

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take or the contents of this Prospectus, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom. Potential investors should read this entire document and in particular also consider the risk factors relating to the Company set out on pages 8 to 21 of this Prospectus.

A copy of this document, which comprises a prospectus relating to TwentyFour Income Fund Limited (the “Company”), has been prepared in accordance with the UK version of the EU Prospectus Regulation (2017/1129) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time (including, but not limited to, by the UK Prospectus Amendment Regulations 2019 and The Financial Services and Markets Act 2000 (Prospectus) Regulations 2019)) (the “UK Prospectus Regulation”) and the prospectus regulation rules of the Financial Conduct Authority (the “FCA”) (the “Prospectus Regulation Rules”) and the Guernsey Prospectus Rules and Guidance, 2021. This Prospectus has been approved by the FCA, as the competent authority under the UK Prospectus Regulation, and the FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Accordingly, such approval should not be considered as an endorsement of the issuer, or of the quality of the securities, that are the subject of this Prospectus; investors should make their own assessment as to the suitability of investing in the Shares.

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the Registered Collective Investment Scheme Rules and Guidance, 2021 issued by the Guernsey Financial Services Commission (the “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, the Company’s designated administrator.

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## **TWENTYFOUR INCOME FUND LIMITED**

*(a non-cellular company limited by shares incorporated in 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)*

### **Issue of Ordinary Shares pursuant to a scheme of reconstruction of UK Mortgages Limited**

**Placing Programme of up to 150 million Ordinary Shares of 1p each  
Admission to the Official List and trading on the London Stock Exchange’s  
main market for listed securities of Ordinary Shares of 1p each  
and Realisation Shares of 1p each**

*Broker, Financial Adviser and Bookrunner*

**Numis Securities Limited**

*Sponsor*

**BDO LLP**

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Neither the GFSC nor the States of Guernsey 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 32 of this Prospectus, and the Directors, whose names appear on page 32 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

In accordance with the Guernsey Prospectus Rules and Guidance, 2021, the Directors have taken all reasonable care to ensure that the facts stated in this document 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 this document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

Applications will be made in due course to the Financial Conduct Authority for any 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. Applications will also be made to the London Stock Exchange for all such Ordinary Shares and Realisation Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that: (i) Admission of Ordinary Shares issued pursuant to the Scheme will occur, and that unconditional dealings in such shares will commence, at 8.00 a.m. on or around 24 March 2022; and (ii) Admissions of Ordinary Shares in respect of the Placing Programme will become effective, and that dealings for normal settlement will take place, between 25 March 2022 and 2 March 2023. The International Security Identification Number (ISIN) for the Ordinary Shares admitted to listing and trading is: GG00B90J5Z95 and for the Realisation Shares admitted to listing and trading will be: GG00BN95D293.

Prospective investors should read this entire document and, in particular, the matters set out under the heading "Risk Factors" on pages 8 to 21, 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.

BDO LLP ("**BDO**"), 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 its clients or for advising any such person in connection with the issue of Ordinary Shares as described in this Prospectus.

Numis Securities Limited ("**Numis**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and UKML and for no one else in connection with the issue of Ordinary Shares as described in this Prospectus and the proposals as described in the UKML Circular and will not regard any other person (whether or not a recipient of this Prospectus or the UKML Circular) as its client and will not be responsible to anyone other than the Company and UKML 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 or with the contents of the UKML Circular, or any transaction or arrangement referred to in this Prospectus or the UKML Circular.

Apart from the responsibilities and liabilities, if any, which may be imposed on either of BDO or Numis by FSMA or the regulatory regime established thereunder, neither BDO or Numis accepts any responsibility whatsoever for the contents of this Prospectus, the UKML Circular 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. Each of BDO and 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, the UKML Circular 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, BDO or Numis 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, Japan or any EEA member state 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, Japan or any EEA member state 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, Japan or any EEA member state is drawn to paragraph 15 of Part 9 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 Ordinary 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 the UK Prospectus Regulation. No arrangement has however been made with the competent authority in any EEA member 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.

Maitland Institutional Services 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 Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773).

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

3 March 2022

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## SUMMARY

<b>1.</b>	<b>Introduction and warnings</b>						
<b>a.</b>	<b>Name and ISIN of securities</b>						
	The ISIN of the Ordinary Shares to be issued pursuant to the Scheme and under the Placing Programme is GG00B90J5Z95 and the SEDOL is B90J5Z9. The ticker for the Ordinary Shares is TFIF. The ISIN of the Realisation Shares (if any are issued in connection with the Realisation) will be GG00BN95D293 and the SEDOL will be BN95D29. The ticker for the Realisation Shares will be TFIR.						
<b>b.</b>	<b>Identity and contact details of the issuer</b>						
	Name: TwentyFour Income Fund Limited, incorporated in Guernsey with registered number 56128 Address: PO Box 255, Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL Tel: +44 1481 745 001 Legal Entity Identifier (LEI): 549300CCEV00IH2SU369						
<b>c.</b>	<b>Identity and contact details of the competent authority</b>						
	Name: Financial Conduct Authority Address: 12 Endeavour Square, London, E20 1JN, United Kingdom Tel: +44 (0) 20 7066 8348						
<b>d.</b>	<b>Date of approval of this Prospectus</b>						
	3 March 2022						
<b>e.</b>	<b>Warnings</b>						
	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on a consideration of this Prospectus as a whole by the investor. The investor could lose all or part of its invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.						
<b>2.</b>	<b>Key information on the issuer</b>						
<b>a.</b>	<b>Who is the issuer of the securities?</b>						
i.	<b>Domicile and legal form, LEI, applicable legislation and country of incorporation</b> The Company was incorporated as a non-cellular company limited by shares in Guernsey under the Law on 11 January 2013 with registered number 56128 as a closed-ended investment company. The Company's LEI is 549300CCEV00IH2SU369. The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the Registered Collective Investment Scheme Rules and Guidance, 2021 issued by the GFSC.						
ii.	<b>Principal activities</b> The Company's principal activity is to invest in a diversified portfolio of predominantly UK and European Asset Backed Securities. The Company's investment objective is to generate attractive, risk-adjusted returns, principally through income distributions.						
iii.	<b>Major Shareholders</b> As at the close of business on 1 March 2022, being the latest practicable date prior to publication of this Prospectus, insofar as is known to the Company, the following registered holdings representing a direct or indirect interest of five per cent. or more of the Company's issued share capital were recorded on the Company's share register: <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Name of shareholder</th> <th style="text-align: right; border-bottom: 1px solid black;">Number of Ordinary Shares held</th> <th style="text-align: right; border-bottom: 1px solid black;">Percentage of issued share capital (including treasury shares)</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Chase Nominees Limited</td> <td style="text-align: right;">33,532,675</td> <td style="text-align: right;">6.12%</td> </tr> </tbody> </table> Save as disclosed in this section, the Company is not aware of any person who, as at the date of this Prospectus, directly or indirectly has a holding which is notifiable under applicable law or who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.	Name of shareholder	Number of Ordinary Shares held	Percentage of issued share capital (including treasury shares)	Chase Nominees Limited	33,532,675	6.12%
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Chase Nominees Limited	33,532,675	6.12%					
iv.	<b>Directors</b> The directors of the Company, all of whom are non-executive and independent of the Portfolio Manager, are Trevor Ash (Chair), Ian Burns, Richard Burwood, Joanne Fintzen, John de Garis and John Le Poidevin.						

v.	<b>Statutory auditors</b> PricewaterhouseCoopers CI LLP, whose registered address is at PO Box 321, Royal Bank Place, 1 Gategny Esplanade, St Peter Port, Guernsey GY1 4ND.																																																																
<b>b.</b>	<b>What is the key financial information regarding the issuer?</b>																																																																
i.	<p><b>Selected historical financial information</b></p> <p>The historical financial information for the Company set out below has been extracted without material adjustment from the audited financial statements of the Company as at and for the years ended 31 March 2019, 31 March 2020 and 31 March 2021 and the unaudited interim accounts for the six month period ending 30 September 2020 and 30 September 2021, each being incorporated by reference into this Prospectus, except as noted herein.</p> <p><b>Income statement for closed end funds</b></p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Year ended 31 March</th> <th colspan="2">Six months ended 30 September</th> </tr> <tr> <th>2019</th> <th>2020</th> <th>2021</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Total net income/net investment income or total income before operating expenses</td> <td>27,168,323</td> <td>32,952,196</td> <td>37,434,660</td> <td>18,128,568</td> <td>21,982,991</td> </tr> <tr> <td>Net profit/(loss)</td> <td>6,968,851</td> <td>(64,860,249)</td> <td>127,000,994</td> <td>88,608,147</td> <td>23,118,064</td> </tr> <tr> <td>Portfolio management and AIFM management fees</td> <td>3,636,695</td> <td>4,427,557</td> <td>4,222,776</td> <td>2,017,688</td> <td>2,260,106</td> </tr> <tr> <td>Any other material fees to service providers</td> <td>450,741</td> <td>535,431</td> <td>544,699</td> <td>254,686</td> <td>272,736</td> </tr> <tr> <td>Earnings per share (pence)</td> <td>1.73</td> <td>(12.87)</td> <td>24.99</td> <td>17.44</td> <td>4.55</td> </tr> </tbody> </table> <p><b>Balance sheet for closed end funds</b></p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Year ended 31 March</th> <th colspan="2">Six months ended 30 September</th> </tr> <tr> <th>2019</th> <th>2020</th> <th>2021</th> <th>2020</th> <th>2021</th> </tr> </thead> <tbody> <tr> <td>Total net assets</td> <td>500,465,449</td> <td>475,369,856</td> <td>573,364,169</td> <td>550,226,766</td> <td>579,141,878</td> </tr> <tr> <td>Leverage ratio</td> <td>n/a</td> <td>0.05</td> <td>0.03</td> <td>0.03</td> <td>0.03</td> </tr> </tbody> </table>		Year ended 31 March			Six months ended 30 September		2019	2020	2021	2020	2021	Total net income/net investment income or total income before operating expenses	27,168,323	32,952,196	37,434,660	18,128,568	21,982,991	Net profit/(loss)	6,968,851	(64,860,249)	127,000,994	88,608,147	23,118,064	Portfolio management and AIFM management fees	3,636,695	4,427,557	4,222,776	2,017,688	2,260,106	Any other material fees to service providers	450,741	535,431	544,699	254,686	272,736	Earnings per share (pence)	1.73	(12.87)	24.99	17.44	4.55		Year ended 31 March			Six months ended 30 September		2019	2020	2021	2020	2021	Total net assets	500,465,449	475,369,856	573,364,169	550,226,766	579,141,878	Leverage ratio	n/a	0.05	0.03	0.03	0.03
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ii.	<b>Selected pro forma financial information</b> Not applicable.																																																																
iii.	<b>Audit reports on the historical financial information</b> There are no qualifications to PricewaterhouseCoopers CI LLP's audit reports on the historical financial information of the Company for the years ended 31 March 2019, 31 March 2020 and 31 March 2021.																																																																
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	<p>The data set out in the table below is as at the date of the latest published unaudited net asset value, being 28 February 2022.</p> <table border="1"> <thead> <tr> <th>Share Class</th> <th>Total NAV</th> <th>Number of Shares in issue</th> <th>NAV per Share</th> <th>Historical performance of the Company</th> </tr> </thead> <tbody> <tr> <td>Ordinary Shares</td> <td>£568,352,116.48</td> <td>508,514,809 (excluding treasury shares)</td> <td>111.77 pence</td> <td>The NAV total return of the Company from launch to close of business on 1 March 2022, being the latest practicable date prior to the publication of the Prospectus, was 92.2 per cent., or 7.5 per cent. per annum, which compares favourably with the Company's target annual total return of 6 to 9 per cent. per annum. As at 28 February 2022, the Company's NAV per Share was 111.77 pence, its total NAV was £568,352,116.48 and its Ordinary Share price was 113.00 pence.</td> </tr> </tbody> </table>	Share Class	Total NAV	Number of Shares in issue	NAV per Share	Historical performance of the Company	Ordinary Shares	£568,352,116.48	508,514,809 (excluding treasury shares)	111.77 pence	The NAV total return of the Company from launch to close of business on 1 March 2022, being the latest practicable date prior to the publication of the Prospectus, was 92.2 per cent., or 7.5 per cent. per annum, which compares favourably with the Company's target annual total return of 6 to 9 per cent. per annum. As at 28 February 2022, the Company's NAV per Share was 111.77 pence, its total NAV was £568,352,116.48 and its Ordinary Share price was 113.00 pence.																																																						
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	<p>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.</p> <p>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.</p>																																																																



	<p>Investments in subordinated Asset Backed Securities involve greater credit risk of default than the more senior class(es) of the issue or series.</p> <p>There is significant divergence in the terms of the legal documentation used in relation to 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>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.</p> <p>Any changes to the tax status and treatment of the Company and its investments, 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>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>Use of borrowings can magnify the effect of losses where the value of the Company's underlying assets is falling.</p> <p>Changes in law or regulations may have a material adverse effect on the Company's business, investments and results of operations.</p>
<b>3.</b>	<b>Key information on the securities</b>
<b>a.</b>	<b>What are the main features of the securities?</b>
i.	<p><b>Type, class and ISIN of the securities being admitted to trading on a regulated market</b></p> <p>The ISIN of the Ordinary Shares to be issued pursuant to the Scheme and under the Placing Programme is GG00B90J5Z95. The ISIN of the Realisation Shares (if any are issued in connection with the Realisation) will be GG00BN95D293.</p>
ii.	<p><b>Currency, denomination, par value, number of securities issued and term of the securities</b></p> <p>The Ordinary Shares are (and in the event that any Ordinary Shares are redesignated as Realisation Shares pursuant to the Realisation, such Realisation Shares will be) denominated in Sterling and are ordinary shares (or ordinary realisation shares, in the case of Realisation Shares) of 1p each in the capital of the Company. The Ordinary Shares and the Realisation Shares have an infinite term.</p> <p>The number of Ordinary Shares to be admitted to trading on the Main Market and to listing on the premium listing category of the Official List pursuant to the Issue will be determined in accordance with the Scheme. Based on the most recent estimated UKML Liquidation Costs as at the latest practicable date prior to the publication of this Prospectus, it is estimated that 130.4 million Ordinary Shares would be issued under the Scheme. Up to a maximum of 150 million Ordinary Shares will be admitted to trading on the Main Market and to listing on the premium listing category of the Official List pursuant to the Placing Programme.</p>
iii.	<p><b>Rights attached to the securities</b></p> <p><i>Ordinary Shares</i></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><i>Continuing Ordinary Shares</i></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 of capital from the Continuation 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 Continuing Ordinary Share held by it, except in relation to any resolution proposed at an extraordinary general meeting to give effect to the realisation of assets comprised in the Realisation Pool (unless required by the Listing Rules).</p> <p><i>Realisation Shares</i></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 an extraordinary 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>

v.	<p><b>Restrictions on free transferability of the securities</b></p> <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) (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 (“<b>Plan Investors</b>”) (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) consent 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>
vi.	<p><b>Dividend policy</b></p> <p>The Directors are targeting an annual dividend of more than 6 pence per Ordinary Share, or such higher 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>
<b>b.</b>	<p><b>Where will the securities be traded?</b></p> <p>Applications will be made: (i) to the FCA for the 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 listing on the premium listing category of the Official List; and (ii) to the London Stock Exchange for such Ordinary Shares and Realisation Shares to be admitted to trading on the premium segment of the Main Market.</p>
<b>c.</b>	<p><b>What are the key risks that are specific to the securities?</b></p> <p>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>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. 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 a winding up of the Company.</p> <p>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>In the event that the Realisation takes place, the Realisation Shares are highly likely to 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>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 and 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>
<b>4.</b>	<p><b>Key information on the admission to trading on a regulated market</b></p>
<b>a.</b>	<p><b>Under which conditions and timetable can I invest in this security?</b></p>
i.	<p><b>General terms and conditions</b></p> <p>The Issue under the Scheme is conditional on, among other things: (a) the approval of UKML’s shareholders at an extraordinary general meeting convened for 18 March 2022; (b) Admission of the Ordinary Shares to be issued pursuant to the Issue; (c) the implementation of a reorganisation of the Acquiring Entity to the extent reasonably required by the Company; (d) no Material Adverse Change in respect of UKML occurring prior to the Effective Date; and (e) UKML conducting its business in the ordinary course of business.</p>



	<p>Up to 150 million Ordinary Shares are available to be issued by the Company pursuant to the Placing Programme pursuant to one or more non-pre-emptive Placings over the next 12 months under the Placing Programme. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The issue of Ordinary Shares under the Placing Programme will be at the discretion of the Directors.</p> <p>Each investor is required to undertake to make payment for Ordinary Shares issued to such investor pursuant to the Placing Programme in such manner as shall be directed by Numis.</p> <p>Each issue of Ordinary Shares pursuant to the Placing Programme is conditional on, among other things: (a) Shareholder authority for the disapplication of pre-emption rights in respect of the relevant Placing being in place at the relevant time; (b) the Placing Programme Price being determined by the Directors; and (c) Admission of the Ordinary Shares issued pursuant to such Placing.</p> <p>Investors should consult their respective stockbroker, bank manager, solicitor, accountant or other financial adviser if they are in doubt about the contents of this Prospectus.</p>																																		
ii.	<p><b>Expected Timetable</b></p> <p><b>Expected Scheme and Issue Timetable</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;"><i>2022</i></td> </tr> <tr> <td>Record Date for entitlements of UKML Shareholders under the Scheme</td> <td style="text-align: right;">Close of business on 17 March</td> </tr> <tr> <td>Calculation Date</td> <td style="text-align: right;">Close of business on 18 March</td> </tr> <tr> <td>Extraordinary General Meeting of UKML to approve the Scheme</td> <td style="text-align: right;">18 March</td> </tr> <tr> <td>Effective Date for implementing the Scheme</td> <td style="text-align: right;">18 March</td> </tr> <tr> <td>Publication date of the acquisition value per UKML Ordinary Share and the issue price of Ordinary Shares to be issued pursuant to the Scheme</td> <td style="text-align: right;">23 March</td> </tr> <tr> <td>Transfer of UKML's assets to the Company</td> <td style="text-align: right;">24 March</td> </tr> <tr> <td>Admission of the Ordinary Shares issued pursuant to the Issue to the premium segment of the Official List and dealings in such Ordinary Shares on the London Stock Exchange's Main Market commence</td> <td style="text-align: right;">8.00 a.m. on 24 March</td> </tr> <tr> <td>CREST accounts credited in respect of Ordinary Shares issued in uncertificated form pursuant to the Issue</td> <td style="text-align: right;">As soon as is reasonably practicable on 24 March</td> </tr> <tr> <td>Certificates despatched in respect of Ordinary Shares issued in certificated form pursuant to the Issue (where applicable)</td> <td style="text-align: right;">Week commencing 28 March</td> </tr> </table> <p><b>Expected Placing Programme Timetable</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;"><i>2022</i></td> </tr> <tr> <td>Placing Programme opens</td> <td style="text-align: right;">25 March</td> </tr> <tr> <td>Admission of the Ordinary Shares issued under a Placing to the premium segment of the Official List and dealings in such Ordinary Shares on the London Stock Exchange's Main Market commence</td> <td style="text-align: right;">8.00 a.m. two Business Days after the trade date</td> </tr> <tr> <td>CREST accounts credited in respect of Ordinary Shares issued in uncertificated form</td> <td style="text-align: right;">As soon as is reasonably practicable on each day Admission of Ordinary Shares issued under the Placing Programme occurs</td> </tr> <tr> <td>Certificates despatched in respect of Ordinary Shares issued in certificated form</td> <td style="text-align: right;">Within ten Business Days following Admission of the relevant Ordinary Shares</td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: right;"><i>2023</i></td> </tr> <tr> <td>Placing Programme closes</td> <td style="text-align: right;">2 March</td> </tr> </table>		<i>2022</i>	Record Date for entitlements of UKML Shareholders under the Scheme	Close of business on 17 March	Calculation Date	Close of business on 18 March	Extraordinary General Meeting of UKML to approve the Scheme	18 March	Effective Date for implementing the Scheme	18 March	Publication date of the acquisition value per UKML Ordinary Share and the issue price of Ordinary Shares to be issued pursuant to the Scheme	23 March	Transfer of UKML's assets to the Company	24 March	Admission of the Ordinary Shares issued pursuant to the Issue to the premium segment of the Official List and dealings in such Ordinary Shares on the London Stock Exchange's Main Market commence	8.00 a.m. on 24 March	CREST accounts credited in respect of Ordinary Shares issued in uncertificated form pursuant to the Issue	As soon as is reasonably practicable on 24 March	Certificates despatched in respect of Ordinary Shares issued in certificated form pursuant to the Issue (where applicable)	Week commencing 28 March		<i>2022</i>	Placing Programme opens	25 March	Admission of the Ordinary Shares issued under a Placing to the premium segment of the Official List and dealings in such Ordinary Shares on the London Stock Exchange's Main Market commence	8.00 a.m. two Business Days after the trade date	CREST accounts credited in respect of Ordinary Shares issued in uncertificated form	As soon as is reasonably practicable on each day Admission of Ordinary Shares issued under the Placing Programme occurs	Certificates despatched in respect of Ordinary Shares issued in certificated form	Within ten Business Days following Admission of the relevant Ordinary Shares		<i>2023</i>	Placing Programme closes	2 March
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iii.	<p><b>Details of admission to trading on a regulated market</b></p> <p>The Ordinary Shares are currently listed on the premium listing category of the Official List of the FCA and traded on the London Stock Exchange's main market for listed securities.</p> <p>Applications will be made: (i) to the FCA for the 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 listing on the premium listing category of the Official List; and (ii) to the London Stock Exchange for such Ordinary Shares and Realisation Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that: (i) Admission of Ordinary Shares issued pursuant to the Scheme will occur, and that unconditional dealings in such shares will commence, at 8.00 a.m. on 24 March 2022; and (ii) Admissions of Ordinary Shares in respect of the Placing Programme will become effective, and that dealings for normal settlement will take place, between 25 March 2022 and 2 March 2023.</p>																																		
iv.	<p><b>Plan for distribution</b></p> <p>Under the Scheme, each UKML Shareholder (other than Restricted UKML Shareholders) will receive such number of Ordinary Shares that they are entitled to under the Scheme on the Effective Date for the Scheme which is expected to be on 18 March 2022.</p> <p>The Placing Programme will open on 25 March 2022 and will close on 2 March 2023. The maximum number of Ordinary Shares to be issued pursuant to the Placing Programme is 150 million. Such Ordinary Shares will, subject to the Company's decision to proceed with a Placing at any given time, be issued at the applicable Placing Programme Price.</p>																																		

	<p>No Ordinary Shares will be issued at a discount to the Net Asset Value per Ordinary Share at the time of the relevant allotment.</p> <p>The issue of 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 Ordinary Shares will commence approximately two Business Days after their issue. Whilst it is expected that all Ordinary Shares issued pursuant to the Placing Programme will be issued in uncertificated form, if any 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.</p>
v.	<p><b>Amount and percentage of immediate dilution resulting from the Issue and the Placing Programme</b></p> <p>Based on the most recent estimated UKML Liquidation Costs, it is estimated that 130.4 million Ordinary Shares would be issued under the Scheme. This would mean that there would be a dilution of approximately 20.4 per cent. in Shareholders' voting control of the Company immediately after the Issue.</p> <p>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 150 million Ordinary Shares are issued under the Placing Programme, a Shareholder holding Ordinary Shares representing 10 per cent. of the Company's issued Ordinary Share capital following the Issue (assuming that 130.4 million Ordinary Shares were issued in the Issue), who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold Ordinary Shares representing approximately 8.10 per cent. of the Company's issued Ordinary Share capital.</p>
vi.	<p><b>Estimate of the total expenses of the Scheme, the Issue, the 2022 Realisation Opportunity and the Placing Programme</b></p> <p>The Company and UKML have each agreed to bear their own costs in relation to the Scheme and the Issue. The costs of the Scheme, the Issue and the 2022 Realisation Opportunity incurred by the Company (including all advisers' fees, printing and other ancillary costs of the Scheme, the Issue and the 2022 Realisation Opportunity) are not expected to exceed £2.5 million (inclusive of VAT).</p> <p>The Placing Programme Price will be calculated by reference to the announced Net Asset Value of each existing Ordinary Share at the time of issue, together with a premium of at least 2 per cent. 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 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 111.77p, being the announced NAV at the latest practicable date prior to the publication of this Prospectus, the Placing Programme Price would be expected to be approximately 114.01p.</p>
vii.	<p><b>Estimated expenses charged to the investor</b></p> <p>As stated in row a(vi) above, the expenses in connection with the Scheme, the Issue and the 2022 Realisation Opportunity will be met by the Company (and by UKML, in the case of the Scheme), and 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 Ordinary Shares under the Placing Programme. Accordingly, no expenses are being charged directly to any investor.</p>
<b>b.</b>	<b>Why is this prospectus being produced?</b>
i.	<p><b>Reasons for the admission to trading on a regulated market</b></p> <p>The Scheme will enable UKML's shareholders to "roll over" their investment in UKML into the Company. The Company will issue Ordinary Shares to those UKML Shareholders entitled to them in accordance with the Scheme. In return, the Company will acquire UKML's portfolio of UK residential mortgage-backed securities.</p> <p>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.</p>
ii.	<p><b>The use and estimated net amount of the proceeds</b></p> <p>Based on the most recent estimated UKML Liquidation Costs, it is estimated that 130.4 million Ordinary Shares would be issued under the Scheme in exchange for UKML transferring assets to the Company with a value of approximately £149 million.</p> <p>The net proceeds raised under the Placing Programme will be used for investment in accordance with the Company's investment policy and for working capital purposes.</p> <p>In connection with the 2022 Realisation Opportunity, such proceeds may also be used to enable the Company to redeem or repurchase the shareholdings of Shareholders who wish to realise some or all of their Ordinary Shares through a Realisation Sale Election. The amount of the proceeds that the Company may use to enable the Company to redeem or repurchase shareholdings through a Realisation Sale Election cannot be ascertained as at the date of this Prospectus. This amount will depend on: (i) the number of Shareholders who make a Realisation Sale Election as part of the 2022 Realisation Opportunity (assuming that Shareholders are offered the opportunity to make a Realisation Sale Election as part of the 2022 Realisation Opportunity); and (ii) the extent to which the Company determines to satisfy such</p>

	<p>Realisation Sale Elections using proceeds raised under the Placing Programme or other cash resources available to the Company.</p> <p>To the extent that proceeds raised under the Placing Programme are not used to enable the Company to redeem or repurchase the shareholdings of Shareholders in connection with a Realisation Sale Election, they will be used for investment in accordance with the Company's investment policy and for working capital purposes.</p> <p>The net proceeds of the Placing Programme are dependent on the number of Ordinary Shares issued pursuant to the Placing Programme and the applicable Placing Programme Price of any Ordinary Shares issued. Assuming that 150 million Ordinary Shares are issued under the Placing Programme and a Placing Programme Price of 114.01 pence per Ordinary Share, being the announced NAV at the latest practicable date prior to the publication of this Prospectus plus 2 per cent., the gross proceeds would be £171.0 million and the net proceeds of the Placing Programme would be at least £167.6 million.</p>
iii.	<p><b>Underwriting</b></p> <p>The issue of the Ordinary Shares (pursuant to both the Issue and the Placing Programme) will not be underwritten.</p>
iv.	<p><b>Material conflicts of interest</b></p> <p>The Portfolio Manager, the Company's AIFM, the Administrator, the Registrar, Numis, BDO, 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 and will not in any such circumstances be liable to account for any profit earned from any such services. The Directors will ensure compliance with Rule 3 (Conflicts of Interest) of the Registered Collective Investment Scheme Rules and Guidance, 2021.</p> <p>TwentyFour, in its capacity as Portfolio Manager to the Company under the Portfolio Management Agreement and as portfolio manager to UKML under a separate portfolio management agreement with UKML, is under contractual and other duties to act in the best interests of each of the Company and UKML. Numis also acts as corporate broker and financial adviser for both the Company and UKML. The interests of the Company and of UKML may conflict in connection with the implementation of the Scheme. Accordingly, both TwentyFour and Numis have established procedures to manage any such conflicts that may arise, including: (i) the creation of two separate teams within TwentyFour and Numis respectively (one representing the interests of the Company, and the other representing the interests of UKML in connection with the Scheme); and (ii) the establishment of information barriers between members of each team to ensure confidentiality and integrity of commercially sensitive information.</p>

## **RISK FACTORS**

Prospective investors should note that the risks summarised in the “Summary” are the risks that the Board believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider carefully not only the information on the key risks summarised in the “Summary” but also 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.

The risks referred to below are the risks which are considered to be material but are not the only risks relating to the Company.

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 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 Guernsey and its ability to pay dividends, make 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 dividend, distribution, 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 Realisation Opportunities incorporate an opportunity for Shareholders to elect to exit the Company. It is intended that any such elections be at least matched by subscriptions for or sales of Ordinary Shares, but potential investors should be aware that the result of the 2022 Realisation Opportunity and future Realisation Opportunities 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**

In addition to seeking annual renewal of the authority to issue Ordinary Shares on a non-pre-emptive basis in respect of a number of Ordinary Shares equal to up to 20 per cent. of the then issued Ordinary Shares, the Directors will also seek the Placing Programme Disapplication Authority at the 2022 AGM. It is intended that Ordinary Shares will be issued under the Placing Programme at prices greater than the prevailing announced Net Asset Value per Ordinary Share and should therefore be accretive to the Net Asset Value per Ordinary Share, but any issues of Ordinary Shares may dilute the voting rights attached to the holdings of 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 the Net Asset Value per Ordinary Share.

The Ordinary Shares have predominantly traded at a premium or at a small discount to Net Asset Value since launch; the Company's average premium since launch being 2.1 per cent. There can be no assurance that the Shares will trade at a premium 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 main 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 every three years. 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 13 September 2021. 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 Realisation Shares**

If Realisation Shares are created, it is anticipated that such Realisation Shares are highly likely to 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 Maitland will be able to find a replacement portfolio manager on acceptable terms if the Portfolio Manager resigns or if the Directors or Maitland terminate the Portfolio Management Agreement. Under the terms of the Portfolio Management Agreement, the Portfolio Manager may resign by giving the Company and Maitland 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 Maitland 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 Maitland. 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.

Following implementation of the Scheme, TwentyFour will also continue to act as portfolio advisor to the Acquiring Entity pursuant to the Acquiring Entity Portfolio Advisory Agreement. The risks described above in respect of TwentyFour's role as Portfolio Manager to the Company will apply



equally in respect of its role as portfolio advisor to the Acquiring Entity. Additionally, TwentyFour will be providing services and advice (as applicable) in several different capacities, which may result in conflicts of interest. If such conflicts of interest arise, they may need to be resolved in a manner which adversely affects one of the parties to which TwentyFour provides services or advice (as applicable).

## **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 or when not available, on a marked to model 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 (including in the Profit Participating Notes to be issued by the Acquiring Entity to UKML, and transferred to the Company, in connection with the Scheme). 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.

Following implementation of the Scheme, the Issuer SPVs in which the Acquiring Entity may invest are intended to be compliant with the European risk retention requirements for securitisation transactions (the "**Retention Requirements**"), in accordance with which the Company will need to ensure that the Acquiring Entity commits to retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in any securitisation transaction entered into by an Issuer SPV (the "**Retention Notes**") and undertakes that, for so long as any securities of the Issuer SPV remain outstanding, it will retain such interest and will not (except to the extent permitted by the Retention Requirements) sell, hedge or otherwise mitigate its credit risk under such Retention Notes. As a result of the above commitments expected to be given in respect of the Retention Requirements, it will not be permissible for the Acquiring Entity to fully liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Retention Notes until such time as the securities of the relevant Issuer SPV have been redeemed in full (whether at final maturity or early redemption).

### **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; and (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).

