drawn on a branch in the United Kingdom of a bank or building society which bears a UK bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to "CIS PLC re – TwentyFour Income Fund Limited Issue" in respect of an application by a Qualifying Shareholder and crossed "A/C Payee". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Open Offer Application Form; or
- (ii) if the Open Offer Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, UK Crown Dependencies and the US and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Open Offer 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 Registrar. If the agent is not such an organisation, it should contact the Registrar.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Computershare Investor Services PLC directly on 0370 707 4040 (or, if outside the UK, +44 (0) 370 707 4040). Calls may be recorded and randomly monitored for security and training purposes. However, you should note that the Receiving Agent cannot give you any investment, legal, tax or other financial advice. If you require such advice, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for New Ordinary Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

If the Open Offer Application Form(s) is/are in respect of New Ordinary Shares with an aggregate subscription price of £10,000 or more and is/are lodged by hand by the acceptor in person, or if the Open Offer Application Form(s) in respect of New Ordinary Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11:00 a.m. on 26 February 2016, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST

If you hold your Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for New Ordinary Shares in respect of all or some of your Open Offer Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a UK

regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction (which on its settlement constitutes a valid application as described above) constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the New Ordinary Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the New Ordinary Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6. Overseas Shareholders

This Prospectus has been approved by the FCA, being the competent authority in the United Kingdom.

Accordingly, the making of the Open Offer and the Excess Application Facility to persons resident in, or who are citizens of, or who have a registered address in, countries other than the United Kingdom may be affected by the law or regulatory requirements of the relevant jurisdiction.

The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

6.1 General

The distribution of this Prospectus and the making of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or agents, custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for New Ordinary Shares under the Open Offer or the Excess Application Facility.

No action has been or will be taken by the Company, the AIFM, the Portfolio Manager, Numis, or any other person, to permit a public offering or distribution of this Prospectus (or any other offering or publicity materials or Open Offer Application Form(s) relating to the New Ordinary Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this Prospectus and/or an Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus and/or the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed. Open Offer Application Forms will not be sent to, and Open Offer Entitlements and Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of, persons with registered addresses in the United States or other Restricted Territory or their agent or intermediary, except where the Company and the AIFM are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Prospectus and/or an Open Offer Application Form in any territory other than the United Kingdom and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Open Offer Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory in which the Open Offer

Application Form is received or in which the person is resident or located, such an invitation or offer could lawfully be made to him or her and such Open Offer Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this Prospectus and/or the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed. It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for New Ordinary Shares under the Open Offer or the Excess Application Facility to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Numis, the AIFM, the Portfolio Manager nor any of their respective representatives, is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this Prospectus and/or an Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with the Open Offer, the Excess Application Facility or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this Prospectus and/or an Open Offer Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for New Ordinary Shares in respect of the Open Offer or the Excess Application Facility unless the Company, the AIFM, the Portfolio Manager and Numis determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this Prospectus and/or an Open Offer Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of these terms and conditions and specifically the contents of this paragraph 6.

The Company reserves the right to treat as invalid any application or purported application for New Ordinary Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or an Restricted Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of New Ordinary Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be, in the United States or a Restricted Territory or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to paragraphs 6.2 to 6.6 below.

Notwithstanding any other provision of this Prospectus or the Open Offer Application Form, the Company and the AIFM reserve the right to permit any person to apply for New Ordinary Shares in respect of the Open Offer and/or the Excess Application Facility if the Company and the AIFM, in their sole and absolute discretion, are satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for New Ordinary Shares should note that payment must be made in sterling denominated cheques or bankers' drafts or where such Overseas Shareholder is a Qualifying CREST Shareholder, through CREST.

Due to restrictions under the securities laws of the United States and the other Restricted Territories, Shareholders in the United States or who have registered addresses in, or who are US

Persons (within the meaning of Regulation S of the US Securities Act) or who are resident or ordinarily resident in, or citizens of (as applicable), any Restricted Territory will not qualify to participate in the Open Offer or the Excess Application Facility and will not be sent an Open Offer Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.

The New Ordinary Shares have not been and will not be registered under the relevant laws of the United States or any other Restricted Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into the United States or any other Restricted Territory or to, or for the account or benefit of, any US Person or any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any other Restricted Territory except pursuant to an applicable exemption.

