

# TwentyFour Income Fund

Placing and Offer for Subscription Prospectus 2013



 **Numis**  
Securities

 **TwentyFour**  
Asset Management

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

**Potential investors are recommended to seek advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 16 to 24 of this Prospectus.**

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (“**GFSC**”). The GFSC, in granting registration, has not reviewed this document but has relied upon specific warranties provided by Northern Trust International Fund Administration Services (Guernsey) Limited.

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## **TWENTYFOUR INCOME FUND LIMITED**

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

**Prospectus relating to the Placing and Offer for Subscription of up to 250 million Ordinary Shares of 1p each and the Placing Programme of a number of Ordinary Shares of 1p each equal to up to 300 per cent. of the Ordinary Shares issued pursuant to the Issue, subject to a maximum of 500 million Ordinary Shares in aggregate**

**Numis Securities Limited as Sponsor, Broker and Financial Adviser**

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A registered closed-ended collective investment scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.

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

The Company, whose registered office appears on page 62 of this Prospectus, and the Directors, whose names appear on pages 35 and 36 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

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

Application will be made in due course to the Financial Services Authority for any Shares issued pursuant to this Prospectus to be admitted to the premium segment of the Official List. Application will also be made to the London Stock Exchange for all such Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission will occur, and that unconditional dealings in such shares will commence, at 8.00 a.m. on or around 6 March 2013. The International Security Identification Number (ISIN) for the Ordinary Shares admitted to listing and trading is: GG00B90J5Z95.

Prospective investors should read this entire document and, in particular, the matters set out under the heading “Risk Factors” on pages 16 to 24, when considering an investment in the Company.

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

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

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

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

The Ordinary Shares described in this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or the securities laws of any states of the United States or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or their respective territories or possessions. Accordingly, the Ordinary Shares may not (unless an exemption from such legislation or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or their respective territories or possessions. The Company will not be 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 Ordinary Shares.

In particular, the attention of persons resident in the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan is drawn to paragraph 18 of Part 10 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 Ordinary 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 Ordinary 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.

The Company is targeting a raising of up to £250 million through the Issue.

19 February 2013

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## SUMMARY

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

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

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

Section A – Introduction and warnings		
Element	Disclosure requirement	Disclosure
A.1	Introduction and warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Ordinary Shares should be based on consideration of the Prospectus as a whole. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation of the summary but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in Ordinary Shares.
A.2	Consent to use Prospectus in respect of Issue and Placing Programme	Not applicable.

Section B – Issuer												
B.1	Legal and commercial name	TwentyFour Income Fund Limited.										
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a non-cellular company limited by shares, incorporated in the Island of Guernsey under the Law and domiciled in Guernsey.										
B.5	Group structure	Not applicable; the Company is not part of a group.										
B.6	Notifiable interests, different voting rights and controlling interests	<div>The Directors intend to subscribe for the following Ordinary Shares:</div> <table><tr><td></td><td>Ordinary Shares</td></tr><tr><td>Trevor Ash</td><td>25,000</td></tr><tr><td>Ian Burns</td><td>0</td></tr><tr><td>Richard Burwood</td><td>5,000</td></tr><tr><td>Jan Etherden</td><td>25,000</td></tr></table>		Ordinary Shares	Trevor Ash	25,000	Ian Burns	0	Richard Burwood	5,000	Jan Etherden	25,000
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Trevor Ash	25,000											
Ian Burns	0											
Richard Burwood	5,000											
Jan Etherden	25,000											

		<p>As at the date of this document, there are no persons known to the Company who, directly or indirectly, will be interested in 5.0 per cent. or more of the Company's issued share capital or voting rights on Admission.</p> <p>Major Shareholders will not have any different voting rights from other Shareholders and the Company is not directly or indirectly owned or controlled by any one person.</p>
<b>B.7</b>	<b>Historical Financial Information</b>	Not applicable; the Company does not have any historic financial information as it has not commenced operations.
<b>B.8</b>	<b>Pro forma financial information</b>	Not applicable; this Prospectus does not contain <i>pro forma</i> financial information.
<b>B.9</b>	<b>Profit forecasts</b>	Not applicable; this Prospectus does not contain profit forecasts or estimates.
<b>B.10</b>	<b>Qualifications in the audit report</b>	Not applicable; no audit reports have been published.
<b>B.11</b>	<b>Explanation in the event of there being insufficient working capital</b>	Not applicable; the Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised the working capital available to it is sufficient for the Company's present requirements (that is, for at least twelve months from the publication date of this Prospectus).
<b>B.34</b>	<b>Investment objective and policy</b>	<p>The Company's investment objective is to generate attractive risk adjusted returns principally through income distributions.</p> <p>The Company's investment policy is to invest in a diversified portfolio of UK and European Asset Backed Securities.</p> <p>The Portfolio will comply, as at each date an investment is made, with the following restrictions:</p> <ul style="list-style-type: none"> <li>(i) at least 50 per cent. of the Portfolio value will be invested in assets which have at least one investment grade credit rating from an internationally recognised rating agency, or in cash; and</li> <li>(ii) no more than 5 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities.</li> </ul> <p>Exceptions to these restrictions will be permitted in respect of reinvestments where the Investment Manager will be permitted to purchase new investments if the purchase would, at the time of reinvestment:</p> <ul style="list-style-type: none"> <li>● not increase the proportion of the Portfolio represented by non-investment grade Asset Backed Securities (even where following the purchase less than 50 per cent. of the Portfolio value will be invested in assets which have at least one investment grade credit rating from an internationally recognised rating agency or cash due to market movements and/or changes in credit ratings); and</li> <li>● the asset purchased would be compliant with the single Asset Backed Security/issuer exposure restriction above (even where following the purchase more than 5 per cent. of the Portfolio value will be exposed to another single Asset Backed Security or issuer due to market movements).</li> </ul> <p>For the avoidance of doubt, reinvestments will make the Portfolio, in aggregate, no less compliant with one or both of (i) and (ii), above.</p>

		<p>Uninvested cash or surplus capital or assets may be invested on a temporary basis in:</p> <ul style="list-style-type: none"> <li>● cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a “single A” or higher credit rating as determined by any internationally recognised rating agency selected by the Board; and</li> <li>● any “government and public securities” as defined for the purposes of the FSA rules.</li> </ul> <p>Efficient portfolio management techniques will be employed by the Company, such as currency hedging, interest rate hedging and the use of derivatives such as credit default swaps to mitigate market volatility.</p> <p>In the event that the 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 Investment Manager will seek to liquidate positions in the Realisation Pool as efficiently, and at as much value, as is possible.</p> <p>In the event that valid Realisation Elections are given and the NAV of the continuing Ordinary Shares is less than £50 million, the Realisation will not occur and the investment objective and investment policy described above will apply to the Company as a whole. The Investment Manager will seek to liquidate the Company’s assets as efficiently, at as much value, as possible.</p> <p>The Investment Manager may, if authorised by the Board, sell assets to the Continuation Pool from the Realisation Pool in order to dispose of assets from the Realisation Pool.</p>
<b>B.35</b>	<b>Borrowing limits</b>	<p>The Company has the power to borrow, subject to its gearing policy, up to 10 per cent. of the Company’s NAV at the time of draw down and may also enter into repurchase transactions or stock lending agreements in order to raise funds, in each case for short term liquidity purposes.</p>
<b>B.36</b>	<b>Regulatory status</b>	<p>The Company is not regulated by the FSA or by any financial services or other regulator but, in common with other issuers listed on the Official List, is subject to the Listing Rules of the UK Listing Authority applicable to closed-ended collective investment funds and the Disclosure and Transparency Rules made by the FSA and is bound to comply with applicable laws including the Law and FSMA. The Company is registered as a closed-ended collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended and the Registered Collective Investment Scheme Rules 2008 made thereunder.</p>
<b>B.37</b>	<b>Investor profile</b>	<p>Typical investors for whom Ordinary Shares are intended are professionally advised private investors, or institutional investors, seeking principally income returns from a portfolio of Asset Backed Securities.</p>
<b>B.38</b>	<b>Significant exposure</b>	<p>Not applicable; no more than 5 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer.</p>