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 Valuation risk**

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 of the Shares. A proportion of the Company's Asset Backed Securities may be valued on a marked to model basis for less liquid Asset Backed Securities or when a large enough market for marked to market pricing is not available. There is a risk that any financial models used are inaccurate.

The value of the underlying instruments issued by the Warehouse SPVs and/or Issuer SPVs to the Acquiring Entity will be determined on a fair value basis. There can be no guarantee that any such valuation will correspond with the actual realisable market value of the relevant mortgage portfolio at any given time.

If a valuation estimate subsequently proves to be inaccurate, no adjustment to any previously calculated Net Asset Value of the Company will be made. Any acquisitions or disposals of Shares based on previous inaccurate NAVs may result in losses for Shareholders.

#### **4.6 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.

Where the Company purchases a mortgage portfolio from a third-party vendor, it will require that the third party vendor provides certain representations and warranties as to the quality and historical performance and other attributes of the mortgage portfolio. If it then sells the mortgage portfolio it will be required to provide similar representations and warranties to the purchaser, although the terms of these are likely to differ in certain material respects, for example the period of time within which a claim can be made under them. To the extent there is a mismatch between the representations and warranties given and received, the Company may be required to compensate a purchaser for a breach but be unable to make an off-setting claim against the third party vendor that sold the mortgage portfolio to it. In such circumstances, the value of the relevant investments could be adversely affected which would, in turn, adversely affect the Company's financial condition and returns to Shareholders including dividend, NAV and/or the market price of the Shares.

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 price.

#### **4.7 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, or that changes are made to the methodologies followed by rating agencies that rate the instruments issued by issuers, either of which could adversely affect the Company's ability to achieve its target total returns. 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.

#### **4.8 Non-investment grade Asset Backed Securities**

The Company currently invests, and in the future may continue to 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.

#### **4.9 Assets outside the UK and Guernsey**

The Company may 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.

#### **4.10 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.

#### **4.11 Hedging risk**

The Company, directly or indirectly, or (following implementation of the Scheme) the Acquiring Entity or any Warehouse SPV or Issuer SPV may utilise certain derivative instruments (including, without limitation, credit default swaps, credit linked notes, interest rate swaps and currency swaps and forwards) for hedging purposes or (in the case of the Acquiring Entity or any Warehouse SPV or Issuer SPV) to gain, increase or decrease exposure to mortgages.

Should any of these entities elect to enter into hedging arrangements to protect against currency risk (and they 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 or the Acquiring Entity may need to post cash in order to close out a forward trade as a result of FX volatility. The Company and the Acquiring Entity may also be exposed to the risk that the counterparties with which they trade may cease making markets and quoting prices in such instruments, which may render them 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.

#### **4.12 Failure of the Acquiring Entity to comply with its contractual obligations to manage its assets in accordance with its investment strategy**

Pursuant to the terms of the unsecured Profit Participating Notes that the Company will acquire in connection with the Scheme, the Acquiring Entity will be contractually obliged to ensure that the Acquiring Entity's portfolio is managed in accordance with its investment strategy, which will comply with the Company's investment objective and policy as set out in this Prospectus. In the event that the Acquiring Entity fails to comply with these contractual obligations, the Company could elect for the unsecured Profit Participating Notes to become immediately due and repayable to it from the Acquiring Entity (subject to any applicable legal, contractual and regulatory restrictions). There is, however, no guarantee that the applicable legal, contractual and regulatory restrictions would permit the Acquiring Entity to repay the unsecured Profit Participating Notes immediately on the Company making such an election, and if it does, this could also have significant adverse consequences from a tax perspective both at the time of the repayment of the Profit Participating Notes and on an ongoing basis until another suitable vehicle could be introduced into the structure to own the Acquiring Entity's portfolio. The Company's election for the unsecured Profit Participating Notes to be repaid, the Acquiring Entity's failure to fully comply with its contractual obligations to do so or the Acquiring Entity being restricted from doing so by law, regulation or contract could have a significant adverse effect on the Company's financial condition and returns to Shareholders including dividends.

#### **4.13 Risks associated with the Retention Notes**

Following implementation of the Scheme, the Company will need to ensure that the Acquiring Entity commits to retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in any securitisation transaction entered into by an Issuer SPV (i.e. the Retention Notes). Retention Notes will be the most subordinated tranche of an Issuer SPV's debt and all payments of principal and interest on such Retention Notes will be fully subordinated. Interest and principal payments will not be fixed but will be based on residual amounts available to make such payments. As a result, payments on such Retention Notes will be made by the Issuer SPV to the extent of available funds, and no payments thereon will be made until amongst other things: (a) the payment of certain costs, fees and expenses have been made; and (b) interest and principal (respectively) has been paid on the more senior notes of the Issuer SPV. Non-payment of interest or principal on such Retention Notes will be unlikely to cause an event of default in relation to the Issuer SPV. If distributions are insufficient to make payments on the Retention Notes, no other assets of the Issuer SPV will be available for payment of the deficiency and following realisation of the collateral and the application of the proceeds thereof, the obligations of the Issuer SPV to pay such deficiency shall be extinguished. Such shortfall will be borne in the first instance by the Retention Notes.

Retention Notes represent the most junior securities in a leveraged capital structure. As a result, any deterioration in performance of the asset portfolio of an Issuer SPV, including defaults and losses, a reduction of realised yield or other factors, will be borne first by holders of such Retention Notes prior to the rest of the capital structure.

#### **4.14 Sustainability risk**

The Company's investments may be subject to Sustainability Risks, including climate change, human rights, corruption, regulatory failure and biodiversity loss. A company making short run abnormal profits because of a socially predatory business model or poor governance runs the risk of being regulated, litigated against or publicly shamed. Should any of the Company's investments become subject to Sustainability Risks, the returns from such investment and therefore to the Company and to Shareholders could be adversely affected.

### **5. BORROWINGS**

The Company may borrow money on a short-term basis (being 12 months or less) for investment or 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 25 per cent. of NAV. Following implementation of the Scheme, the Acquiring Entity, Warehouse SPVs and Issuer SPVs may also employ leverage in order to increase the Company's investment exposure to underlying mortgage portfolios. 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 Acquiring Entity, Warehouse SPVs and/or Issuer SPVs are either unable to obtain finance at all or are unable to do so at an appropriate cost, their ability to leverage the returns on underlying mortgage portfolios will be adversely affected, which could in turn affect the Company's ability to achieve its investment objective and/or target returns following implementation of the Scheme. If there is any significant delay in the ability to securitise a mortgage portfolio, the interest rates payable through warehouse funding arrangements are likely to increase over time which will impact the yield of the Company. In addition, the underlying portfolios will need to be re-financed periodically in order to maintain optimal levels of leverage. Failure to re-securitise at a suitable rate and/or reinvest the proceeds of subsequent securitisations may also adversely impact the yield of the Company.

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. Additionally, on any insolvency of the Acquiring Entity following implementation of the Scheme, the Company is expected to rank behind any financing and hedging counterparties of the Acquiring Entity.

## **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 Ben Hayward, Aza Teeuwen, Douglas Charleston or Rob Ford 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. In December 2021 Ben Hayward was appointed as the new chief executive officer of TwentyFour (subject to FCA approval). While Ben Hayward will cease to manage the Portfolio, he remains involved in the Investment Committee of TwentyFour. The Board was made aware of this change and is comfortable because of the growth of the portfolio management team (as further described in Part 3 of this Prospectus).

## **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 that of the Acquiring Entity, any Warehouse SPV or any Issuer SPV) or any change in taxation legislation (including rates of tax) could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, alter the post-tax returns to Shareholders, and/or affect the tax treatment for Shareholders of their investments in the Company.

The amount of distributions and future distribution growth will depend on the Company's underlying 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.

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 UK resident 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.

If the Company were to cease to qualify as a reporting fund, a UK resident non-corporate Shareholder disposing of his/her Shares would be taxed on any resulting gain as income rather than as capital gain, except to the extent they make a 'deemed disposal' election in their tax return for the period in which the Company ceases to be a reporting fund. A UK resident Shareholder who makes a 'deemed disposal' election will be deemed, for UK tax purposes, to dispose of their Shares in the Company for net asset value at the end of such period, and charged to tax on a capital basis accordingly, with subsequent disposals of Shares charged on an income basis by reference only to the gain arising above such net asset value. The Company's tax and accounting advisors 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 Acquiring Entity intends to be treated as a "qualifying company" within the meaning of Section 110 of the Taxes Consolidation Act 1997 (as amended). In order to be a qualifying company, the Acquiring Entity must comply with certain requirements set out in the relevant Irish tax legislation. Non-compliance with these requirements could, following implementation of the Scheme, potentially lead to the Company receiving a lower return from the Acquiring Entity which would adversely affect the Company's return to its Shareholders.

## **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.

Any change in the accounting policies, practices or guidelines relevant to the Company and its investments (including, following implementation of the Scheme, the Acquiring Entity and any instruments issued or held by it) 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.

## **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, the Registered Collective Investment Scheme Rules and Guidance, 2021 and the Prospectus Rules and Guidance, 2021 (as the same may be amended from time to time). 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, the Asset Backed Securities or (following implementation of the Scheme) the Acquiring Entity and any instruments issued or held by it may have an adverse effect 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.

The Company and the Acquiring Entity are to a large extent reliant on third party service providers to carry out their business. Failure by any such service provider to carry out its obligations to the Company or (following implementation of the Scheme) the Acquiring Entity in accordance with the applicable duty of care and skill, or at all, or termination of any such appointment may adversely affect the Company's operations and returns to Shareholders. 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 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.

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. However, it is not possible to guarantee that the Company will be and will remain a company that is not a close company for UK tax purposes, which is a requirement for investment trust status, as the Shares are freely transferable.

## **11. CONFLICTS OF INTEREST**

TwentyFour (acting in its various capacities following implementation of the Scheme), the Company's AIFM, the Administrator, the Registrar, Numis, BDO, any of their respective 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 and will not in any such circumstances be liable to account for any profit earned from any such services. The Directors will ensure compliance with Rule 3 (Conflicts of Interest) of the Registered Collective Investment Scheme Rules and Guidance, 2021.

## **12. FOREIGN ACCOUNT TAX COMPLIANCE**

Pursuant to FATCA, the US-Guernsey IGA and Guernsey legislation implementing FATCA and the US-Guernsey IGA, the Company is required to carry out due diligence in relation to, and report information on, its financial accounts to the Guernsey tax authorities for onward reporting to the US Internal Revenue Service. If the Company does not comply with these due diligence and reporting requirements it could become subject to a 30 per cent. withholding tax on certain payments of US source income (including dividends and interest) and (from no earlier than two years after the date of publication of certain final regulations defining "foreign passthru payments") a portion of non-US

source payments from certain non-US financial institutions to the extent attributable to US source payments.

Under the US-Guernsey IGA and Guernsey's implementation of that agreement, securities that are "regularly traded" on an established securities market, such as the Main Market, are not considered financial accounts and are not subject to reporting. For these purposes, the 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, a Share will not be considered "regularly traded" and will be considered a financial account if the holder of the Share (other than a financial institution acting as an intermediary) is registered as the holder of the Share on the Company's share register. Such Shareholders will be required to provide information to the Company to allow the Company to satisfy its obligations under FATCA, although it is expected that whilst a Share is held in uncertificated form through CREST, the holder of that Share will likely be a financial institution acting as an intermediary. Additionally, even if the Shares are considered regularly traded on an established securities market, Shareholders that own the Shares through financial intermediaries may be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under FATCA. Notwithstanding the foregoing, the relevant rules under FATCA may change and, even if the Shares are considered regularly traded on an established securities market, Shareholders may, in the future, be required to provide information to the Company in order to allow the Company to satisfy its obligations under FATCA.

Guernsey, along with approximately 100 jurisdictions, has implemented the CRS. Certain disclosure requirements will be imposed in respect of certain Shareholders in the Company falling within the scope of the CRS. As a result, Shareholders may be required to provide any information that the Company determines is necessary to allow the Company to satisfy its obligations under such measures.

Shareholders that own Shares through financial intermediaries may instead be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under the CRS.

**All prospective investors should consult with their respective tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investments in the Company. If a Shareholder fails to provide the Company or the Administrator with information that is required by any of them to allow them to comply with any of the above reporting requirements, or any similar reporting requirements, adverse consequences may apply.**

### **13. EU LIST OF NON-COOPERATIVE TAX JURISDICTIONS**

On 5 December 2017 the EU member states released their first agreed common list of non-cooperative tax jurisdictions as part of the EU's work to fight tax evasion and avoidance (the "common list"). The common list aims to assess jurisdictions against agreed criteria for good governance, including in relation to tax transparency, fair taxation, the implementation of BEPS and substance requirements for zero-tax jurisdictions. The list has been updated on a number of occasions since its inception. There are also lists of jurisdictions who have agreed to commit to address various concerns by certain deadlines (the "commitments list"). Guernsey was initially included on the commitments list in relation to economic substance. In December 2018, Guernsey passed legislation regarding substance requirements and this legislation came into force on 1 January 2019. On 12 March 2019 the EU Council confirmed that Guernsey had met its commitments to introduce economic substance legislation. Guernsey has now been removed from the commitments list and remains off the common list.

At this stage it is unclear what the full implications of being on the common list will be, however, as a starting point it is likely that: (i) funds from the European Fund for Sustainable Development (EFSD), the European Fund for Strategic Investment (EFSI) and the External Lending Mandate (ELM) cannot be channelled through entities in countries on the common list (only direct investment in these countries (i.e. funding for projects on the ground) will be allowed, to preserve development and sustainability objectives); (ii) the list is referenced in other relevant legislative proposals (e.g. the public country-by-country reporting proposal includes stricter reporting requirements for multinationals with activities in listed jurisdictions, and in the proposed transparency requirements for intermediaries a tax scheme routed through a listed country will be automatically reportable to tax

authorities); and (iii) member states may agree on coordinated sanctions to apply at a national level against the listed jurisdictions. Should Guernsey ever be placed on the common list, there is a risk that countermeasures could be applied against it. These could include measures such as increased monitoring and audits, withholding taxes, special documentation requirements and anti-abuse provisions. If countermeasures such as these were to be applied to any jurisdiction in which the Company is resident or operates there could be tax implications and/or additional compliance requirements for the structure which could reduce returns to investors in the Company or result in other adverse tax consequences.

#### **14. RISKS RELATING TO THE UK'S EXIT FROM THE EUROPEAN UNION**

The United Kingdom has left the European Union (“**Brexit**”) and the Brexit transition period expired on 31 December 2020. Although the United Kingdom and the European Union agreed a trading arrangement which took effect from 1 January 2021, there remains uncertainty with respect to the United Kingdom’s trading relationship with the European Union and the political, economic, legal and social impact of such relationship in the future. During this period of uncertainty there may be significant volatility and disruption in: (i) the global financial markets generally, which could result in a reduction of the availability of capital and debt; and (ii) the currency markets as the value of Sterling fluctuates against other currencies. Such events may, in turn, contribute to worsening economic conditions, not only in the United Kingdom and Europe, but also in the rest of the world. The nature of the United Kingdom’s future relationship with the European Union may also impact and potentially require changes to the Company’s regulatory position. With effect from 1 January 2021, historic EU legislation has largely been implemented into UK law, but it remains unclear as to how UK law will develop over time, including whether the UK will adopt new EU legislation in the future for the purposes of proving equivalence with EU law and the ways in which UK law will diverge from EU legislation. Accordingly, the impact on the Company of the United Kingdom’s future relationship with the European Union and any resulting changes to the UK’s legislative and regulatory framework is unclear.

#### **15. UK PRIIPS LAWS AND PRIIPS REGULATION**

Investors should be aware that the UK PRIIPs Laws and the PRIIPs Regulation (as applicable) require the Company, as a PRIIP manufacturer, to prepare a Key Information Document in respect of the Ordinary Shares. This KID must be made available to retail investors prior to them making any investment decision and the KID relating to the Ordinary Shares is available at <https://www.maitlandgroup.com/investment-data/twentyfour-income-fund/> and at the Company’s website at [www.twentyfourincomefund.com](http://www.twentyfourincomefund.com). The content of Key Information Documents is highly prescriptive, both in terms of the calculations underlying the numbers and the narrative, with limited ability to add further context and explanations, and therefore the KID relating to the Ordinary Shares should be read in conjunction with other material produced by the Company, including this Prospectus and the annual reports which are available on the Company’s website.

#### **16. RISKS RELATING TO THE SCHEME**

Implementation of the Scheme is conditional, amongst other conditions, upon UKML Shareholders approving the Scheme. If any condition of the Scheme is not satisfied or waived, the Scheme will not be implemented and certain costs and expenses incurred in connection with the Scheme will be borne by the Company.

The purchase price of the assets to be acquired by the Company from UKML pursuant to the Scheme is based on estimates and assumptions by the Portfolio Manager in respect of both mortgage pool performance (including but not limited to mortgage prepayments, defaults and house price development) and capital market expectations. There is no guarantee that these expectations will be met and there is no third party valuation of UKML’s assets. The net asset value of UKML (on which the price paid by the Company under the Scheme is based) is based on fair value valuations. There is a risk that the valuation of UKML by a third party valuer could be lower than the purchase price of the assets under the Scheme.

The price per UKML Ordinary Share at which the Company will acquire the assets of UKML and the price at which Ordinary Shares will be issued in consideration for those assets have been substantively fixed as at 31 January 2022 and will not be adjusted to reflect changes in the value of either the Company’s or UKML’s portfolio between 31 January 2022 and the Effective Date of the

Scheme. The price per UKML Ordinary Share and the price at which Ordinary Shares are issued under the Scheme have been fixed in order to provide enhanced certainty for both the Company and UKML of transaction terms against current uncertainty and potential volatility following Russia's invasion of Ukraine; however this means that any increase or decrease in asset values of either the Company or UKML after 31 January will not be reflected in any adjustment to UKML Shareholders' entitlements under the Scheme.

TwentyFour, in its capacity as Portfolio Manager to the Company under the Portfolio Management Agreement and as portfolio manager to UKML under a separate portfolio management agreement with UKML, is under contractual and other duties to act in the best interests of each of the Company and UKML. Numis also acts as corporate broker and financial adviser to both the Company and UKML. The interests of the Company and of UKML may conflict in connection with the implementation of the Scheme. Accordingly, both TwentyFour and Numis have established procedures to manage any such conflicts that may arise, including: (i) the creation of two separate teams within TwentyFour and Numis respectively (one representing the interests of the Company, and the other representing the interests of UKML in connection with the Scheme); and (ii) the establishment of information barriers between members of each team to ensure confidentiality and integrity of commercially sensitive information. Notwithstanding these measures to manage any conflicts of interest, these measures may not be effective in ensuring that all conflicts are adequately addressed.

Past performance of the assets of UKML being acquired under the Scheme may not be an accurate indicator of future results and many of the risks in paragraph 4 of this Risk Factors section are equally applicable to those assets.



## IMPORTANT INFORMATION

In assessing an investment in the Company, investors should rely only on the information in this Prospectus and any supplementary prospectus issued by the Company prior to Admission of the relevant Ordinary Shares. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and any such supplementary 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, BDO or any other person. Without prejudice to any obligation of the Company to publish a supplementary prospectus or any of its obligations under the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, neither the delivery of this Prospectus and any such supplementary prospectus nor any acquisition, subscription or purchase of 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.

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

Numis, BDO and their respective 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, BDO and their respective affiliates may provide such services to the Company, the Portfolio Manager or any of its affiliates in the future. In particular, Numis has been appointed to act as financial adviser to UKML in connection with the Scheme.

In connection with the Placing Programme, BDO, Numis and any of their respective affiliates, acting as an investor for its or their own account(s), may subscribe for the 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 Placing Programme or otherwise. Accordingly, references in this Prospectus to the 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, BDO and any of their respective affiliates acting as an investor for its or their own account(s). Neither Numis nor BDO intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

### 1. SELLING RESTRICTIONS

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Ordinary Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

The distribution of this Prospectus and any supplementary prospectus issued by the Company prior to Admission of the relevant Ordinary Shares, and the offering of Ordinary Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus and any such supplementary prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Ordinary Shares and the distribution of this Prospectus and any such supplementary prospectus under the laws and regulations of any jurisdiction relevant to them in connection with any proposed applications for Ordinary Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. Save for the United Kingdom and save as explicitly stated elsewhere in this Prospectus, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Ordinary Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus or any such supplementary prospectus in any other jurisdiction where action for that purpose is required.



It is the responsibility of UKML Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Issue, including the obtaining of any governmental or other consent which may be required, compliance with necessary formalities and the payment of any issue, transfer or other taxes due to such jurisdiction.

Under the terms of the Scheme, Ordinary Shares will only be issued to UKML Shareholders who are not Restricted UKML Shareholders. UKML Shareholders who are issued Ordinary Shares pursuant to the Scheme will be deemed to have represented and warranted to the Company in the terms of paragraph 2.2 of the Scheme contained in Part 2 of the UKML Circular. These representations and warranties include that the relevant UKML Shareholder has its registered office in either the United Kingdom, Guernsey, Jersey or the Isle of Man and if it holds UKML Ordinary Shares on behalf of a non-UK based investor, it is lawfully able to receive and hold Ordinary Shares without any further action from any of the Company, TwentyFour, the Liquidators or UKML in any jurisdiction other than the UK and that it has not and will not transmit this Prospectus or any supplementary prospectus issued by the Company prior to Admission of the relevant Ordinary Shares to any person situated outside of UK or with a non-UK registered office, without the prior written approval of the Company.

Prospective investors should consider carefully (to the extent relevant to them) the notices to residents of various countries set out below.

#### *Notice to residents of Guernsey*

This document may only be made available in or from within the Bailiwick of Guernsey, and any offer or sale of interests in the Company may only be made in or from within the Bailiwick of Guernsey, either:

- (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (the “**POI Law**”); or
- (ii) to persons licensed under the POI Law, the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 2020 or the Regulation of Fiduciaries, Administration Business and Company Directors, etc (Bailiwick of Guernsey) Law, 2020 provided the Company complies with the applicable requirements of the POI Law and all applicable guidance notes issued by the Guernsey Financial Services Commission.

This document and any offer or sale of interests in the Company pursuant to this document are not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs (i) and (ii) and must not be relied upon by any person unless received or made in accordance with such paragraphs.

#### *Notice to residents of Jersey*

The Company has no “relevant connection” with Jersey and the offering of Shares is valid in the United Kingdom or Guernsey and is, mutatis mutandis, circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being being circulated in that jurisdiction for the purposes of Article 8 of the Control of Borrowing (Jersey) Order 1958 (the “**Jersey COBO**”). Accordingly, the consent of the Jersey Financial Services Commission under Article 8(2) of the Jersey COBO to the circulation of this Prospectus in Jersey is not required and has not been obtained.

#### *Notice to residents of the Isle of Man*

This Prospectus has not been, and is not required to be, filed or lodged with any regulatory or other authority in the Isle of Man. The Company is not subject to any regulatory approval in the Isle of Man. Investors in the Company are not protected by any statutory compensation arrangements in the event of the Company's failure and the Isle of Man Financial Services Authority does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

This Prospectus is not and shall not under any circumstances be construed as an offering of the Shares in the Company to the general public of the Isle of Man. This Prospectus and the information contained in it may not be supplied to the general public of the Isle of Man or distributed to any person or entity in the Isle of Man other than the direct recipients of this

Prospectus. No person may market, offer or sell Shares in the Company in or to persons in the Isle of Man other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008 (as amended) or in accordance with any relevant exclusion contained in the Isle of Man Regulated Activities Order 2011 (as amended) or exemptions contained in the Isle of Man Financial Services (Exemptions) Regulations 2011 (as amended).

## **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:

- (i) the legal requirements within their own countries for the acquisition, purchase, holding, conversion, transfer or other disposal of Ordinary Shares;
- (ii) any foreign exchange restrictions applicable to the acquisition, purchase, holding, conversion, transfer or other disposal of Ordinary Shares which they might encounter; and
- (iii) the income and other tax consequences which may apply in their own countries as a result of the acquisition, 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 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 19 of Part 9 of this Prospectus.

The actual number of Ordinary Shares to be issued: (i) pursuant to the Issue depends on the UKML Liquidation Costs and any adjustments that are mutually agreed between the Company and UKML in respect of any additional net assets or net liabilities of UKML ascertained between the date of this Prospectus and the Calculation Date; and (ii) pursuant to the Placing Programme will be determined by the Company, Numis and the Portfolio Manager after taking into account demand for the Ordinary Shares and prevailing market conditions. In such event, the information in this Prospectus should be read in light of the actual number of Ordinary Shares to be issued pursuant to the Issue and the Placing Programme.

Statements made in this Prospectus are based on the law and practice 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, but not limited to, 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 the UK Prospectus Regulation, UK MAR, the Listing Rules, the Disclosure Guidance and Transparency Rules and other applicable law and regulation, 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 5 of Part 7 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 Rule 3 (Conflicts of Interest) of the Registered Collective Investment Scheme Rules and Guidance, 2021, as amended.

TwentyFour, in its capacity as Portfolio Manager to the Company under the Portfolio Management Agreement and as portfolio manager to UKML under a separate portfolio management agreement with UKML, is under contractual and other duties to act in the best interests of each of the Company and UKML. Numis also acts as corporate broker and financial adviser for both the Company and UKML. The interests of the Company and of UKML may conflict in connection with the implementation of the Scheme. Accordingly, both TwentyFour and Numis have established procedures to manage any such conflicts that may arise, including: (i) the creation of two separate teams within TwentyFour and Numis respectively (one representing the interests of the Company, and the other representing the interests of UKML in connection with the Scheme); and (ii) the establishment of information barriers between members of each team to ensure confidentiality and integrity of commercially sensitive information.

The AIFM will comply with the requirements on conflicts set out in the AIFM Laws, 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. INFORMATION TO DISTRIBUTORS**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; (c) local implementing measures; and/or (d) (where applicable to UK investors or UK firms) the relevant provisions of the UK MiFID Laws (including the FCA’s Product Intervention and Governance Sourcebook (PROD) (together the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of professionally advised retail investors who do not need a guaranteed income or capital protection, who (in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II or the UK

MiFID Laws (as applicable) and who do not need a guaranteed income or capital protection; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II or the UK MiFID Laws, as applicable (the “**Target Market Assessment**”).

Any person subsequently offering, selling or recommending the securities (a “**distributor**”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the UK MiFID Laws or MiFID II (as applicable) is responsible for undertaking its own target market assessment in respect of the Shares (by either adopting or refining the manufacturer’s Target Market Assessment) and determining appropriate distribution channels.

Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue and the Placing Programme including, without limitation, those set out in this Prospectus. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Numis will only procure investors in connection with the Placing Programme who meet the criteria of professional clients and eligible counterparties.

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

## **6. UK PRIIPS LAWS AND PRIIPS REGULATION**

In accordance with the UK PRIIPs Laws and the PRIIPs Regulation (as applicable), a Key Information Document in respect of the Ordinary Shares to be issued under the Issue and the Placing Programme has been prepared by the Company and is available to investors at <https://www.maitlandgroup.com/investment-data/twentyfour-income-fund/> and at the Company’s website at [www.twentyfourincomefund.com](http://www.twentyfourincomefund.com). If you are distributing the Ordinary Shares, it is your responsibility to ensure that the relevant Key Information Document is provided to any clients that are “retail clients”.

The Company is the only manufacturer of the Ordinary Shares and any Realisation Shares for the purposes of the UK PRIIPs Laws and the PRIIPs Regulation (as applicable) and neither Numis nor BDO is a manufacturer for these purposes. Neither of BDO or Numis makes any representations, express or implied, or accepts any responsibility whatsoever for the contents of the Key Information Documents prepared by the Company in respect of the Ordinary Shares and any Realisation Shares and does not accept any responsibility to update the contents of the Key Information Documents in accordance with the UK PRIIPs Laws and the PRIIPs Regulation (as applicable), to undertake any review processes in relation thereto or to provide such Key Information Documents to future distributors of Ordinary Shares or Realisation Shares. Each of BDO, Numis and their respective affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of the Key Information Documents prepared by the Company.

## **7. PROFILE OF TYPICAL INVESTOR**

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

## **8. LATEST PRACTICABLE DATE**

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is the close of business on 1 March 2022.

## 9. NO INCORPORATION OF WEBSITE

Without limitation, neither the contents of the Company's website ([www.twentyfourincomefund.com](http://www.twentyfourincomefund.com)), the Portfolio Manager's website ([www.twentyfouram.com](http://www.twentyfouram.com)), the AIFM's website ([www.maitlandgroup.com](http://www.maitlandgroup.com)) or the contents of any website accessible from hyperlinks on the Company's website, the Portfolio Manager's website, the AIFM's website or any other website referred to in this Prospectus are incorporated into, or form part of, this Prospectus unless that information is incorporated by reference into the Prospectus. Investors should base their decision to invest on the contents of this Prospectus and any supplementary prospectus published by the Company alone and should consult their professional advisers prior to acquiring any Ordinary Shares.

## 10. CURRENCY PRESENTATION

Unless otherwise indicated, all references in this Prospectus to "Sterling", "£", "pence" or "GBP" are to the lawful currency of the UK, all references in this Prospectus to "Euro" or "€" are to the currency adopted by those nations participating in the third stage of the economic and monetary union provisions of the Treaty on European Union, signed at Maastricht on 7 February 1992 and all references in this Prospectus to "US\$" or "\$" are to the lawful currency of the United States.

## 11. PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise indicated, the financial information included in this Prospectus has been extracted without material adjustment or derived from the following sources:

- (i) the unaudited interim financial statements of the Company as at and for the six month period ended 30 September 2021 (the "**2021 Interim Report**") together with the related notes thereto made available to Shareholders on 29 November 2021, which have been prepared in accordance with IFRS;
- (ii) the audited financial statements of the Company as at and for the year ended 31 March 2021 together with the related notes thereto included in the Company's 2021 annual report made available to shareholders on 8 July 2021 (the "**2021 Annual Report**"), which have been prepared in accordance with IFRS;
- (iii) the unaudited interim financial statements of the Company as at and for the six month period ended 30 September 2020 (the "**2020 Interim Report**") together with the related notes thereto made available to Shareholders on 30 November 2020, which have been prepared in accordance with IFRS;
- (iv) the audited financial statements of the Company as at and for the year ended 31 March 2020 together with the related notes thereto included in the Company's 2020 annual report made available to shareholders on 21 July 2020 (the "**2020 Annual Report**"), which have been prepared in accordance with IFRS; and
- (v) the audited financial statements of the Company as at and for the year ended 31 March 2019 together with the related notes thereto included in the Company's 2019 annual report made available to shareholders on 11 July 2019 (the "**2019 Annual Report**"), which have been prepared in accordance with IFRS.

The 2021 Interim Report, the 2021 Annual Report, the 2020 Interim Report, the 2020 Annual Report and the 2019 Annual Report are incorporated by reference into this Prospectus as set out in Part 7 (Financial Information relating to the Company) of this Prospectus.

## 12. DATA PROTECTION

Each investor acknowledges that it has been informed that, pursuant to the Data Protection Laws, the Company, the Administrator and/or the Registrar hold their personal data. The Registrar and the Administrator will process and retain such personal data at all times in compliance with Data Protection Laws and shall only process such information for the purposes set out in the Company's privacy notice (the "**Purposes**") which is available for consultation on the Company's website at [www.twentyfourincomefund.com](http://www.twentyfourincomefund.com) (the "**Privacy Notice**").

Where necessary to fulfil the Purposes, the Company will disclose personal data to:



- (a) third parties located either within, or outside of, the United Kingdom and/or the EEA, for the Registrar, the Administrator, the AIFM and the Portfolio Manager to perform their respective functions, or when it is within its legitimate interests, and in particular in connection with the holding of Shares; or
- (b) the Registrar, the Administrator, the AIFM or the Portfolio Manager and their respective Affiliates, some of which are located outside the United Kingdom and/or the EEA.

Any sharing by the Company of personal data with third parties will be carried out in compliance with Data Protection Laws and as set out in the Privacy Notice.