No public offer of New Ordinary Shares is being made by virtue of this Prospectus or the Open Offer Application Forms into the United States or any other Restricted Territory.

Receipt of this Prospectus and/or an Open Offer Application Form and/or a credit of an Open Offer Entitlement or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus and/or the Open Offer Application Form must be treated as sent for information only and should not be copied or redistributed.

6.2 The United States

None of the New Ordinary Shares, the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements have been or will be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and the New Ordinary Shares may not be offered, sold, taken up, exercised, resold, renounced, transferred, distributed or delivered, directly or indirectly, within the United States or to US Persons (within the meaning of Regulation S of the Securities Act). There will be no public offer of the New Ordinary Shares or Existing Ordinary Shares in the United States.

Accordingly, the Open Offer is not being made in the United States or to US Persons and none of this Prospectus, the Open Offer Application Form nor the crediting of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST constitutes or will constitute an offer, or an invitation to apply for, or an offer or invitation to acquire any New Ordinary Shares in the United States. This Prospectus will not be sent to any Shareholder with a registered address or who is otherwise located in the United States.

Any person who acquires New Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Prospectus and/or the Open Offer Application Form or by applying for New Ordinary Shares in respect of Open Offer Entitlements or Excess CREST Open Offer Entitlements credited to a stock account in CREST and delivery of the New Ordinary Shares or Excess Shares, that (1) they are not, and that at the time of acquiring the New Ordinary Shares they will not be, in the United States or applying for New Ordinary Shares on behalf of, or for the account of, persons in the United States unless (a) the instruction to apply was received from a person outside the United States and (b) the person giving such instruction has confirmed that (i) it has authority to give such instruction and (ii) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the New Ordinary Shares in an "offshore transaction" within the meaning of Regulation S, and (2) they are not applying for the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any New Ordinary Shares into the United States; and (3) they are not a US Person or acquiring the New Ordinary Shares on behalf of a US Person.

The Company reserves the right to treat as invalid any Open Offer 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 acceptance of the Open Offer, or where the Company believes such acceptance may infringe applicable legal or regulatory requirements. The Company will not be bound to allot or issue any New Ordinary Shares to any person or to any person who is acting on behalf of, or for the account or benefit of, any person on a non-discretionary basis with an address in, or who is otherwise located in, the United States or who is a US Person in whose favour an Open Offer Application Form or any New Ordinary Shares may be transferred. In addition, the Company reserves the right to reject any instruction sent by or on behalf of any CREST Member with a registered address or who is otherwise located in the United

States in respect of New Ordinary Shares or who does not make the above warranty. Any payment made in respect of Open Offer Application Forms under any of these circumstances will be returned without interest.

6.3 Restricted Territories

Due to restrictions under the securities laws of the Restricted Territories, Shareholders who have a registered address in, or who are resident or ordinarily resident in, or citizens of, any Restricted Territory, will not qualify to participate in the Open Offer or under the Excess Application Facility and will not be sent an Open Offer Application Form nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess CREST Open Offer Entitlements.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any Restricted Territory or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any Restricted Territory or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Territory except pursuant to an applicable exemption.

No offer of New Ordinary Shares or Excess Shares is being made by virtue of this Prospectus or the Open Offer Application Forms into any Restricted Territory.

6.4 Overseas territories other than Restricted Territories

Open Offer Application Forms will be sent to Qualifying Non-CREST Shareholders and Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to the stock account in CREST of Qualifying CREST Shareholders. Qualifying Shareholders in jurisdictions other than the United States or the other Restricted Territories may, subject to the laws of their relevant jurisdiction, take up New Ordinary Shares under the Open Offer or the Excess Application Facility in accordance with the instructions set out in this Prospectus and the Open Offer Application Form. Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, countries other than the United Kingdom should, however, consult appropriate professional advisers as to whether they require any governmental or other consents or need to observe any further formalities to enable them to apply for any New Ordinary Shares in respect of the Open Offer or any Excess Shares under the Excess Application Facility.