<b>B.39</b>	<b>Significant exposure to other collective investment undertakings</b>	<p>The Company will not invest more than 10 per cent., in aggregate, of the value of its total assets in other closed-ended investment funds that are listed on the Official List, except where the closed-ended investment funds themselves have published investment policies to invest no more than 15 per cent. of their total assets in other closed-ended investment funds that are admitted to the Official List. The Company will not invest more than 15 per cent., in aggregate, of the value of its total assets in other closed-ended investment funds that are listed on the Official List.</p> <p>No investment will be made in any company or fund where TwentyFour acts as the investment manager or equivalent without the prior approval of the Board.</p>
<b>B.40</b>	<b>Service providers</b>	<p>TwentyFour acts as the Investment Manager under the Investment Management Agreement dated on or around the date of this Prospectus. Under the terms of the Investment Management Agreement, TwentyFour provides discretionary investment management services to the Company for an annual fee equal to 0.75 per cent. of, in respect of each class of Shares that are: (i) listed or admitted to trading on any stock exchange, the lower of NAV and the market capitalisation of that class of Shares; and/or (ii) not listed or admitted to trading on any stock exchange, the NAV of that class of Shares, plus, in each case any applicable VAT. The fee is payable on the last Business Day of each month or on the date of termination of the Agreement.</p> <p>Northern Trust International Fund Administration Services (Guernsey) Limited is the Administrator under the Administration Agreement and among other things, acts as administrator and company secretary of the Company. The Administrator is entitled to receive an annual fee from the Company under the Administration Agreement, to be calculated as percentages of the Company's net assets, subject to a minimum annual fee of £65,000 in the first year following Admission and £75,000 for each year thereafter. In addition, the Company must also pay the Administrator a fixed annual fee of £25,000 for corporate governance and company secretarial services provided. Fees are payable quarterly in arrears.</p> <p>The Northern Trust Company acts as custodian for the Company under the Custody Agreement. The Northern Trust Company is a company incorporated under the laws of the State of Illinois in the United States of America, whose principal place of business in England and Wales is at 50 Bank Street, Canary Wharf, London E14 5NT. The fees of The Northern Trust Company are payable by the Company monthly in arrears and will be a minimum of £8,500 per annum, although the fee may be greater dependent on the level of transaction fees incurred during the year.</p> <p>Computershare Investor Services (Guernsey) Limited has been appointed as registrar to the Company. The Registrar was registered in Guernsey with registration number 50855 on 3 September 2009. Under the terms of the Registrar's Agreement, the Company shall pay the Registrar an initial set up fee of £1,500 together with an annual fee payable monthly in arrears, which will be a minimum of £7,000, although this fee may be greater dependent on the number of transaction fees incurred during the year.</p>
<b>B.41</b>	<b>Service providers' regulatory status</b>	<p>Northern Trust International Fund Administration Services (Guernsey) Limited is the Administrator and is regulated by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, with firm reference number: 10239.</p>



		<p>TwentyFour is the Investment Manager and is authorised and regulated by the FSA under FSMA with firm reference number: 481888.10239.</p> <p>The Northern Trust Company acts as custodian for the Company and is authorised and regulated by the FSA under FSMA with firm reference number: 122020 and in the conduct of its Designated Investment Business (as defined in the FSA Handbook).</p>
<b>B.42</b>	<b>Net asset value calculations</b>	The unaudited NAV per Ordinary 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 and is expected to be announced by RIS the following Business Day.
<b>B.43</b>	<b>Cross liabilities</b>	Not applicable; the Company is not an umbrella collective investment undertaking. However, in the event that the Realisation takes place and Realisation Shares are issued, if on a winding up, the assets of one Pool cannot meet the liabilities allocated to it, the assets of the other Pool, assuming there is a surplus of assets in that Pool, will be used to meet those liabilities before any surplus assets may be distributed to the Shareholders of the other Pool.
<b>B.44</b>	<b>Financial Statements</b>	Not applicable; the Company does not have any financial statements as it has not commenced operations.
<b>B.45</b>	<b>Investment Portfolio</b>	Not applicable; the Company has not commenced operations. Following Admission, the Company intends to target ABS with a mix of maturities.
<b>B.46</b>	<b>Net asset value</b>	Not applicable; the Company has not commenced operations.

<b>Section C – Securities</b>		
<b>C.1</b>	<b>Description of securities</b>	The securities which the Company intends to issue are Ordinary Shares of the Company of 1p each, whose ISIN is GG00B90J5Z95. The Directors anticipate that, at the election of shareholders, Ordinary Shares may be redesignated as Realisation Shares pursuant to the Realisation.
<b>C.2</b>	<b>Currency of securities</b>	The Ordinary Shares, and in the event that Realisation Shares are issued pursuant to the Realisation, the Realisation Shares will be denominated in Sterling and the Issue Price will be payable in Sterling.
<b>C3</b>	<b>Amount paid up and par value</b>	The Company has 1 fully paid Ordinary Share of 1p par value in issue.
<b>C.4</b>	<b>Rights attaching to the Ordinary Shares</b>	<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>
<b>C.5</b>	<b>Restrictions on free transferability of the Ordinary Shares</b>	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

		<p>which the Company has a lien provided that this would not prevent dealings in the Shares of that class from taking place on an open and proper basis on the London Stock Exchange.</p> <p>In addition, the Board may refuse to register a transfer of Shares if (i) in the case of certificated Shares (a) it is in respect of more than one class of Shares, (b) it is in favour of more than four joint transferees or (c) it is delivered for registration to the registered office of the Company or such other place as the Board may decide and is not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require and (ii) the transfer is in favour of any person, as determined by the Directors, to whom a sale or transfer of Shares, or in relation to whom the sale or transfer of a direct or beneficial holding of Shares, would or might result in (x) the Company being required to register as an investment company under the Investment Company Act, (y) 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 (z) the assets of the Company being deemed to be assets of a Plan Investor.</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 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.</p>
<b>C.6</b>	<b>Admission</b>	<p>Applications will be made to the UK Listing Authority and the London Stock Exchange for the Ordinary Shares to be issued pursuant to the Placing and Offer for Subscription and from time to time pursuant to the Placing Programme to be admitted to the premium segment of the Official List under Chapter 15 of the Listing Rules and to trading on the London Stock Exchange's main market for listed securities. The Company may be required to publish a new prospectus under the Prospectus Rules in order to enable it to issue Realisation Shares in the event that the Realisation takes place.</p>
<b>C.7</b>	<b>Dividend policy</b>	<p>Quarterly dividends with a target yield in the financial year ending on 31 March 2014 of 5 per cent. of the Issue Price and for each financial year thereafter of 6 per cent. of the Issue Price (or in each case an annualised equivalent).</p>

<b>Section D – Risks</b>		
<b>D.2</b>	<b>Key risks specific to the Company</b>	<p>(a) There can be no guarantee that the Company will be able to meet its investment objective or target total return or that investors will get back the full value of their investment as these can all be adversely affected by market risk, such as price volatility due to the global financial crisis and levels of sovereign debt, which may be materially detrimental to the performance of the Company's investments. Additionally, meeting the Dividend Target is also dependent on the Company's ability to find sufficient suitably priced investments.</p> <p>(b) The value of Asset Backed Securities can be affected by a number of factors, including changes in market perception; economic and political factors; changes in the perceived creditworthiness of the originator of the security or any other third parties; and the speed at which mortgages or loans within the pool are repaid by the underlying borrowers. Investments in subordinated Asset Backed</p>

		<p>Securities involve greater credit risk of default than the more senior class(es) of the issue or series. The due diligence process may not reveal all facts that may be relevant in connection with an investment and the Company's ability to enforce its rights and to recover moneys owed to it in the event of a default with respect to a particular Asset Backed Security may not be effective (as levels of protection and rights of enforcement can vary significantly from one country to another and can change over time), either of which could have a material adverse effect on the Company's profitability, Net Asset Value and Ordinary Share price.</p> <p>(c) The Company may invest in high yield (i.e. non-investment grade) Asset Backed Securities, which are generally considered to be bonds with a rating lower than BBB-. High yield bonds have an increased risk of capital erosion due to a higher probability of default by the bond issuer. Changing market conditions and interest rate levels can also have a larger impact on the values of high yielding bonds than on other bonds. ABS are not guaranteed by governments, and are therefore generally exposed to greater risk of default in the repayment of the capital provided to the issuer or interest payments due to the Company than those bonds that are guaranteed by governments.</p> <p>(d) Any changes to the tax status and treatment of the investors and/or the Company, including under the Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) could affect the value of the Company's investments and its ability to provide returns to Shareholders.</p> <p>(e) Should the Company elect to enter into hedging arrangements to protect against currency risk, 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>(f) Changes in law or regulations may have a material adverse effect on the Company's business, investments and results of operations. It is likely that compliance with the AIFM Directive will result in additional burdens being placed on the Investment Manager and the Company, which may create significant additional compliance costs for the Company. The AIFM Directive may also restrict the Company's ability to market its Ordinary Shares, which may reduce the take up of the Company's Ordinary Shares.</p>
<b>D.3</b>	<b>Key risks specific to the Ordinary Shares</b>	<p>(a) The Company's ability to pay dividends and redeem or repurchase its shares is governed by the Law, which requires the Company to satisfy a solvency test.</p> <p>(b) As the price of shares in an investment company is determined by the interaction of supply and demand for those shares in the market, the share price can fluctuate and may represent a discount to the Net Asset Value per Ordinary Share.</p> <p>(c) Conversely, the price of shares in an investment company may represent a premium to the Net Asset Value per Ordinary Share, so that investors purchasing such shares in such circumstances may not realise the full extent of their purchase price in the event of winding up of the Company.</p> <p>(d) It is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty in selling such shares.</p>