In providing the Company, the Registrar and/or the Administrator with personal data, each investor hereby represents and warrants to the Company, the Registrar and the Administrator that: (1) it complies in all material aspects with its data controller obligations under Data Protection Laws, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice to such relevant data subjects; and (2) where consent is legally competent or required under Data Protection Laws, the investor has obtained the consent of any data subject to the Company, the Administrator and the Registrar and their respective Affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).

Each investor acknowledges that by submitting personal data to the Company, the Registrar or the Administrator (each acting for and on behalf of the Company) where the investor is a natural person he or she (as the case may be) represents and warrants that (as applicable) he or she has read and understood the terms of the Privacy Notice.

Each investor acknowledges that by submitting personal data to the Company, the Registrar or the Administrator (each acting for and on behalf of the Company) where the investor is not a natural person it represents and warrants:

- (a) it has brought the Privacy Notice to the attention of any underlying data subjects on whose behalf or account the investor may act or whose personal data will be disclosed to the Company, the Registrar or the Administrator as a result of the investor agreeing to acquire or subscribe for Ordinary Shares under the Issue or the Placing Programme and has provided such underlying data subjects with details of the Purposes for which their personal data will be used;
- (b) where consent is required under Data Protection Laws, the investor has obtained the consent of any data subject to the Company, the Administrator and the Registrar, and their respective affiliates and group companies, processing their personal data for the Purposes; and
- (c) the investor has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

Where the investor acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Issue or the Placing Programme:

- (a) comply with all applicable data protection legislation;
- (b) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
- (c) if required, agree with the Company, the Administrator and the Registrar (as applicable), the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- (d) immediately on demand, fully indemnify the Company, the AIFM, the Portfolio Manager, the Administrator and the Registrar (as applicable) and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company, the AIFM, the Portfolio Manager, the Administrator, or the Registrar in connection with any failure by the investor to comply with the provisions set out above.



### **13. PRESENTATION OF INDUSTRY, MARKET AND OTHER DATA**

Market and economic data used throughout this Prospectus is sourced from various independent sources. The Company confirms that such data has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **14. 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.

## EXPECTED TIMETABLE, STATISTICS AND DEALING CODES

### 1. EXPECTED TIMETABLE OF PRINCIPAL EVENTS

#### Expected Scheme and Issue Timetable

	<i>2022</i>
Record Date for entitlements of UKML Shareholders under the Scheme	Close of business on 17 March
Calculation Date	Close of business on 18 March
Extraordinary General Meeting of UKML to approve the Scheme	18 March
Effective Date for implementing the Scheme	18 March
Publication date of the acquisition value per UKML Ordinary Share and the issue price of Ordinary Shares to be issued pursuant to the Scheme	23 March
Transfer of UKML's assets to the Company	24 March
Admission of the Ordinary Shares issued pursuant to the Issue to the premium segment of the Official List and dealings in such Ordinary Shares on the London Stock Exchange's Main Market commence	8.00 a.m. on 24 March
CREST accounts credited in respect of Ordinary Shares issued in uncertificated form pursuant to the Issue	As soon as is reasonably practicable on 24 March
Certificates despatched in respect of Ordinary Shares issued in certificated form pursuant to the Issue (where applicable)	Week commencing 28 March

#### Expected Placing Programme Timetable

	<i>2022</i>
Placing Programme opens	25 March
Admission of the Ordinary Shares issued under a Placing to the premium segment of the Official List and dealings in such Ordinary Shares on the London Stock Exchange's Main Market commence	8.00 a.m. two Business Days after the trade date
CREST accounts credited in respect of Ordinary Shares issued in uncertificated form	As soon as is reasonably practicable on each day Admission of Ordinary Shares issued under the Placing Programme occurs
Certificates despatched in respect of Ordinary Shares issued in certificated form (where applicable)	Within ten Business Days following Admission of the relevant Ordinary Shares

	<i>2023</i>
Placing Programme closes	2 March

## Expected 2022 Realisation Opportunity Timetable

	2022
Commencement of 2022 Election Period	16 September
End of 2022 Election Period	4 October
2022 AGM	14 October
2022 Reorganisation Date	21 October
Admission of any Ordinary Shares that are redesignated as Realisation Shares pursuant to the Realisation to the premium segment of the Official List and dealings in the Realisation Shares on the London Stock Exchange's Main Market commence	26 October

### 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.
- (3) Further details of the expected timetable for the 2022 Realisation Opportunity will be published at the time.

## 2. ILLUSTRATIVE ISSUE STATISTICS

Ordinary Shares to be issued pursuant to the Issue	130.4 million Ordinary Shares <sup>1</sup>
Maximum size of the Placing Programme	150 million Ordinary Shares
Placing Programme Price	Equal to a premium of at least 2 per cent. to the announced Net Asset Value per Ordinary Share at the time of issue.

## 3. DEALING CODES

### Ordinary Shares

ISIN	GG00B90J5Z95
SEDOL	B90J5Z9
Ticker	TFIF

### Realisation Shares

ISIN	GG00BN95D293
SEDOL	BN95D29
Ticker	TFIR

<sup>1</sup> Under the Scheme, the Company will acquire the assets of UKML at a price per UKML Ordinary Share of 84 pence, less UKML's costs in relation to the Scheme and the retention to meet unknown and ascertained liabilities, subject to certain adjustments in accordance with the terms of the Scheme. Based on the most recent estimate of UKML's costs in relation to the proposed Scheme and the expected retention, the illustrative acquisition value per UKML Ordinary Share is estimated at 83.32 pence per UKML Ordinary Share. The acquisition price will be satisfied through the issue to UKML's shareholders of Ordinary Shares at a price representing a 1.25 per cent. premium to the Company's net asset value as at 31 January 2022 (the "FAV"). The FAV is 114.21 pence per Ordinary Share, being the NAV per Ordinary share of 112.80 pence as at 31 January 2022, plus the agreed 1.25 per cent. issuance premium. Assuming the acquisition value per UKML Ordinary Share remains at 83.32 pence per UKML Ordinary Share, the number of Ordinary Shares to be issued to UKML Shareholders will be 130.4 million (subject to rounding and adjustment for any additional net assets or net liabilities of UKML ascertained between now and the Effective Date for the Scheme).

**DIRECTORS, PORTFOLIO MANAGER, AIFM,  
DEPOSITARY, ADMINISTRATOR AND ADVISERS**

**Directors**

Trevor Ash (*Chairman*)  
Ian Burns  
Richard Burwood  
Joanne Fintzen  
John de Garis  
John Le Poidevin

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](http://www.twentyfourincomefund.com)

**Portfolio Manager**

TwentyFour Asset Management LLP  
8th Floor  
The Monument Building  
11 Monument Street  
London EC3R 8AF  
Telephone: +44 20 7015 8900

Website: [www.twentyfouram.com](http://www.twentyfouram.com)

Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000

**AIFM**

Maitland Institutional Services Limited  
Hamilton Centre  
Rodney Way  
Chelmsford CM1 3BY

Website: <https://www.maitlandgroup.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  
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Les Banques  
St Peter Port  
Guernsey GY1 3DA  
Telephone: +44 1481 745000

Website: [www.northerntrust.com](http://www.northerntrust.com)

*Regulated by the Guernsey Financial Services Commission under the POI Law*

**Designated Administrator and Company Secretary, Nominated Firm for Investor CDD**

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](http://www.northerntrust.com)

*Regulated by the Guernsey Financial Services Commission under the POI Law*

**Broker and Financial Adviser**

Numis Securities Limited  
45 Gresham Street  
London  
EC2V 7BF

*Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000*

**Sponsor**

BDO LLP  
55 Baker Street  
London W1U 7EU

*Authorised and Regulated by the Financial Conduct Authority under the Financial Services and Markets Act 2000*

**Legal Advisers to the Company  
(as to English law)**

Hogan Lovells International LLP  
Atlantic House  
Holborn Viaduct  
London EC1A 2FG

**Legal Advisers to the Company  
(as to Guernsey law)**

Carey Olsen (Guernsey) LLP  
Carey House  
Les Banques  
St Peter Port  
Guernsey GY1 4BZ

**Legal Advisers to Numis  
(as to English law)**

Norton Rose Fulbright LLP  
3 More London Riverside  
London SE1 2AQ

**Auditor**

PricewaterhouseCoopers CI LLP  
PO Box 321  
Royal Bank Place  
1 Glatigny Esplanade  
St Peter Port  
Guernsey GY1 4ND



**Reporting Accountants**

KPMG Audit LLC  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man  
IM1 1LA

**Registrars**

Computershare Investor Services (Guernsey) Limited  
1st Floor  
Tudor House  
Le Bordage  
St Peter Port  
Guernsey GY1 1DB

**Receiving Agent**

Computershare Investor Services PLC  
Corporate Actions Projects  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6AH

## PART 1: THE COMPANY

### 1. INTRODUCTION

#### 1.1 Background and reasons for publication of this Prospectus

TwentyFour Income Fund Limited was incorporated on 11 January 2013 and launched on 6 March 2013 with an investment objective of generating attractive, risk-adjusted returns, principally through income distributions. 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.

As at 1 March 2022, being the latest practicable date prior to the publication of this Prospectus, the Company had 508,514,809 Ordinary Shares in issue (excluding treasury shares).

The Company is publishing this Prospectus in connection with the issue of Ordinary Shares pursuant to the scheme of reconstruction of UK Mortgages Limited (the "**Issue**") and the acquisition of its investment portfolio, as well as to enable the Company to raise further equity capital under the Placing Programme in response to market demand. This Prospectus also contains details of the 2022 Realisation Opportunity and the Realisation Shares that may be issued in connection therewith should Shareholders so elect.

#### 1.2 Current trading and prospects

Since launch the Company has delivered strong performance for Shareholders:

- the NAV total return of the Company from launch to close of business on 1 March 2022, being the latest practicable date prior to the publication of the Prospectus, was 92.2 per cent., or 7.5 per cent. per annum, which compares favourably with the Company's target annual total return of 6 to 9 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 in respect of the period ended 31 March 2014, 6.65p per Ordinary Share in respect of the period ended 31 March 2015, 7.14p per Ordinary Share in respect of the year ending 31 March 2016, 6.99p per Ordinary Share in respect of the year ending 31 March 2017, 7.23p per Ordinary Share in respect of the year ending 31 March 2018, 6.45p per Ordinary Share in respect of the year ending 31 March 2019, 6.40p per Ordinary Share in respect of the year ending 31 March 2020, and 6.41p per Ordinary Share in respect of the year ending 31 March 2021. The Board currently estimates a total dividend in respect of the year ending 31 March 2022 of more than 6p per Ordinary Share<sup>2</sup>; and
- the Ordinary Shares have predominantly traded at a premium or at a small discount to Net Asset Value since launch (the Company's average premium since launch being 2.1 per cent.), reflecting net demand in the market from a broad range of existing and new investors. The discount to NAV was 0.69 per cent. as at close of business on 1 March 2022, 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 but not limited to the COVID-19 pandemic, significant increases in inflation, expected US and UK central bank rate hikes and tapering, a slowdown of the Chinese developer industry, and tensions between NATO and Russia. This has led to more volatility in credit markets, and while ABS and collateralised loan obligations (CLOs) have not been immune to this, they have outperformed most parts of the fixed income market, due to the floating rate nature of these asset classes. As the

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<sup>2</sup> 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, retain or increase their investment in the Company. See further under paragraph 1.6 of the "Risk Factors" section.

European ABS and CLO markets have been less impacted by significant asset purchases by the Central Banks, credit spreads have remained a lot wider than similarly rated corporate bonds.

Fundamental performance has improved for the majority of transactions in the European ABS market, buoyed by a low interest rate environment, and improving employment, wage and housing data. During the COVID-19 lockdowns, UK and European borrowers benefited from substantial government support, resulting in very low default rates in corporates and consumers. 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 higher inflation and likely persistent nature of this inflation has resulted in a high probability of rate hikes by the FED and Bank of England. In December 2021 the Bank of England first hiked rates by 0.15 per cent., with a second hike of 0.25 per cent. in February 2022, and multiple further rate hikes in both the UK and the US are very probable. As the Company's income is based on floating rate coupons, the Company's income can be expected to go up as the financial markets expect a higher rate environment.

The better yields available currently and the floating rate nature of this income, when compared to historical yields and yields in other parts of fixed income, may be attractive to new investors in the sector, which could provide opportunities for material capital gains in a recovering environment.

TwentyFour expects the strong performance of transactions to continue in the medium term with Fitch updating its cumulative lifetime loss rate predictions for European RMBS and ABS (2000-2020 vintages) to 0.09 per cent. and 0.05 per cent. respectively.<sup>3</sup>

### 1.3 The Scheme

#### *Background to the proposed Scheme*

On 8 February 2022, the Board announced that it had agreed terms with UK Mortgages Limited ("**UKML**") in respect of a proposed merger of the Company with UKML, to be effected by way of a scheme of reconstruction consisting of the winding-up of UKML, the transfer of UKML's assets to the Company and the issue of Ordinary Shares to UKML's shareholders. The Company and UKML are both managed by TwentyFour Asset Management LLP.

Both the Directors and the directors of UKML believe that the proposed Scheme remains attractive, despite the change to the global economic environment caused by Russia's invasion of Ukraine. In order to provide enhanced certainty for both the Company and UKML of transaction terms against current uncertainty and potential volatility, the proposed terms of the Scheme announced on 8 February 2022 have been amended to substantively fix the price per UKML Ordinary Share at which the Company will acquire the assets of UKML and the price at which Ordinary Shares will be issued in consideration for those assets as at 31 January 2022.

Under the Scheme, the Company will acquire the assets of UKML at a price per UKML Ordinary Share of 84 pence, less UKML's costs in relation to the Scheme and the retention to meet unknown and ascertained liabilities, subject to certain adjustments in accordance with the terms of the Scheme. Based on the most recent estimate of UKML's costs in relation to the proposed Scheme and the expected retention, the illustrative acquisition value per UKML Ordinary Share is estimated at 83.32 pence per UKML Ordinary Share. The acquisition price will be satisfied through the issue to UKML's shareholders of Ordinary Shares at a price representing a 1.25 per cent. premium to the Company's net asset value as at 31 January 2022 (the "**FAV**"). The FAV is 114.21 pence per Ordinary Share, being the NAV per Ordinary share of 112.80 pence as at 31 January 2022, plus the agreed 1.25 per cent. issuance premium. Assuming the acquisition value per UKML Ordinary Share remains at 83.32 pence per UKML Ordinary Share, the number of Ordinary Shares to be issued to UKML Shareholders will be 130.4 million (subject to rounding and adjustment for any additional net assets or net liabilities of UKML ascertained between now and the Effective Date for the Scheme).

The Scheme is designed to enable UKML's shareholders to "roll over" their investment in UKML into the Company. In return, the Company will acquire UKML's portfolio of UK residential mortgage-backed securities.

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<sup>3</sup> Fitch / Global Structured Finance Losses: 2000-2020 issuance – March 2021.

The assets of UKML to be acquired by the Company comprise interests in four portfolios of UK residential mortgage receivables in the buy-to-let or owner-occupied sector. Each of the four portfolios are represented by ABS issued by separate issuers, and the portfolio together represents interests in over 7,000 individual mortgages.

#### *Benefits of the Scheme*

The Directors believe that the Scheme has compelling strategic, operational and financial rationale, which includes the following.

#### **Creating a market leading listed credit fund**

- The Company should benefit from a strengthened market position due to greater scale and combined asset management and securitisation expertise within TwentyFour.
- Following implementation of the Scheme, the Company's NAV is expected to be approximately £715 million<sup>4</sup>.
- 11 investment professionals of TwentyFour will be focussed on the Company.

#### **Combining complementary portfolios with attractive characteristics**

- The Company's evolving strategy seeks the yield premium from lower liquidity, recognising that sourcing attractive risk-adjusted returns has become more challenging.
- The merger provides access to UKML's stable income-generating assets, previously underwritten by TwentyFour, consistent with the Company's investment approach.
- The merger is expected to diversify the sources of income for the Company.

#### **Enhanced return profile**

- Earnings from the combined portfolios of UKML and the Company are expected to be a strong underpin to the Company's annual Dividend Target of at least 6 pence per Ordinary Share<sup>5</sup>. The estimated gross-to-market yield of the combined portfolio is approximately 8.3 per cent.<sup>6</sup>
- The merger is expected to be NAV accretive to the Company over the medium term.

#### **Access to high quality counterparties**

- Following the merger, the Company will be well placed to capitalise on UKML's existing counterparty relationships across the asset-backed securities market.

#### **Increased liquidity with a more diverse Shareholder register**

- Increased liquidity of the Ordinary Shares is expected in the secondary market given the Company's greater scale and anticipated increased weighting in the FTSE indices.
- The Company will achieve a high quality and more diverse Shareholder register with scope to appeal to a broader universe of potential investors.

#### **Synergies expected to create value for Shareholders**

- Cost efficiencies and economies of scale are expected as a result of the merger.

<sup>4</sup> This figure is provided for illustrative purposes only, on the basis that the calculation date of the Scheme had been fixed at 31 January 2022 and does not represent a forecast.

<sup>5</sup> 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 its portfolio and the Company's total expense ratio.

<sup>6</sup> This figure is indicative and based on TwentyFour modelling.

- The Company is expected to maintain an attractive ongoing charges ratio over time. Following implementation of the Scheme, the Company's cost ratio is expected to be approximately 1 per cent.<sup>7</sup>

#### *Clarification to the Company's Investment Policy in connection with the Scheme*

In connection with the Company's acquisition of UKML's investment portfolio pursuant to the proposed Scheme, the Directors have made a clarificatory amendment to the Company's investment policy to make it clear that, for purposes of the restriction under the investment policy that no more than 10 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities, interests in any Holding Entity will be excluded from this calculation, provided that the Company's other investment restrictions will apply to the Holding Entity on a look-through basis.

Further details of the Scheme and the Issue are set out in Part 4 of this Prospectus.

#### **1.4 2022 Realisation Opportunity**

The 2022 Realisation Opportunity will offer Qualifying Shareholders the opportunity to:

- retain their current investment in the Company; or
- realise their investment in the Company,

with effect from the 2022 Reorganisation Date, being 21 October 2022, the date falling 5 Business Days after the 2022 AGM. Shareholders may also be provided with an opportunity to increase their investment during the 2022 Election Period through the Placing Programme.

Prior to the commencement of the 2022 Election Period, the Company shall issue Election Forms to Qualifying Shareholders to enable them to make the elections referred to above and potentially increase their investment. Such elections are intended to be satisfied at the Redemption Price by a placing of such Ordinary Shares in the market by Numis and/or redemption or repurchase by the Company of such Ordinary Shares, funded by any cash resources which may be available to the Company at the 2022 Reorganisation Date (including, without limitation, funds raised through the Placing Programme).

Where the value of such elections (calculated by reference to the Redemption Price) exceeds the amount of funds available to the Company at the 2022 Reorganisation Date, resulting in the Company not being able to redeem or repurchase such Ordinary Shares at the Redemption Price, such Ordinary Shares will be converted into Realisation Shares.

In such case, following the 2022 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 to holders of the Realisation Shares. 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.

Further details in respect of the implementation of Realisation Opportunities, Realisations and the rights attaching to Realisation Shares are set out in Part 6 and in paragraph 4 of Part 9 of this Prospectus.

#### **1.5 The Placing Programme**

The Company wishes to raise further funding for investment in accordance with the Company's investment policy through the Placing Programme. Up to 150 million Ordinary Shares may be issued through the Placing Programme at a price that is equal to a premium of at least 2 per cent. to the announced Net Asset Value per Ordinary Share at the time of issue. Further details of the Placing Programme are set out in Part 5 of this Prospectus.

In addition to seeking annual renewal of the authority to issue Ordinary Shares on a non-pre-emptive basis in respect of a number of Ordinary Shares equal to up to 20 per cent. of the then

<sup>7</sup> Combined cost ratio indicative and based on TwentyFour modelling.



issued Ordinary Shares, the Directors will also seek the Placing Programme Disapplication Authority at the 2022 AGM. Each Placing under the Placing Programme is conditional on the Directors having, at the time of such Placing, the relevant Shareholder authorities to issue the Ordinary Shares to be issued pursuant to such Placing.

## **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. The Board intends to review the level of the target NAV total return at its absolute discretion from time to time.

## **4. INVESTMENT POLICY**

The Company's investment policy is to invest in a diversified portfolio of predominantly 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);
- (ii) no more than 10 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities (excluding interests in any Holding Entity provided that the Holding Entity complies with paragraph (v) below), but provided that where more than 5 per cent. of the Portfolio value is exposed to a single Asset Backed Security, these Asset Backed Securities in respect of which more than 5 per cent. of the Portfolio value is exposed, may not, in aggregate, make up more than 40 per cent. of the total Portfolio value of the Company;
- (iii) no more than 15 per cent. of the Portfolio value will be exposed in aggregate to instruments not deemed securities for the purposes of FSMA, provided that no more than 3 per cent. of the Portfolio value will be exposed to any single such instrument;
- (iv) up to 10 per cent. of the Portfolio value may be exposed to Asset Backed Securities backed by collateral from several countries where, in addition to countries within the UK and Europe, one or more of the countries is outside of the UK and Europe; and
- (v) no more than 20 per cent. of the Portfolio value will be exposed in aggregate to any Holding Entity which is not a wholly-owned subsidiary, and the restrictions in paragraphs (i) to (iv) above will apply to Asset Backed Securities and instruments in which any Holding Entity is invested, as such restrictions are calculated on a look through basis as a proportion of the Portfolio.

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 10 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities, provided that Asset Backed Securities within the Portfolio to which more than 5 per cent. of the Portfolio value is exposed, may not make up more than 40 per cent. of the total Portfolio value of the Company); and
- such purchase does not make the Portfolio, in aggregate, less compliant with any of (i), (ii), (iii), (iv) and (v) 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 may employ gearing or derivatives for investment purposes.

The Company may, from time to time, use borrowing for investment opportunities and 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 may have more than one loan, repurchase or stock loan facility in place. 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 25 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.

As at the date of this Prospectus, the Company has 3 per cent. of gearing, through repurchase transactions.

#### 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 the FCA and its Shareholders by Ordinary Resolution.

### 5. INVESTMENT PORTFOLIO AND USE OF PLACING PROGRAMME PROCEEDS

The Board appointed Maitland as the Company's AIFM to provide investment management services to the Company as required by the AIFM Laws. Investment management services comprise risk management and portfolio management services. In accordance with the AIFM Laws, Maitland 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 Laws 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.

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 and increased exposure to residential and commercial mortgage-backed securities in the UK and Northern Europe.

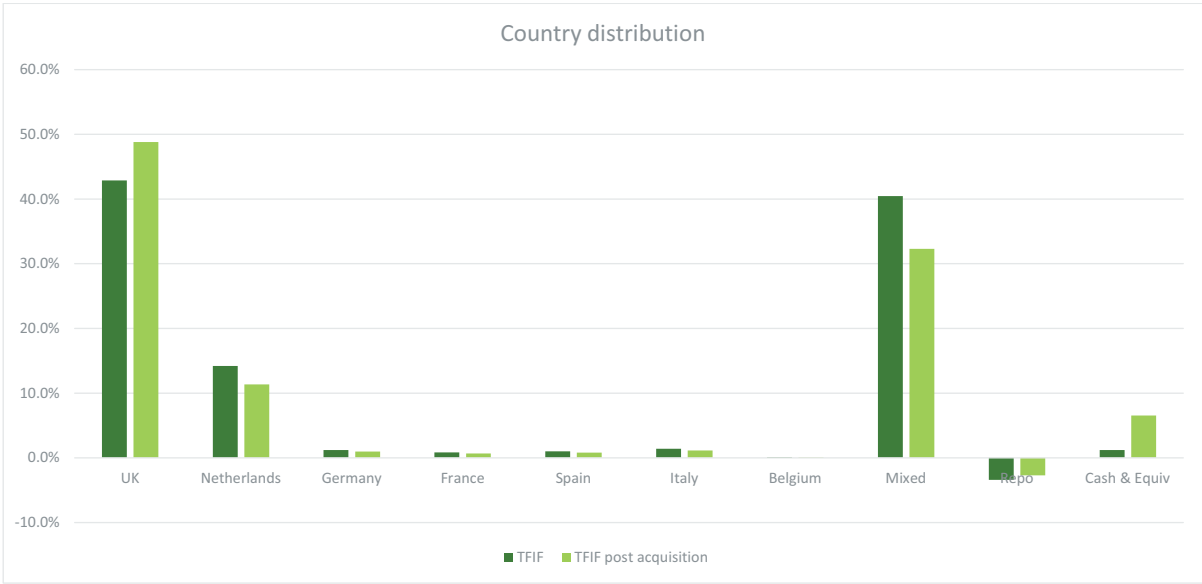
As at the close of business on 1 March 2022, being the latest practicable date prior to the publication of this Prospectus, the Company's Portfolio comprised of 158 investments. As at that date the Company's top 10 investments and their sectoral portfolio allocations were:

<b>Issuer</b>	<b>Number of Shares</b>	<b>Asset Backed Security Sector</b>	<b>Fair Value (£)</b>	<b>Percentage of Net Asset Value</b>
SYON 2019-1	27,750,000	RMBS	£24,807,764	4.44%
SYON 2020-2	20,500,000	RMBS	£20,701,751	3.71%
OPTOM 6W	19,747,844	RMBS	£19,747,844	3.54%
CASTE 2020-1	18,407,000	RMBS	£18,700,928	3.35%
ERF 5	21,350,000	RMBS	£17,067,255	3.06%
TGCAB 1	17,000,000	RMBS	£17,000,000	3.04%
TLPNS 1	25,000,000	RMBS	£15,453,180	2.77%
VSKH 3	1,975,000	RMBS	£14,027,783	2.51%
TAURS 2020-NL1	17,000,000	CMBS	£12,263,430	2.20%
SYON 2020-1	13,650,000	RMBS	£12,227,044	2.19%

Source: TwentyFour AM as at 1 March 2022

The following graphs provide a comparative illustration of the geographic, rating and sectoral breakdowns of the Portfolio: (i) as at the close of business on 28 February 2022, being the latest practicable date prior to the publication of this Prospectus; and (ii) immediately following implementation of the Scheme and the acquisition by the Company of the assets of UKML (based on the composition of UKML's portfolio as at the close of business on 28 February 2022, being the latest practicable date prior to the publication of this Prospectus).

### Geographic Breakdown



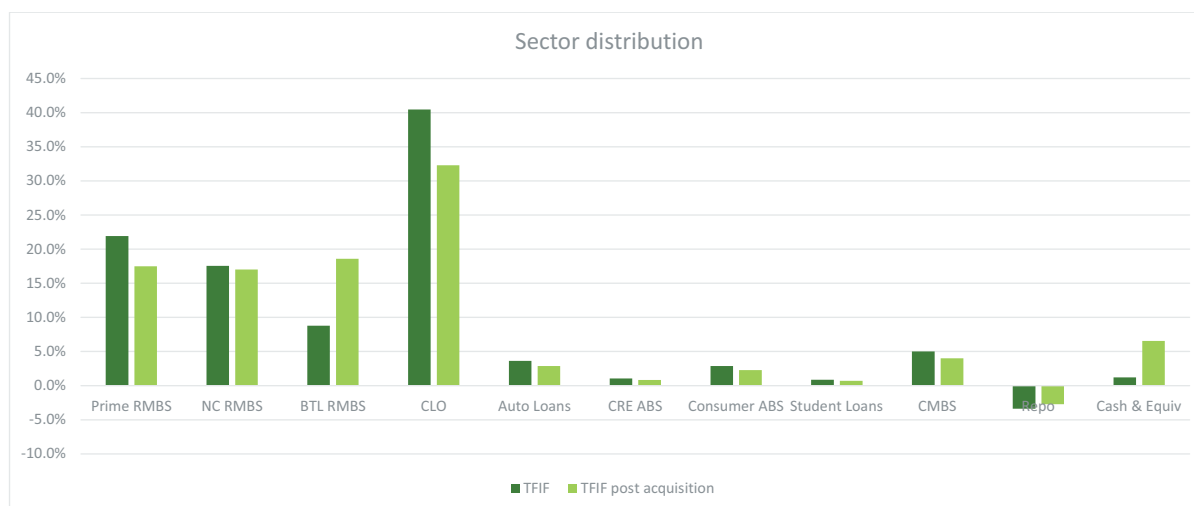
Source: TwentyFour AM as at 28 February 2022

### Rating Breakdown



Source: TwentyFour AM as at 28 February 2022

## Sector Breakdown



Source: TwentyFour AM as at 28 February 2022

As at 31 January 2022, the Portfolio had a gross purchase yield of 8.35 per cent.

## 6. CAPITAL STRUCTURE

### 6.1 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 1 March 2022, being the latest practicable date prior to the publication of this Prospectus, the Company had 508,514,809 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 an extraordinary 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.

### 6.2 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 an Extraordinary Resolution.

Each Placing under the Placing Programme is conditional on the Directors having, at the time of such Placing, the relevant Shareholder authorities to issue the Ordinary Shares to be issued pursuant to such Placing.

As at the date of this Prospectus, the Directors have authority to issue up to 101,702,961 Ordinary Shares on a non-pre-emptive basis in accordance with resolutions passed at the annual general meeting of the Company held on 14 October 2021 (the "Existing Disapplication Authority").

The Directors will seek the Placing Programme Disapplication Authority at the 2022 AGM, such authority extending until 2 March 2023.

The Directors intend to issue further Ordinary Shares under the Placing Programme in order to raise further funding to be invested in accordance with the Company's investment policy and objective and for working capital purposes. The proceeds raised under the Placing Programme may



also be used 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.

The Directors only intend to use their authority to issue 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 Ordinary Shares equal to 150 million 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 20 per cent. of the then issued Ordinary Shares.

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 Article 23 of the UK Prospectus Regulation. The Prospectus Regulation Rules currently allow for the issue of shares representing, over a period of 12 months, less than 20 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 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 any requirement under the UK Prospectus Regulation to publish a supplementary prospectus.

## **7. DISCOUNT MANAGEMENT**

### **7.1 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. Part 6 of this Prospectus explains how Realisation Elections may be made and how, in the event that any such Realisation Elections are made, a Realisation will be implemented.

### **7.2 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 13 September 2021.

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 independent 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.

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 Guidance 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 will not be issued at a discount to the prevailing Net Asset Value per Ordinary Share.

In the year ended 31 March 2021, no Ordinary Shares were repurchased by the Company and no Ordinary Shares were reissued out of treasury. At the date of this Prospectus, the Company held 39,000,000 Ordinary Shares in treasury.

## **8. 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.

On 13 April 2021 the Board declared a dividend of 1.91p per Ordinary Share which was paid on 7 May 2021 to those Shareholders on the register of members on 23 April 2021. On 8 July 2021 the Board declared an interim dividend of 1.5p per Ordinary Share which was paid on 30 July 2021 to those Shareholders on the register of members on 16 July 2021. On 14 October 2021 the Board declared an interim dividend of 1.5p per Ordinary Share which was paid on 5 November 2021 to those Shareholders on the register of members on 22 October 2021. On 13 January 2022 the Board declared an interim dividend of 1.5p per Ordinary Share which was paid on 4 February 2022 to those Shareholders on the register of members on 21 January 2022.

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 2021, the Company paid aggregate dividends of 6.41p per Ordinary Share.

Dividend payments will vary over time due to a number of factors, including: (1) 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); (2) changes in the SONIA rate, as the bulk of the Asset Backed Securities are expected to have floating rate coupons; (3) the cost of any gearing that the Company might deploy; and (4) 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 are targeting an annual dividend of more than 6 pence per Ordinary Share, or such higher target as the Directors determine at their absolute discretion from time to time.<sup>8</sup>

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.

For the avoidance of doubt, UKML Shareholders who acquire Ordinary Shares pursuant to the Scheme will be entitled to receive dividends declared by the Board following the Effective Date.