6.5 Representations and warranties relating to Overseas Shareholders

(a) Qualifying Non-CREST Shareholders

Any person completing and returning an Open Offer Application Form or requesting registration of the New Ordinary Shares represents and warrants to the Company, Numis, the Receiving Agent and the Registrar that, except where proof has been provided to the Company's satisfaction that such person's use of the Open Offer Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant New Ordinary Shares from within the United States or any Restricted Territory; (ii) such person is not a US Person (within the meaning of Regulation S under the US Securities Act); (iii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire New Ordinary Shares in respect of the Open Offer or Excess Application Facility or to use the Open Offer Application Form in any manner in which such person has used or will use it; (iv) such person is not acting on a non-discretionary basis for a US Person or for a person located within any Restricted Territory (except as agreed with the Company) or any territory referred to in (iii) above at the time the instruction to accept was given; and (v) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into any of the above territories. The Company, the Receiving Agent and/or the Registrar may treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in an Open Offer Application Form or of Excess Shares under the Excess Application Facility if it:

- (i) appears to the Company or its agents to have been executed, effected or dispatched from the United States or another Restricted Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or
- (ii) provides an address in the United States or another Restricted Territory for delivery of the share certificates of New Ordinary Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or

(iii) purports to exclude the warranty required by this sub-paragraph (a).

(b) Qualifying CREST Shareholders

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in these terms and conditions represents and warrants to the Company, Numis, the Receiving Agent and the Registrar that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) he or she is not accepting within the United States or any Restricted Territory; (ii) he or she is not a US Person (within the meaning of Regulation S under the US Securities Act); (iii) he or she is not accepting in any territory in which it is unlawful to make or accept an offer to acquire New Ordinary Shares; (iv) he or she is not accepting on a non-discretionary basis for a US Person or for a person located within any Restricted Territory (except as otherwise agreed with the Company) or any territory referred to in (iii) above at the time the instruction to accept was given; and (v) he or she is not acquiring any New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into any of the above territories.

6.6 Waiver

The provisions of this paragraph 6 and of any other terms of the Open Offer and the Excess Application Facility relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by the Company, the Portfolio Manager, the AIFM and Numis in their absolute discretion. Subject to this, the provisions of this paragraph 6 supersede any terms of the Open Offer and the Excess Application Facility inconsistent herewith. References in this paragraph 6 to Shareholders shall include references to the person or persons executing an Open Offer Application Form and, in the event of more than one person executing an Open Offer Application Form, the provisions of this paragraph 6 shall apply to them jointly and to each of them.

7. Admission, settlement and dealings

The results of the Open Offer, the Placing and the Offer for Subscription are expected to be announced on 4 March 2016. Applications will be made to the FCA for the New Ordinary Shares to be issued pursuant to the Issue to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market. It is expected that Admission will become effective and that dealings in the New Ordinary Shares, fully paid, will commence at 8.00 a.m. on 8 March 2016.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11:00 a.m. on 26 February 2016 (the latest date for applications under the Open Offer and the Excess Application Facility). If the condition(s) to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to send Qualifying CREST Shareholders an Open Offer Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Open Offer Application Form, share certificates in respect of the New Ordinary Shares validly applied for are expected to be despatched by post in the week commencing 21 March 2016. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the share register of the Company. All documents or remittances sent by or to applicants, or as they

may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to paragraph 4.1 above and their respective Open Offer Application Form.

8. Times and dates

The Company shall, in agreement with Numis and after consultation with the Portfolio Manager and its financial and legal advisers, be entitled to amend the dates that Open Offer Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this Prospectus and in such circumstances shall notify the FCA, and make an announcement on a Regulatory Information Service and, if appropriate, notify Shareholders. However, Qualifying Shareholders may not receive any further written communication. If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this Prospectus, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

9. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this Prospectus, the Open Offer Application Form and any non-contractual obligation arising out of or in connection therewith shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this Prospectus or the Open Offer Application Form. By taking up New Ordinary Shares in accordance with the instructions set out in this Prospectus and, where applicable, the Open Offer Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive 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.