		<p>(e) In the event that the Realisation takes place, it is anticipated that redemptions and repurchases of Realisation Shares will be satisfied by the assets underlying the relevant Realisation Shares, which will be managed on a realisation basis, not intended to generate cash for immediate distribution and may ultimately generate cash which is less than the published NAV per Realisation Share.</p> <p>(f) The making and timing of any buy backs of Shares will be at the absolute discretion of the Board and not at the option of the Shareholders, is expressly subject to the Company having sufficient surplus cash resources available and will not be available during those periods immediately preceding the publication of annual and interim results.</p>
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Section E – Offer		
<b>E.1</b>	<b>Net proceeds and expenses</b>	<p>Up to 250 million Ordinary Shares are available to be placed on behalf of the Company pursuant to the Placing at the Issue Price to raise £250 million before expenses. Assuming that the Issue is fully subscribed, and the expenses of the Issue are £4,712,866, the net proceeds of the Issue will be approximately £245,287,134 (inclusive of applicable VAT).</p> <p>Assuming that £250 million is raised under the Placing Programme before expenses and a Placing Programme Price of 100 pence per New Ordinary Share, the gross proceeds of the Placing Programme would be £250 million, the costs of the Placing Programme are estimated at £5 million and the net proceeds of the Placing Programme would therefore be £245 million. Under the Placing Programme, each New Ordinary Share will be made available to investors at a price calculated by reference to the estimated cum income Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the placing pursuant to the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised.</p>
<b>E.2</b>	<b>Use of proceeds</b>	The Issue is intended to raise money for investment in accordance with the Company's investment policy.
<b>E.3</b>	<b>Terms and conditions of the Issue and the Placing Programme</b>	<p>The Issue consists of a placing and an offer for subscription of Ordinary Shares which are being issued at 100p per Ordinary Share. The total number of Ordinary Shares issued under the Placing and Offer for Subscription will be determined by the Company, Numis and the Investment Manager after taking into account demand for the Ordinary Shares and prevailing economic and market conditions, subject to a maximum of 250 million Ordinary Shares. The Ordinary Shares issued pursuant to the Issue will be issued on 6 March 2013. The Issue is only available to investors who can make certain warranties and representations as to their status as an investor, including that they are not a U.S. Person. The Placing is only available to persons of a kind described in paragraph 5 of Article 19 and paragraphs 2(a) to (d) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.</p> <p>Each investor under the Offer for Subscription is required to undertake to pay the Issue Price for the Ordinary Shares issued to such investor by cheque or bankers' draft or by electronic interbank transfer. Applications under the Offer for Subscription must be for a minimum of 1,000 Ordinary Shares (representing a subscription price of £1,000) and thereafter in multiples of 100 Ordinary Shares. The Directors may, in their absolute discretion, after taking into account the demand for Ordinary Shares</p>

		<p>under the Placing and Offer for Subscription and economic and market conditions, waive the minimum initial subscription requirement in respect of any particular application under the Offer for Subscription.</p> <p>An investor applying for Ordinary Shares under the Issue may elect to receive Ordinary Shares in uncertificated form, if such investor is a system-member in relation to CREST, or certificated form. Definitive certificates in respect of the Ordinary Shares issued in certificated form are expected to be despatched during the week commencing 11 March 2013.</p> <p>The Company intends to issue pursuant to the Placing Programme a number of Ordinary Shares equal to up to 300 per cent. of the number of Ordinary Shares issued pursuant to the Issue, provided that such number of Ordinary Shares to be issued pursuant to the Placing Programme may not exceed 500 million in aggregate with those Ordinary Shares issued pursuant to the Issue. 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.</p> <p>The issue of New Ordinary Shares under the Placing Programme will be at the discretion of the Directors. The minimum subscription pursuant to the Placing Programme is intended to be £50,000.</p> <p>Each investor is required to undertake to make payment for New Ordinary Shares issued to such investor pursuant to the Placing Programme in such manner as shall be directed by Numis.</p> <p>An investor applying for New Ordinary Shares in the Placing Programme may elect to receive New Ordinary Shares in uncertificated form, if such investor is a system-member in relation to CREST, or certificated form. Where applicable, definitive certificates in respect of the New Ordinary Shares are expected to be dispatched by post to the relevant holders no later than ten Business Days after the relevant issue date.</p>
<b>E.4</b>	<b>Interests material to the Issue and the Placing Programme</b>	Not Applicable; there are no interests that are material to the Issue or the Placing Programme.
<b>E.5</b>	<b>The offeror</b>	The Ordinary Shares are being offered by the Company.
<b>E.6</b>	<b>Dilution</b>	<p>The Company only has one issued Ordinary Share to be transferred to a placee under the Placing.</p> <p>In the event that £250 million is raised under the Placing Programme and assuming that £250 million is raised pursuant to the Issue before expenses, an existing Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 2.5 per cent. of the Company's issued Ordinary Share capital.</p>
<b>E.7</b>	<b>Expenses</b>	<p>Investors will not be charged a fee in addition to the Issue Price in order to subscribe for Ordinary Shares under the Issue, as the Issue Expenses will be met out of the proceeds of the Issue. Assuming that the Issue is fully subscribed, and the expenses of the Issue are £4,712,866, the net proceeds of the Issue will be approximately £245,287,134 (inclusive of applicable VAT).</p> <p>The Placing Programme Price will include a premium intended to cover the costs and expenses of placing pursuant to the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. By way of illustration, assuming an</p>

		initial NAV of 98p, the Placing Programme Price would be expected to be approximately 100p, and the expenses borne by the investor would therefore be 2p.
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## **PART 1: RISK FACTORS**

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

### **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 Company is the first investment company registered as a Registered Closed-ended Collective Investment Scheme with the GFSC to provide investors with an opportunity to invest in ABS. The presence of competing investment products in the future 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 No operating history**

The Company was incorporated on 11 January 2013. The Company has not commenced operations and has no operating history. No historical financial statements or other meaningful operating or financial data upon which prospective investors may base an evaluation of the likely performance of the Company have been prepared. An investment in the Company is therefore subject to all the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence.

#### **1.4 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 Investment Manager, the Administrator, the Custodian, the Registrar and other advisers. These expenses will be payable regardless of whether the Company makes a profit.

#### **1.5 Company's ability to pay dividends**

The Company is a non-cellular company limited by shares incorporated in the Island of Guernsey. The Company's ability to pay dividends, distributions, redeem or repurchase its shares is governed by The Companies (Guernsey) Law, 2008, as amended which requires the Company to satisfy a solvency test (by contrast to UK companies which are required to satisfy capital maintenance requirements and pay distributions from distributable reserves). The solvency test requires the directors of a company to carry out a liquidity or cashflow test and a balance sheet solvency test before any dividend or distribution, repurchase or redemption payment can be made. The test requires the board to make a future assessment of solvency by making reference to the solvency test being satisfied immediately after a distribution, dividend, repurchase or redemption payment is made. If at the time a dividend, distribution, repurchase or redemption payment is to be made the directors believe that the solvency test cannot be passed, then no payment may be made.

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.

#### 1.6 No guarantee that the Company will find suitably priced investments

It is the intention of the Directors that, subject to market conditions, the Company will, in respect of the Net Proceeds, be substantially invested or committed in accordance with its investment policy within 3 months of Admission. There can be no guarantee that the Company will find sufficient investments at suitable prices to deliver the Dividend Target.

## 2. The Ordinary Shares and the Realisation Shares

### 2.1 Price of Shares

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

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

### 2.2 Market liquidity of Shares

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

### 2.3 Shareholders rights

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

### 2.4 Exit opportunity

The Company's structure includes an opportunity for investors to elect to realise all or part of their shareholding in the Company after an initial three year period running from Admission. It is anticipated that realisations will 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 the Realisation takes place, it is anticipated that 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 Investment Manager to realise the portfolio but also upon the availability of distributable profits, share capital or share premium, all of which can be used to fund share repurchases and redemptions under the Articles.

The Company may be required to publish a new prospectus under the Prospectus Rules, in the event that the Realisation takes place, in order to enable it to issue Realisation Shares. It is envisaged that any such new prospectus will be published in advance of the Election Period. This will incur a cost, which it is anticipated will be apportioned to the Pools *pro rata* to the number of Ordinary Shares and Realisation Shares.