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<sup>8</sup> 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" section.

## **9. 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](http://www.twentyfourincomefund.com).

In accordance with the AIFM Laws, 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](http://www.twentyfourincomefund.com):

- (i) the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- (ii) any new arrangements for managing the liquidity of the Company;
- (iii) the current risk profile of the Company and the risk management systems employed by Maitland to manage those risks;
- (iv) any changes to the maximum level of leverage which Maitland 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
- (v) the total amount of leverage employed by the Company.

## **10. REGULATORY STATUS**

The Company is a registered closed-ended collective investment scheme registered pursuant to the POI Law and the Registered Collective Investment Scheme Rules and Guidance, 2021 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, it is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules made by the FCA and is bound to comply with applicable laws including the Law and FSMA.

## **11. NON-MAINSTREAM POOLED INVESTMENT PRODUCTS AND MIFID II ASSESSMENT**

The Company intends to conduct its affairs so that its Shares are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products ("NMPI") because it is a non-EEA company and the Company would qualify for approval as an investment trust by HMRC if it were resident and listed in the United Kingdom.

FCA Policy Statement 17/14 indicates that the Shares may be deemed "non-complex" for the purposes of MiFID II where they meet the requirements of Article 57 of the MiFID II delegated regulation of 25 April 2016. The Directors consider that these requirements will be met in relation to the Shares and that accordingly, the Shares should be considered "non-complex" for the purposes of MiFID II.

## **12. 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.

## **13. FINANCIAL INFORMATION**

### **13.1 Annual Running Expenses**

In addition to management, administration and secretarial fees referred to in Parts 3 and 9 of this Prospectus, the Company pays all other fees and expenses incurred in the operation of its business including, without limitation:

- (i) brokerage and other transaction charges and taxes;
- (ii) Directors' fees and expenses;
- (iii) fees and expenses for custodial, registrar, legal, auditing and other professional services;
- (iv) any borrowing costs;
- (v) 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;
- (vi) NAV publication costs;
- (vii) the ongoing costs of maintaining the Company's status as a registered closed-ended collective investment scheme;
- (viii) directors and officers insurance premiums;
- (ix) promotional expenses (including membership of any industry bodies, including the AIC, and marketing initiatives approved by the Board); and
- (x) costs of printing the Company's financial reports and posting them to Shareholders.

### 13.2 Allocation of Ongoing Costs

Interest expenses will, if relevant, be 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).

### 13.3 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 Code. 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:

- (i) valuation of other securities by the same issuer for which market quotations are available;
- (ii) reasons for the absence of market quotations;
- (iii) the soundness of the security, its interest yield, the date of maturity, the credit standing of the issuer and current general interest rates;
- (iv) recent sales prices and/or bid and ask quotations for the security;
- (v) value of similar securities of issuers in the same or similar industries for which market quotations are available;
- (vi) economic outlook of the relevant industry;
- (vii) an issuer's position in the relevant industry;
- (viii) the financial statements of the issuer; and
- (ix) 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:

- (i) derivative instruments will be valued at fair value based on observable market inputs wherever possible; and
- (ii) 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.

#### **14. 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 Part 6 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.

#### **15. GOVERNING LAW**

The rights of holders of the Shares, including in connection with the Scheme, are governed by Guernsey law.

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



## PART 2: THE INVESTMENT OPPORTUNITY

### 1. BACKGROUND

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

- (i) base rates have been low for a long time, and although the expectation is that there will be multiple rate hikes in the short to medium term, the absolute level of rates is expected to remain low for a longer period of time;
- (ii) banks are now increasingly able to access liquidity from sources other than customer deposits and therefore no longer offer attractive returns on deposits;
- (iii) 'quantitative easing' and other unconventional policy action implemented by central banks have pushed mainstream fixed income products to record low yields;
- (iv) Asset Backed Securities issuance is likely to remain low as banks continue to deleverage; and
- (v) more specialist mortgage lenders and CLO managers successfully continued to increase their market share, and these frequent issuers price at a yield premium to bank issuers, and at the same time have strong diversification benefits.

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 2021 as likely to be amongst the lowest in fixed income. For example, Fitch stated in March 2021:

"Fitch Ratings has analysed the realised losses of rated structured finance (SF) tranches issued in North America, EMEA and APAC between 2000 and 2020, and estimated expected losses"; "Our total loss expectation for Fitch-rated SF notes has fallen over the past two years and has not materially deteriorated because of the coronavirus"; "EMEA total losses are broadly unchanged at 0.42 per cent. from 0.46 per cent. in 2019. When excluding new issuance in 2019 and 2020 the total loss has decreased to 0.45 per cent."; "Total losses in Fitch-rated SF notes issued since 2009 have been very low, remaining below 0.05 per cent. of the original issuance volume with expected losses the main driver (0.044 per cent.)."<sup>9</sup>

9 Fitch Ratings, Global Structured Finance Losses\_2000-2020 Issuance, February 2021



When looking at individual asset classes Fitch mentions CMBS as the asset class with the highest expected loss rate: “In EMEA CMBS the only expected loss (0.24 per cent.) is related to an investment-grade tranche secured by a large shopping centre.” Furthermore Fitch states that away from CMBS they expect 0 per cent. of loss rates in the transactions issued post the global financial crisis.<sup>10</sup>

The total amount of publicly placed outstanding European ABS at the end of Q4 2021 was €491bn, a net increase of €39bn in 2021. 2021 was a post global financial crisis record year with €105bn of primary issuance, the biggest increase came from CLOs with €39bn, followed by €31bn of RMBS (of which 60 per cent. UK), and €29bn consumer/auto ABS.<sup>11</sup>

#### **4. 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 4.1 per cent. as at 31 December 2021, after an increase to 5.2 per cent. following the COVID-19 pandemic<sup>12</sup>. In the same period house prices increased by 55 per cent. in the UK (Nationwide), and average weekly earnings increased by 29 per cent.<sup>13</sup> A similar picture can be painted in most parts of continental Europe, providing significant buffer levels.

Although a medium to long term rate hike is possible, ECB economic policies are for now 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. In the UK, future rate hikes are very likely as the BOE has expressed concerns about the increased and possible persistent level of inflation. Additionally increased lender competition has improved refinancing opportunities and is expected to increase prepayment rates further, boosting credit enhancement and shortening credit duration.

#### **5. 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:

- (i) ABS provide specific exposure to a given fixed asset pool that can then be analysed with accuracy;
- (ii) 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;
- (iii) 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
- (iv) 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).

#### **6. 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:

- (i) 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;

<sup>10</sup> Fitch Ratings, Global Structured Finance Losses\_2000-2020 Issuance, February 2021

<sup>11</sup> Morgan Stanley, European ABS Chartbook, 10 January 2022.

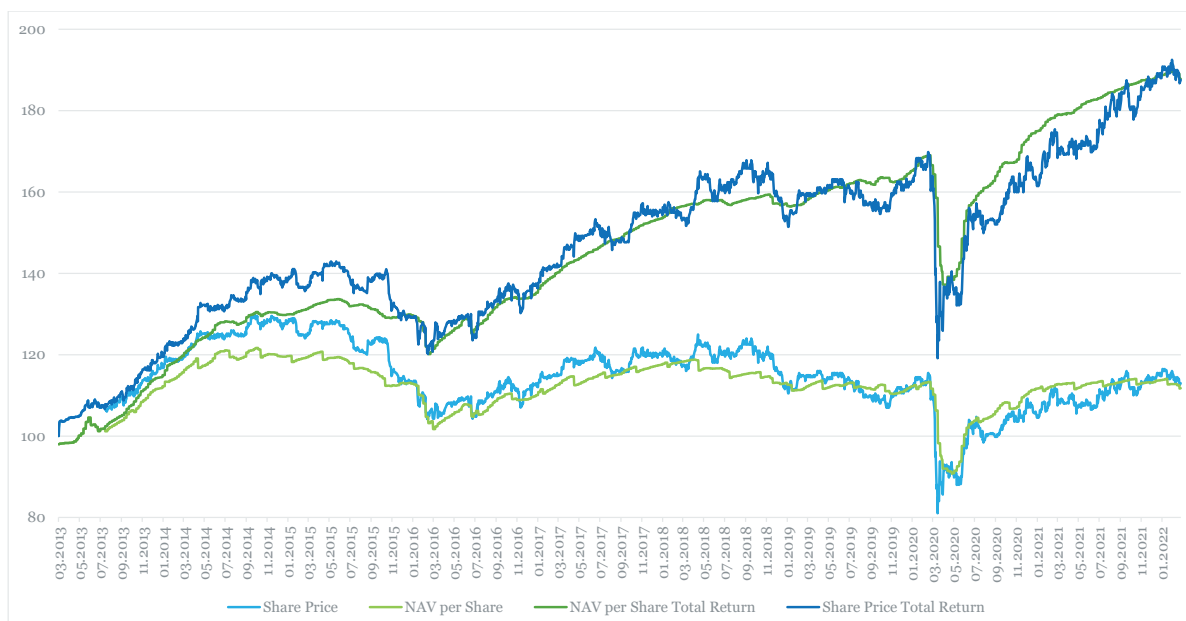
<sup>12</sup> Bloomberg, UK Unemployment Rate

<sup>13</sup> Bloomberg, UK Nationwide House Prices Index

- (ii) 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;
- (iii) the strict operating procedures for ABS mean that an investor will not be exposed to ever changing corporate dynamics;
- (iv) ABS are bankruptcy remote and not subject to bail-in as a result of financial distress of a bank or lender; and
- (v) 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.

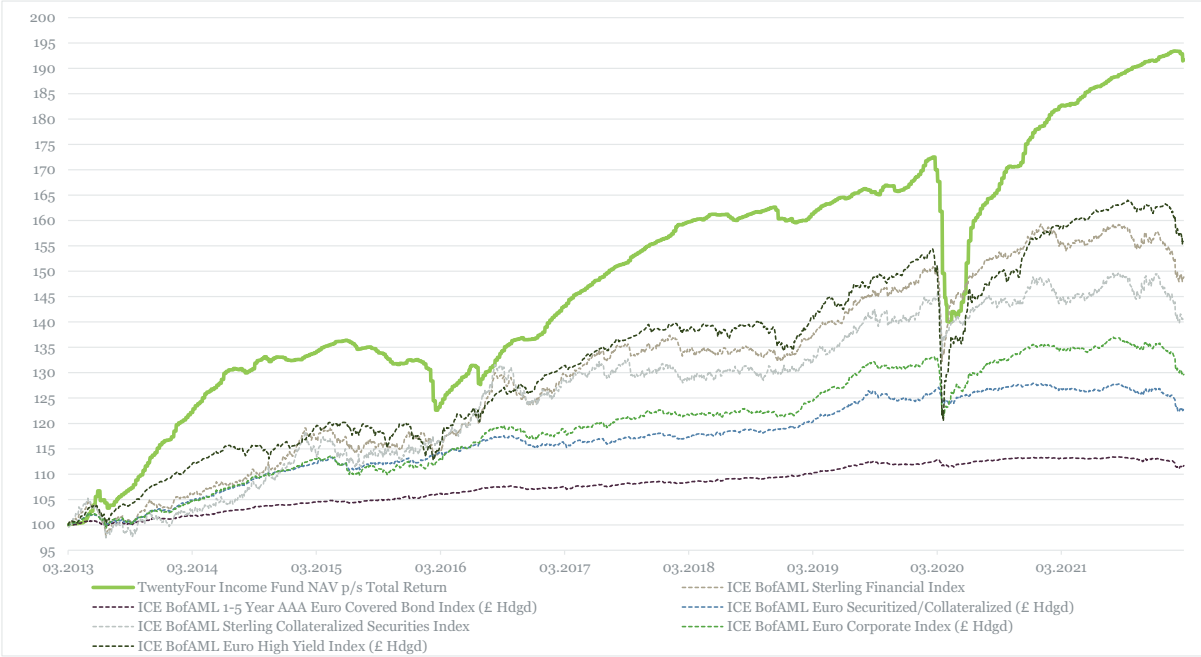
## 7. COMPANY'S PERFORMANCE<sup>14</sup>

### 7.1 NAV versus Share Price



<sup>14</sup> 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.

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



## PART 3: DIRECTORS, MANAGEMENT AND ADMINISTRATION

### 1. 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 75*)

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. Mr. Ash retired as a director of NM Rothschild & Sons (CI) Limited, the banking arm of the Rothschild Group in the Channel Islands in 1999. Since retirement, he has acted as 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, JP Morgan and Merrill Lynch. Mr. Ash was appointed to the Board on 11 January 2013.

**Ian Burns** – (*Non-executive Director, Senior Independent Director and Chairman of the Audit Committee*) (*age 62*)

Mr. Burns is a resident of Guernsey and a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Society of Trust and Estate Planners. 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 Chairman of AIM quoted SEED Innovations Limited (previously FastForward Innovations Limited) and a number of private investment funds. Mr. Burns was appointed to the Board on 17 January 2013.

**Richard Burwood** – (*Non-executive Director*) (*age 54*)

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.

In January 2014, Mr. Burwood joined the board of RoundShield Fund I GP Ltd, a Guernsey private equity fund, focused on European small to mid-cap opportunities. In August 2015, he became a Board Member of Funding Circle SME Income Fund Ltd, a Guernsey company, offering investors access to a diversified pool of SME loans originated through Funding Circle's marketplaces in the UK, US and Europe. Mr. Burwood was appointed to the Board on 17 January 2013.

**Joanne Fintzen** – (*Non-executive Director*) (*age 52*)

Ms. Fintzen is a resident of the United Kingdom, with extensive experience of the finance sector and the investment industry. She trained as a Solicitor with Clifford Chance and worked in the Banking, Fixed Income and Securitisation areas. She joined Citigroup in 1999 providing legal coverage to an asset management division. She was subsequently appointed as European General Counsel for Citigroup Alternative Investments where she was responsible for the provision of legal and structuring support for vehicles which invested \$100bn across asset-backed securities as well as hedge funds investing in various different strategies and private equity and venture capital funds. Ms. Fintzen was appointed to the Board on 7 January 2019.

**John de Garis** – *(Non-executive Director) (age 56)*

Mr. de Garis is a resident of Guernsey with over 30 years of experience in investment management. He is Managing Director and Chief Investment Officer of Rocq Capital founded in July 2016 following the management buyout of Edmond de Rothschild (C.I.) Ltd. He joined Edmond de Rothschild in 2008 as Chief Investment Officer following 17 years at Credit Suisse Asset Management in London, where his last role was Head of European and Sterling Fixed Income. He began his career in the City of London in 1987 at Provident Mutual before joining MAP Fund Managers where he gained experience managing passive equity portfolios. He is a non-executive director of VinaCapital Investment Management Limited in Guernsey. John is a Chartered Fellow of the Chartered Institute for Securities and Investment and holds the Certificate in Private Client Investment Advice and Management. Mr. de Garis was appointed to the Board on 9 July 2021.

**John Le Poidevin** – *(Non-executive Director) (age 51)*

Mr. Le Poidevin is a resident of Guernsey and a Fellow of the Institute of Chartered Accountants in England and Wales. He was formerly an audit partner at BDO LLP in London where he developed an extensive breadth of experience and knowledge across a broad range of business sectors in the UK, European and global markets during over twenty years in practice, including in corporate governance, audit, risk management and financial reporting. Since 2013 he has acted as a non-executive, including as audit committee chair, on the boards of a number of listed and private groups. Mr. Le Poidevin is currently a non-executive director of International Public Partnerships, Super Group, BH Macro Limited, and a number of other private companies and investment funds. Mr Le Poidevin was appointed to the Board on 9 July 2021.

The Board intends to continue with the succession planning that has been undertaken in the last two years, which led to two new members of the Board joining in 2021. The Board is conducting an active search to source additional Directors, with a focus on diversity. The Board in its new format will possess an appropriate range of skills and experience, but recognises that diversity should be a key consideration when appointing any additional directors. It is expected that the current Directors coming to the end of their tenure will step down at the AGM this year or in early 2023, thus ensuring a smooth handover.

In accordance with the Guernsey Prospectus Rules and Guidance, 2021, 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.

## **2. 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 £22 billion of total funds under management as at 31 January 2022, including a range of funds investing in the asset class invested in by the Company. TwentyFour was incorporated in England and Wales on 24 February 2008 with registered number OC335015 as a limited liability partnership under the Limited Liability Partnership Act 2000. The Portfolio Manager is authorised and regulated by the FCA. TwentyFour is owned by the Vontobel Group, headquartered in Switzerland. TwentyFour's LEI number is R7PBZAZDQSEPF1VM14.

TwentyFour's asset backed securities portfolio management team has grown substantially since the Company was launched with currently eight investment professionals supporting the Company, of which three are partners. Following completion of the Scheme, eleven investment professionals at TwentyFour will be focussed on the Company.

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

The Company and the AIFM (acting jointly) may terminate the Portfolio Management Agreement with immediate effect if any two or more of Ben Hayward, Aza Teeuwen, Douglas Charleston and Rob Ford cease to be involved in managing the Portfolio and are not replaced within 90 days by

alternative portfolio managers approved by the Company. In December 2021 Ben Hayward was appointed as the new chief executive officer of TwentyFour (subject to FCA approval). While Ben Hayward will cease to manage the Portfolio, he remains involved in the Investment Committee of TwentyFour. The Board was made aware of this change and is comfortable because of the growth of the portfolio management team (as described above).

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

### **Aza Teeuwen – Partner, Portfolio Management**

Mr. Teeuwen is one of the partners of TwentyFour and a Portfolio Manager. His main responsibility is managing the firm's ABS funds, including the Monument Bond Fund and the Company, in addition to a number of institutional mandates. He is also a member of the firm's Investment Committee.

Mr. Teeuwen has 14 years of experience of fixed income portfolio management. He joined TwentyFour in 2011, after having spent 4 years working for IMC asset management in Amsterdam, where he focused on the European RMBS, CLO and ABS CDO sectors. He holds a master's degree in Financial Engineering & Management from the University of Twente (the Netherlands).

### **Douglas Charleston – Partner, Portfolio Management**

Mr. Charleston is one of the Partners of TwentyFour and a Portfolio Manager. Mr. Charleston's main responsibility is managing the firm's ABS funds, including the Monument Bond Fund and the Company, and more recently UK Mortgages Limited. He is also a member of the firm's Investment Committee.

Mr. Charleston has 15 years of experience in fixed income markets, specifically ABS finance. He started at Nationwide Building Society, where he helped establish the RMBS funding platform and manage Treasury ABS investments, then moved to S&P where he rated European RMBS transactions.

Mr. Charleston was hired from Lloyds where he was a structurer for RMBS and whole loans clients. He is also a CFA Charterholder.

### **Rob Ford – Partner, Portfolio Management**

Mr. Ford is one of the founding partners of TwentyFour and a Portfolio Manager.

Mr. Ford's main responsibility is managing the firm's ABS business, including the Monument Bond Fund, UK Mortgages Limited and the Company, as well as managing a number of institutional mandates. He also is a member of the firm's Investment Committee.

Mr. Ford has been trading ABS since their inception in the late 1980s, and as one of the market's leading authorities on the sector he is also a pivotal member of a number of high level market initiatives and steering groups.

Mr. Ford previously spent over 20 years at Barclays Capital (formerly BZW) in London as a fixed income trader covering a broad range of instruments, where he established and managed the floating rate credit trading unit and was a Managing Director and Head of European ABS Trading.

### **John Lawler – Portfolio Management**

Mr. Lawler joined TwentyFour as a Portfolio Manager in the ABS team in August 2016. His main responsibilities include the firm's public ABS funds, and a number of institutional mandates.

Mr. Lawler's career spans 34 years in investment banking having worked for Barclays Capital in London in fixed income distribution for 23 years, covering a broad range of asset classes including a strong focus on Asset Backed Securities. More recently he was a Managing Director and Head of European ABS sales at Nomura International and prior to that held the same role at The Royal Bank of Scotland.



### **Elena Rinaldi** – *Portfolio Management*

Ms. Rinaldi joined TwentyFour in 2015 as member of the ABS team. Her primary responsibilities involve assisting in the management and day-to-day activities of the team, with a focus on ABS/CMBS/RMBS and CLOs. Ms. Rinaldi is a member of the firm's ESG Committee.

Ms. Rinaldi completed her MSc in Finance in 2014 and holds a bachelor's degree in Management and Business Administration from University of Bologna. Prior to joining TwentyFour, Elena worked as a Financial Analyst at Oakmore Investment Partners and Aqovia. She is a CFA Charterholder and a member of CFA Society UK.

### **Marko Feiertag** – *Portfolio Management*

Mr. Feiertag joined TwentyFour in 2019 in the ABS team. He is a member of the portfolio management team with his main responsibilities including the firm's public ABS funds, and a number of institutional mandates. Mr. Feiertag provides extensive experience across the growing range of public and private investments that the ABS team manage, particularly in continental Europe.

Mr. Feiertag joined the firm from HSBC where he spent 5 years on the investment banking side as a structurer and originator of ABS transactions across Europe. Prior to this he spent 9 years at BNP Paribas and UniCredit working in similar roles. Mr. Feiertag is native German and studied at the University of Cologne and University of Augsburg, majoring in Economics.

## **2.2 TwentyFour's Executive Committee comprises**

### **Graeme Anderson** – *Chairman, Partner*

Mr. Anderson is one of the founding partners of TwentyFour, and serves as the firm's Executive Committee Chairman, in addition to chairing the Investment Committee and ESG Committee and sitting on the Risk & Compliance Committee.

During his 35+ years in fixed income markets, Mr. Anderson has held a variety of leadership roles in both asset management (Britannia Asset Management) and investment banking (Barclays Capital, Greenwich NatWest and Merrill Lynch).

### **Nick Knight-Evans** – *Chief Operating Officer & General Counsel*

Mr. Knight-Evans is one of the founding partners of TwentyFour and has a number of different responsibilities within the firm: as the Chief Operating Officer, Mr. Knight-Evans has overall responsibility for a broad range of functions including Finance, Operations, IT and Facilities; as an English-qualified solicitor, Mr. Knight-Evans serves as the firm's General Counsel; and as a member of the firm's Executive Committee and Board of Directors, Mr. Knight-Evans shares responsibility for the direction, strategy and management of the firm. Mr. Knight-Evans also sits on the firm's Risk & Compliance, Product Governance and Legal & Regulatory Committees.

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 Société Générale. Prior to this, Mr. Knight-Evans worked in private practice for the English law firm Wilde Sapte (now Dentons). Mr. Knight-Evans has a degree in Law from the University of Warwick.

### **Ben Hayward, CFA** – *Chief Executive Officer<sup>15</sup>, Partner, Portfolio Management*

Mr. Hayward is one of the founding partners of TwentyFour, and serves as the firm's Chief Executive Officer. Mr. Hayward sits on the firm's Executive Committee, which has the overall responsibility for the day-to-day running of the firm, as well as the Board of Directors, which sets the overall strategy and direction of the business. Prior to becoming CEO Mr. Hayward was responsible for TwentyFour's ABS business, and he retains a role on the Investment Committee with an ongoing focus on those products.

Mr. Hayward has over 23 years of fixed income portfolio management experience, having spent nine years at Citigroup Alternative Investments, where he was responsible for managing four vehicles that invested \$100bn across asset-backed securities and credit.

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<sup>15</sup> Subject to FCA approval.

**Sujan Nadarajah** – *Chief Compliance Officer, Partner*

Ms. Nadarajah joined TwentyFour in 2015 as the Compliance Officer and has day to day responsibility for overall corporate and portfolio compliance. She provides advice to management on regulatory matters, monitors compliance and gives independent assurance to the Management Board that the firm is acting compliantly, through integrating compliance into its day-to-day business operations.

She has been appointed to the firm's Executive Committee, which has the overall responsibility for the day-to-day running of the firm. Ms. Nadarajah also sits on the firm's Risk & Compliance, Product Governance, ESG and Legal & Regulatory Committees.

Ms. Nadarajah has over 18 years' experience in asset management, 9 of which was in product development at Sarasin Partners LLP providing industry and regulatory advice as well as corporate governance of the management company boards.

**John Magrath** – *Partner, Head of Distribution*

Mr. Magrath is one of the partners and a member of the Executive Committee at TwentyFour, having joined in February 2011 as Head of Distribution. Mr. Magrath has responsibility for the firm's Wholesale business, including Sales, Marketing and Communications.

Prior to joining TwentyFour Mr. Magrath was in a senior sales role at F&C Investments / Thames River working primarily in the UK Retail market. Mr. Magrath has over 33 years of financial services experience. He gained broad experience in asset management working in strategy, marketing, business development and operations for F&C Investments and RSA Investments.

**Eoin Walsh** – *Partner, Portfolio Management*

Mr. Walsh is one of the founding partners of TwentyFour, and a Portfolio Manager. He has been appointed to the firm's Executive Committee, which has the overall responsibility for the day-to-day running of the firm. Mr. Walsh's main responsibility is managing the firm's Multi-Sector Bond team and corresponding funds. He also sits on the firm's Investment Committee.

Mr. Walsh has over 23 years of experience in fixed income markets and prior to joining TwentyFour was a portfolio manager at Citigroup Alternative Investments, managing over USD 75bn of fixed income assets.

### **3. 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. At all stages of the investment process the portfolio management team will consider Environmental, Social and Governance factors, and will score both the ABS transaction as well as the sponsor/originator. 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 ongoing 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.

#### *ESG*

The Company is not expected to pursue an investment approach that explicitly promotes environmental or social characteristics or to have sustainable investment as its objective.

Notwithstanding the foregoing, the Portfolio Manager still considers that the Company is managed responsibly and seeks to evaluate and integrate Sustainability Risks in the investment process. The Portfolio Manager's integration of Sustainability Risks in the investment decision-making process for the Company is reflected in its responsible investment policy. The Company has recourse to both internal and external ESG research and can integrate financially material Sustainability Risks into its investment decision-making processes. More information on the responsible investment policy, and how the Portfolio Manager implements Sustainability Risks may be obtained from <https://www.twentyfouram.com/responsible-investment>.

#### **4. AIFM**

Maitland is the Company's AIFM. Maitland is a private company limited by shares with registration number 6252939 and is authorised and regulated by the FCA. Maitland was incorporated in England and Wales on 18 May 2007.

Maitland 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 Laws.

#### **5. ADMINISTRATOR**

The Administrator is a non-cellular company limited by shares which was incorporated in 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.

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.

#### **6. 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 9 of this Prospectus. Northern Trust (Guernsey) Limited is a limited liability company incorporated in Guernsey on 19 September 1972, 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, 2020 and under the POI Law with GFSC reference number: 33.

#### **7. REGISTRAR AND RECEIVING AGENT**

Computershare Investor Services (Guernsey) Limited has been appointed as Registrar to the Company under the Registrar's Agreement. A summary of the Registrar's Agreement is set out in paragraph 10.6 of Part 9 of this Prospectus.

Computershare Investor Services PLC has been appointed Receiving Agent of the Company in connection with the Scheme and the 2022 Realisation Opportunity. A summary of each of the agreements pursuant to which the Receiving Agent is appointed is set out in paragraphs 10.9 and 10.10 of Part 9 of this Prospectus.

## **8. CORPORATE GOVERNANCE**

### **8.1 Compliance**

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the principles of the UK Corporate Governance Code (the “**UK Code**”). The Company is also required to comply with the Code of Corporate Governance (the “**GFSC Code**”) issued by the Guernsey Financial Services Commission.

The FCA requires all UK premium listed companies to disclose how they have complied with the provisions of the UK Code. The Corporate Governance Statement, together with the Going Concern Statement, Viability Statement and the Statement of Directors’ Responsibilities contained within the Annual Report indicate how the Company has complied with the principles of good governance of the UK Code and its requirements on internal control.

The Company is a member of the AIC and by complying with the AIC Code of Corporate Governance (the “**AIC Code**”) is deemed to comply with both the UK Code and the GFSC Code.

The Board has considered the principles and recommendations of the AIC Code and considers that reporting against these will provide appropriate information to Shareholders. To ensure ongoing compliance with these principles the Board reviews a report from the Company Secretary at each quarterly meeting, identifying how the Company is in compliance and identifying any changes that might be necessary.

The AIC Code is available on the AIC’s website, [www.theaic.co.uk](http://www.theaic.co.uk). The UK Code is available in the Financial Reporting Council’s website, [www.frc.org.uk](http://www.frc.org.uk).

Throughout the year ended 31 March 2021, the Company complied with the recommendations of the AIC Code and thus the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- (i) the role of the Chief Executive;
- (ii) executive Directors’ remuneration;
- (iii) annually assessing the need for an internal audit function;
- (iv) the means for the workforce to raise concerns;
- (v) Remuneration Committee; and
- (vi) Nomination Committee.

For the reasons set out in the AIC Code, the Board considers the first three provisions are not relevant to the position of the Company as it is an externally managed investment company. The Company has therefore not reported further in respect of these provisions. The Board is satisfied that any relevant issues can be properly considered by the Board. The fourth point is not applicable to the Company, as it has no employees. The Board, as a whole, fulfils the function of a Nomination and Remuneration Committee and therefore no separate Nomination or Remuneration Committees are considered necessary.

### **8.2 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.

### **8.3 Board Independence, Composition and Tenure**

The Board is the Company’s governing body and has overall responsibility for maximising the Company’s success by directing and supervising the affairs of the business and meeting the appropriate interests of shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors. A summary of the Board’s responsibilities is as follows:

- (i) statutory obligations and public disclosure;

- (ii) strategic matters and financial reporting;
- (iii) risk assessment and management including reporting compliance, governance;
- (iv) monitoring and control; and
- (v) other matters having a material effect on the Company.

The Board currently consists of six non-executive Directors, all of whom are considered to be independent of the Portfolio Manager as prescribed by the Listing Rules.

The Board considers it has the appropriate balance of diverse skills and experience, independence and knowledge of the Company and the wider sector, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making. The Chairman is responsible for leadership of the Board and ensuring its effectiveness. On 5 June 2017, Ian Burns was appointed as the Senior Independent Director.

The Chairman is Trevor Ash. The Chairman of the Board must be independent for the purposes of Chapter 15 of the Listing Rules. Trevor Ash is considered independent because he:

- (i) has no current or historical employment with the Portfolio Manager; and
- (ii) has no current directorships in any other investment funds managed by the Portfolio Manager.

#### **8.4 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 and reviewing the Company's compliance with the AIC Code.

The Audit Committee reviews the need for non-audit services and authorises 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.

#### **8.5 Management Engagement Committee**

The Board has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee commits to meeting at least once a year and comprises the entire Board with Richard Burwood appointed as Chairperson. These duties and responsibilities include the regular review of the performance of and contractual arrangements with the Portfolio Manager and other service providers and the preparation of the Committee's annual opinion as to the Portfolio Manager's services.

The Management Engagement Committee carried out a review of the performance and capabilities of the Portfolio Manager and other service providers at its September 2021 meeting and recommended that the continued appointment of TwentyFour Asset Management LLP as Portfolio Manager is in the interest of Shareholders. The Management Engagement Committee also recommended that the appointment of all the Company's current service providers should continue.

#### **8.6 Remuneration Committee**

In view of its non-executive and independent nature, the Board considers that it is not appropriate for there to be a separate Remuneration Committee as anticipated by the AIC Code. The Board as a whole fulfils the functions of the Remuneration Committee.

### **8.7 Nomination Committee**

There is no separate Nomination Committee. The Board as a whole fulfils the function of a Nomination Committee. As such, the appointment of new Directors and/or any proposal for a new Director will be discussed and approved by all members of the Board.

### **8.8 Policy on Directors' Fees**

The aggregate fees of the non-executive Directors will not exceed £225,000 in any financial year. 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.

### **8.9 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, subject to the Articles which require that all Directors will retire from office and be eligible for re-election at each annual general meeting. Those terms of appointment also provide that a Director may be removed without notice and that compensation will not be due on leaving office.