10. Further information

Your attention is drawn to the further information set out in this Prospectus and also, in the case of Qualifying Non-CREST Shareholders and other Qualifying Shareholders to whom the Company has sent Open Offer Application Forms, to the terms, conditions and other information printed on the Open Offer Application Form.

DIRECTORS, PORTFOLIO MANAGER, AIFM, DEPOSITARY, ADMINISTRATOR AND ADVISERS

Directors

Trevor Ash (Chairman)
Ian Burns
Jan Etherden
Richard Burwood

All of PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

Registered Office of the Company

PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

Website of the Company

www.twentyfourincomefund.com

Portfolio Manager

TwentyFour Asset Management LLP
24 Cornhill
London EC3V 3ND
Telephone: +44 20 7015 8900
Website: www.twentyfouram.com

Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

Depositary Principal Banker

Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3DA
Website: www.northerntrust.com

Regulated by the Guernsey Financial Services Commission under the POI Law

Administrator and Company Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL
Website: www.northerntrust.com

Regulated by the Guernsey Financial Services Commission under the POI Law

Sponsor, Broker and Financial Adviser

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

UK Legal Advisers to the Company

Eversheds LLP
One Wood Street
London EC2V 7WS

Guernsey Legal Advisers to the Company

Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Legal Advisers to Numis

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

Auditor and Reporting Accountants

PricewaterhouseCoopers CI LLP
PO Box 321
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey GY1 4ND

Registrars

Computershare Investor Services (Guernsey) Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey GY1 1DB

Receiving Agent

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

OFFER FOR SUBSCRIPTION APPLICATION FORM

NOTES ON HOW TO COMPLETE THE OFFER FOR SUBSCRIPTION APPLICATION FORM

Before completing the Offer for Subscription Application Form, ALL APPLICANTS should read notes 1-5, 7, 8 and 9 of this Offer for Subscription Application Form. JOINT APPLICANTS should also read note 6 of this Offer for Subscription Application Form.

1. Application

Fill in (in figures) in the box in section 1 of the Offer for Subscription Application Form the amount of New Ordinary Shares that you wish to apply for under the Offer for Subscription. Your application must be for a minimum of £1,000 worth of New Ordinary Shares and thereafter in multiples of £100 worth of New Ordinary Shares.

2. Personal Details

Fill in (in BLOCK CAPITALS) the full name and address of the applicant. If your application is being made jointly with other persons, please read note 6 of this Offer for Subscription Application Form before completing section 2 of the Offer for Subscription Application Form.

3. Signature

The applicant named in section 2 of the Offer for Subscription Application Form must date and sign section 3 of the Offer for Subscription Application Form.

The Offer for Subscription Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

4. How to Pay

The aggregate value of your application is the amount inserted in the box in section 1 of the Offer for Subscription Application Form, expressed in pounds Sterling. Payment must be made by cheque or bankers' draft or by electronic interbank transfer (CHAPS). Payment by cheque or bankers' draft must be in pounds Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or banker drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account on the individual investor where they have a sole or joint title to the funds (the account name should be the same as that shown on the Offer for Subscription Application Form), must be made payable to "CIS PLC re-TwentyFour Income Fund Limited Issue" and crossed "A/C Payee". Third party cheques may not be accepted with the exception of building society cheques or banker drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker draft to such effect.

Payment by CHAPS must be accompanied by a personalised payment reference number which may be obtained by contacting Computershare Investor Services PLC directly on TwentyFour@computershare.co.uk. Payment by CHAPS must come from a personal account in the name of the individual investor where they have sole or joint title to the funds (the account name should be the same as that shown on section 2 of the Offer for Subscription Application Form).

Completed Offer for Subscription Application Forms accompanied by a cheque or banker's draft for the full amount due or indicating that CHAPS payment for the full amount has been made, must be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) delivered by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, in each case so as to be received as soon as possible and, in any event, by 11.00 a.m. on 26 February 2016.

If you use a building society cheque or banker's draft you should ensure that the building society or bank 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. Your cheque or banker's draft must be drawn in Sterling on an account at a bank branch in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number.

Your payment must relate solely to your Offer for Subscription Application Form. No receipt will be issued.