## 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 immediately following Admission. 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. The making and timing of any buybacks 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 (excluding borrowed moneys). The Listing Rules prohibit the Company from conducting any share buybacks during close periods immediately preceding the publication of annual and interim results.

## 3. Investment Manager

### 3.1 Replacement manager

There can be no assurance that the Directors will be able to find a replacement manager on acceptable terms if the Investment Manager resigns or if the Directors terminate the Investment Management Agreement. Under the terms of the Investment Management Agreement, the Investment Manager may resign by giving the Company not less than 12 months' written notice, (or such shorter period of written notice as the Company may accept). The Investment Manager shall, from the date such notice expires, cease to make investment decisions on behalf of the Company. The Directors would, in these circumstances, have to find a replacement 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. 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, reconstruction or winding up.

### 3.2 Reputational risk

The Investment Manager may be exposed to reputational risks in respect of its or members of its management team's past and future activities. In particular, the Investment Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid and whether or not in respect of the Company, will harm its reputation. Such negative publicity could be based on misconduct by a client, allegations that it does not fully comply with regulatory requirements and anti-money laundering rules, publicity about politically exposed persons in its client bases, allegations that a regulator is conducting investigations involving it, or the conduct of business of introducers or third party managers or other third parties linked to them. Any damage to the reputation of the Investment Manager or members of its management team could result in potential counterparties and third parties being unwilling to deal with the Investment Manager and, by extension, the Company. This could have an adverse impact on the ability of the Company to successfully pursue its investment policy.

## 4. Portfolio

### 4.1 Market risk

The underlying investments comprised in the Portfolio are subject to market risk. The Company is therefore at risk that market events may affect performance and in particular may affect the value of the Company's investments which will be valued on a marked to market basis. Market risk is risk associated with changes in market prices or rates, including interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, national and international political circumstances. While the Company, through its investments in Asset Backed Securities, intends to hold a diversified Portfolio of assets, any of these factors including specific market events, such as the global financial crisis and 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. Substantially all of the assets of the Company will be invested in Asset Backed Securities. There may be no active market in the Company's interests in Asset Backed Securities. The Company may not have redemption rights in relation to all of its investments. In circumstances where there is no active market in the Company's interests in Asset Backed Securities and the Company is required to provide liquidity for example in order to fund redemption requests or repay borrowings, the Company may only be able to realise its interest at a discount to the Net Asset Value and at a time when the value of such Asset Backed Securities is depressed because of adverse market conditions. As a consequence, the value of the Company's investments may be materially adversely affected.

#### 4.4 Asset Backed Securities

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

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

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

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

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

#### 4.5 Due diligence process

The due diligence process that the Investment Manager plans to undertake in connection with its investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Investment Manager intends to conduct 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 Company will be expected to evaluate 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 Investment Manager will be required to rely on resources available to it, including information provided by internationally recognised rating agencies 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 Investment Manager cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

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

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

#### 4.6 Credit risk

The Company 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. This does not amount to a guarantee of the issuer's creditworthiness but generally provides a strong indicator of the likelihood of default. Securities which have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. There is a risk that an internationally recognised rating agency may assign incorrect or inappropriate credit ratings to issuers. Issuers often issue securities which are ranked in order of seniority which, in the event of default, would be reflected in the priority in which investors might be paid back.

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

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

#### 4.7 Non-investment grade Asset Backed Securities

The Company may invest in high yield (i.e. non-investment grade) Asset Backed Securities, which are generally considered to be bonds with a rating lower than BBB-. High yield bonds have an increased risk of capital erosion due to a higher probability of default by the bond issuer. Changing market conditions and interest rate levels can also have a larger impact on the values of high yielding bonds than on other bonds.

#### 4.8 Assets outside the UK and Guernsey

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

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

#### 4.9 Currency risk

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

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

#### 4.10 Hedging risk

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

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

### 5. Borrowings

The Company may borrow money on a short-term basis (being 12 months or less) for liquidity purposes and is likely to have to provide security over the Company's assets or deliver the Company's assets as collateral. Whilst the use of borrowings should enhance the Net Asset Values 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 of up to 10 per cent. of NAV for short term liquidity purposes. The use of leverage increases the exposure of investments to adverse economic factors such as rising interest rates, severe economic downturns or deteriorations in the condition of an investment or its market. In particular, the Company may be required to realise its interests in Asset Backed Securities to fund the repayment of the Company's borrowings at a time when the value of such Asset Backed Securities is depressed because of adverse market conditions.

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



aggregate amount borrowed from the lender, the Company will have exposure to the credit risk of that lender.

## **6. Key Individuals**

There is no certainty that significant members of TwentyFour will continue to perform the role of portfolio managers through the life of the Company. The loss of the services of such members or such members devoting all or a significant part of their business time to their other affairs and activities could have an adverse effect on the Company's performance. The Investment Management Agreement provides that if any two or more of Rob Ford, Ben Hayward, Eoin Walsh or Aza Teeuwen cease to be involved in managing the Portfolio pursuant to the Investment 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 Investment Management Agreement immediately by giving written notice to the Investment Manager.

## **7. Taxation**

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

Any change in the Company's tax status, including being treated as tax resident in a jurisdiction other than Guernsey, or any change in taxation legislation could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.

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

The amount of distributions and future distribution growth will depend on the Company's underlying Investment Portfolio. Any change or incorrect assumption in the tax treatment of dividends or interest or other receipts received by the Company (including as a result of withholding taxes or exchange controls imposed by jurisdictions in which the Company invests) may reduce the level of distributions received by Shareholders. In particular, prospective investors should note that the States of Guernsey is undertaking a further review of its tax regime with the intention of implementing any required revisions to the regime in the period between 2013 and 2015. At this point in time, the key features of any revised regime have yet to be determined but prospective investors should refer to the section on taxation in Part 9 of this Prospectus. In addition any change in the accounting policies, practices or guidelines relevant to the Company and its investments may reduce or delay the distributions received by investors. The Company's ability to pay dividends will be subject to the provisions of the Law.

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

## **8. Economic Conditions**

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

## **9. Accounts**

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

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

## **10. Operational and Regulatory Risk**

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

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

Control failures, either by the Administrator, the Investment 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 custodian has been appointed by the Company to safeguard the assets of the Company.

The regulatory environment for investment funds and the managers of investment funds is evolving. Any change in the laws and regulations affecting the Company, or any change in the regulations affecting investment funds or investment fund managers generally may have a material adverse effect on the ability of the Company and the Investment Manager to carry on their respective businesses which in turn could have a material adverse effect on the Company's performance and returns to Shareholders.

The FSA recently proposed to intervene in the market by changing its rules to ban the promotion of unregulated collective investment schemes and close substitutes to ordinary retail investors in the UK. In its consultation the FSA confirmed that the proposed rules are drafted to ensure that investment companies are not caught by the new marketing restrictions on non-mainstream pooled investments. At present it is unclear whether Guernsey incorporated London listed funds will be exempt from these restrictions. If such funds are not exempt from these restrictions this may restrict the Company's ability to market its Ordinary Shares, which may reduce the take-up of Ordinary Shares issued.

## **11. Conflicts of interest**

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



ensure compliance with Rule 4 (Conflicts of Interest) of the Registered Collective Investment Scheme Rules 2008.

## **12. AIFM Directive**

The AIFM Directive entered into force on 21 July 2011. European Member States are required to implement the AIFM Directive into local Member State law by 22 July 2013. The AIFM Directive seeks to regulate managers (in this paragraph (“**AIFMs**”) of alternative investment funds (in this paragraph “**AIFs**”) which are marketed or managed in the EU. AIFs, such as the Company, may, subject to satisfying certain requirements, obtain authorisation as an internally managed AIF or appoint a third party manager, such as the Investment Manager, to act as its AIFM.

In order to obtain such authorisation, and to be able to manage the AIF, the AIFM will need to comply with various obligations prescribed under the AIFM Directive. Although it is too early to be definitive as to the impact of the AIFM Directive, it seems likely that the AIFM Directive will result in additional burdens being placed on the Investment Manager and the Company which may create significant additional compliance costs for the Company.

The AIFM Directive will require the Investment Manager to seek authorisation under that directive to manage the Company and for Guernsey, as the country of establishment of the Company, to meet certain requirements. If the Investment Manager were to fail to, or to be unable to, obtain such authorisation or if Guernsey were not to meet such requirements, the Investment Manager may be unable to continue to manage the Company or its ability to manage the Company or market the Ordinary Shares may be impaired.

Any regulatory changes arising from implementation of the AIFM Directive (or otherwise) that impair the ability of the Investment Manager to manage the investments of the Company, or limit the Company’s ability to market future issuances of its Ordinary Shares, may materially adversely affect the Company’s ability to carry out its investment strategy and achieve its investment objective.