## **PART 4: THE SCHEME AND THE ISSUE**

### **1. INTRODUCTION**

On 8 February 2022, the Board announced that it had agreed terms with UK Mortgages Limited (“UKML”) in respect of a proposed merger of the Company with UKML, to be effected by way of a scheme of reconstruction consisting of the winding-up of UKML, the transfer of UKML’s assets to the Company and the issue of Ordinary Shares to UKML’s shareholders. The Company and UKML are both managed by TwentyFour Asset Management LLP. UKML invests in asset backed securities, and its portfolio comprises UK residential mortgage-backed securities, which will be transferred to the Company under the Scheme.

Both the Directors and the directors of UKML believe that the proposed Scheme remains attractive, despite the change to the global economic environment caused by Russia’s invasion of Ukraine. In order to provide enhanced certainty for both the Company and UKML of transaction terms against current uncertainty and potential volatility, the proposed terms of the Scheme announced on 8 February 2022 have been amended to substantively fix the price per UKML Ordinary Share at which the Company will acquire the assets of UKML and the price at which Ordinary Shares will be issued in consideration for those assets as at 31 January 2022.

Under the Scheme, the Company will acquire the assets of UKML at a price per UKML Ordinary Share of 84 pence, less UKML’s costs in relation to the Scheme and the retention to meet unknown and ascertained liabilities, subject to certain adjustments in accordance with the terms of the Scheme. Based on the most recent estimate of UKML’s costs in relation to the proposed Scheme and the expected retention, the illustrative acquisition value per UKML Ordinary Share is estimated at 83.32 pence per UKML Ordinary Share. The acquisition price will be satisfied through the issue to UKML’s shareholders of Ordinary Shares at a price representing a 1.25 per cent. premium to the Company’s net asset value as at 31 January 2022 (the “FAV”).

### **2. BACKGROUND TO THE SCHEME**

The Company and UKML share many similarities. Both are managed by TwentyFour, and both invest in mortgage securitisations. The Directors are aware of the benefits that accrue to Shareholders from greater economies of scale, including lower ongoing charges and increased liquidity. In light of this and the similarities between the Company and UKML, the Directors entered into discussions with the UKML board with respect to a proposed merger. The Directors and the UKML board are in agreement that the interests of Shareholders and UKML’s shareholders would be best served if the assets of the Company and UKML were merged into a single entity which, on the basis of existing net assets of the Company and UKML, would create a market-leading listed investment company with net assets of approximately £715 million.

The Scheme is designed to enable UKML’s shareholders to “roll over” their investment in UKML into the Company. In return, the Company will acquire UKML’s portfolio of UK residential mortgage-backed securities.

### **3. SUMMARY OF THE SCHEME AND THE ISSUE**

#### **Entitlement of UKML Shareholders to Ordinary Shares**

Under the Scheme, each UKML Shareholder on the register on the Record Date will receive such number of Ordinary Shares (rounded down to the nearest whole number of Ordinary Shares) as have a value at the Company’s FAV per Share equal to the number of UKML Ordinary Shares held by the UKML Shareholder multiplied by the acquisition value per UKML Ordinary Share. The Company will acquire the assets of UKML at a price per UKML Ordinary Share of 84 pence, less UKML’s costs in relation to the Scheme and the retention to meet unknown and ascertained liabilities, subject to certain adjustments in accordance with the terms of the Scheme. Based on the most recent estimate of UKML’s costs in relation to the proposed Scheme and the expected retention, the illustrative acquisition value per UKML Ordinary Share is estimated at 83.32 pence per UKML Ordinary Share. The FAV is 114.21 pence per Ordinary Share, being the NAV per Ordinary Share of 112.80 pence as at 31 January 2022, plus the agreed 1.25 per cent. issuance premium. Assuming the acquisition value per UKML Ordinary Share remains at 83.32 pence per UKML Ordinary Share (which is subject to rounding and adjustment for any additional net assets or net liabilities of UKML ascertained between now and the Effective Date for the Scheme) a UKML Shareholder will receive 0.7296 Ordinary Shares for each UKML Ordinary Share held.

## Consideration for the Issue

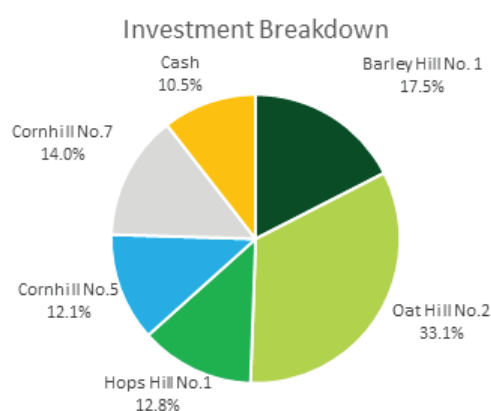
The consideration for the issue of the Ordinary Shares will be the transfer to the Company of all of the assets of UKML other than any cash and other net current assets of UKML of a value sufficient to meet the outstanding current and future liabilities, including contingent liabilities of UKML, UKML's costs of the Scheme and a retention to meet unknown and unascertained liabilities of UKML (“UKML Liquidation Costs”).

Based on the most recent estimated UKML Liquidation Costs as at the latest practicable date prior to the publication of this Prospectus, it is estimated that 130.4 million Ordinary Shares would be issued under the Scheme in exchange for UKML transferring assets to the Company with a value of approximately £149 million. This would increase the Company's net assets to approximately £715 million and would mean that there would be a dilution of approximately 20.4 per cent. in Shareholders' voting control of the Company immediately after the Issue.

## Assets to be acquired under the Scheme

The assets of UKML to be acquired by the Company comprise interests in four portfolios of UK residential mortgage receivables in the buy-to-let or owner-occupied sector. Each of the four portfolios are represented by ABS issued by separate issuers, and the portfolio together represents interests in over 7,000 individual mortgages. The breakdown of UKML's portfolio as at 31 January 2022 is as follows:

Portfolio Summary	Buy-to-Let			Owner Occupied	
	Purchased	Forward Flow Originated			
	Oat Hill 2	Hops Hill 1	Cornhill 7	Barley Hill 1	Cornhill 5
Originator	Capital Home Loans	Keystone Property Finance		The Mortgage Lender	
Outstanding Balance	£437m	£380m	£279m	£91m	£175m
Number Accounts	3,420	1,696	1,116	609	945
Average Mortgage Size	£128k	£224k	£250k	£150k	£186k
WA Indexed LTV	55.77%	71.74%	72.05%	54.34%	59.90%
WA Interest Rate	1.37%	3.49%	3.40%	4.45%	4.22%
WA Remaining Term (mth)	100	255	276	257	292
WA Seasoning (mth)	180	21	5	42	25
3mth + Arrears (% balance)	1.17%	0.00%	0.00%	5.40%	1.45%



UKML's investment portfolio is held by UK Mortgages Corporate Funding Designated Activity Company (the “**Acquiring Entity**”), an Irish securitisation company, in respect of which UKML owns profit participating notes (“**PPNs**”) which provide UKML its economic interest in the portfolio.

Pursuant to the Scheme, the Company will acquire PPNS issued by the Acquiring Entity and any other assets owned by UKML that are not required to meet the UKML Liquidation Costs. There are no other holders of PPNS, and the shares of the Acquiring Entity are owned by a trustee on a charitable trust and will continue to be so held following the implementation of the Scheme. The accounting policies of the Company do not require the Acquiring Entity to be consolidated into the accounts of the Company, so following implementation of the Scheme, the Acquiring Entity will not form part of the Company's group.

The Acquiring Entity was formed by UKML for the purpose of acquiring and securitising mortgages via special purpose vehicles. The Acquiring Entity acquires leveraged mortgage portfolios, which are

subsequently securitised so that ongoing leveraged exposure to the mortgage portfolios is provided by holdings of Retention Notes, being the subordinated tranche of securities issued on securitisation.

The Acquiring Entity is responsible for acquiring and leveraging mortgage portfolios in Warehouse SPVs. These portfolios are subsequently securitised by selling each warehoused portfolio to an Issuer SPV. The Issuer SPV issues tranches of notes, the junior tranches of which are then retained by the Acquiring Entity to provide it with leveraged exposure to the underlying mortgages. The Acquiring Entity is currently required under the EU Securitisation Regulation and the UK Securitisation Regulation to retain a minimum material net economic interest of not less than 5 per cent. in the nominal value of each securitisation that it originates (i.e. the Retention Notes).

TwentyFour provides portfolio advisory and certain other services to the Acquiring Entity pursuant to the terms of the Acquiring Entity Portfolio Advisory Agreement.

#### **4. CONDITIONS OF THE SCHEME AND THE ISSUE**

The Scheme is conditional, among other things, upon:

- (i) the passing of the resolutions by UKML's shareholders approving the Scheme and placing UKML into members voluntary liquidation to be proposed at an extraordinary general meeting of UKML to be held on 18 March 2022;
- (ii) the FCA agreeing to admit the Ordinary Shares to the premium segment of the Official List and the London Stock Exchange agreeing to admit the Ordinary Shares to trading on the premium segment of the Main Market, subject in each case only to issue pursuant to the Issue;
- (iii) implementation of a reorganisation of the Acquiring Entity, which will involve (*inter alia*): (i) the redemption of PPNs issued to UKML by the Acquiring Entity and the issue of new PPNs and bonds that will be transferred to the Company pursuant to the Scheme; and (ii) certain changes to the Acquiring Entity Portfolio Advisory Agreement which will take effect on the Effective Date (in each case to the extent reasonably required by the Company);
- (iv) there not having been any Material Adverse Change in relation to UKML prior to the Effective Date; and
- (v) UKML being in compliance with its undertaking to the Company not to take any action or omit to take any action that would cause a reduction in the NAV of UKML, other than in the ordinary course of its business.

#### **5. COSTS AND EXPENSES OF THE SCHEME AND THE ISSUE**

The Company and UKML have each agreed to bear their own costs in relation to the Scheme and the Issue. The costs of the Scheme and the Issue (and the 2022 Realisation Opportunity) incurred by the Company (including all advisers' fees, printing and other ancillary costs of the Scheme, the Issue and the 2022 Realisation Opportunity) are not expected to exceed £2.5 million (inclusive of VAT).

If the Scheme does not proceed, each of UKML and the Company will bear its own costs incurred in connection therewith.

#### **6. ADMISSION AND DEALINGS**

The Scheme is conditional on the Ordinary Shares to be issued pursuant to the Issue being admitted to the premium segment of the Official List and to trading on the premium segment of the Main Market. Applications will be made by the Company to the FCA and to the London Stock Exchange for the Ordinary Shares to be so admitted.

If the Scheme becomes effective, it is expected that the Ordinary Shares will be issued credited as fully paid on 24 March 2022 and that the Admission of such shares will become effective and dealings will begin on 24 March 2022. Ordinary Shares will rank equally in all respects with the existing Ordinary Shares.

The Ordinary Shares will be in registered form and may be held in either certificated or uncertificated form.

UKML Shareholders who hold their UKML Ordinary Shares in certificated form at the Effective Date will receive their Ordinary Shares in certificated form. It is expected that share certificates in respect of such Ordinary Shares will be despatched to the Shareholders entitled to them during the week commencing 28 March 2022 or as soon as practicable thereafter.

UKML Shareholders who hold their UKML Ordinary Shares in uncertificated form at the Effective Date will receive their Ordinary Shares in uncertificated form, although the Company reserves the right to issue such shares in certificated form. In normal circumstances this is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by the Company's registrars in connection with CREST. The Company will procure that instructions are given to credit the appropriate stock accounts in the CREST system with the relevant entitlements to Ordinary Shares in uncertificated form. It is expected that CREST stock accounts will be credited with the Ordinary Shares on 24 March 2022.

The number of Ordinary Shares to be issued shall be rounded down to the nearest whole number and fractional entitlements shall not be issued. No cash payment shall be made or returned in respect of any fractional entitlements.

## **7. ANNOUNCEMENTS REGARDING THE SCHEME AND THE ISSUE**

Announcements regarding the Scheme and the Issue will be notified via an RIS. The announcement of the calculation of the FAV and the number of Ordinary Shares to be issued pursuant to the Scheme is expected to be made on 23 March 2022, and an announcement of the Admission of Ordinary Shares issued pursuant to the Issue and the completion of the Scheme is expected to be made on 24 March 2022.

## **8. OVERSEAS UKML SHAREHOLDERS**

No action has been taken to permit a public offering of Ordinary Shares in any jurisdiction, other than the United Kingdom, where action for that purpose would be required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. It is the responsibility of UKML Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Issue, including the obtaining of any governmental or other consent which may be required, compliance with necessary formalities and the payment of any issue, transfer or other taxes due to such jurisdiction.

Under the terms of the Scheme, Ordinary Shares will only be issued to UKML Shareholders who are not Restricted UKML Shareholders. UKML Shareholders who are issued Ordinary Shares pursuant to the Scheme will be deemed to have represented and warranted to the Company in the terms of paragraph 2.2 of the Scheme contained in Part 2 of the UKML Circular. These representations and warranties include that the relevant UKML Shareholder has its registered office in either the United Kingdom, Guernsey, Jersey or the Isle of Man and if it holds UKML Ordinary Shares on behalf of a non-UK based investor, it is lawfully able to receive and hold Ordinary Shares without any further action from any of the Company, TwentyFour, the Liquidators or UKML in any jurisdiction other than the UK and that it has not and will not transmit this Prospectus to any person situated outside of UK or with a non-UK registered office, without the prior written approval of the Company.

## **PART 5: THE PLACING PROGRAMME**

### **1. INTRODUCTION**

The Company has made arrangements under which the Board has discretion to issue under the Placing Programme up to 150 million Ordinary Shares. The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares 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 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 Ordinary Shares issued under the Placing Programme will be issued at a price equal to a premium of at least 2 per cent. to the announced Net Asset Value per Ordinary Share at the time that the proposed issue is agreed, as determined by the Directors, an issue of 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. Each Placing under the Placing Programme is conditional on the Directors having, at the time of such Placing, the relevant Shareholder authorities to issue the Ordinary Shares to be issued pursuant to such Placing. In utilising their 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 Ordinary Shares at a high premium to NAV per Ordinary Share.

### **3. BENEFITS OF THE PLACING PROGRAMME**

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

- (i) maintain the Company's ability to issue Ordinary Shares, so as to better manage any premium at which the Ordinary Shares may trade to NAV per Ordinary Share;
- (ii) 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;
- (iii) grow the Company, thereby spreading operating costs over a larger capital base which should reduce the total expense ratio; and
- (iv) 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 150 million Ordinary Shares are issued under the Placing Programme, a Shareholder holding Ordinary Shares representing 10 per cent. of the Company's issued Ordinary Share capital following the Issue (assuming that 130.4 million Ordinary Shares were issued in the Issue), who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold Ordinary Shares representing approximately 8.10 per cent. of the Company's issued Ordinary Share capital.

### **4. THE PLACING PROGRAMME**

The Placing Programme will open on 25 March 2022 and will close on 2 March 2023. The maximum number of Ordinary Shares to be issued pursuant to the Placing Programme is 150 million. Such Ordinary Shares will, subject to the Company's decision to proceed with a Placing at any given time, be issued at the applicable Placing Programme Price. No Ordinary Shares will be issued at a discount to the Net Asset Value per Ordinary Share at the time of the relevant allotment.

The issue of Ordinary Shares under the Placing Programme is at the discretion of the Directors. Placings may take place at any time prior to the closing date of the Placing Programme. An



announcement of each Placing under the Placing Programme will be released through an RIS. It is anticipated that dealings in the Ordinary Shares will commence approximately two Business Days after their issue. Whilst it is expected that all Ordinary Shares issued pursuant to the Placing Programme will be issued in uncertificated form, if any 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 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 £10,000. There is no maximum subscription.

The Placing Programme is not being underwritten and, as at the date of this Prospectus, the actual number of Ordinary Shares to be issued under the Placing Programme is not known. The number of Ordinary Shares available under the Placing Programme should not be taken as an indication of the number of 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 Ordinary Shares under the Placing Programme and no person intends to subscribe for more than five per cent of the Ordinary Shares under the Placing Programme.

Applications will be made to the FCA for the 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 Ordinary Shares to be admitted to trading on the Main Market. All Ordinary Shares issued pursuant to the Placing Programme will be issued conditionally on such Admission occurring. This Prospectus has been published, *inter alia*, in order to obtain Admission to the Official List of any 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. The Directors will seek further authority to issue Ordinary Shares under the Placing Programme without the application of pre-emption rights at the 2022 AGM. 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 an extraordinary general meeting of Shareholders for this purpose.

The 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 Ordinary Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue 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 Ordinary Shares pursuant to the Placing Programme is conditional on:

- (i) Shareholder authority for the disapplication of pre-emption rights in respect of the relevant Placing being in place at the relevant time;
- (ii) the applicable Placing Programme Price being determined by the Directors as described below; and
- (iii) Admission of the Ordinary Shares issued pursuant to such Placing.

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



## **6. CALCULATION OF THE PLACING PROGRAMME PRICE**

The Placing Programme Price will be announced prior to or as soon as possible after the relevant Placing and will be calculated by reference to the announced Net Asset Value of each existing Ordinary Share at the time of issue, together with a premium of at least 2 per cent. 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 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 111.77p, being the announced NAV at the latest practicable date prior to the publication of this Prospectus, the Placing Programme Price would be expected to be approximately 114.01p.

Fractions of Ordinary Shares will not be issued.

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

Where Ordinary Shares are issued, the total assets of the Company will increase by that number of 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 Ordinary Shares is expected to represent a modest premium to the then prevailing Net Asset Value per Ordinary Share.

## **7. SETTLEMENT**

Payment for 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 by electronic transfer within 7 days without interest at the risk of the Placee.

## **8. COSTS OF THE PLACING PROGRAMME**

Assuming that 150 million Ordinary Shares are issued under the Placing Programme and a Placing Programme Price of 114.01 pence per Ordinary Share, being the announced NAV at the latest practicable date prior to the publication of this Prospectus plus 2 per cent., the gross proceeds would be £171.0 million and the net proceeds of the Placing Programme would be at least £167.6 million.

## **9. USE OF PROCEEDS**

Proceeds raised under the Placing Programme will be used for investment in accordance with the Company's investment policy and for working capital purposes.

In connection with the 2022 Realisation Opportunity, such proceeds may also be used to enable the Company to redeem or repurchase the shareholdings of Shareholders who wish to realise some or all of their Ordinary Shares through a Realisation Sale Election. The amount of the proceeds that the Company may use to enable the Company to redeem or repurchase shareholdings through a Realisation Sale Election cannot be ascertained as at the date of this Prospectus. This amount will depend on: (i) the number of Shareholders who make a Realisation Sale Election as part of the 2022 Realisation Opportunity (assuming that Shareholders are offered the opportunity to make a Realisation Sale Election as part of the 2022 Realisation Opportunity); and (ii) the extent to which the Company determines to satisfy such Realisation Sale Elections using proceeds raised under the Placing Programme or other cash resources available to the Company.

To the extent that proceeds raised under the Placing Programme are not used to enable the Company to redeem or repurchase the shareholdings of Shareholders in connection with a Realisation Sale Election, they will be used for investment in accordance with the Company's investment policy and for working capital purposes.

## **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 the Registrar may require evidence of the identity of each investor in connection with any application for Ordinary Shares, including further identification of the applicant(s) before any 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 is necessary to verify the identity of a Shareholder or prospective Shareholder and (if any) the underlying beneficial owner or prospective beneficial owner of a Shareholder's Ordinary Shares. In the event of delay or failure by the Shareholder or prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with the Company's agents, including the Administrator, the Registrar and Numis may refuse to accept a subscription for Ordinary Shares, or may refuse the transfer of 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, 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 Ordinary Shares so that the Company will not be required to register the offer and sale of the 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 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 Ordinary Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the 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 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 Ordinary Shares in the United States. Subject to certain exceptions, the 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 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 6: REALISATION OPPORTUNITY**

### **1. INTRODUCTION**

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. This Part 6 explains how Realisation Elections may be made and how, in the event that any such Realisation Elections are made, a Realisation will be implemented. The 2022 Realisation Opportunity will be carried out in accordance with the procedures described below.

Realisation Elections may be made as: (i) Realisation Sale Elections (if the Company chooses to offer this option to Shareholders); or (ii) Realisation Share Elections.

### **2. REALISATION SALE ELECTIONS**

In respect of any Realisation Opportunity, the Company may (but shall not be obliged to) offer Shareholders who wish to realise Ordinary Shares the opportunity to have those shares placed out in the market by the Company's broker, purchased by a market maker or redeemed or repurchased or purchased out of the proceeds of a new issue of Ordinary Shares or such other cash resources as may be available to the Company, or purchased under a tender offer.

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 or repurchased or purchased in accordance with the Articles and on such basis as the Company shall have notified to Shareholders before or at the time the Company sends to Shareholders a reminder notice.

Any Ordinary Shares which are not so redeemed or repurchased or purchased shall be converted into Realisation Shares, as further described in paragraph 5 below.

### **3. REALISATION SHARE ELECTIONS**

Unless the Company makes available to Shareholders a Realisation Sale Election as described in paragraph 2 above, 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.

### **4. PROCESS FOR MAKING ELECTIONS**

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.

### **5. REDESIGNATION AS REALISATION SHARES**

In respect of any Realisation Opportunity, Ordinary Shares in respect of which: (i) Realisation Share Elections have been made; or (ii) Realisation Sale Elections have been made, but the relevant Ordinary Shares have not been redeemed, repurchased or purchased in accordance with the Articles, will be redesignated as Realisation Shares.

Ordinary Shares held by Shareholders who do not submit a Realisation Election will remain Ordinary Shares (such Ordinary Shares being "**Continuing Ordinary Shares**" following the Reorganisation Date).

In the event that some but not all of the Ordinary Shares the holders of which have made Realisation Share Elections or any Ordinary Shares the holders of which have made Realisation Sale Elections are placed or repurchased by the Company or purchased by a market maker, the

Company shall ensure that so far as is practicable, those Ordinary Shares are placed or repurchased or purchased *pro rata* to the number of Ordinary Shares in respect of which Shareholders have made Realisation Elections.

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 Continuation Pool and the Realisation Pool (which are described in more detail in paragraph 6 below) *pro rata* to the number of Ordinary Shares and Realisation Shares. For the avoidance of doubt, this Prospectus is being issued in connection with (*inter alia*) the 2022 Realisation Opportunity and the Realisation Shares that may be issued in connection therewith should Shareholders so elect.

## **6. DIVISION INTO CONTINUATION POOL AND REALISATION POOL**

If Ordinary Shares are redesignated as Realisation Shares, the Portfolio will be split into two separate and distinct pools which will be accounted for as two separate sub-portfolios, namely: (i) the Continuation Pool (comprising the assets attributable to the Continuing Ordinary Shares); and (ii) the Realisation Pool (comprising the assets attributable to the Realisation Shares) with effect from the Reorganisation Date.

In these circumstances, the Board shall divide and allocate the assets and liabilities of the Company on the relevant 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, with 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 allocated 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.

## **7. IMPLEMENTATION OF THE REALISATION AND RETURN OF CASH TO HOLDERS OF REALISATION SHARES**

The assets comprising the Realisation Pool 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. 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 and thereby raise cash to return to the holders of Realisation Shares. In these circumstances, the consideration for the assets comprising the Realisation Pool would be paid using such cash resources that are attributable to the Continuation Pool as are available at the relevant time (which could be proceeds raised under the Placing Programme or otherwise).

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. 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.

For these purposes, 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 assets comprising the Continuation Pool will continue to be managed in accordance with the Company's investment objective and policy described in Part 1 of this Prospectus.

## **8. RIGHTS ATTACHING TO THE CONTINUING ORDINARY SHARES AND THE REALISATION SHARES**

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 Continuing Ordinary Shares by way of dividends and/or distributions.

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 forming part of the Realisation Pool) and resolved to be distributed shall be distributed to the holders of Realisation Shares by way of dividend. 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 Dividend Target will not apply to the Realisation Shares. Where Ordinary Shares are redesignated as Realisation Shares, 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 the Realisation Shares.

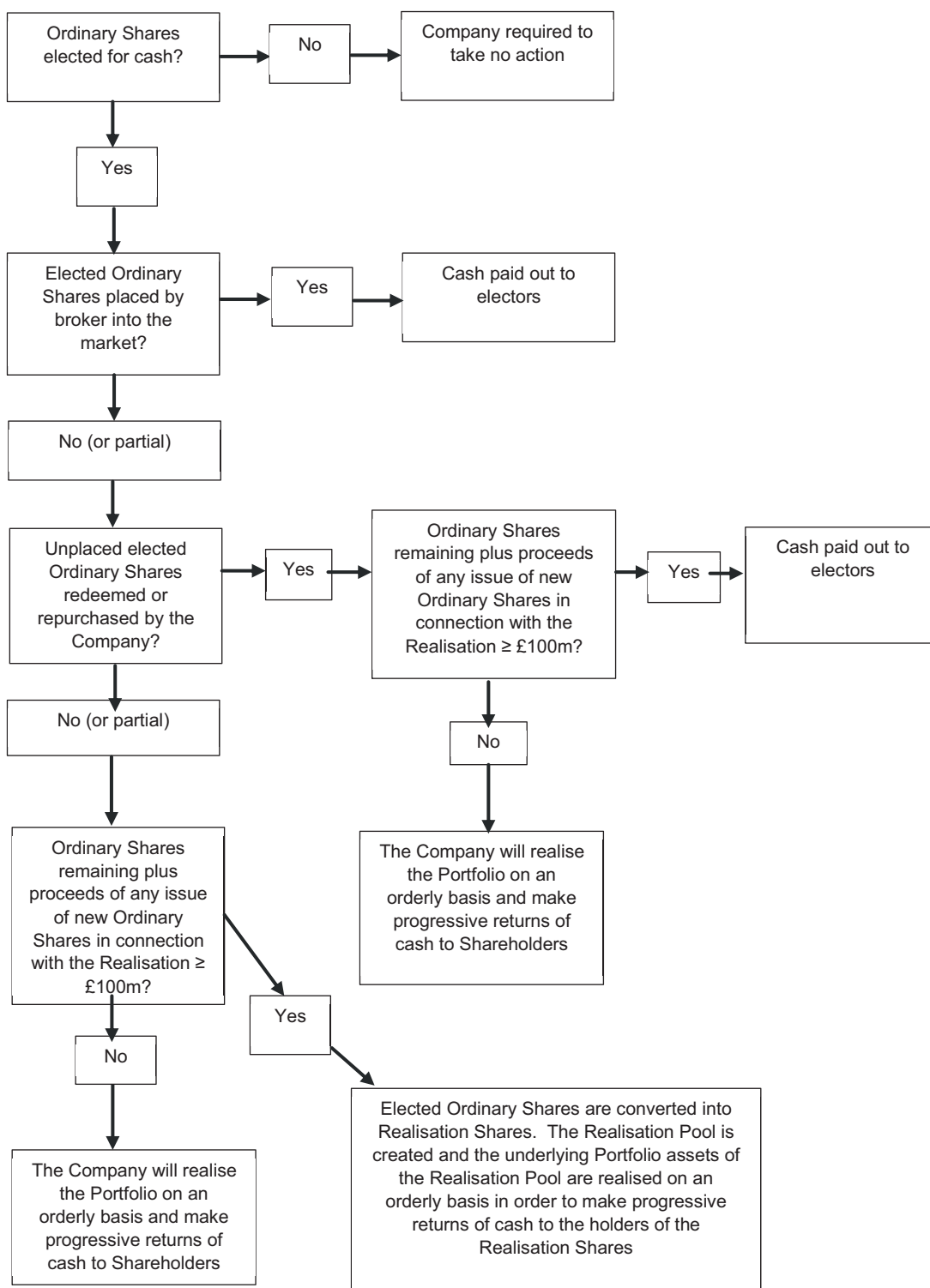
Further details of the rights attaching to Continuing Ordinary Shares and to Realisation Shares in the event that a Realisation takes place are set out in paragraphs 4.13 and 4.14 of Part 9 of this Prospectus.

## **9. CIRCUMSTANCES IN WHICH THE REALISATION WILL NOT BE IMPLEMENTED**

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, the Realisation will not take place, no Ordinary Shares will be redesignated as Realisation Shares and the Portfolio will not be split into the Continuation Pool and the Realisation Pool. In this scenario, 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.

## 10. ILLUSTRATION OF A REALISATION OPPORTUNITY

The flow chart below sets out the process that will be followed in order to implement a Realisation Opportunity (including the 2022 Realisation Opportunity). This flow chart does not comprise a summary of the entire Realisation Opportunity process and is not intended as a substitute for reading this Part 6 and the relevant sections of Part 9 of this Prospectus in their entirety.





## **PART 7: 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, a statement of financial position, showing the nature and amount of the Company's assets on the one side and its liabilities and share capital on the other and a statement of changes in equity.

The Company's audited annual report and financial statements is prepared up to the Company's accounting reference date, 31 March, each year and 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 three financial years ended 31 March 2021, 31 March 2020 and 31 March 2019 (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 the financial position, performance and cash flows of the Company for the periods set out above in accordance with IFRS and that the accounts have been properly prepared in accordance with the requirements of the Law, have been partly incorporated into this Prospectus by reference.

The interim financial statements for the six month period ending 30 September 2021 and for the six month period ending 30 September 2020 (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 7. 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, include, on the pages specified in the table below, the following information:

	Annual Report and Audited Financial Statements for the year ended 31 March			Interim management report and unaudited condensed interim financial statement for the six months ended 30 September	
	2019 Page No(s)	2020 Page No(s)	2021 Page No(s)	2020 Page No(s)	2021 Page No(s)
Nature of information					
Statement of comprehensive income	43	56	53	16	19
Statement of financial position	44	57	54	17	20
Statement of cashflows	46	59	46	19	22
Statement of changes in equity	45	58	55	18	21
Principal accounting policies	47	60	57	20	23
Notes to the financial statements (incorporating summary of principal accounting policies)	47	60	57	20	23
Independent auditor's report	36	45	44	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 7 (unless otherwise indicated in the notes below the following table), are set out in the following table:

	Annual Report and Audited Financial Statements for the year ended 31 March			Interim management report and unaudited condensed interim financial statement for the six months ended 30 September	
	2019	2020	2021	2020	2021
Total net assets (£'000)	500,465	475,370	573,364	550,227	579,142
NAV per Share (pence)	113.28	94.19	112.75	108.2	113.89
Total comprehensive income (£'000)	6,969	(64,860)	127,001	88,608	23,118
Earnings per Share (pence)	1.73	(12.87)	24.99	17.44	4.55
Dividend per Share (pence)	6.45	6.40	6.41	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.

	Annual Report and Audited Financial Statements for the year ended 31 March			Interim management report and unaudited condensed interim financial statement for the six months ended 30 September	
	2019 Page No(s)	2020 Page No(s)	2021 Page No(s)	2020 Page No(s)	2021 Page No(s)
Nature of information					
Chairman's statement	5	6	6	6	6
Portfolio manager's report	6	8	8	7	7
Top Twenty Holdings	9	11	10	9	10

#### *Interim period ended 30 September 2021*

The NAV per Ordinary Share total return since inception to 30 September 2021 was 90.18 per cent. (including dividends paid). The NAV performance of the Company was positive during the period, reflecting an investment approach that seeks high quality income with a strong credit bias. Fundamental performance of the asset pools and structures was strong, continuing to display the characteristics consistent with the ongoing economic recovery, low levels of unemployment and without any significant evident impact from the unwind of consumer and business support.

#### *Year ended 31 March 2021*

The NAV total return on the Ordinary Shares from launch to 31 March 2021 was 82.67 per cent. (including dividends paid). The NAV performance of the Company was mostly positive during the year as it recovered from the volatility felt across all financial markets since late February 2020, as a result of the implications of a global shutdown in response to the COVID-19 pandemic. Fundamental performance of the asset pools and structures remained strong and stable at the year end, notably outstripping the more negative expectations felt during the immediate aftermath of the global shutdown, and ratings remained stable with a bias towards upgrades over downgrades.