5. CREST

If you wish to register your New Ordinary Shares directly into your CREST account you should insert the relevant details in section 5 of the Offer for Subscription Application Form. If you do not complete section 5, you will receive your Ordinary Shares in certificated form.

6. Joint Applicants

If you do wish to apply jointly, you may do so with up to three other persons. Sections 2 and 3 of the Offer for Subscription Application Form must be completed by one applicant. All other persons who wish to join in the application must complete and sign section 6 of the Offer for Subscription Application Form.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques and other correspondence will be sent to the address in section 2 of the Offer for Subscription Application Form.

7. Contact Telephone Number

Insert in section 7 of the Offer for Subscription Application Form a daytime contact telephone number, including STD, (and, only if different from the person named in section 2 of the Offer for Subscription Application Form, the name of the person to contact) in case of any queries regarding your application.

8. Verification of Identity

Section 8 of the Offer for Subscription Application Form only applies if the amount you wish to subscribe for New Ordinary Shares, whether in one or more applications, exceeds £10,000. If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

8.1 Professional Adviser or Intermediary

You should complete section 8.1 of the Offer for Subscription Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

8.2 Reliable Introducer

If you are not a professional adviser or intermediary and the value of your application(s) exceed(s) £10,000, you will be required to provide the verification of identity documents listed in section 8.3 of the Offer for Subscription Application Form unless you can have the declaration set out in section 8.2 of the Offer for Subscription Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Section 8.2 of the Offer for Subscription Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Offer for Subscription Application Forms are processed timely and efficiently, all applicants who are not professional advisers or intermediaries and to whose applications section 8 of the Offer for Subscription Application Form applies are strongly advised to have the declaration set out in section 8.2 of the Offer for Subscription Application Form completed and signed by a suitable firm where possible.

8.3 Applicant Identity Information

Section 8.3 of the Offer for Subscription Application Form need only be completed where the amount you wish to subscribe for New Ordinary Shares, whether in one or more applications, exceeds £10,000 and neither sections 8.1 nor 8.2 of the Offer for Subscription Application Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Offer for Subscription Application Form has been completed and signed, the Receiving Agent and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Offer for Subscription Application Form 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 requested in section 8.3 of the Offer for Subscription Application Form, 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.

9. Instructions for Delivery of Completed Offer for Subscription Application Forms

Completed Offer for Subscription Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and, in any event, by no later than 11:00 a.m. on 26 February 2016. If you post your Offer for Subscription Application Form, you are recommended to use first class post and to allow at least four Business Days for delivery. Offer for Subscription Application Forms received after 11:00 a.m. on 26 February 2016 may be rejected and returned to the first-named applicant.

APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION

Please return this form, duly completed, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) by hand to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received no later than 11.00 a.m. on 26 February 2016).

IMPORTANT: Before completing this form, you should read the notes set out on pages 159 to 161 of this of the Prospectus. All applicants must complete sections 1 to 4 of this Offer for Subscription Application Form. Joint applicants should also complete section 6 of this Offer for Subscription Application Form. If your application is for more than £10,000, section 8.1, 8.2 or 8.3 (as appropriate) must also be completed.

If you have a query concerning completion of this Offer for Subscription Application Form, please call Computershare Investor Services PLC on 0370 707 4040 (or, if outside the UK, +44 (0) 370 707 4040). Calls may be recorded and randomly monitored for security and training purposes. However, you should note that the Receiving Agent cannot give you any investment, legal, tax or other financial advice. If you require such advice, you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser.

To: TwentyFour Income Fund Limited

1. Application

I/We, the person(s) detailed in section(s) 2 and, in the case of joint applicants, 6 below, offer to subscribe for the £ worth of New Ordinary Shares specified in the box below divided by the Issue Price, with fractions rounded down to the nearest whole number. I/We understand that the maximum amount of New Ordinary Shares that we could receive under the Offer for Subscription will be the £ worth of New Ordinary Shares specified in the box below, subject to the terms and conditions of application set out in Part 13 of the prospectus dated 29 January 2016 (the "**Prospectus**") and subject to the Memorandum and Articles of Incorporation of the Company.

| |
|--|
| |
|--|

(Write, in figures, the aggregate amount of New Ordinary Shares that you wish to apply for – a minimum of £1,000 worth of New Ordinary Shares and thereafter in multiples of £100 worth)