EU Member States may impose stricter rules on the AIFM in respect of the marketing of Ordinary Shares, as the Company is a non-EU AIF. However, there is no indication at the date of publication of the Prospectus that the UK authorities intend to impose stricter rules.

AIFMs managing non-EU AIFs may need to comply with all provisions of the Directive from 21 July 2014 at the latest, including the requirement to appoint an independent depositary whose responsibility goes beyond that of the Custodian.

The AIFM Directive may also restrict the Company’s ability to market its Ordinary Shares which may reduce the take-up of the Company’s shares.

The Board and the Company’s advisers will continue to monitor the progress and likely implications of the AIFM Directive.

## **13. FATCA**

It is expected that rules will be introduced in Guernsey to implement FATCA and agreements which are expected to be entered into between Guernsey and other jurisdictions (“Information Sharing Agreements”) which may require the Company to provide information in relation to certain Shareholders which will be shared with the U.S. Internal Revenue Service or other applicable tax authority.

Although it is too early to be definitive as to the impact of FATCA or any Information Sharing Agreement, compliance with any rules introduced to implement FATCA or any Information Sharing Agreement may result in additional burdens being placed on the Administrator and the Company which may create additional compliance costs for the Company, which may affect the ability of the Company to pay dividends.

## **PART 2: IMPORTANT INFORMATION**

In assessing an investment in the Company, investors should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the directors, the Investment Manager, Numis or any other person. Neither, the delivery of this document nor any subscription or purchase of Ordinary Shares made pursuant to this document 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 document.

### **1. Regulatory Information**

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

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

### **2. Investment Considerations**

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

Prospective investors should inform themselves as to:

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

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 Investment 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 document 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.

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

### **3. Forward Looking Statements**

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. A number of factors could cause

actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the facts described in the “Risk Factors” section of this document.

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

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 document 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 document shall in any way be taken to qualify the working capital statement contained in paragraph 16 of Part 10 of this document.

### **Conflicts of Interest**

The Investment 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.

## **PART 3: EXPECTED TIMETABLE, STATISTICS AND DEALING CODES**

### **1. Expected Timetable of Principal Events**

Offer for Subscription opens	21 February 2013
Latest time and date for receipt of Application Forms under the Offer for Subscription	11.00 a.m. on 27 February 2013
Admission of the Ordinary Shares to the Official List and dealing in the Ordinary Shares on the London Stock Exchange's Main Market commence	8.00 a.m. on 6 March 2013
CREST accounts credited in respect of Ordinary Shares issued in uncertificated form	8.00 a.m. on 6 March 2013
Certificates despatched in respect of Ordinary Shares issued in certificated form	week commencing 11 March 2013
Placing Programme Opens	7 March 2013
Placing Programme Closes	18 February 2014

Notes:

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

### **2. Illustrative Issue Statistics**

Issue price per Ordinary Share	100.0p
Estimated net asset value per Ordinary Share on Admission	98.0p
Placing Programme Price	Not less than the cum income Net Asset Value per Ordinary Share at the time of issue.*

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

### **3. Dealing Codes**

#### **Ordinary Shares**

ISIN	GG00B90J5Z95
SEDOL	B90J5Z9
Ticker	TFIF

## PART 4: DEFINITIONS

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

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

<b>Administrator or Northern Trust</b>	Northern Trust International Fund Administration Services (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of Guernsey with registered number 15532);
<b>Administration Agreement</b>	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 9.2 of Part 10 of this Prospectus;
<b>Admission</b>	the date on which admission of Ordinary Shares to listing on the premium segment of the Official List of the UKLA and to trading on the London Stock Exchange’s main market for listed securities first becomes effective;
<b>AGM</b>	an annual general meeting of the Company;
<b>AIC Code</b>	the AIC Code of Corporate Governance for companies incorporated in Guernsey;
<b>AIC Guide</b>	the AIC Corporate Governance Guide for Investment Companies;
<b>AIFM Directive</b>	the Alternative Investment Fund Managers Directive, 2011/61/EU;
<b>AIM</b>	the London Stock Exchange’s international market for smaller and growing companies;
<b>Application Form</b>	the application form comprising 5 pages for use in connection with the Offer for Subscription set out at the end of this document;
<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 10 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 19.4 of Part 5 of this Prospectus;
<b>Auditor</b>	PricewaterhouseCoopers CI LLP (a limited liability partnership incorporated in England and Wales with registered number OC309347);
<b>Board or Directors</b>	the directors of the Company whose names are set out in the paragraph headed “Directors” in paragraph 7 of Part 5 of this Prospectus;
<b>Business Days</b>	any day on which banks are open for business in Guernsey and London (excluding Saturdays and Sundays);
<b>Chairman</b>	the chairman of the Board as elected from time to time;
<b>Company</b>	TwentyFour Income Fund Limited;
<b>Continuation Pool</b>	the pool of assets to be established under the Realisation attributable to Continuing Shareholders;

<b>Continuation Resolution</b>	means an ordinary resolution that the Company continues its business as a closed-ended investment scheme, put to the Shareholders, in accordance with the Articles, in the event that: <ul style="list-style-type: none"> <li>(i) 85 per cent. of the Net Proceeds (excluding, for the avoidance of doubt, ABS that are in the process of being reinvested) has not been invested within 12 months of the date of Admission; or</li> <li>(ii) the Dividend Target is not met in any Reporting Period;</li> </ul>
<b>Continuing Shareholders</b>	holders of Ordinary Shares who remain in the Continuation Pool following the implementation of the Realisation;
<b>Corporate Governance Code</b>	the UK Corporate Governance Code published on 1 October 2012;
<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>Custodian</b>	The Northern Trust Company (a company established under the laws of the State of Illinois in the United States of America);
<b>Custody Agreement</b>	the global master custody agreement between the Company and the Custodian, a summary of which is set out in paragraph 9.3 of Part 10 of this Prospectus;
<b>Dealing Day</b>	a day on which the London Stock Exchange is open for business;
<b>Disclosure and Transparency Rules</b>	the Disclosure Rules and Transparency Rules made by the FSA under section 72 of FSMA;
<b>Dividend Target</b>	in the financial year ending on 31 March 2014, 5 per cent. of the Issue Price and for each financial year thereafter, 6 per cent. of the Issue Price (or in each case an annualised equivalent);
<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>EU or European Union</b>	the European Union first established by the treaty made at Maastricht on 7 February 1992;
<b>Euroclear</b>	Euroclear UK & Ireland Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST);
<b>European Economic Area</b>	the European Union, Iceland, Norway and Liechtenstein;
<b>FATCA</b>	the US Foreign Account Tax Compliance Act;
<b>FSA</b>	the Financial Services Authority;
<b>FSA Handbook or FSA Rules</b>	the FSA Handbook of Rules and Guidance, as amended;
<b>FSMA</b>	Financial Services and Markets Act 2000;
<b>General Meeting</b>	a general meeting of the Company convened in accordance with the Articles;
<b>GFSC</b>	the Guernsey Financial Services Commission;
<b>Gross Proceeds</b>	the Issue Price multiplied by the number of Ordinary Shares for which subscribers have been procured pursuant to the Placing together with the Issue Price multiplied by the number of Ordinary Shares for which applications have been made pursuant to the Offer for Subscription;
<b>HMRC</b>	Her Majesty's Revenue and Customs;
<b>IFRS</b>	International Financial Reporting Standards;

<b>Investment Company Act</b>	the United States Investment Company Act of 1940, as amended;
<b>Investment Management Agreement</b>	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 9.1 of Part 10 of this Prospectus;
<b>Investment Manager or TwentyFour</b>	TwentyFour Asset Management LLP (a limited liability partnership incorporated in England and Wales with registered number OC335015);
<b>Investment Period</b>	the period of twelve months from the date of initial Admission;
<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>Issue</b>	the issue of Ordinary Shares pursuant to the Placing and the Offer for Subscription at the Issue Price;
<b>Issue Expenses</b>	the costs, commissions, fees and expenses incidental to the formation of the Company and the Issue which will be borne by the Company and paid on or around Admission;
<b>Issue Price</b>	100p per Ordinary Share;
<b>Law</b>	the Companies (Guernsey) Law 2008, as amended;
<b>LIBOR</b>	the London Interbank Offered Rate;
<b>Listing Rules</b>	the listing rules made by the FSA under section 73A of FSMA;
<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 19.5 of Part 5 of this Prospectus;
<b>Memorandum of Incorporation or Memorandum</b>	the memorandum of incorporation of the Company;
<b>Minimum Net Proceeds</b>	£100 million;
<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 reporting policies from time to time;
<b>Net Proceeds</b>	Gross Proceeds less Issue Expenses;
<b>New Ordinary Shares</b>	the new ordinary redeemable shares of 1p each in the capital of the Company to be issued pursuant to the Placing Programme;
<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>Offer for Subscription</b>	the offer for subscription to the public for Ordinary Shares on the terms and subject to the conditions set out in this document;
<b>Official List</b>	the Official List maintained by the UK Listing Authority pursuant to Part VI of FSMA;
<b>Ordinary Shares</b>	ordinary redeemable shares of 1p each in the capital of the Company;