#### *Interim period ended 30 September 2020*

The NAV total return on the Ordinary Shares from launch to 30 September 2020 was 70.56 per cent. (including dividends paid). The NAV performance of the Company was mostly positive during the period as it recovered from the volatility felt across all financial markets since late February 2020, as a result of the implications of a global shutdown in response to the COVID-19 pandemic. Fundamental performance of the asset pools and structures remained strong and stable at the period end, notably outstripping the more negative expectations felt during the immediate aftermath of the global shutdown, and ratings remained stable with a bias towards upgrades over downgrades.

#### *Year ended 31 March 2020*

The NAV total return on the Ordinary Shares from launch to 31 March 2020 was 43.22 per cent. (including dividends paid). The NAV performance of the Company varied during the year. It was broadly positive during the first three months as European ABS spread performance caught up with corporate credit after a slow start to 2019, before some weakness was felt during August and September 2019, though prices rebounded strongly into the end of the year. However this was completely overshadowed by the volatility felt across all financial markets since late February 2020, as a result of the implications of a global shutdown in response to the COVID-19 pandemic. Fundamental performance of the asset pools and structures remained strong and stable at the period end, and ratings remained stable.

#### *Year ended 31 March 2019*

The NAV total return on the Ordinary Shares from launch to 31 March 2019 was 62.81 per cent. (including dividends paid). The NAV performance of the Company varied during the year, and while

NAV performance was consistent over the first six months of the year, the factors that drove material levels of volatility in equity, corporate bond and high yield markets since January 2018 finally spilled over into European ABS markets during the last six weeks of 2018. From the start of 2019 the NAV was recovering, though European ABS lagged the recovery seen in other markets. Fundamental performance of the asset pools and structures remained strong and stable.

### 3.4 Availability of annual reports and accounts for inspection

Copies of the audited Annual Reports and the unaudited Interim Reports are available for inspection at the address in paragraph 19 of Part 9.

### 3.5 Impact of the Issue

On completion of the Scheme, assuming that all UKML Shareholders receive Ordinary Shares in respect of all their UKML Ordinary Shares, had the Issue occurred on 1 March 2022, being the latest practicable date prior to publication of this Prospectus, the Company's net assets would have increased by a minimum of £147 million.

## 4. SIGNIFICANT CHANGE IN THE FINANCIAL POSITION

Save for: (i) the interim dividend of 1.5 pence per Ordinary Share announced on 14 October 2021 in respect of the 3 month period ending 30 September 2021 and resulting in a cash distribution of £7,627,722 paid on 5 November 2021; and (ii) the interim dividend of 1.5 pence per Ordinary Share announced on 13 January 2022 in respect of the 3 month period ending 31 December 2021 and resulting in a cash distribution of £7,627,722 paid on 4 February 2022, there has been no significant change in the financial position of the Company since 30 September 2021, being the end of the last interim financial period for which unaudited financial information has been published.

## 5. 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.

## 6. CAPITALISATION AND INDEBTEDNESS

The following table shows the Company's: (i) unaudited indebtedness, sourced from the Company's internal accounting records (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 31 January 2022; and (ii) unaudited capitalisation as at 30 September 2021, being the end of the last interim financial period for which unaudited financial information has been published.

	<b>31 January 2022 £'000</b>
<i>Total current debt</i>	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
<b>Total current debt</b>	<b>0</b>
<i>Non-current debt (excluding current portion of long-term debt)</i>	
Guaranteed	0
Secured	0
Unguaranteed/unsecured	0
<b>Total non-current debt</b>	<b>0</b>

	<b>30 September 2021 £'000</b>
<i>Shareholders' equity</i>	
Share capital	533,945,321
Legal reserve	0
Other reserves*	0
<b>Total Shareholders' equity*</b>	<b>533,945,321</b>

\* Excludes the Company's revenue reserve

No changes in the shareholder equity of the Company have occurred since 30 September 2021.

The following table shows, sourced from its internal accounting records, the Company's unaudited net indebtedness as at 31 January 2022. There is no secured or guaranteed indebtedness.

	<b>31 January 2022 £'000</b>
<b>A</b> Cash	9,373,200
<b>B</b> Cash equivalent	2,618,392
<b>C</b> Trading securities	0
<b>D</b> Liquidity (A + B + C)	11,991,592
<b>E</b> <b>Current financial receivables</b>	<b>0</b>
<b>F</b> Current bank debt	0
<b>G</b> Current position of non-current debt	0
<b>H</b> Other current financial debt	19,186,855
<b>I</b> <b>Current financial debt (F + G + H)</b>	<b>19,186,855</b>
<b>J</b> <b>Net current financial assets (I – E – D)</b>	<b>7,195,263</b>
<b>K</b> Non-current bank loans	0
<b>L</b> Bonds issued	0
<b>M</b> Other non-current loans	0
<b>N</b> <b>Non-current loans (K + L + M)</b>	<b>0</b>
<b>N</b> <b>Net financial indebtedness (J – N)</b>	<b>7,195,263</b>

There are no indirect or contingent liabilities.

## PART 8: TAXATION

The following statements are based upon current UK and Guernsey tax legislation and what is understood to be the current published practice of HMRC (in the UK) and the Director of the Revenue Service (in Guernsey), all of which are subject to change possibly with retrospective effect. The statements are intended only as a general guide and are not intended to be comprehensive; they do not constitute tax advice. They summarise certain limited aspects of the UK and Guernsey taxation consequences of acquiring, holding and disposing of 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 or as part of hedging or conversion transactions, all or any of whom may be subject to special rules. Unless expressly stated otherwise they apply only to Shareholders 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 Shares. Any statements made in respect of tax rates for individual UK Shareholders assume that the Shareholder is a UK resident individual who is neither a Scottish taxpayer nor a Welsh taxpayer. Different tax rates may apply to UK resident individuals who are Scottish taxpayers or Welsh taxpayers. The tax legislation of an investor's home country may have an impact on the income (if any) actually received in respect of Shares.

**All potential investors, and in particular those 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 on the potential tax consequences of acquiring, holding or disposing of Shares under the laws of their country and/or state of citizenship, domicile or residence.**

### 1. THE COMPANY

#### 1.1 Guernsey

##### 1.1.1 *Exempt status*

The Company has been granted an exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200, provided that the Company qualifies under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it will continue to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. The exemption from income tax and the treatment of the Company as if it were not resident in Guernsey for the purposes of Guernsey income tax would be effective from the date the exemption is granted and will apply for the year of charge in which the exemption is granted.

Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing from a Guernsey source, other than from a relevant bank deposit. It is not anticipated that such Guernsey source taxable income will arise in this case.

Dividends made by exempt companies to non-Guernsey residents will be free of Guernsey withholding tax and reporting requirements. Where a tax exempt company makes a dividend to shareholders that are Guernsey tax resident individuals the company will only need to report the relevant details of those dividends.

In the absence of tax exempt status, the Company would be Guernsey tax resident and taxable at the Guernsey standard rate of company income tax, which is currently zero per cent.



### 1.1.2 Capital Taxes and Stamp Duty

Guernsey currently does not levy taxes upon capital, inheritances, capital gains, gifts, sales or turnover.

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

## 1.2 UK

The Company is an AIF for the purposes of the AIFM Laws, 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 on income other than on UK source income and will not be subject to UK corporation tax on chargeable gains (provided that it does not acquire direct or indirect interests in UK land). 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

Dividends by the Company to Shareholders who are not resident in Guernsey (which includes Alderney and Herm) for tax purposes (and do not have a permanent establishment in Guernsey) can be paid to such Shareholders, either directly or indirectly, without the withholding of Guernsey tax and without giving rise to any other liability to Guernsey income tax.

Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm), or who are not so resident but have a permanent establishment in Guernsey to which the holding of their Shares is related, will incur Guernsey income tax at the applicable rate on a dividend paid to them by the Company. So long as the Company has been granted tax exemption the Company will not be required to withhold any tax from dividends paid to such Shareholders and will only be required to provide the Director of the Revenue Service such particulars relating to any dividend paid to Guernsey resident Shareholders as the Director of the Revenue Service may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any dividend paid and the date of the payment.

As already referred to above, Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, 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 or similar tax is chargeable in Guernsey on the issue, transfer or redemption of shares in the Company.

### 2.2 UK – Ordinary Shares

#### 2.2.1 Offshore fund rules

The Company will be an offshore fund for the purposes of UK taxation and, provided that it invests in accordance with its Investment Policy, it will be a 'bond fund' (an offshore fund with assets (excluding cash awaiting investment) which consist of debt instruments (or similar) as to more than 60 per cent. by market value).

For Shareholders within the charge to UK corporation tax, their Ordinary Shares will be treated as creditor relationships for the purposes of the rules relating to the taxation of corporate debt contained in the Corporation Tax Act 2009 (the "**Corporate Debt Regime**"). These Shareholders will be liable 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.

For individual Shareholders and any other Shareholders not within the charge to UK corporation tax ("**Non-Corporate Shareholders**"), the tax position will depend upon whether the Company holds reporting fund status in respect of the class of Ordinary Shares throughout the period during which they hold their Shares. The Company currently holds, and intends to maintain, reporting fund status for the class of Ordinary Shares with HMRC.

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

On the basis that the Company is a 'bond fund', distributions on Ordinary Shares, and any relevant excess reported income amount, will be treated as payments of interest to Non-Corporate Shareholders and, accordingly, subject to UK income tax at the appropriate marginal rate of tax for such Shareholder (whether 0 per cent., 20 per cent., 40 per cent. or 45 per cent.).

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

A disposal by a Non-Corporate Shareholder of his/her Ordinary Shares will, provided that the Company holds reporting fund status in respect of the Ordinary Shares throughout the time period of the Shareholder's interest in the Company, be a disposal for capital gains tax purposes. It 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. Such gains will be taxable at the applicable capital gains tax rate (currently 10 per cent. for basic rate taxpayers (to the extent that chargeable gains do not exceed the unused part of the basic rate band) and 20 per cent. for those whose total income and chargeable gains are above the higher rate threshold). Individuals will generally be eligible for the annual exemption (£12,300 for tax year 2021/2022).

If the class of Ordinary Shares were to cease to qualify as a reporting fund, a UK resident Non-Corporate Shareholder disposing of Ordinary Shares would be taxed on any resulting gain as income rather than as capital gain, except to the extent they make a 'deemed disposal' election in their tax return for the period in which the Company ceases to be a reporting fund. A UK resident Shareholder who makes a 'deemed disposal' election will be deemed, for UK tax purposes, to dispose of their Ordinary Shares in the Company for net asset value at the end of such period, and charged to tax on a capital basis accordingly, with subsequent disposals of Ordinary Shares charged on an income basis by reference only to the gain arising above such net asset value. The Administrator and the Portfolio Manager will keep under review the level of compliance with the requirements imposed by UK tax law which must be fulfilled by a company with reporting fund status.

### *2.2.2 Transfer of assets abroad*

Due to the intended distribution of income policy and the Company's reporting fund status in respect of the Ordinary Shares, it is not anticipated that Ordinary 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 Attribution of gains to participators (Section 3 of the Taxation of Chargeable Gains Act 1992)*

The attention of persons resident in the United Kingdom for taxation purposes is drawn to the provisions of Section 3 of the Taxation of Chargeable Gains Act 1992. Section 3 will potentially apply to a "participator" (which term includes a Shareholder) in the Company who has an interest of more than 25 per cent. in the Company if, at any time when a chargeable gain accrues to the Company, the Company is "close" (broadly, controlled by 5 or fewer participators). The provisions of Section 3 could, if applicable, 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 such 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 3 will arise to 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 accruing to the Company. In addition, there are certain exemptions from Section 3, including a 'motive test'. Under the 'motive test', no Section 3 liability will arise where it is shown that none of the acquisition, holding or disposal of the asset in question by the Company formed part of a scheme or arrangements with avoidance of liability to capital gains tax or corporation tax as one of its main purposes.

### *2.2.4 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.

### *2.2.5 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.

### *2.2.6 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 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.

## **2.3 UK – Realisation Elections**

### *2.3.1 Consequences for Shareholders where Ordinary Shares are redeemed*

Where cash is returned to Shareholders on the redemption of their Ordinary Shares pursuant to Realisation Elections, this will constitute a disposal of Ordinary Shares for capital gains tax purposes by each Ordinary Shareholder who is an individual. It may, depending on his/her particular circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a charge to capital gains tax. Similarly, the redemptions will constitute disposals for corporation tax paying Ordinary Shareholders and the Corporate Debt Regime will apply to them, as set out above.

### *2.3.2 Consequences for Shareholders where Ordinary Shares are placed out in the market by Numis*

Where cash is returned to Ordinary Shareholders if their Ordinary Shares are placed in the market by Numis pursuant to Realisation Elections, this will also constitute a disposal for capital gains tax purposes by each Ordinary Shareholder who is an individual. It may, depending on his/her particular circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a charge to capital gains tax. Similarly, sales in the market will constitute disposals for corporation tax paying Ordinary Shareholders and the Corporate Debt Regime will apply to them, as set out above.

### *2.3.3 Consequences for Shareholders where Ordinary Shares are redesignated as Realisation Shares*

For holders of any Ordinary Shares which are redesignated as Realisation Shares, there should be no disposal for capital gains tax purposes. However, even if a disposal were to be treated as taking place, it is expected that the redesignation of Ordinary Shares as Realisation Shares would come within the reorganisation rules for capital gains tax purposes. Consequently, the new holding of Realisation Shares would be treated for capital gains tax purposes as the same asset, acquired at the same time and for the same cost, as the original holding of Ordinary Shares, so that the redesignation of Ordinary Shares as Realisation Shares would be 'deemed' not to give rise to a disposal for tax purposes, and therefore would not give rise to any capital gains tax consequences. In order for reorganisation treatment to apply, Shareholders must exchange their Ordinary Shares for Realisation Shares of "substantially the same value" and the property of the Company and the rights of Shareholders to share in the capital and income of that property must be the same immediately before and immediately after the conversion.

The class of Realisation Shares will also constitute an offshore fund for the purposes of the offshore funds tax regime. If a class of Realisation Shares is created, the Company intends to apply to HM Revenue & Customs to obtain reporting fund status for them, and to maintain their reporting fund status. The Realisation Shares are also expected to constitute a 'bond fund' (assuming that the Realisation Pool consists of debt instruments (or similar) as to more than 60 per cent. by market value).

On this basis, each Non-Corporate Realisation Shareholder will therefore be liable to UK income tax on amounts distributed to him/her by the Company out of profits forming part of, or derived from, the Realisation Pool and, if they remain a Realisation Shareholder at the end of the relevant reporting period, any relevant excess reported income amount, as if the distributions and excess reported income amount were payments of interest. They will accordingly be liable to UK income tax at their appropriate marginal rate (0 per cent., 20 per cent., 40 per cent. or 45 per cent.). Provided that reporting fund status in respect of the Realisation Shares is obtained and maintained, a sale by a Non-Corporate Realisation Shareholder of his/her Realisation Shares in the market will be a disposal for capital gains tax purposes and may, depending on the Realisation Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to capital gains tax.

If the class of Realisation Shares were not to, or were to cease to, have reporting fund status, a UK resident Non-Corporate Shareholder disposing of Realisation Shares would be taxed on any resulting gain as income rather than as capital gain, except (in the case of cessation as a reporting fund) to the extent they make a 'deemed disposal' election in their tax return for the period in which the class of Realisation Shares ceases to be a reporting fund. A UK resident Shareholder who makes a 'deemed disposal' election would be deemed, for UK tax purposes, to dispose of their Realisation Shares in the Company for net asset value at the end of such period, and charged to tax on a capital basis accordingly, with subsequent disposals of Realisation Shares charged on an income basis by reference only to the gain arising above such net asset value.

For Realisation Shareholders within the charge to UK corporation tax, their Realisation Shares will be treated as creditor relationships for the purposes of the rules relating to the taxation of corporate debt contained in the Corporate Debt Regime. Accordingly, as described above, these Shareholders must bring all their profits and losses arising from fluctuations in the fair value of their holding (including the value of distributions received), calculated at the end of each their accounting periods and at the date of disposal of their interest, into their profit and loss account for tax purposes.

#### *2.3.4 Consequences of returning the proceeds of the Realisation Pool*

Where cash is returned to the holders of Realisation Shares by way of redemption of all or part of their holdings of Realisation Shares, then, provided that reporting fund status in respect of the Realisation Shares has been held throughout the time the Realisation Shares have been held, there will be a disposal of all or part of their holding in the Company for the purposes of capital gains tax or the Corporate Debt Regime, as appropriate.

### **3. UNITED STATES-GUERNSEY INTERGOVERNMENTAL AGREEMENT**

On 13 December 2013 the Chief Minister of Guernsey signed the 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. Certain due diligence obligations will also be imposed. 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 Company will be required to report this information each year in the prescribed format and manner as per local guidance.

Under the terms of the US-Guernsey IGA, Guernsey resident financial institutions that comply with the due diligence and reporting requirements of Guernsey's domestic legislation 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) and (from no earlier than two years after the date of publication of certain final regulations defining "foreign passthru payments") a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments. The US-Guernsey IGA is implemented through Guernsey's domestic legislation in accordance with local guidance that is published in draft form.

Under the US-Guernsey IGA, securities that are "regularly traded" on an established securities market, such as the Main Market, 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, 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 a Share is held in uncertificated form through CREST, the holder of that Share will likely be a financial institution acting as an intermediary. Shareholders that own Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under FATCA.

### **4. COMMON REPORTING STANDARD**

On 13 February 2014, the Organization for Economic Co-operation and Development released the 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 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 100 jurisdictions have committed to adopting the CRS. Many of these jurisdictions have now adopted the CRS. Guernsey adopted the CRS with effect from 1 January 2016.



Under the CRS and legislation enacted in Guernsey to implement the CRS, 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. Certain due diligence obligations will also be imposed. 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 Company will be required to report this information each year in the prescribed format and manner as per local guidance. The CRS is implemented through Guernsey's domestic legislation in accordance with published local guidance which is 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, although it is expected that whilst a Share is held in uncertificated form through CREST, the holder of that Share will likely be a financial institution acting as an intermediary. Shareholders that own Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under the CRS.

## **5. REQUEST FOR INFORMATION**

The Company reserves the right to request from any Shareholder or potential investor such information as the Company deems necessary to comply with FATCA and the CRS, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA and the Multilateral Agreement relating to FATCA, the CRS or the automatic exchange of information with any relevant competent authority.

If the Company fails to comply with any due diligence and/or reporting requirements under Guernsey legislation implementing the US-Guernsey IGA and/or the CRS then the Company could be subject to (in the case of the US-Guernsey IGA) US withholding tax on certain US source payments, and (in all cases) the imposition of financial penalties introduced pursuant to the relevant implementing regulations in Guernsey. Whilst the Company will seek to satisfy its obligations under the US-Guernsey IGA and the CRS and associated implementing legislation in Guernsey to avoid the imposition of any financial penalties under Guernsey law, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each Shareholder and the direct and indirect beneficial owners of the Shareholders (if any). There can be no assurance that the Company will be able to satisfy such obligations.



## **PART 9: GENERAL INFORMATION**

### **1. RESPONSIBILITY**

The Company, whose registered office appears on page 32 of this Prospectus, and the Directors, whose names appear on page 32 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

In accordance with the Guernsey Prospectus Rules and Guidance, 2021, the Directors have taken all reasonable care to ensure that the facts stated in this document 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 this document, whether of facts or of 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 Scheme Rules and Guidance, 2021 made thereunder.

2.1.2 The issued Ordinary Shares in the Company are listed on the premium segment of the Official List and are admitted to trading on the London Stock Exchange's Main Market.

2.1.3 As a registered closed-ended collective investment scheme, the Company is registered with the GFSC. The Company is not regulated by the FCA but is subject to the Listing Rules applicable to closed-ended investment funds. As a registered closed-ended collective investment scheme under the POI Law, the Company 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 pursuant to the Registered Collective Investment Scheme Rules and Guidance, 2021 and the Prospectus Rules and Guidance, 2021.

2.1.4 The principal legislation under which the Company operates is the Law. The Company is domiciled in Guernsey. The Company will operate in conformity with the Articles. The Shares will conform with the Law, will have all necessary statutory and other consents and are duly authorised according to the Articles.

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.

2.1.7 The Company's LEI is 549300CCEV00IH2SU369.

#### **2.2 Financial Information**

2.2.1 As at the date of this Prospectus, 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 9 of this Part 9.

### **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 1 March 2022, being the latest practicable date before the publication of this Prospectus, the Company had 508,514,809 Ordinary Shares in issue (excluding treasury shares). 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 three financial years ending 31 March 2021 and for the six months ended 30 September 2021 is as follows:

- As at 30 September 2021 the Company had 508,514,809 Ordinary Shares of 1p each in issue. As at this date 39,000,000 Ordinary Shares were held in treasury. During the period ending 30 September 2021, no Ordinary Shares were issued, redeemed or repurchased to be held in treasury.
- As at 31 March 2021 the Company had 508,514,809 Ordinary Shares of 1p each in issue. As at this date 39,000,000 Ordinary Shares were held in treasury. The Company issued 3,800,000 new Ordinary Shares during the period ending 31 March 2021. During the period ending 31 March 2021, no Ordinary Shares were redeemed or repurchased to be held in treasury.
- As at 31 March 2020 the Company had 504,714,809 Ordinary Shares of 1p each in issue. As at this date 39,000,000 Ordinary Shares were held in treasury. The Company issued 81,250,000 new Ordinary Shares and 18,349,342 Ordinary Shares were redeemed during the period ending 31 March 2020. During the period ending 31 March 2020, no Ordinary Shares were repurchased to be held in treasury.
- As at 31 March 2019 the Company had 441,814,151 Ordinary Shares of 1p each in issue. As at this date 39,000,000 Ordinary Shares were held in treasury. The Company issued 46,000,000 new Ordinary Shares during the period ending 31 March 2019. During the period ending 31 March 2019, no Ordinary Shares were redeemed or repurchased to be held in treasury.

3.3 The Directors will seek annual renewal of the authority to issue Ordinary Shares on a non-pre-emptive basis in respect of a number of Ordinary Shares equal to up to 20 per cent. of the then issued Ordinary Shares. The Board will also seek the Placing Programme Disapplication Authority at the 2022 AGM. The authority conferred by the Placing Programme Disapplication Authority will lapse on 2 March 2023. If the authorities conferred by these resolutions are exhausted, the Directors intend to seek Shareholder authority to issue further Ordinary Shares on a non-pre-emptive basis at one or more subsequent extraordinary general meetings.

3.4 This Prospectus relates to: (i) the issue of Ordinary Shares pursuant to the Scheme; (ii) the conversion of Ordinary Shares into Realisation Shares in the event that the Realisation takes place; and (iii) the issue of up to 150 million Ordinary Shares pursuant to the Placing Programme.

#### **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 19 of this Part 9.

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, in each case of such classes, and denominated in such currencies, as shall be determined at the discretion of the Board and the price per share at which shares of each class shall first be offered to subscribers shall be fixed by the Board. Shares may be issued as no par value or par value shares at the discretion of the Board.

#### 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.

The Company may from time to time, subject to the provisions of the Law, purchase its own shares (including any redeemable shares) in any manner authorised by the Law and may cancel those shares or hold any such shares as treasury shares provided that the number of shares held as treasury shares shall not at any time exceed ten per cent. of the total number of shares of that class in issue at that time or such other amount as provided in the Law.

The Company and any of its subsidiary companies may give financial assistance (as defined by the Law) directly or indirectly for the purpose of or in connection with the acquisition of its shares or in connection with reducing or discharging any liability incurred in connection with the purchase of shares in the Company.

#### 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 a written 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 a written instruction sent by a Shareholder during the Election Period requesting that all or part of the Ordinary Shares held by a Shareholder shall be placed out in the market by the Company's broker, 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 such other cash sources as may be available to the Company from time to time or purchased under a tender offer or by a market maker and if not so redeemed or purchased 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. Shareholders who do not submit a valid and complete Realisation Election during the Election Period in respect of their Ordinary Shares will be deemed not to have made a Realisation Election in respect of such Ordinary Shares.

- 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 any Realisation Issue), Ordinary Shares the holders of which have made the Realisation Share Election (where applicable) or any Ordinary Shares the holders of which have made Realisation Sale Elections but which are not placed out in the market by the Company’s broker, redeemed or repurchased or purchased out of the proceeds of the Realisation Issue or such other cash sources as may be available to the Company from time to time or purchased under a tender offer or by a market maker 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. In the event that some but not all of the Ordinary Shares the holders of which have made Realisation Share Elections (where applicable) or any Ordinary Shares the holders of which have made Realisation Sale Elections are placed or repurchased by the Company or purchased by a market maker, the Company shall ensure that so far as is practicable, those Ordinary Shares are placed or repurchased or purchased *pro rata* to the number of Ordinary Shares in respect of which Shareholders have made Realisation Elections.
- 4.6 The Board shall divide and allocate the assets and liabilities of the Company on the Reorganisation Date in the following manner:
- 4.6.1 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 the 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.
- 4.6.2 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 (including without limitation the preparation and publication of any prospectus or other publication which may be required in connection with such reorganisation) 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.

- 4.7 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.
- 4.8 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.
- 4.9 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.
- 4.10 Existing Certificates for Ordinary Shares that have been redesignated will cease to be valid.
- 4.11 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, the Realisation will not take place, 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 Directors will seek to liquidate the Company's assets as efficiently and at as much value as is possible.
- 4.12 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.
- 4.13 Rights of Continuing Ordinary Shares in the event that Ordinary Shares are converted to 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 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.
- 4.13.2 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.



#### 4.13.3 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 4.14 below.

#### 4.13.4 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.

#### 4.14 Rights of Realisation Shares, in the event that a Realisation takes place, are as follows:

##### 4.14.1 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.

##### 4.14.2 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 the Realisation Pool and any excess of those liabilities over the amount of the assets in the Realisation Pool will be paid out of the assets in the Continuation Pool.

##### 4.14.3 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 4.14 and (b) in respect of any matter prescribed by the Listing Rules as requiring approval of the Shareholders of the Company.

##### 4.14.4 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.

#### 4.14.5 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 and/or share repurchases and/or redemptions and/or tender offers. 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. The price of shares purchased and/or redeemed by the Company may be paid out of share capital, share premium or retained earnings or any other reserve forming part of the Realisation Pool to the fullest extent permitted under the Law.

The Realisation Shares created by the redesignation of Ordinary Shares with respect to any Reorganisation Date shall be a separate class of shares which shall be distinct from any Realisation Shares created by the redesignation of Ordinary Shares with respect to any Subsequent Reorganisation Date, the Realisation Pool created on any Reorganisation Date shall be a separate pool of assets which shall be distinct from any Realisation Pool created on any Subsequent Reorganisation Date and accordingly each class of Realisation Shares shall as a class have *mutatis mutandis* the rights attributable to Realisation Shares described in this paragraph 4.14.

#### 4.15 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.

#### 4.16 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.

#### 4.17 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.

#### 4.18 *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.

#### 4.19 *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. No dividend or distribution or other moneys payable on or in respect of a share shall bear interest against the Company.

#### 4.20 *Shares*

Subject to the exceptions set out in paragraph 4.23 of this Part 9 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.

#### 4.21 *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.

#### 4.22 *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 4.14 above.

#### 4.23 *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) consent 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.

If the Board refuses to register the transfer of a share it shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

The Board has 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; and (iv) cause the Company to make or become subject to a deduction or withholding relating to FATCA or suffer any other detriment under FATCA.

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.

No fee shall be payable to the Company in respect of the registration of any transfer, probate, letters of administration, certificate of marriage or death, power of attorney, instruction or other document relating to or affecting the title to any shares.

On the death of a Shareholder, the survivors where the deceased was a joint holder and the executor or administrator of the deceased where he was a sole holder shall be the only persons recognised by the Company as having any title to or interest in his shares; but nothing in the Articles shall release the estate of a deceased joint holder from any liability in respect of any share jointly held.

A person so becoming entitled to a share in consequence of the death, bankruptcy or incapacity of a Shareholder or otherwise by operation of law (subject as hereinafter provided), upon supplying to the Company such evidence as the Board may reasonably require to show his title to the share, shall have the right to receive and may give a discharge for all dividends and other money payable or other advantages due on or in respect of the share, but he shall not be entitled to receive notice of or to attend or vote at meetings of the Company, or save aforesaid, to any of the rights or privileges of a Shareholder unless and until he shall be registered as a Shareholder in respect of the share.

#### 4.24 *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.

Unless special notice is required in accordance with the Law, not less than 10 clear days' notice specifying the date, time and place of any general meeting and the text of any proposed Special Resolutions, Extraordinary Resolutions and Ordinary Resolutions and the general nature of the business to be dealt with at the relevant general meeting shall be given by notice sent by any lawful means by the company secretary or other officer of the Company or any other person appointed in that behalf by the Board to such Shareholders as are entitled to receive notices provided that with the consent in writing of all the Shareholders entitled to receive notices of such meetings a meeting may be convened by a shorter notice or at no notice and in any manner they think fit. No general meeting shall be convened except on giving not less than the notice required by the rules of any stock exchange on which the

Company's shares are admitted to trading from time to time or, for so long as any of the Company's shares are admitted to listing on the Official List such minimum period of notice as may be required under the Listing Rules.

Every person who becomes entitled to a share shall be bound by any notice in respect of that share which, before his name is entered in the register, has been duly given to a person from whom he derives his title.

The chairman of the general meeting shall conduct the meeting in such a manner as he thinks fit and may limit the time for Shareholders to speak.

At any meeting, a resolution put to the vote shall be decided by a show of hands or by a poll at the option of the chairman. Nevertheless before or on the declaration of the result a poll may be demanded by: (a) the chairman; (b) not less than five Shareholders having the right to vote on the resolution; or (c) one or more of the Shareholders present in person representing at least ten per cent. of the total voting rights of all of the Shareholders having the right to vote on the resolution. The demand for a poll may be withdrawn.

A poll if demanded shall be taken at the meeting at which the same is demanded or at such other time and place as the chairman shall direct and the result shall be deemed the resolution of the meeting.

In case of an equality of votes the chairman shall have a second or casting vote in addition to any other vote he may have.

A director of the Company shall be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company regardless of whether that director is a Shareholder of the Company or of the relevant class.

#### 4.25 *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, all the Directors shall retire from office and be eligible for re-election at each AGM.

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:



- 4.25.1 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 or her office by giving written notice signed by him or her sent to or deposited at the Company's registered office or tendered at a meeting of the Board;
- 4.25.2 if he or she dies;
- 4.25.3 if the Company requests that he or she resigns his or her office by giving him or her written notice;
- 4.25.4 if he or she absents himself or herself (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 or her office shall be vacated;
- 4.25.5 if he or she becomes bankrupt or makes any arrangements or composition with his or her creditors generally;
- 4.25.6 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;
- 4.25.7 if he or she is requested to resign by written notice signed by a majority of his or her 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;
- 4.25.8 if the Company by Ordinary Resolution shall declare that he or she shall cease to be a Director; or
- 4.25.9 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 or her 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.

#### 4.26 *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.

A video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Directors participates and all participants can hear and speak to each other shall be a valid meeting.



#### 4.27 *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 £225,000 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.

#### 4.28 *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.

#### 4.29 *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 or her, a Director, notwithstanding his or her office:

- 4.29.1 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;
- 4.29.2 may be a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company is otherwise interested;
- 4.29.3 may act for the Company by himself or herself or through his or her firm in a professional capacity (otherwise than as auditor) and he or she or his or her firm shall be entitled to remuneration for professional services as if he or she were not a Director;
- 4.29.4 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
- 4.29.5 shall not by reason of his or her 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:

- 4.29.6 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
- 4.29.7 an interest of which a Director is unaware shall not be treated as an interest of his or hers.

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 or her 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.