2. Personal Details (Complete in BLOCK CAPITALS)

| | |
|-------------------------------------|--------------------|
| <i>(Mr, Mrs, Miss, Ms or title)</i> | <i>(Surname)</i> |
| <i>(Forename(s), in full)</i> | |
| <i>(Address, in full)</i> | |
| | |
| | <i>(Post code)</i> |

3. Signature

| | |
|--------------------|--------------------|
| <i>(Signature)</i> | <i>(Date)</i> 2016 |
|--------------------|--------------------|

4. Form of Payment

4.1 Cheque or Banker's Draft

- If you are paying by cheque or banker's draft, please check the box beside this paragraph 4.1 and pin your cheque or banker's draft here. Your cheque or banker's draft must be for the amount in pounds Sterling shown in the box in section 1 made payable to "CIS PLC re – TwentyFour Income Fund Limited Issue" and crossed "A/C Payee". Your payment must relate solely to this Offer for Subscription Application Form. No receipt will be issued. The right is reserved to reject any Offer for Subscription Application Form in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation.)*



4.2 Electronic Interbank Transfer (CHAPS)

(If you are paying by electronic interbank transfer please check the box beside this paragraph 4.2.)

4.3 Payor, if not applicant

| | |
|----------------|--------------------|
| (Contact name) | (Telephone number) |
|----------------|--------------------|

5. CREST Details (Only complete this section 5 if you wish to register the New Ordinary Shares issued pursuant to your application directly into your CREST account)

| | |
|------------------------|---------------------------|
| (CREST Participant ID) | (CREST Member Account ID) |
|------------------------|---------------------------|

6. Joint Applicants (Where the application is being made jointly by more than one person, the proposed first-named holder should complete sections 2 and 3 above, and all other applicants (subject to a maximum of three) must complete in BLOCK CAPITALS and sign this section 6)

| | | |
|------------------------------|------------------------------|------------------------------|
| (Mr, Mrs, Miss, Ms or title) | (Mr, Mrs, Miss, Ms or title) | (Mr, Mrs, Miss, Ms or title) |
| (Surname) | (Surname) | (Surname) |
| (Forename(s), in full) | (Forename(s), in full) | (Forename(s), in full) |
| (Address) | (Address) | (Address) |
| (Post code) | (Post code) | (Post code) |
| (Signature) | (Signature) | (Signature) |

7. Contact Telephone Number

| |
|--------------------|
| (Telephone number) |
| (Contact name) |

(Insert a daytime contact telephone number (and, only if different from the person named in section 2 above, the name of the person to contact in case of any queries regarding your application)

8. Verification of Identity (If the amount you wish to subscribe for New Ordinary Shares, whether in one or more applications, exceeds £10,000, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed)

8.1 Professional Advisers and Intermediaries (This section 8.1 should be completed if an application for New Ordinary Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser)

| | |
|---|--------------------|
| (Name of professional adviser or intermediary, in full) | |
| (Address, in full) | |
| | (Post code) |
| (Contact name) | (Telephone number) |

Declaration by the professional adviser or intermediary

To: TwentyFour Income Fund Limited and Computershare Investor Services PLC

We are a financial adviser authorised under the Financial Services and Markets Act 2000 applying for New Ordinary Shares on behalf of one or more clients (“**relevant clients**”). As such, we hereby undertake to:

- 8.1.1 complete anti-money laundering verification of all relevant clients and to inform you of any unsatisfactory conclusion in respect of any such client;
- 8.1.2 to keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
- 8.1.3 to supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and our reference or other official number allocated to us by that body is included in the box below).

| | |
|--|---|
| <i>(Full name and country of operation of regulatory or professional body)</i> | |
| | <i>(Reference or other official number)</i> |

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this section 8.1.

| | | |
|-------------------------|------|---------------------------------|
| <i>(Date)</i> | 2016 | <i>(Official stamp, if any)</i> |
| <i>(Signature)</i> | | |
| <i>(Full name)</i> | | |
| <i>(Title/position)</i> | | |

8.2 **Reliable Introducer** (If you are not a professional adviser or intermediary to whom section 8.1 applies, completion and signing of declaration in this section 8.2 by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 8.3 of this Offer for Subscription Application 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 the operation of “know your customer” and anti-money laundering regulations no less stringent than those which prevail in Guernsey. Acceptable countries include Austria, Belgium, Bulgaria, Canada, Cayman Islands, Cyprus, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Jersey, Hong Kong, Iceland, Isle of Man, Italy, Japan, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, Republic of South Africa, Republic of Ireland, Singapore, Spain, Sweden, Switzerland and the United Kingdom.)