<b>Ordinary Shareholders</b>	holders of Ordinary Shares;
<b>Panel</b>	the Panel on Takeovers and Mergers;
<b>Pool(s)</b>	the Continuation Pool and the Realisation Pool;
<b>Placing</b>	the conditional placing by Numis of Ordinary Shares described in this document, on the terms and subject to the conditions set out in the Placing Agreement and this document;
<b>Placing Agreement</b>	the conditional placing agreement between the Company, the Investment Manager, the Directors and Numis, details of which are set out in paragraph 9.4 of Part 10 of this document;
<b>Placing Programme Price</b>	the price at which the New Ordinary Shares will be issued to placees under the Placing Programme, being such price, not less than the prevailing cum income Net Asset Value per Ordinary Share at the time that the proposed issue is agreed, as shall be determined by the Directors in accordance with paragraph 6 of Part 8 of this Prospectus;
<b>Placing Programme</b>	the proposed programme of placings in the period from 7 March 2013 to 18 February 2014 of an aggregate number of New Ordinary Shares equal to the number of Ordinary Shares issued pursuant to the Placing and Offer for Subscription as described in the Prospectus;
<b>Portfolio</b>	the Company's portfolio of assets;
<b>Prospectus</b>	this Prospectus;
<b>Prospectus Rules</b>	the prospectus rules made by the United Kingdom Listing Authority under section 73A of FSMA;
<b>Realisation</b>	the reorganisation of the Portfolio into two separate pools of assets in accordance with Realisation Elections, as described in paragraph 15.1 of Part 5 of this document;
<b>Realisation 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 Pool</b>	the pool of assets to be established under the Realisation attributable to Shareholders who have elected for the Realisation Shares;
<b>Realisation Shares</b>	ordinary redeemable 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 FSA is in force;
<b>Registrar</b>	Computershare Investor Services (Guernsey) Limited (a non-cellular company limited by shares incorporated in the Island of 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 9.5 of Part 10 of this Prospectus;
<b>Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
<b>Reorganisation Date</b>	the third anniversary of Admission or if that is not a Business Day, the next following Business Day;
<b>Reporting Period</b>	the period running from 11 January 2013 to 31 March 2014, and each year thereafter;

<b>RIS or Regulatory Information Service</b>	a regulatory information service that is on the list of regulatory information services maintained by the FSA;
<b>Securities Act</b>	the United States Securities Act of 1933, as amended;
<b>Shareholders</b>	holders of Shares;
<b>Shares</b>	Ordinary Shares and Realisation Shares;
<b>Takeover Code</b>	the City Code on Takeovers and Mergers, as amended from time to time;
<b>Tax Code</b>	the United States Internal Revenue Code of 1986, as amended;
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>UKLA or United Kingdom Listing Authority</b>	the FSA as the competent authority for listing in the United Kingdom.
<b>United States or U.S.</b>	the United States of America, its possessions or territories, any state of the United States of America and the District of Columbia or any area subject to its jurisdiction or any political subdivision thereof; and
<b>U.S. Person</b>	a US person as defined by Regulation S of the Securities Act.

## **PART 5: THE COMPANY**

### **1. Introduction**

TwentyFour Income Fund Limited is a newly formed company which has been incorporated in Guernsey as a non-cellular company limited by shares. The Company has appointed TwentyFour as its investment manager. The Company has been registered by the GFSC as a registered closed-ended collective investment scheme. Applications have been made to the FSA for the Ordinary Shares to be issued pursuant to this Prospectus 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 London Stock Exchange's main market for listed securities.

### **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 in respect of the three years following Admission target a net total return on the Issue Price of between 7 and 10 per cent. per annum\*.

### **4. Investment Policy**

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

#### **4.1 Diversification**

The Company will maintain a Portfolio diversified by issuer concentration, it being anticipated that the initial Portfolio will comprise at least 30 to 50 Asset Backed Securities once the Portfolio is substantially invested.

#### **4.2 Investment restrictions**

Subject to the exceptions set out below, the Portfolio will comply, as at each date an investment is made, with the following restrictions:

- (i) at least 50 per cent. of the Portfolio value will be invested in assets which have at least one investment grade credit rating from an internationally recognised rating agency, or in cash; and
- (ii) no more than 5 per cent. of the Portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities.

Exceptions to these restrictions will be permitted in respect of reinvestments where the Investment Manager will be permitted to purchase new investments if the purchase would, at the time of reinvestment:

- not increase the proportion of the Portfolio represented by non-investment grade Asset Backed Securities (even where following the purchase less than 50 per cent. of the Portfolio value will be invested in assets which have at least one investment grade credit rating from an internationally recognised rating agency or cash, due to market movements and/or changes in credit ratings); and
- the asset purchased would be compliant with the single Asset Backed Security /issuer exposure restriction above (even where following the purchase more than 5 per cent. of the Portfolio value will be exposed to another single Asset Backed Security or issuer due to market movements).

For the avoidance of doubt, reinvestments will make the Portfolio, in aggregate, no less compliant with one or both of (i) and (ii), above.

\* 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 and the Company's total expense ratio. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to invest in the Company. See further under paragraph 1.6 of the "Risk Factors".

In addition, the Company will not invest more than 10 per cent., in aggregate, of the value of its total assets in other closed-ended investment funds that are listed on the Official List, except where the closed-ended investment funds themselves have published investment policies to invest no more than 15 per cent. of their total assets in other closed-ended investment funds that are admitted to the Official List. The Company will not invest more than 15 per cent., in aggregate, of the value of its total assets in other closed-ended investment funds that are listed on the Official List.

No investment will be made in any company or fund where TwentyFour acts as the investment manager or equivalent without the prior approval of the Board.

#### 4.3 Cash management

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

- cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a “single A” or higher credit rating as determined by any internationally recognised rating agency selected by the Board; and
- any “government and public securities” as defined for the purposes of the FSA Rules.

#### 4.4 Gearing and derivatives

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

#### 4.5 Efficient Portfolio Management

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

The Company will operate in Sterling as its base currency. The Company intends to hedge 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 cannot give any assurance that it will in all cases be able to hedge all non-Sterling currency exposure or that the hedges will be completely effective, so that while the Company will seek to minimise the exposure, Shareholders may potentially be exposed to some currency risk.

While the Company considers interest rate hedging to be an efficient portfolio management technique, it 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 Investment Manager will seek to liquidate positions in the Realisation Pool as efficiently, and at as much value, as is possible. The Investment 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 Investment Manager through a Regulatory Information Service.

## 5. Investment Process

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

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

The Investment Manager will seek 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.

## 6. Investment Portfolio

The Investment Manager will select investments for the Company which it believes are appropriate to the Company's investment objective and policy. It is anticipated that the Portfolio will be substantially invested within three months of Admission.

It is anticipated that the Company will initially target residential and commercial mortgage-backed securities with collateral backing in the UK and Northern Europe. It is expected that, once the Portfolio is substantially invested, at least 50 per cent. of the Portfolio value will be invested in residential and commercial mortgage-backed securities and that at least 50 per cent. of the Portfolio value will be backed by collateral in the UK and Northern Europe. However, the Company has not included in its investment policy any restrictions with respect to investing in particular countries or sectors.

## 7. Directors

The Directors, all of whom are non-executive and all of whom are independent of the Investment 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 66)***

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

### ***Ian Burns – (Non-executive Director) (age 53)***

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

Mr Burns is currently the Finance Director of Polo Resources Ltd. and a non-executive director of Phaunos Timber Fund Limited, as well as a non-executive director of Seven Dials European

Property Fund Limited, Darwin Property Management (Guernsey) Ltd, Premier Asset Management (Guernsey) Ltd and Azincourt Resources Inc.

***Richard Burwood – (Non-executive Director) (age 45)***

Mr Burwood is a resident of Guernsey with over 20 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 in 2010, initially working as a portfolio manager for EFG Financial Products (Guernsey) Ltd managing the treasury department's ALCO Fixed Income portfolio.

Most recently Mr Burwood has been the business and investment manager for the Guernsey branch of Man Investments (CH) AG. This role involves overseeing all aspects of the business including operations and management of proprietary investments.

***Jeannette (Jan) Etherden – (Non-executive Director) (age 52)***

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

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 the document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

## **8. Investment Manager**

TwentyFour is an independent fixed income specialist asset manager established in 2008 and based in the City of London. TwentyFour had approximately £1.4 billion of total funds under management as at 31 December 2012, including a range of funds investing in the asset class proposed for the Company. The Investment Manager is authorised and regulated by the FSA.