#### 4.30 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money for investment purposes and 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 25 per cent. of the NAV of the Company as at the time of drawdown (unless approved by the Company by an Ordinary Resolution), and, subject to compliance with the Memorandum and the Articles, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### 4.31 *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.

#### 4.32 *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:

4.32.1 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;

4.32.2 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 4.32.1 above is located given notice of its intention to sell such shares;

4.32.3 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

4.32.4 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.

4.33 To give effect to any such sale the Board may appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer of the said shares shall be as effective as if it had been executed by the registered holder of, or person entitled

by transmission to, such shares and the title of the purchaser or other transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former Shareholder or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former Shareholder or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company) as the Board may from time to time think fit.

#### 4.34 *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:

- 4.34.1 entering into a contract to acquire them;
- 4.34.2 not being the registered holder, being entitled to exercise, or control the exercise of, any right conferred by the holding of the shares;
- 4.34.3 having the right to call for delivery of the shares; or
- 4.34.4 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**

5.1 The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- (a) a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (b) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the 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 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.

5.2 The Law provides that if an offer is made for the shares or any class of shares in the capital of a company and if, within four months after the date of such offer, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares) then the offeror may, no later than two months after the 90 per cent. threshold is reached, send an acquisition notice to any dissenting shareholders informing them that it wishes to acquire their shares (an "Acquisition Notice"). Where an Acquisition Notice is

given, the offeror is then entitled and bound to acquire those shares on the terms on which the original offer, approved by the shareholders comprising 90 per cent. in value of the shares affected was made.

- 5.3 As at the date of this Prospectus, there have been no public takeover bids by third parties in respect of the Company's share capital in the last financial year and the current financial year.

## **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 Laws. 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 as described in Part 1 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 1 March 2022, which is the latest practicable date prior to the publication of this Prospectus, the Net Asset Value per Ordinary Shares was 111.77 pence (unaudited) and the Ordinary Share price was 111 pence, representing a 0.69 per cent. discount to Net Asset Value per Ordinary Share.

## **8. CONFLICTS OF INTEREST**

The Portfolio Manager, the Company's AIFM, the Administrator, the Registrar, Numis, BDO, 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 and will not in any such circumstances be liable to account for any profit earned from any such services. The Directors will ensure compliance with Rule 3 (Conflicts of Interest) of the Registered Collective Investment Scheme Rules and Guidance, 2021.

TwentyFour, in its capacity as Portfolio Manager to the Company under the Portfolio Management Agreement and as portfolio manager to UKML under a separate portfolio management agreement with UKML, is under contractual and other duties to act in the best interests of each of the Company and UKML. Numis also acts as corporate broker and financial adviser for both the Company and UKML. The interests of the Company and of UKML may conflict in connection with the implementation of the Scheme. Accordingly, both TwentyFour and Numis have established procedures to manage any such conflicts that may arise, including: (i) the creation of two separate teams within TwentyFour and Numis respectively (one representing the interests of the Company, and the other representing the interests of UKML in connection with the Scheme); and (ii) the establishment of information barriers between members of each team to ensure confidentiality and integrity of commercially sensitive information.

## 9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 9.1 Directors' interests

9.1.1 As at the close of business on 1 March 2022, being the latest practicable date prior to the publication of this Prospectus, the Directors had beneficial interests in the following number of Ordinary Shares:

	<b>Ordinary Shares</b>	<b>Percentage of issued share capital (excluding treasury shares)</b>
Trevor Ash	108,734	0.021
Ian Burns	29,242	0.006
Richard Burwood	22,476	0.004
Joanne Fintzen	17,476	0.003
John de Garis	—	—
John Le Poidevin	—	—

9.1.2 As at the date of this Prospectus, none of the Directors intends to subscribe for Ordinary Shares under the Placing Programme.

9.1.3 As at the date of this Prospectus, Mr Burwood holds 5,001 ordinary shares in UKML (which were purchased on and prior to 4 February 2021). None of the other Directors holds any shares in UKML.

9.1.4 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.

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

9.1.6 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 2021, Mr Ash was paid fees of £40,000 per annum, Mr Burns was paid fees of £37,500 per annum and the other Directors were paid fees of £35,000 per annum payable monthly in arrears. During the year ended 31 March 2021, Directors' fees of £147,500 were charged to the Company, of which £Nil 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 and be subject to re-election every year. 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:

	<b>Current directorships/ partnerships</b>	<b>Past directorships/ partnerships</b>
<b>Trevor Ash</b>	FxPro Group Limited Global Farmlands Fund Limited (Formerly Insight Global Farmlands Limited) Pershing Square Holding Limited Sherborne Investors (Guernsey) C Limited	Absolute Insight Plus Bond Limited Absolute Insight Plus Currency Limited Absolute Insight Plus Emerging Market Debt Limited Absolute Insight Plus Europe Equity Market Neutral Limited Absolute Insight Plus International Equity Market Neutral Limited Absolute Insight Plus UK Equity Market Neutral Limited Absolute Plus Insight Limited Blackpoint PCC Limited Blackpoint Management Limited Camper & Nicholson Marina Investments Limited Close Enhanced Commodities Fund 11 Limited Dexion Absolute Limited Europe Value and Income Fund Limited European Value and Income Fund Limited Grand Harbour Marina Limited India Strategic Assets Fund 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 Kingsway Fund Limited Merrill Lynch FTSE 100 Stepped Growth & Income Limited Nemrod Diversified Holdings Limited Picton (General Partner) No 2 Limited Picton (General Partner) No 3 Limited Picton (UK) Listed Real Estate Limited Picton (UK) Listed Real Estate Nominee (No. 1) Limited Picton (UK) Listed Real Estate Nominee (No. 2) Limited



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

Artal Treasury Limited  
Curlew Alternatives Eighth  
Property GP1 Limited  
Curlew Alternatives Eighth  
Property GP2 Limited  
Curlew Alternatives Eleventh  
Letting GP1 Limited  
Curlew Alternatives Eleventh

Picton (UK) REIT (SPV No.2)  
Limited  
Picton (UK) REIT (SPV) Limited  
Picton Capital (Guernsey)  
Limited  
Picton Finance Limited  
Picton Property Income Limited  
Picton Property No 3 Limited  
Picton Property Nominee (No 3)  
Limited  
Picton Property Nominee (No 4)  
Limited  
Picton Property Nominee (No 5)  
Limited  
Picton Property Nominee (No 6)  
Limited  
Picton UK Real Estate Trust  
(Property) Limited  
Picton UK Real Estate Trust  
(Property) No 2 Limited  
Picton ZDP Limited  
Sherborne Investors (Guernsey)  
A Limited  
Sherborne Investors (Guernsey)  
B Limited  
Thames River 2X Currency  
Alpha Fund Limited  
Thames River Apex Fund SPC  
Thames River Argentum Fund  
Limited  
Thames River Edo Fund Limited  
Thames River Hedge Ventures  
Limited  
Thames River Hillside Apex  
Fund SPC Limited  
Thames River Kingsway Fund  
Limited  
Thames River Kingsway Plus  
Fund Limited  
Thames River Legion Fund  
Limited  
Thames River Origin Fund  
Limited  
Thames River Tybourne Fund  
Limited  
Thames River ZeCo Fund  
Limited  
The Accelerated Return Fund  
Limited  
AFV Pharma International Inc  
Apro Capital GP (Guernsey)  
Limited  
Arx Resources Limited  
Bluefield European Solar Fund  
Limited  
Circum Minerals Holdings  
Limited

**Current directorships/  
partnerships**

Letting GP2 Limited  
Curlew Alternatives Eleventh  
Property GP1 Limited  
Curlew Alternatives Eleventh  
Property GP2 Limited  
Curlew Alternatives Fifth Letting  
GP1 Limited  
Curlew Alternatives Fifth Letting  
GP2 Limited  
Curlew Alternatives Fifth  
Property GP1 Limited  
Curlew Alternatives Fifth  
Property GP2 Limited  
Curlew Alternatives Fourth  
Property GP1 Limited  
Curlew Alternatives Fourth  
Property GP2 Limited  
Curlew Alternatives Guernsey  
Limited  
Curlew Alternatives Ninth  
Property GP1 Limited  
Curlew Alternatives Ninth  
Property GP2 Limited  
Curlew Alternatives Property  
Finance Company Limited  
Curlew Alternatives Property  
GP1 Limited  
Curlew Alternatives Property  
GP2 Limited  
Curlew Alternatives Second  
Letting GP1 Limited  
Curlew Alternatives Second  
Letting GP2 Limited  
Curlew Alternatives Second  
Property GP1 Limited  
Curlew Alternatives Second  
Property GP2 Limited  
Curlew Alternatives Seventh  
Property GP1 Limited  
Curlew Alternatives Seventh  
Property GP2 Limited  
Curlew Alternatives Sixth  
Property GP1 Limited  
Curlew Alternatives Sixth  
Property GP2 Limited  
Curlew Alternatives Tenth  
Property GP1 Limited  
Curlew Alternatives Tenth  
Property GP2 Limited  
Curlew Alternatives Third  
Property GP1 Limited  
Curlew Alternatives Third  
Property GP2 Limited  
Curlew Alternatives Twelfth  
Property GP1 Limited  
Curlew Alternatives Twelfth  
Property GP2 Limited

**Past directorships/  
partnerships**

Circum Minerals Potash Limited  
Claymore Strategies Limited  
Curlew Eighth Property GP1 Ltd  
Curlew Eighth Property GP2 Ltd  
Curlew Fifth Property GP1 Ltd  
Curlew Fifth Property GP2 Ltd  
Curlew Property GP1 Limited  
Curlew Property GP2 Limited  
Curlew Seventh Property  
GP1 Ltd  
Curlew Seventh Property  
GP2 Ltd  
Curlew Tenth Property GP1 Ltd  
Curlew Tenth Property GP2 Ltd  
Curlew Third Property GP1 Ltd  
Curlew Third Property GP2 Ltd  
Darwin LA (Guernsey) Limited  
Darwin LA Finance (Guernsey)  
Limited  
International Potash Holdings Inc  
Intensity Holdings Limited  
Lithium S Corporation  
Lithium S Holdings Corporation  
LSC Lithium Inc  
Montreux Capital Corp.  
One Hyde Park Limited  
Petras Holdings Ltd  
Phaunos Boston Inc  
Phaunos Timber Fund Limited  
Regent Resources Interests  
Corporation  
River & Mercantile UK Micro Cap  
Investment Co Ltd  
Seven Dials European Property  
Limited  
Seven Dials Guernsey Limited

**Current directorships/  
partnerships****Past directorships/  
partnerships**

Curlew Capital Guernsey Limited  
Curlew Fourth Property GP1 Ltd  
Curlew Fourth Property GP2 Ltd  
Curlew Ninth Property GP1 Ltd  
Curlew Ninth Property GP2 Ltd  
Curlew Property Finance  
Company Limited  
Curlew Second Property  
GP1 Ltd  
Curlew Second Property  
GP2 Ltd  
Curlew Sixth Property GP1 Ltd  
Curlew Sixth Property GP2 Ltd  
Curlew Student II Trust Feeder  
Limited  
Curlew Student Trust Feeder  
Limited  
Darwin (West Country) Limited  
Darwin Alternative Investment  
Management (Guernsey) Limited  
Darwin Bereavement Finance  
(Guernsey) Limited  
Darwin Bereavement Properties  
(Guernsey) Limited  
Darwin Finance Limited  
Darwin Leisure Development  
Finance (Guernsey) Limited  
Darwin Leisure Development  
Properties (Guernsey) Limited  
Darwin Property Investment  
Management (Guernsey)  
Dattels & Co Limited  
LaFayette Treasury Limited  
Milroy Capital Limited  
Minex Consultants Limited  
NewGen Equity Long/Short  
Fund Ltd  
Northern Palladium Limited  
Northern Palladium Ventures  
Limited  
One Hyde Park Limited  
Phaunos Timber Limited  
Premier Asset Management  
(Guernsey) Limited  
ReGen Investments Limited  
Regent Aviation Inc  
Regent Mercantile Bancorp Inc.  
Regent Mercantile Holdings  
Limited  
Regent Mercantile Trustcorp  
(Pvt) Limited  
Regent Mercantile Ventures Inc  
Regent Resources Capital  
Corporation  
Seed Innovations Limited (Fast  
Forward Innovations Limited)  
Smoke Rise Holdings Limited

	<b>Current directorships/ partnerships</b>	<b>Past directorships/ partnerships</b>
<b>Richard Burwood</b>	<p>Via Executive Limited Vortex Opportunities Limited (Regenvest Limited)</p> <p>Aubrey Walk PCC Ltd EFG International Finance (Guernsey) Ltd SME Credit Realisation Fund Limited (previously Funding Circle SME Income Fund Limited) Habrok India GP Ltd Habrok India Fund Ltd RoundShield I Co-invest GP I, Limited RoundShield Fund I GP, Limited RoundShield Luxembourg I, SARL Highland CLO Funding Limited</p>	<p>Finch Lending DAC Habrok Fund Ltd. Habrok GP Ltd. Habrok SPV Ltd. Basinghall Lending DAC Habrok Master Ltd. Les Bordes Investor SARL Lambeth Lending DAC Queenhithe Lending DAC Tallis Lending DAC</p>
<b>Joanne Fintzen</b>	None	None
<b>John de Garis</b>	<p>Omnium Investments PCC Limited Rocq Capital Holdings Limited Rocq Capital Limited Rocq Capital Management Limited Rocq Capital Securities Limited VinaCapital Investment Management Limited</p>	
<b>John Le Poidevin</b>	<p>35/37 Upper Montagu Street Management Company Limited Anglo Normandy Aero Engineering Limited AUB Investment Funds PCC Limited Aurigny Air Services Limited BH Macro Limited Cabernet Limited Curaleaf International Holdings Limited Episode Inc. International Public Partnerships Limited International Public Partnerships Lux 1 S.à r.l. International Public Partnerships Lux 2 S.à r.l. International Public Partnerships Lux 3 S.à r.l. IPP North America S.à r.l. JDC Enterprises Ltd JLP Associates Limited Lindenwood Holdings Ltd. Lindenwood Ltd. M&amp;G General Partner Inc. SGHC Limited</p>	<p>Jumpman Gaming Limited Market Tech Holdings Limited The Ijarah Real Estate PCC Limited Safecharge International Group Limited Specialist Investment Properties Plc Stride Gaming PLC VAIR Investments (Guernsey) Limited Voyager Air Limited</p>

**Current directorships/  
partnerships****Past directorships/  
partnerships**

Super Group (SGHC) Limited  
The AUB Pan Asian Investment  
Fund Limited

Save as otherwise disclosed in the Prospectus, 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 family relationships between the Directors. There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected as a director of the Company. 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 Guidance 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 1 March 2022, the following parties were known to be interested in 5 per cent. or more of the Company's share capital:

<b>Shareholder</b>	<b>No. of Ordinary Shares</b>	<b>Percentage of issued share capital (including treasury shares)</b>
Chase Nominees Limited	33,532,675	6.12%

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. There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change of control of the Company.

## 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 three financial years to 31 March 2021 or during the period from 1 April 2021 to the close of business on 1 March 2022, 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 Portfolio Management Agreement

Under a Portfolio Management Agreement dated 29 May 2014, as amended and restated, TwentyFour provides discretionary investment management services to the Company. TwentyFour receives from the Company, in respect of the portfolio 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 is also entitled to a commission of 0.15 per cent. of the aggregate gross offering proceeds plus any applicable VAT in relation to any tap issue of new Shares 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 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 FSMA, the FCA Rules and the AIFM Laws.

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 Realisation 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 Laws.

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, saisie 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 2021 the fees payable under the Portfolio Management Agreement amounted to £895,035 (excluding VAT).

## 10.2 AIFM Agreement

The Company is party to an AIFM Agreement with Maitland Institutional Services Limited (formerly Phoenix) dated 29 May 2014, as amended from time to time, pursuant to which Maitland provides the Company with alternative investment fund management services, so that the Company is compliant with the AIFM Laws.

For the provision of services under the AIFM Agreement, Maitland 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 Maitland for reasonable expenses properly incurred by Maitland in the performance of its obligations under the AIFM Agreement.

Maitland 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 Laws;
- (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 Laws is appointed by or on behalf of the Company;
- (f) ensuring that the disclosures required to be made by the Company under the AIFM Laws are made;
- (g) reporting to the FCA as required under the AIFM Laws;
- (h) ensuring that the Portfolio is valued in accordance with the AIFM Laws; and
- (i) ensuring that it is authorised by the FCA to market the Company in accordance with the AIFM Laws 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) Maitland'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) Maitland 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) Maitland 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 Maitland is appointed over any of its assets.

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

Maitland 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; or
- (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.

Maitland 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 Maitland under the AIFM Agreement or of the rules of any competent regulatory authority having jurisdiction over Maitland or of any statutory duty by Maitland or any person to whom Maitland may have delegated any of its obligations and/or functions under the AIFM Agreement. The Company has given an indemnity to Maitland in respect of any losses or liabilities arising out of the proper performance by Maitland of its duties under the AIFM Agreement.

Maitland 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. Maitland 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 Maitland'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. Maitland warrants and represents that it complies with and will continue to comply with the requirements on conflicts as set out in the AIFM Laws, 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.

Maitland has delegated portfolio management to the Portfolio Manager in accordance with the AIFM Laws. Maitland does not consider that any conflicts of interest arise from such delegation.

In the year ended 31 March 2021 the fees payable under the AIFM Agreement amounted to £45,510 (excluding VAT).

### 10.3 Administration Agreement

The Company is party to an Administration Agreement with Northern Trust International Fund Administration Services (Guernsey) Limited and Maitland Fund Services (UK) Limited dated 7 February 2013, as amended and restated on 29 May 2014, as further amended on 20 September 2018 with effect from 25 May 2018 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 Company may also terminate the Agreement immediately if the Administrator ceases to be qualified to act pursuant to the Registered Collective Investment Scheme Rules 2008.

The Administrator will generally not be liable for any loss, damages or liabilities incurred as a result of the performance or non-performance by the Administrator of its obligations and duties under the Administration Agreement in the absence of its negligence, fraud 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 losses (including any liabilities, 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 of the indemnitees, 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 or in connection or arising out of certain other specific circumstances.

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 2021 the fees payable under the Administration Agreement amounted to £138,326 (excluding VAT).

#### 10.4 Depositary Agreement

Northern Trust (Guernsey) Limited acts as the Company's depositary under the Depositary Agreement between the Company, the AIFM and Northern Trust (Guernsey) Limited dated 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 any party giving to the others 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 it 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 2021 the fees payable under the Depositary Agreement amounted to £13,898 (excluding VAT).

## 10.5 Placing Agreement

The Company, TwentyFour and Numis entered into the Placing Agreement on 3 March 2022.

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 Ordinary Shares pursuant to each Placing under the Placing Programme at the applicable Placing Programme Price; and (ii) placees for any Ordinary Shares in respect of which Realisation Sale Elections are received by the Company pursuant to the 2022 Realisation Opportunity. The Placing Programme is not being underwritten;
- (b) the Company has agreed to pay Numis the following fees: (i) subject to the completion of the Company's acquisition of the assets of UKML in accordance with the Transfer Agreement and the Admission of Ordinary Shares pursuant to the Scheme, a success fee and an additional deferred fee, each based on the Aggregate Consideration; (ii) provided the Placing Agreement becomes unconditional in relation to any Placing, a placing commission representing a percentage of the Gross Issue Proceeds; and (iii) if Numis procures placees for any Elected Shares in respect of which Realisation Sale Elections are made pursuant to the 2022 Realisation Opportunity an additional commission based on the aggregate gross proceeds of such placing;
- (c) subject to the agreement becoming unconditional in relation to any Placing, the Company has agreed to pay to TwentyFour a marketing fee representing a percentage of the Gross Issue Proceeds (but for the avoidance of doubt, no such marketing fee shall be payable in respect of any Ordinary Shares issued pursuant to the Scheme);
- (d) the Company has agreed to pay all of the properly incurred costs and expenses of and incidental to the Placing Programme, the issue of the Ordinary Shares pursuant to the Scheme and the 2022 Realisation Opportunity and related arrangements together with any applicable VAT;
- (e) to the extent that the expenses actually incurred in relation to a Placing would be greater than 2 per cent. of the relevant Gross Issue Proceeds, the fees payable to Numis and Twentyfour under clauses (b) and (c) above shall be reduced accordingly for the Gross Issue Proceeds to not exceed 2 per cent.;
- (f) the Company has given certain warranties to Numis, including 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, including as to certain information in this Prospectus and as to itself. Each of the Company and TwentyFour have given indemnities to Numis in relation to, *inter alia*, claims resulting out of or in



connection with the implementation of the Scheme and the issue of Ordinary Shares in relation to the Scheme, the implementation of the Realisation Opportunity and the Placing Programme; and

- (g) Numis may at any time before the earliest of (i) 2 March 2023, (ii) the date on which all of the 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, as amended on 25 May 2018, 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 Transfer Agreement**

Provided that all the conditions to the Scheme are satisfied, other than Admission of the Ordinary Shares to be issued pursuant to the Issue, and the Scheme becomes effective, the Company will enter into the Transfer Agreement with the Liquidators and UKML pursuant to the Scheme. The Transfer Agreement is, as at the date of this Prospectus, in a form agreed between the Company, the Liquidators and UKML. The Transfer Agreement provides, among other things, that the assets of UKML (other than cash necessary for the liquidation of UKML) are to be transferred to the Company in consideration for the allotment by the Company of Ordinary Shares to the Liquidators, as nominee for UKML Shareholders entitled to them in accordance with the Scheme. Thereafter, the Liquidators will direct the issuances of the Ordinary Shares in favour of the Shareholders being entitled to them in accordance with the Scheme. On such direction, the Company will issue the relevant Ordinary Shares to the Shareholders entitled thereto. The Transfer Agreement excludes any liability on the part of the Liquidators for entering into and carrying into effect the Transfer Agreement. Each of the parties to the Transfer Agreement (including the Company) has undertaken to enter into the Transfer Agreement and to use its, his or her reasonable endeavours to implement the Scheme, provided the conditions applicable to the Scheme have been fulfilled on or prior to 31 March 2022.

#### **10.8 Sponsor Engagement Letter**

The Company has appointed BDO as sponsor to the Company pursuant to an engagement letter issued on 24 February 2022 and agreed by the Company on 3 March 2022. The Company has agreed to pay BDO LLP a fee in relation to its appointment as sponsor along with a further fee in connection with work relating to the Placing Programme, in each case exclusive of VAT. Either party may terminate the engagement upon 30 days' written notice and otherwise in certain prescribed situations. The letter of engagement contains a standard indemnity from the Company in favour of BDO together with warranties in materially the same form as are given to Numis under the Placing Agreement.

#### **10.9 Receiving Agent Agreement in respect of the Scheme**

The receiving agent agreement dated 3 March 2022 between the Company and the Receiving Agent whereby the Receiving Agent has agreed to act as receiving agent to the Issue. The fees payable to the Receiving Agent are based on the number of UKML Shareholders and are subject to a minimum fee of £9,000. 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.



#### **10.10 Receiving Agent Agreement in respect of the 2022 Realisation Opportunity**

The receiving agent agreement dated 3 March 2022 between the Company and the Receiving Agent whereby the Receiving Agent has agreed to act as receiving agent in respect of the 2022 Realisation Opportunity. The fees payable to the Receiving Agent are based on the number of Qualifying Shareholders, Realisation Elections and distributions and are subject to a minimum fee of £9,000. 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.

#### **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. 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.

Each of: (i) BDO, as sponsor; (ii) Numis, as broker; and (iii) TwentyFour, as Portfolio Manager 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.

#### **13. 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.

As at the date of this Prospectus, the Company has no subsidiaries.

Where Ordinary Shares are issued under the Placing Programme, the total assets of the Company will increase by that number of 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 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.

#### **14. 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. PricewaterhouseCoopers CI LLP is a member of the Institute of Chartered Accountants of England & Wales.

#### **15. 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 Ordinary Shares under the Placing Programme, 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 Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Australia, the Republic of South Africa, Japan, any EEA member state 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 Ordinary Shares pursuant to the Placing Programme 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, Japan, any EEA member state or the United States. No application will be accepted if it bears an address in Canada, Australia, the Republic of South Africa, Japan, any EEA member state or the United States or appears to have been posted from Canada, Australia, the Republic of South Africa, Japan, any EEA member state or the United States or otherwise where there is cause to believe you are in Canada, Australia, the Republic of South Africa, Japan, any EEA member state or the United States.

It is the responsibility of UKML Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Issue, including the obtaining of any governmental or other consent which may be required, compliance with necessary formalities and the payment of any issue, transfer or other taxes due to such jurisdiction.

Under the terms of the Scheme, Ordinary Shares will only be issued to UKML Shareholders who are not Restricted UKML Shareholders. UKML Shareholders who are issued Ordinary Shares pursuant to the Scheme will be deemed to have represented and warranted to the Company in the terms of paragraph 2.2, of the Scheme contained in Part 2 of the UKML Circular. These representations and warranties include that the relevant UKML Shareholder has its registered office in either the United Kingdom, Guernsey, Jersey or the Isle of Man and if it holds UKML Ordinary Shares on behalf of a non-UK based investor, it is lawfully able to receive and hold Ordinary Shares without any further action from any of the Company, TwentyFour, the Liquidators or UKML in any jurisdiction other than the UK and that it has not and will not transmit this Prospectus to any person situated outside of UK or with a non-UK registered office, without the prior written approval of the Company.

## **16. FAIR TREATMENT OF INVESTORS**

The AIFM has established procedures, arrangements and policies to ensure compliance with the principles more particularly described in the AIFM Laws 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 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 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.

## 17. AIFM DIRECTIVE DISCLOSURES

17.1 The AIFM is required to make certain disclosures to prospective investors prior to their investment in the Company in accordance with the AIFM Laws. 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 17. References to “FUND” are to the FUND sourcebook of the FCA Handbook.

<b>FUND 3.2.2 Provision</b>	<b>Disclosure requirement</b>	<b>Disclosure or location within this Prospectus where information can be found</b>
1(a)	Investment strategy and objectives	The Company’s investment strategy and objectives are described in in Part 1 of this Prospectus.
1(b) and (c)	Feeder AIFs and fund of funds	The Company is not a feeder AIF or a fund of funds.
1(d)	Assets in which the AIF can invest	The assets in which the Company can invest are set out in Part 1 of the Prospectus.
1(e)	Investment techniques employed and all associated risks	Investment techniques which may be employed by the Company are described in Part 1 of the Prospectus. The key risks associated with the investment strategy, objectives and techniques of the Company and with the use of leverage by the Company are contained in the section of the Prospectus entitled “Risk Factors”.
1(f)	Investment restrictions	The investment restrictions applicable to the Company are set out in Part 1 of this Prospectus.
1(g)	When can the AIF use leverage	The circumstances in which the Company may use leverage are set out in Part 1 of the Prospectus.
1(h) and (i)	Types and sources of leverage permitted and any restrictions	The leverage restrictions applicable to the Company are set out in Part 1 of this Prospectus. There are no collateral and asset reuse arrangements.
1(j)	Maximum level of leverage	The maximum level of leverage is set out in Part 1 of this Prospectus.
2	When can the AIF change its investment strategy or policy	Material changes to the Company’s investment policy may only be made with the prior approval of the Shareholders by way of an Ordinary Resolution and (for so long as any of the Company’s shares are listed on the Official List) in accordance with the Listing Rules. Minor changes to the investment policy must be approved by the Directors.
3	Investment legislative implications	Investors who offer to subscribe for any Ordinary Shares pursuant to the Issue will do so subject to the terms and conditions of the Issue, which shall be governed by, and construed in accordance with, the laws of Guernsey. Investors who offer to subscribe for any Ordinary Shares pursuant to the Placing Programme will do so subject to the terms and conditions in Part 10 of this Prospectus, which are governed by English law. Persons who acquire Shares will become

<b>FUND 3.2.2 Provision</b>	<b>Disclosure requirement</b>	<b>Disclosure or location within this Prospectus where information can be found</b>
		<p>shareholders in the Company and become bound by the provisions of the Articles and the Law.</p> <p>The rights of holders of the Shares, including in connection with the Scheme, are governed by Guernsey law. A final and conclusive judgment, capable of execution, obtained in a superior court of England and Wales (being the Supreme Court and the Senior Courts of England and Wales excluding the Crown Court, having jurisdiction over a defendant for a fixed sum (other than for taxes or similar charges)) in respect of such documents and after a hearing of the merits in that court, would be recognised and enforced by the Royal Court of Guernsey without re-examination of the merits of that case, but subject to compliance with procedural and other requirements of the Judgments (Reciprocal Enforcement) (Guernsey) Law 1957, as amended, unless any such judgment (a) is obtained by fraud; (b) is in conflict with Guernsey public policy; (c) has already been satisfied wholly; or (d) could not be enforced by execution in the jurisdiction of origin.</p>
4	Identity of the AIFM	The AIFM for the Company is Maitland Institutional Services Limited. Details of the Company's AIFM are contained in Parts 3 and 9 of this Prospectus.
	Identity and duties of the depositary	The Company's depositary is Northern Trust (Guernsey) Limited and its details can be found in Parts 3 and 9 of this Prospectus.
	Identity and duties of the auditor	The Company's auditor is PricewaterhouseCoopers CI LLP, details of which can be found in Part 9 of this Prospectus.
	Identity of other service providers	The Company's other services providers and their duties are listed in Parts 3 and 9 of this Prospectus.
	Description of shareholders' rights	The Company's shareholders do not have a direct cause of action against any of the Company's service providers.
5	Compliance with Initial Capital and Own Funds requirements/ PRU-INV 11.3.11G	The AIFM will cover professional liability risks by way of professional indemnity insurance.
6(a), (b), (c) and (d)	Delegated management function Delegated depositary function Identity of each delegate appointed Any conflict of interests from such delegations	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). There are no conflicts of interest that may arise from such delegation.

<b>FUND 3.2.2 Provision</b>	<b>Disclosure requirement</b>	<b>Disclosure or location within this Prospectus where information can be found</b>
7	AIF's valuation procedure AIF's pricing methodology	The Company's valuation procedures and pricing methodology, which includes the methods that will be used in valuing hard-to-value assets are set out in Part 9 of this Prospectus.
8	Liquidity risk management Redemption Rights	The Company is a closed-ended investment company and there are therefore no redemption rights. However, the existing Ordinary Shares are and the Ordinary Shares to be issued pursuant to the Issue and the Placing Programme 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 1 of this Prospectus, although it should be noted that the Directors' exercise of these rights is entirely discretionary.
9	Fees, charges and expenses borne by investors	A 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 1 and this Part 9 of the Prospectus. There are no expenses charged directly to investors by the Company.
10	Fair treatment of investors	As the existing Ordinary Shares are (and the Ordinary Shares to be issued pursuant to the Issue and the Placing Programme, 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, <i>inter alia</i> , the relevant provisions of the Disclosure Guidance and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors.
11(a)	Preferential treatment details	Not applicable. No such arrangements exist.
11(b) and 11(c)	Type of investors who obtain preferential treatment and where relevant legal/economic links with AIF or AIFM	Not applicable. No such arrangements exist.
14	Annual Report	The Company's latest annual report is publicly available and can be accessed from the Company's website at: <a href="http://www.twentyfourincomefund.com">www.twentyfourincomefund.com</a> .
12	Procedures for issue of shares / fund holding	The procedure and conditions for the issue and sale of Ordinary Shares is contained in the Prospectus (including parts 4, 5 and 10) and/or announcements relating to each relevant fundraising. Shares can also be bought in the open market through a stockbroker.