Declaration by the firm

To: TwentyFour Income Fund Limited and Computershare Investor Services PLC

With reference to the applicant(s) detailed in section(s) 2 and, in the case of joint applicants, 6 above, all persons signing sections 3 and 6 above and the payor identified in section 4 above if not also an applicant holder (collectively the “**relevant persons**”), we hereby declare that:

- 8.2.1 we operate in one of the above-mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in Guernsey;
- 8.2.2 we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;



- 8.2.3 each of the relevant persons 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;
- 8.2.4 we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in sections 2 and, in the case of joint applicants, 6 above and, if details of a CREST account are included in section 5 above, that the owner thereof is the applicant named in section 2 above;
- 8.2.5 having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the New Ordinary Shares to which this application relates; and
- 8.2.6 where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(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 the firm or its officials.

| | | |
|------------------|------|--------------------------|
| (Date) | 2016 | (Official stamp, if any) |
| (Signature) | | |
| (Full name) | | |
| (Title/position) | | |

having authority to bind the firm, the details of which are set out below:

| | |
|-------------------------|--------------------|
| (Name of firm, in full) | |
| (Address, in full) | |
| | (Post code) |
| (Contact name) | (Telephone number) |

| | |
|---|---|
| (Full name of firm's regulatory authority) | |
| (Website address or telephone number of regulatory authority) | (Firm's registered, licence or other official number) |

8.3 Applicant Identity Information (Only complete this section 8.3 if your application has a value greater than £10,000 and neither of sections 8.1 and 8.2 can be completed).

In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided (please note that the Receiving Agent and the Company reserve the right to ask for additional documents and information).

| | Tick here for documents provided | | | | |
|---|----------------------------------|---|---|---|-------|
| | Applicant | | | | Payor |
| | 1 | 2 | 3 | 4 | |
| A. For each applicant who is an individual enclose: | | | | | |
| (i) a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and | | | | | |
| (ii) certified copies of at least two of the following documents which purport to confirm that the address(es) given in section 2 and, in the case of joint applicants, section 6 is the applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and | | | | | |
| (iii) if none of the above documents show their date and place of birth, enclose a note of such information; and | | | | | |
| (iv) details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary. | | | | | |
| B. For each holder being a company (a "holder company") enclose: | | | | | |
| (i) a certified copy of the certificate of incorporation of the holder company; and | | | | | |
| (ii) the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and | | | | | |
| (iii) a statement as to the nature of the holder company's business, signed by a director; and | | | | | |
| (iv) a list of the names and residential addresses of each director of the holder company; and | | | | | |
| (v) for each director provide documents and information similar to that mentioned in A above; and | | | | | |
| (vi) a copy of the authorised signatory list for the holder company; and | | | | | |
| (vii) a list of the names and residential/registered addresses 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 enclose the documents and information referred to in 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 individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv) | | | | | |
| D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose: | | | | | |
| (i) a certificated copy of the certificate of incorporation of that beneficiary company; and | | | | | |
| (ii) a statement as to the nature of that beneficiary company's business signed by a director; and | | | | | |
| (iii) the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and | | | | | |
| (iv) enclose 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 an applicant 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 4 on how to complete this form) enclose: | | | | | |
| (i) if the payor is a person, for that person the documents mentioned in A(i) to (iv); or | | | | | |
| (ii) if the payor is a company, for that person the documents mentioned in B(i) to (vii); and | | | | | |
| (iii) an explanation of the relationship between the payor and the applicant(s). | | | | | |



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www.twentyfourincomefund.com

PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 3QL