### **8.1 TwentyFour's management board comprises:**

***Graeme Anderson – Managing Partner***

Before founding TwentyFour in 2008, Mr Anderson was one of the original partners of Synapse Investment Management which he founded with Mr Holman in 2006. Prior to that Mr Anderson was a Managing Director at Barclays Capital for 6 years during which time he held several leadership positions including Head of European Credit Sales. In 2005 Mr Anderson was named in Credit Magazine's "Hall of Fame" as being one of the individuals most influential in the development of the European Corporate Bond market. His investment banking career began in 1995 at Merrill Lynch where he was recruited as a Director of Product Development. Following three years at Merrill Lynch, Mr Anderson spent two years as Head of U.K. Sales at Greenwich NatWest. Between 1986 and 1995 Mr Anderson worked for Britannic Asset Management, managing multiple equity sectors before becoming Head of Fixed Income and Treasury.

***Mark Holman – Managing Partner***

Before founding TwentyFour, Mr Holman was one of the original partners at Synapse Investment Management which he founded along with Mr Anderson in June 2006. Prior to that Mr Holman was a Managing Director at Barclays Capital in London where he established and led various units of its European fixed income distribution business. Mr Holman joined Barclays Capital in March 1999. Prior to that he was an executive director at Lehman Brothers where for 5 years he played a key role in helping Lehman establish their European Credit Business. Mr Holman began his investment banking career in 1990 with Morgan Stanley in fixed income.



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

Before founding TwentyFour, Mr Knight-Evans was a partner and the COO and General Counsel at Synapse Investment Management. Prior to this, Mr Knight-Evans was a Director within the Legal Department of Barclays Capital where he was responsible for running a number of teams of lawyers including the Fund-Linked Derivatives, Investment Solutions Structuring and Prime Services teams. In this role, Mr Knight-Evans worked closely with a large number of funds and fund management firms where the scope of his work included fund formation, fund financing and a wide range of securitised and OTC derivative products. Mr Knight-Evans joined Barclays Capital in 2003. Prior to that, he worked as in-house counsel at both BNP Paribas and Société Générale. Mr Knight-Evans qualified as a solicitor in 1995 and worked for the English law firm Wilde Sapte before opting for an in-house legal career.

8.2 TwentyFour's portfolio management team is proposed to be:

**Rob Ford – Partner, Portfolio Management**

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

**Ben Hayward, CFA – Partner, Portfolio Management**

Before founding TwentyFour, Mr Hayward was a partner and portfolio manager at Synapse Investment Management. Prior to this Mr Hayward spent nine years working for Citigroup Alternative Investments in London where he was a Director on the Investment Team. Mr Hayward managed four portfolios, comprising \$75bn of Asset Backed Securities and credit securities. Prior to working on the Investment Team, Mr Hayward worked on both the Treasury desk and in Independent Control. Before working at Citigroup Mr Hayward worked at KPMG London in Banking Audit and Corporate Recovery.

**Eoin Walsh – Partner, Portfolio Management**

Before founding TwentyFour, Mr Walsh was a partner and portfolio manager at Synapse Investment Management. Prior to this, Mr Walsh was a Vice President at London Credit Structures, part of Citigroup Alternative Investments. Mr Walsh joined Citigroup in 1997 and initially worked in the Independent Control department before moving to the Credit team where he analysed banks and financial institutions, corporate and asset-backed securities. Mr Walsh joined the portfolio management team in 2002 and concentrated on the structured finance sector, covering: securities backed by assets such as residential or commercial mortgages, autos, student loans, consumer loans, collateralised loan obligations and various other asset-backed securities.

**Aza Teeuwen – Portfolio Management**

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

## **9. Investment Management Agreement**

Discretionary investment management services are to be provided by TwentyFour.

The Investment Manager is appointed to manage the Portfolio and to advise the Company in relation to the investment of the Portfolio.

A monthly management fee is payable on the last Business Day of the month, or on the date of termination of the Investment Management Agreement by the Company to TwentyFour of 0.75 per



cent. per annum of, in respect of each class of Shares that are: (i) listed or admitted to trading on any stock exchange, the lower of the NAV and the market capitalisation of that class of Shares; and/or (ii) not listed or admitted to trading on any stock exchange, the NAV of that class of Shares, plus, in each case, any applicable Value Added Tax. The Investment Manager 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 issue of new Shares, following Admission, in consideration for marketing services that it provides to the Company, which is payable on the last Business Day of the month, or on the date of termination of the Investment Management Agreement.

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

- seeking out and evaluating opportunities for investment by the Company including making such issuer visits and obtaining such information as it may consider necessary from time to time;
- recommending the manner in which any moneys raised by the Company might be invested, taking into account the Company's particular requirements;
- recommending the manner in which any moneys required for outgoings of the Company should be retained or realised;
- advising whether and in what manner all rights conferred by the investments held in the Portfolio should be exercised;
- analysing the performance of the investments held in the Portfolio and advising the Company generally in relation to investment trends, market movements and all other matters likely, or which might reasonably be considered likely, to affect the investment policy of the Company;
- employing efficient portfolio management techniques to protect against the Company's exposure to foreign currency and interest rates and, where it considers it appropriate, to mitigate market volatility;
- using borrowing for short-term liquidity purposes in accordance with the Company's investment policy;
- monitoring the Company's discount management procedures;
- producing and publishing monthly factsheets, which will include information on the Company's performance, holdings and investment activity;
- providing such information to the Board as it reasonably requests, and at such times and with such frequency as it shall reasonably request, in relation to the Company, the Portfolio or the performance by the Investment Manager of its duties under the Investment Management Agreement;
- providing such information to the Administrator as it reasonably requests, and at such times and with such frequency as it shall reasonably request to enable the Administrator to fulfil its duties under the Administration Agreement;
- to make available in person or by telephone (as may be requested by the Board on occasion) the services of an appropriate person to attend meetings of the Board quarterly or at such intervals as shall be agreed between TwentyFour and the Company, and preparing reports or other documents as requested by the Company in connection with such meetings; and
- providing such information and assistance to the Company as it reasonably requests, and at such times and with such frequency as it shall reasonably request, in relation to the activities of the Company, the Administrator or the Company's brokers in promoting the Ordinary Shares or any other marketing, promotional and corporate activities as may be conducted by the Company's brokers from time to time, and any issues arising from time to time in the context of relations between the Company and its shareholders, at all times subject to compliance with FSMA, the FSA rules (including without limitation the general prohibition in section 19 of FSMA and the financial promotion restriction in section 21 of FSMA) and the AIFM Directive.

The Investment Management Agreement may be terminated by either party giving not less than 12 months' notice.

The Company may terminate the Investment Management Agreement with immediate effect if any two of Rob Ford, Ben Hayward, Eoin Walsh or Aza Teeuwen cease to be involved in managing the Portfolio and are not replaced within 90 days by alternative portfolio managers approved by the

Company. The Company may also terminate the Investment Management Agreement with immediate effect if the Company is or is being wound up in accordance with the Articles, which shall include where in accordance with the Articles, any Continuation Resolution is not passed by the Company's shareholders, or a winding up in circumstances where one or more Reorganisation Elections are duly made but the Realisation does not take place because the Net Asset Value of the continuing Ordinary Shares is less than £50 million.

## **10. Administrator**

The Administrator is a non-cellular company limited by shares which was incorporated in the Island of Guernsey on 29 May 1986 with registration number 15532. It is licensed by the GFSC under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The Administrator is a subsidiary of Northern Trust Corporation, 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.

## **11. Administration Agreement**

Administrative, secretarial and other services are provided by Northern Trust. 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 Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended 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.

For the provision of the services under the Administration Agreement, the Administrator is entitled to receive an annual fee to be calculated as percentages of the Company's net assets (6 basis points on the first £99,999,999.99 of net assets, 5 basis points on net assets between £100 million and £200 million and 4 basis points on net assets in excess of £200 million, subject to a minimum annual fee of £65,000 in the first year following Admission and £75,000 for each year thereafter. In addition, a fixed annual fee of £25,000 will also be charged for corporate governance and company secretarial services provided by Northern Trust to the Company (the parties may by agreement revise these fees from time to time). The Company will also reimburse the Administrator for disbursements and reasonable out of pocket expenses incurred by the Administrator on behalf of the Company.

Northern Trust, under the terms of the Administration Agreement provides *inter alia* the following services:

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

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

## **12. Custodian**

The Northern Trust Company has been appointed as Custodian pursuant to the Custody Agreement, a summary of which is set out in paragraph 9.3 of Part 10.