<b>FUND 3.2.2 Provision</b>	<b>Disclosure requirement</b>	<b>Disclosure or location within this Prospectus where information can be found</b>
13	Net Asset Value of the AIF	The company NAV as at the latest practicable date is available in Part 9 of the Prospectus. Updated NAVs can be accessed from the Company's website at: <a href="http://www.twentyfourincomefund.com">www.twentyfourincomefund.com</a> .
15	Historical performance of the AIF	Available at Company's website at: <a href="http://www.twentyfourincomefund.com">www.twentyfourincomefund.com</a> .
16(a)	Details of the prime broker	Not applicable. The Company does not use prime brokers.
16(b)	Material arrangements with the prime broker	Not applicable. The Company does not use prime brokers.
16(c) and (d)	Contract with depository and details of transfer of liability to prime broker	The Company does not use prime brokers. The Depositary Agreement prohibits the transfer or reuse by the Depositary of the Company's assets.
17	Description of how and when the information required to be disclosed periodically to investors under FUND 3.2.5 and 3.2.6 (so far as relevant, leverage and risk profile) will be disclosed.	The information will be disclosed to investors in the Company's annual report or, where appropriate, via an RIS.
Fund 3.2.3	Arrangements made by the depository to contractually discharge itself of liability	The Depositary Agreement contains customary indemnities given by the Company in favour of the Depositary.

## **18. AVAILABILITY OF PROSPECTUS**

A copy of this Prospectus will be available for inspection at The National Storage Mechanism which is located at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>, and for as long as 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](http://www.twentyfourincomefund.com).

## **19. 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 Hogan Lovells International LLP, Atlantic House, Holborn Viaduct, London EC1A 2FG, from the date of this Prospectus until close of business on 2 March 2023 (being the last possible Admission date under the Placing Programme) and shall be available on the Company's website at [www.twentyfourincomefund.com](http://www.twentyfourincomefund.com):

19.1 this Prospectus dated 3 March 2022;

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

19.3 the audited Annual Reports and the unaudited Interim Reports referred to in paragraph 3.4 of Part 7 of this Prospectus.



## **PART 10: TERMS AND CONDITIONS OF EACH PLACING UNDER THE PLACING PROGRAMME**

### **1. INTRODUCTION**

Each Placee which confirms its agreement to Numis to subscribe for Ordinary Shares under any Placing under the Placing Programme 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 ORDINARY SHARES**

Conditional on: (i) shareholder authority for the disapplication of pre-emption rights in respect of the relevant Placing being in place at the relevant time; (ii) the Placing Agreement not being terminated in accordance with its terms at any time prior to Admission of the relevant Ordinary Shares; and (iii) each Admission under the Placing Programme occurring not later than 8.00 a.m. on such date as may be agreed between the Company and Numis prior to the closing of each Placing under the Placing Programme, but not being later than 2 March 2023; and (iv) Numis confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by Numis at the applicable Placing Programme Price. 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 ORDINARY SHARES**

Each Placee undertakes to pay the applicable Placing Programme Price for the 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 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 Ordinary Shares shall not release the relevant Placees from their obligations to make such payment for relevant Ordinary Shares to the extent that Numis or its nominee has failed to sell such 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 applicable Placing Programme Price.

### **4. REPRESENTATIONS AND WARRANTIES**

By agreeing to subscribe for Ordinary Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares will (for itself and any person(s) procured by it to subscribe for 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:

- (i) in agreeing to subscribe for Ordinary Shares under 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 Ordinary Shares 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 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 or 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;

- (ii) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under 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 any Placing under the Placing Programme;
- (iii) it has carefully read and understands this Prospectus and the Key Information Document in their entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part 10 and the Articles as in force at the date of Admission of the relevant Ordinary Shares;
- (iv) 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 or any supplementary prospectus issued by the Company prior to the date of Admission of the relevant Ordinary Shares;
- (v) the content of this Prospectus and any supplementary prospectus issued by the Company prior to the date of Admission of the relevant Ordinary Shares 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 such supplementary 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 any Placing under the Placing Programme based on any information, representation or statement contained in this Prospectus, any such supplementary prospectus or otherwise;
- (vi) it acknowledges that no person is authorised in connection with 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 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;
- (vii) 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;
- (viii) it accepts that none of the Ordinary Shares have been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa, Japan or any EEA member state. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the United States, Canada, Australia, the Republic of South Africa, Japan or any EEA member state unless an exemption from any registration requirement is available;
- (ix) if it is within the United Kingdom, it is a qualified investor within the meaning of Article 2(e) of the UK Prospectus Regulation and also a person: (i) 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 (ii) to whom the 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 Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- (x) if it is a resident in the EEA, (a) it is a qualified investor within the meaning of Article 2(e) of the EU Prospectus Regulation and (b) that it is a person to whom the Shares may lawfully be marketed under the EU AIFM Directive and related rules and regulations including under the applicable implementing legislation (if any) of that relevant EEA member state;

- (xi) it is not a Guernsey resident or, if it is a resident in Guernsey, it understands that the 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, 2020, The Insurance Business (Bailiwick of Guernsey) Law, 2002 or The Regulation of Fiduciaries, Administration Business and Company Directors etc. (Bailiwick of Guernsey) Law, 2020;
- (xii) in the case of any Ordinary Shares acquired by a Placee as a financial intermediary within the EEA as that term is used in the EU Prospectus Regulation or within the United Kingdom as that term is used in the UK Prospectus Regulation (i) the Ordinary Shares acquired by it in 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 EEA member state or the United Kingdom other than qualified investors, as that term is defined in the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable), or in circumstances in which the prior consent of Numis has been given to the offer or resale; or (ii) where Ordinary Shares have been acquired by it on behalf of persons in any EEA member state or the United Kingdom other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable) as having been made to such persons;
- (xiii) if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with 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 Ordinary Shares pursuant to 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 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;
- (xiv) 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 Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (xv) 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 Ordinary Shares under any Placing under the Placing Programme and will not be any such person on the date any such agreement to subscribe under such Placing under the Placing Programme is accepted;
- (xvi) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Placing Programme or the Ordinary Shares to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- (xvii) 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;
- (xviii) if it is acting as a "distributor" (for the purposes of the MiFID II Product Governance Requirements):
  - (i) it acknowledges that the Target Market Assessment does not constitute: (A) an assessment of suitability or appropriateness for the purposes of UK MiFID Laws and EU MiFID II; or (B) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares and each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels;
  - (ii) notwithstanding any Target Market Assessment undertaken by the Portfolio Manager and Numis, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors

to whom it plans to distribute the Ordinary Shares and that it has considered the compatibility of the risk/reward profile of such Ordinary Shares with the end target market; and

- (iii) it acknowledges that the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and capital protection cannot be guaranteed on the Ordinary Shares; and an investment in the Ordinary Shares is compatible only with investors who do not need a guaranteed capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom;
- (xix) 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 any Placing under the Placing Programme or providing any advice in relation to the Placing Programme and participation in 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 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 any Placing under the Placing Programme;
- (xx) it acknowledges that where it is subscribing for 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 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 Programme; and (iii) to receive on behalf of each such account any documentation relating to any Placing under the Placing Programme in the form provided by the Company and/or Numis. It agrees that the provisions of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- (xxi) 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 Ordinary Shares for which it has given a commitment under the Placing Programme, in the event of its own failure to do so;
- (xxii) it accepts that if any Placing under the Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the 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 neither Numis nor 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;
- (xxiii) in connection with its participation in 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 in force in the United Kingdom, as amended from time to time; or (ii) subject to the Money Laundering Directive (2014/849/EC of the European Parliament and of the EC Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU); 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;

- (xxiv) it acknowledges that due to anti-money laundering and the countering of terrorist financing 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;
- (xxv) 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 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);
- (xxvi) 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;
- (xxvii) it acknowledges that pursuant to the DP Guernsey Law, the Company, the Administrator, and/or the Registrar may hold personal data (as defined in the DP Guernsey law) relating to past and present Shareholders and, for the purposes of any Placing under the Placing Programme by submitting the personal data to the Administrator and Registrar (acting for and on behalf of the Company) in the case of a Placee, where (a) the Placee is a natural person or (b) where the Placee is not a natural person, he/she/it (as the case may be) represents and warrants that he/she/it (as applicable):
  - (i) has read and understood the terms of the Privacy Notice; and/or
  - (ii) has brought the Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of its application under any Placing under the Placing Programme; and
  - (iii) the Placee has complied in all other respects with Data Protection Laws in respect of disclosure and provision of personal data to the Company and its agents, and has, where necessary, obtained the consent of any data subjects to the processing by the Registrar, the Administrator and their respective associates and the Company of any personal data in accordance with the Privacy Notice;
- (xxviii) where the Placee acts for or on account of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising out of any Placing under the Placing Programme:
  - (i) comply with all applicable Data Protection Laws;
  - (ii) take appropriate technical and organizational measures against unauthorized or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data; and
  - (iii) if required, agree with the Company, the Registrar and the Administrator, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements.
- (xxix) 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 (xxviii) 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;

- (xxx) 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;
- (xxxi) the representations, undertakings and warranties contained in this Prospectus including these terms and conditions of application under 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 Ordinary Shares are no longer accurate, it shall promptly notify Numis and the Company;
- (xxxii) 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;
- (xxxiii) 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;
- (xxxiv) it accepts that the allocation of Ordinary Shares shall be determined by Numis in its absolute discretion but in consultation with the Company and that Numis may scale down any placing commitments for this purpose on such basis as it may determine;
- (xxxv) time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under any Placing under the Placing Programme;
- (xxxvi) 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
- (xxxvii) authorises Numis to deduct from the total amount subscribed under 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 Ordinary Shares allocated under the relevant Placing under the Placing Programme.

## **5. UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS**

By participating in 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 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:

- (i) it is not a U.S. Person and, is not located within the United States and is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act and it is not acquiring the Ordinary Shares for the account or benefit of a U.S. Person;
- (ii) it acknowledges that 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 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;
- (iii) 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;



- (iv) 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 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;
- (v) if any 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, U.S. 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.”;**
- (vi) if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of the 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;
- (vii) it is purchasing the 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 Ordinary Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;
- (viii) it acknowledges that the Company reserves the right to make inquiries of any holder of the 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 Ordinary Shares or interests in accordance with the Articles;
- (ix) 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 FATCA and the CRS). 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;

- (x) it is entitled to acquire the 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 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 any Placing under the Placing Programme or its acceptance of participation in any Placing under the Placing Programme;
- (xi) 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 Ordinary Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- (xii) if it is acquiring any 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 Ordinary Shares under 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 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 Ordinary Shares, which the Placee has agreed to subscribe for pursuant to any Placing under the Placing Programme, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under 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 Ordinary Shares under 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 any Placing under the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. Any Placing under the Placing Programme is 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 9 of this Prospectus.

## PART 11: 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:

<b>“2022 AGM”</b>	the annual general meeting of the Company, expected to be convened on 14 October 2022, or any adjournment thereof;
<b>“2022 Election Period”</b>	the period running from 16 September 2022 to 4 October 2022;
<b>“2022 Realisation Opportunity”</b>	the Realisation Opportunity due to become effective on the 2022 Reorganisation Date;
<b>“2022 Reorganisation Date”</b>	21 October 2022;
<b>“Acquiring Entity”</b>	UK Mortgages Corporate Funding Designated Activity Company, a company incorporated in Ireland as a designated activity company with registered number 567943, through which UKML currently holds its investment portfolio of Asset Backed Securities;
<b>“Acquiring Entity Portfolio Advisory Agreement”</b>	the portfolio advisory agreement between the Acquiring Entity and TwentyFour, which will be amended in connection with the Scheme;
<b>“Administrator” or “NTIFASGL”</b>	Northern Trust International Fund Administration Services (Guernsey) Limited (a non-cellular company limited by shares incorporated in Guernsey with registered number 15532);
<b>“Administration Agreement”</b>	the administration agreement, as amended, between the Company and the Administrator, a summary of which is set out in paragraph 10.3 of Part 9 of this Prospectus;
<b>“Admission”</b>	the dates on which admission of Ordinary Shares to listing on the premium segment of the Official List of the FCA and to trading on the London Stock Exchange’s main market for listed securities first becomes effective;
<b>“Aggregate Consideration”</b>	the total value of the UKML assets transferred to the Company pursuant to the Scheme calculated in accordance with the terms and conditions of the Scheme as at the Calculation Date for the Scheme;
<b>“AGM”</b>	an annual general meeting of the Company;
<b>“AIC”</b>	Association of Investment Companies;
<b>“AIC Code”</b>	the AIC Code of Corporate Governance;
<b>“AIFM” or “Maitland”</b>	Maitland Institutional Services Limited, the Company’s alternative investment fund manager for the purposes of the AIFM Laws;
<b>“AIFM Agreement”</b>	the alternative investment fund management agreement between the Company and Maitland, a summary of which is set out in paragraph 10.2 of Part 9 of this Prospectus;
<b>“AIFM Laws”</b>	the EU AIFM Directive and the UK AIFMD Laws (as applicable);
<b>“AIM”</b>	the London Stock Exchange’s international market for smaller and growing companies;
<b>“Annual Reports”</b>	has the meaning given in paragraph 2 of Part 7 of this Prospectus;
<b>“Articles” or “Articles of Incorporation”</b>	the articles of incorporation of the Company, a summary of which is set out in paragraph 4 of Part 9 of this Prospectus;

<b>“Asset Backed Securities” or “ABS”</b>	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 other assets designed to assure the servicing or timely distribution of proceeds to the holder of the security;
<b>“Audit Committee”</b>	the Company’s audit committee as described in paragraph 8.4 of Part 3 of this Prospectus;
<b>“Auditor”</b>	PricewaterhouseCoopers CI LLP (a limited liability partnership incorporated in England and Wales with registered number OC309347);
<b>“BDO”</b>	BDO LLP, acting as sponsor to the Company pursuant to the Listing Rules;
<b>“BEPS”</b>	the base erosion and profit sharing initiative of the OECD;
<b>“Board” or “Directors”</b>	the directors of the Company whose names are set out in the paragraph headed “Directors” in paragraph 1 of Part 3 of this Prospectus;
<b>“Business Day”</b>	any day on which banks are open for business in Guernsey and London (excluding Saturdays and Sundays);
<b>“Calculation Date”</b>	the calculation date in respect of the Scheme, being close of business on 18 March 2022;
<b>“Chairman”</b>	the chairman of the Board as elected from time to time;
<b>“CLO”</b>	collateralised loan obligation;
<b>“CMBS”</b>	commercial mortgage-backed securities;
<b>“Company”</b>	TwentyFour Income Fund Limited;
<b>“Continuation Pool”</b>	the pool of assets to be established under a Realisation attributable to holders of Continuing Ordinary Shares;
<b>“Continuation Resolution”</b>	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;
<b>“Continuing Ordinary Shares”</b>	Ordinary Shares held by Shareholders who do not submit Realisation Elections in respect of those Ordinary Shares before any Reorganisation Date;
<b>“CREST”</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations;
<b>“CRS”</b>	the OECD’s Common Reporting Standard;
<b>“data subject”</b>	has the meaning set out in the DP Guernsey Law;
<b>“Data Protection Laws”</b>	all laws, legislation, rules, regulation and guidance relating to data protection that apply to a relevant entity or person including in the case of the Company, the DP Guernsey Law;
<b>“Dealing Day”</b>	a day on which the London Stock Exchange is open for business;

<b>“Depositary”</b>	Northern Trust (Guernsey) Limited (a non-cellular company limited by shares incorporated in Guernsey with registered number 2651);
<b>“Depositary Agreement”</b>	the depositary agreement between the Company, Maitland and the Depositary, a summary of which is set out in paragraph 10.4 Part 9 of this Prospectus;
<b>“Disclosure Guidance and Transparency Rules”</b>	the Disclosure Guidance and Transparency Rules made by the FCA under section 72 of FSMA;
<b>“Dividend Target”</b>	6 pence per Ordinary Share or such higher dividend target as the Directors determine at their absolute discretion from time to time;
<b>“DP Guernsey Law”</b>	the Data Protection (Guernsey) Law, 2017 (as amended);
<b>“EEA”</b>	the European Union, Iceland, Norway and Liechtenstein;
<b>“Effective Date”</b>	the date on which the Scheme becomes effective, which is expected to be 18 March 2022;
<b>“Elected Shares”</b>	Ordinary Shares in respect of which Realisation Elections have been made;
<b>“Election Form”</b>	the election form to be issued by the Company to Qualifying Shareholders 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;
<b>“Election Period”</b>	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);
<b>“ERISA”</b>	the United States Employee Retirement Income Security Act of 1974, as amended;
<b>“ESG”</b>	environmental, social and governance;
<b>“EU” or “European Union”</b>	the European Union first established by the treaty made at Maastricht on 7 February 1992;
<b>“EU AIFM Delegated Regulation”</b>	the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
<b>“EU AIFM Directive”</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, and the EU AIFM Delegated Regulation;
<b>“EU Prospectus Regulation”</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
<b>“Euroclear”</b>	Euroclear UK & International Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST);
<b>“Existing Disapplication Authority”</b>	the Directors’ authority, as at the date of this Prospectus, to issue up to 101,702,961 Ordinary Shares on a non-pre-emptive basis in accordance with resolutions passed at the annual general meeting of the Company held on 14 October 2021;



<b>“Extraordinary General Meeting”</b>	an extraordinary general meeting of the Company convened in accordance with the Articles;
<b>“Extraordinary Resolution”</b>	a resolution passed by 75 per cent. of Shareholders in accordance with the Articles and the Law;
<b>“FATCA”</b>	the US Foreign Account Tax Compliance Act;
<b>“FAV”</b>	the net asset value of the Company as at 31 January 2022, determined on a cum-income basis and otherwise in accordance with the normal accounting principles adopted by the Company from time to time in accordance with the Scheme, plus 1.25 per cent.;
<b>“FCA”</b>	the Financial Conduct Authority;
<b>“FCA Handbook” or “FCA Rules”</b>	the FCA Handbook of Rules and Guidance of the FCA, as amended;
<b>“FSMA”</b>	Financial Services and Markets Act 2000, as amended;
<b>“GFSC”</b>	the Guernsey Financial Services Commission;
<b>“Gross Issue Proceeds”</b>	the aggregate gross proceeds of the Placing Programme;
<b>“Guernsey”</b>	the Island of Guernsey;
<b>“Guernsey AML Requirements”</b>	any provision of the Criminal Justice Proceeds of Crime (Financial Services Businesses) (Bailiwick of Guernsey) Regulations 2007;
<b>“HMRC”</b>	Her Majesty’s Revenue and Customs;
<b>“Holding Entity”</b>	any entity through which the Company holds Asset Backed Securities, which shall include the Acquiring Entity following implementation of the Scheme;
<b>“IFRS”</b>	International Financial Reporting Standards;
<b>“Interim Reports”</b>	has the meaning given in paragraph 2 of Part 7 of this Prospectus;
<b>“Investment Company Act”</b>	the United States Investment Company Act of 1940, as amended;
<b>“IPO”</b>	the initial public offering of the Shares as described in the IPO Prospectus;
<b>“IPO Prospectus”</b>	the prospectus published by the Company on 19 February 2013 in respect of the IPO;
<b>“ISA”</b>	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);
<b>“ISIN”</b>	international securities identification number;
<b>“Issue”</b>	the issue of Ordinary Shares pursuant to the Scheme;
<b>“Issuer SPV”</b>	a special purpose vehicle which issues notes backed by a portfolio of collateral consisting primarily of mortgages;
<b>“Key Information Document” or “KID”</b>	a key information document prepared in accordance with the UK PRIIPs Laws and/or the PRIIPs Regulation, as amended from time to time;
<b>“Law”</b>	the Companies (Guernsey) Law, 2008, as amended;
<b>“Listing Rules”</b>	the listing rules made by the FCA under section 73A of FSMA;
<b>“Liquidators”</b>	the proposed joint liquidators of UKML, namely Andrea Frances Alice Harris and Benjamin Alexander Rhodes of Grant Thornton Limited, acting jointly and severally;

<b>“London Stock Exchange”</b>	London Stock Exchange plc (a company registered in England and Wales with registered number 2075721);
<b>“Main Market”</b>	the main market of the London Stock Exchange for listed securities;
<b>“Management Engagement Committee”</b>	the management engagement committee of the Company as described in paragraph 8.5 of Part 3 of this Prospectus;
<b>“Market Abuse Regulation” or “UK MAR”</b>	the UK version of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time);
<b>“Material Adverse Change”</b>	any adverse change in, or any development involving or reasonably likely to involve a prospective adverse change in or affecting, the financial condition of UKML and the value of its investments, earnings, business, management, prospects, assets, rights, net asset value, funding position, liquidity or solvency of UKML, whether or not arising in the ordinary course of business and whether or not foreseeable at the date of this Prospectus and in each case which is material in the context of the Scheme as determined by the Company acting reasonably and in good faith;
<b>“Memorandum of Incorporation or Memorandum”</b>	the memorandum of incorporation of the Company;
<b>“MiFID II”</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“MiFID”) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/ 2012 (“MiFIR”);
<b>“MiFID II Product Governance Requirements”</b>	(a) MiFID II; (b) Articles 9 and 10 of the Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; (c) local implementing measures; and/or (d) (where applicable to UK investors or UK firms) the relevant provisions of the UK MiFID Laws (including the FCA’s Product Intervention and Governance Sourcebook (PROD));
<b>“Money Laundering Regulations”</b>	the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, the Money Laundering Directive (2014/849/EC of the European Parliament and of the Council of 20 May 2015 on the prevention and use of the financial system for the purpose of money laundering or terrorist financing) and the Guernsey AML Requirements, in each case as amended;
<b>“Multilateral Agreement”</b>	the multilateral competent authority agreement relating to the CRS;
<b>“Net Asset Value” or “NAV”</b>	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 accounting policies from time to time;

<b>“Northern Europe”</b>	the UK, the Netherlands, the Republic of Ireland, France, Germany, Switzerland, Sweden, Norway, Denmark, Belgium, Finland and Luxembourg;
<b>“Numis”</b>	Numis Securities Limited;
<b>“OECD”</b>	the Organisation for Economic Co-operation and Development;
<b>“Official List”</b>	the Official List maintained by the FCA pursuant to Part VI of FSMA;
<b>“Ordinary Resolution”</b>	a resolution passed by a simple majority in accordance with the Law;
<b>“Ordinary Shares”</b>	ordinary shares of 1p each in the capital of the Company;
<b>“Ordinary Shareholder”</b>	a holder of an Ordinary Share;
<b>“Overseas UKML Shareholder”</b>	a UKML Shareholder who has a registered address outside of, or who is a resident in, or citizen, resident or national of, any jurisdiction outside the United Kingdom, the Channel Islands or the Isle of Man;
<b>“Panel”</b>	the UK Panel on Takeovers and Mergers;
<b>“personal data”</b>	has the meaning set out in the DP Guernsey Law;
<b>“Placee”</b>	an investor with whom Ordinary Shares are placed by Numis, as agent of the company, pursuant to the Placing Programme, as the context requires;
<b>“Placing”</b>	a conditional placing by Numis of Ordinary Shares pursuant to the Placing Programme as described in this Prospectus, on the terms and subject to the conditions set out in the Placing Agreement and this Prospectus;
<b>“Placing Agreement”</b>	the conditional placing agreement between the Company, the Portfolio Manager and Numis, details of which are set out in paragraph 10.5 of Part 9 of this Prospectus;
<b>“Placing Programme”</b>	the proposed programme of Placings in the period from 25 March 2022 to 2 March 2023 of an aggregate number of Ordinary Shares equal to 150 million as described in the Prospectus;
<b>“Placing Programme Disapplication Authority”</b>	the authority to issue, on a non-pre-emptive basis, up to 150 million Ordinary Shares less the number of Ordinary Shares, if any, already issued as at the date of the 2022 AGM as part of the Placing Programme under the Existing Disapplication Authority;
<b>“Placing Programme Price”</b>	the price at which the Ordinary Shares will be issued to Placees under the Placing Programme, being such price equal to a premium of at least 2 per cent. to the announced 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 6 of Part 5 of this Prospectus;
<b>“POI Law”</b>	the Protection of Investors (Bailiwick of Guernsey) Law, 2020 together with any rules and regulations made under it;
<b>“Portfolio”</b>	the Company’s portfolio of assets;
<b>“Portfolio Management Agreement”</b>	the portfolio management agreement, as amended, between the Company, the Portfolio Manager and Maitland, a summary of which is set out in paragraph 10.1 of Part 9 of this Prospectus;
<b>“Portfolio Manager” or “TwentyFour”</b>	TwentyFour Asset Management LLP (a limited liability partnership incorporated in England and Wales with registered number OC335015);

<b>“Preceding Realisation Shares”</b>	any Realisation Shares in issue immediately before a Reorganisation Date that were redesignated as such at a preceding Reorganisation Date;
<b>“PRIIPs Regulation”</b>	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts;
<b>“Profit Participating Notes” or “PPNs”</b>	profit participating notes currently issued to UKML by the Acquiring Entity, or to be issued to UKML by the Acquiring Entity and transferred to the Company on the Effective Date and thereafter, as the context requires;
<b>“Prospectus”</b>	this Prospectus;
<b>“Privacy Notice”</b>	the privacy notice issued by the Company from time to time and addressed to investors and available at <a href="http://www.twentyfourincomefund.com">www.twentyfourincomefund.com</a> ;
<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA under Part VI of FSMA, as amended and varied from time to time;
<b>“Qualifying Shareholders”</b>	holders of Ordinary Shares on the register of members of the Company as at the record date in respect of the 2022 Realisation Opportunity other than the Restricted Shareholders;
<b>“Realisation”</b>	the reorganisation of the Portfolio into two separate pools of assets, as described in Part 6 of this Prospectus;
<b>“Realisation Election”</b>	a Realisation Sale Election or a Realisation Share Election;
<b>“Realisation Issue”</b>	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;
<b>“Realisation Opportunity”</b>	an opportunity for Shareholders to realise their Shares as described in Part 6 of this Prospectus;
<b>“Realisation Pool”</b>	the pool of assets to be established under a Realisation attributable to holders of Realisation Shares;
<b>“Realisation Sale Election”</b>	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 placed out in the market by the Company’s broker, redeemed or repurchased or purchased out of the proceeds of a new issue of Ordinary Shares or such other cash resources as may be available to the Company from time to time or purchased under a tender offer or by a market maker and if not so redeemed or purchased shall be converted into Realisation Shares;
<b>“Realisation Share Election”</b>	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;
<b>“Realisation Shares”</b>	ordinary realisation shares of 1p each in the capital of the Company;
<b>“Receiving Agent”</b>	Computershare Investor Services PLC;
<b>“Recognised Investment Exchange”</b>	an investment exchange in relation to which a recognition order of the FCA is in force;
<b>“Record Date”</b>	the record date for the Scheme, being the close of business on 17 March 2022;

<b>“Redemption Price”</b>	a price equal to a 2 per cent. discount to the NAV per Ordinary Share calculated as at the close of business on 30 September 2022;
<b>“Registrar”</b>	Computershare Investor Services (Guernsey) Limited (a non-cellular company limited by shares incorporated in Guernsey with registered number 50855);
<b>“Registrar’s Agreement”</b>	the registrar’s agreement between the Company and the Registrar, a summary of which is set out in paragraph 10.6 of Part 9 of this Prospectus;
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) and/or The Uncertificated Securities (Guernsey) Regulations 2009 (as amended from time to time) (as applicable);
<b>“Reorganisation Date”</b>	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;
<b>“Reporting Period”</b>	the period running from 1 April 2021 to 31 March 2022, and each period thereafter in respect of which the Company publishes audited financial statements;
<b>“Restricted Shareholders”</b>	Shareholders who are resident in, or citizens of, a Restricted Territory;
<b>“Restricted UKML Shareholder”</b>	any Overseas UKML Shareholder and any UKML Shareholder who notifies UKML that any of the representations, warranties, undertakings, agreements or acknowledgments contained in paragraph 2.2 of Part 2 of the UKML Circular are not or are no longer accurate or have not been complied with and who is deemed by the directors of UKML to be a Restricted UKML Shareholder;
<b>“Restricted Territory”</b>	each of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland and Japan;
<b>“Retention Notes”</b>	the most subordinated tranche of debt issued by an Issuer SPV (which may be represented by a debt or equity security) which is expected to include in accordance with the Retention Requirements notes equalling at least 5 per cent. of the maximum portfolio principal amount of the assets in an Issuer SPV to be retained by the Acquiring Entity;
<b>“Retention Requirements”</b>	has the meaning given to it in the paragraph entitled “Liquidity” in the Risk Factors section of this Prospectus;
<b>“RIS” or “Regulatory Information Service”</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
<b>“RMBS”</b>	residential mortgage-backed securities;
<b>“Scheme”</b>	the proposed scheme of reconstruction under section 391(1)(b) of the Law pursuant to which UKML will be placed into voluntary liquidation and the transfer of assets and undertaking of UKML to the Company will be effected;
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended;
<b>“SEDOL”</b>	the Stock Exchange Daily Official List;
<b>“Shareholders”</b>	holders of Shares;
<b>“Shares”</b>	Ordinary Shares and/or Realisation Shares and/or Continuing Ordinary Shares;
<b>“SONIA”</b>	the Sterling Overnight Index Average;

<b>“Special Resolution”</b>	a resolution passed by not less than a 75 per cent. majority in accordance with the Law;
<b>“Sustainability Risk”</b>	an environmental, social or governance event or condition that, if it occurs, could cause a negative impact on the value of an investment;
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers, as amended from time to time;
<b>“Target Market Assessment”</b>	has the meaning given in paragraph 5 in the section entitled “Important Information” of this Prospectus;
<b>“Tax Code”</b>	the United States Internal Revenue Code of 1986, as amended;
<b>“Transfer Agreement”</b>	the agreement to be entered into between UKML (acting through the Liquidators), the Liquidators and the Company providing, among other things, for the transfer of the assets of UKML (other than cash necessary for the liquidation of UKML) to the Company;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK AIFMD Laws”</b>	(i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and any other implementing measure which operated to transpose the EU AIFM Directive into UK law before 31 January 2020 (as amended from time to time); and (ii) the UK versions of the EU AIFM Delegated Regulation and any other delegated regulations in respect of the EU AIFM Directive, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as further amended and supplemented from time to time;
<b>“UKML”</b>	UK Mortgages Limited, a company incorporated in Guernsey as a non-cellular company limited by shares with registered number 60440 and registered by the GFSC as a registered closed-ended collective investment scheme;
<b>“UKML Circular”</b>	the circular sent to UKML’s shareholders in respect of the Scheme dated the same date as this Prospectus;
<b>“UKML Liquidation Costs”</b>	has the meaning given in paragraph 3 of Part 4 of this Prospectus;
<b>“UKML Ordinary Shares”</b>	ordinary shares in the capital of UKML;
<b>“UKML Shareholders”</b>	holders of UKML Ordinary Shares;
<b>“UK MiFID Laws”</b>	(i) the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/791), the Data Reporting Services Regulations 2017 (SI 017/699) and the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2017 (SI 2017/488), and any other implementing measure which operated to transpose EU MiFID II into UK law before 31 January 2020 (as amended and supplemented from time to time including by: (1) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018 (SI 2018/1403); (2) The Financial Regulators’ Powers (Technical Standards etc) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (3) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019 (SI 2020/628); and (4) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019 (SI 2019/1212)); and



- (ii) in the UK version of Regulation (EU) No 600/2014 of the European Parliament, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by (a) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018 (SI 2018/1403); (b) The Financial Regulators' Powers (Technical Standards etc) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (c) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019 (SI 2020/628); and (d) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019 (SI 2019/1212);

**"UK PRIIPs Laws"**

the UK version of the PRIIPs Regulation (1286/2014) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, (as amended and supplemented from time to time);

**"UK Prospectus Regulation"**

the UK version of the EU Prospectus Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time);

**"United States" or "US"**

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;

**"US-Guernsey IGA"**

the intergovernmental agreement between Guernsey and the United States regarding the implementation of FATCA;

**"U.S. Person"**

a US person as defined by Regulation S of the Securities Act; and

**"Warehouse SPV"**

a special purpose vehicle which holds a portfolio of mortgages following acquisition of that portfolio by the Acquiring Entity before that portfolio is transferred to an Issuer SPV to be securitised.