## **13. Registrar and Receiving Agent**

Computershare Investor Services (Guernsey) Limited has been appointed as Registrar to the Company under the Registrar's Agreement. Computershare Investor Services PLC has been appointed Receiving Agent of the Company for the Offer for Subscription under the terms of the Receiving Agent's Agreement. A summary of each of the Registrar's Agreement and the Receiving Agent's Agreement is set out in paragraph 9.5 and 9.6 respectively of Part 10 of this document.

## **14. Capital Structure**

### **14.1 Share capital and duration**

The Company's share capital structure will consist of Ordinary Shares and, in the event that the Realisation takes place, as described under "Discount Management" below, Realisation Shares. The Ordinary Shares and any Realisation Shares will be in registered form and may be held in certificated or in uncertificated form.

The Company does not have a winding-up date. In order to provide Shareholders with an opportunity to vote on the continuation of the Company if: (i) 85 per cent. of the Net Proceeds (excluding, for the avoidance of doubt, ABS that are in the process of being reinvested) has not been invested within 12 months of the date of Admission; or (ii) the Dividend Target is not met in any Reporting Period, the Company's Articles provide that if either of those events occur a general meeting of the Company will be convened at which the Directors will propose an ordinary resolution that the Company should continue as an investment company. If any such ordinary 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 ordinary resolution was not passed.

### **14.2 Further issues of Ordinary Shares**

Under the Articles further issues of shares, of whatever class, for cash will be subject to pre-emption rights conferred on existing Shareholders, save to the extent these rights have been disapplied by extraordinary resolution of the Company. The Directors currently have authority to issue further shares representing a number of Ordinary Shares equal to up to 300 per cent. of the number of Ordinary Shares in issue immediately following Admission on a non pre-emptive basis, provided that such number of Ordinary Shares to be issued pursuant to the Placing Programme may not exceed 500 million in aggregate with those Ordinary Shares issued pursuant to the Issue, such authority extending until the date of the first annual general meeting of the Company expected to be held in July 2014. The Directors only intend to use this authority 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 a number of Ordinary Shares equal to up to 300 per cent. of the number of Ordinary Shares in issue immediately following Admission, provided that such number of Ordinary Shares to be issued pursuant to the Placing Programme may not exceed 500 million in aggregate with those Ordinary Shares issued pursuant to the Issue and only at prices (net of issue costs) that represent a premium to the prevailing Net Asset Value per Ordinary Share and, therefore, will not have a dilutive effect on existing Shareholders.

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 300 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 section 87G of FSMA. The Prospectus Rules currently allow for the issue of shares representing, over a

period of 12 months, less than 10 per cent. of the number of shares of the same class already admitted to trading on the same regulated market, provided that such issue is not made by way of an offer of the Company's securities to the public.

The proceeds from the issue of Ordinary Shares will be used in accordance with the Company's investment objective and policy, as described in paragraphs 2 and 4 above, which can only be materially changed with the approval of Shareholders.

## **15. Discount Management**

### **15.1 Realisation Opportunity**

It is anticipated that not less than 56 days before the Reorganisation Date the Company will remind Ordinary Shareholders of their right to elect for Realisation and the reminder will set out details of the Realisation. If required at the time, a prospectus in relation to the Realisation Shares will be produced and sent to Ordinary Shareholders at that time. It is anticipated that the cost of producing any such new prospectus will be apportioned to the Pools *pro rata* to the number of Ordinary Shares and Realisation Shares. Shareholders may elect to realise all or part of their holdings of Ordinary Shares in the Company by electing for Realisation with effect from the third anniversary of Admission. Subject to the aggregate Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date being not less than £50 million, Ordinary Shares the holders of which have elected for Realisation 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. 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 election in accordance with the Articles during the Election Period will remain Ordinary Shares.

It is anticipated that the Portfolio will be divided pursuant to the Realisation, as at the close of business on the Reorganisation Date between the Continuation Pool and the Realisation Pool with assets comprised in the Portfolio being apportioned to the Realisation Pool *pro rata* to the number of Ordinary Shares in respect of which elections for Realisation have been validly received and the remainder of the assets being apportioned to the Continuation Pool. The liabilities of the Company will be similarly apportioned as between the Pools with liabilities being apportioned to the Realisation Pool *pro rata* to the number of Ordinary Shares in respect of which elections for Realisation have been validly received and the remainder of the liabilities being apportioned to the Continuation Pool save that the costs and expenses of the realisation of the assets comprising the Realisation Pool will be attributed to the Realisation Pool and the costs and expenses of the Realisation will be apportioned between the Pools as the Board in its discretion deems fair and reasonable. Assets that are not divisible *pro rata*, due to their nature, will be apportioned between the Pools as the Board in its discretion deems fair and reasonable. Upon a future disposal of such assets, the disposal value will be similarly apportioned between each Pool.

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.

It is currently intended that, on or before the Reorganisation Date the Directors will give consideration to proposing a further realisation opportunity for Ordinary Shareholders who do not elect for the Realisation with effect from the third anniversary of Admission.

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 is less than £50 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.

## 15.2 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 is authorised to make market purchases of up to 14.99 per cent. of the aggregate number of issued Ordinary Shares immediately following Admission.

The Board will consider whether the Company should purchase Ordinary Shares where such Shares are quoted in the market at a discount in excess of 5 per cent. to Net Asset Value per Ordinary Share. The making and timing of any share buybacks is at the absolute discretion of the Board and is expressly subject to the Board determining that the Company has sufficient surplus cash resources available (excluding borrowed monies).

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

Under the Listing Rules, the maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current investment bid for the Ordinary Shares. In addition, Ordinary Shares will be repurchased only at prices below the NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for remaining Shareholders. A renewal of the authority to make market purchases will be sought from Shareholders at each annual general meeting of the Company and more frequently if necessary.

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

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

At the date of this Prospectus, the Company did not hold any Ordinary Shares in treasury.

## 16. Dividend Policy

The Board intends to distribute an amount at least equal to the value of the Company's net income arising each quarter to the holders of Ordinary Shares. For these purposes, the Company's income will include the coupon 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.

The Board expects that dividends will constitute the principal element of the return to the holders of Ordinary Shares. 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); and (2) changes in the LIBOR rate, as the bulk of the Asset Backed Securities are expected to have floating rate coupons; and (3) the Company's cash resources and cash flows, which are expected to be derived from the ABS in the Portfolio and from proceeds of returns of principal from ABS in the Portfolio which have matured and secondary market sales of ABS. Other factors that could impact the level of dividend payments include any default or rescheduling of the debt due under the Asset Backed Securities in the Portfolio or any unexpected increases in the costs and expenses of the Company.



The Directors believe that, once substantially invested, the annual dividend should be at least equal to, in the financial year ending on 31 March 2014, 5 per cent. of the Issue Price and for each financial year thereafter, 6 per cent. of the Issue Price (or in each case an annualised equivalent).\*

In the absence of unforeseen circumstances, dividends on the Ordinary Shares will be payable quarterly, all in the form of interim dividends (the Company does not intend to pay any final dividends). The Company expects to pay, in respect of each financial year, interim dividends on the Ordinary Shares in July, October, January and April in respect of the three months ending on the proceeding June, September, December and March, respectively. Subject to market conditions and the level of the Company's net income, it is intended that the first interim dividend will be paid in July 2013.

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.

In the event that the Realisation takes place, the Board does not intend to pay quarterly dividends to the holders of Realisation Shares; the income from the realisation of assets attributable to Realisation Shares will be returned to the holders of Realisation Shares as soon as practicable in accordance with the procedures described in "Discount Management" in paragraph 15 of Part 5 of this document.

## **17. Shareholder Information**

The Company's annual report and accounts will be prepared up to 31 March each year and copies will normally be sent to Shareholders within 4 months of that date. Shareholders will also receive an unaudited half year report covering the six months to 30 September each year which is expected to be despatched within 2 months of that date. The Company's first unaudited half year report will cover the period running from 11 January 2013 to 30 September 2013. The Net Asset Value of an Ordinary Share will be (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 will be published monthly by the Investment Manager in the form of a factsheet to be made available on the Company's dedicated website: [www.twentyfourincomefund.com](http://www.twentyfourincomefund.com).

## **18. Regulatory Status**

The Company is a registered closed-ended collective investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended and the Registered Collective Investment Scheme Rules 2008 issued by the GFSC. The Company is not (and is not required to be) regulated or authorised by the FSA under FSMA but, in common with other issuers listed on the Official List, is subject to the Listing Rules and the Disclosure and Transparency Rules made by the FSA and is bound to comply with applicable laws including the Law and FSMA.

## **19. Corporate Governance**

### **19.1 Compliance**

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

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\* 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 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".



The Board is committed to high standards of corporate governance and has made arrangements to enable the Company, as a newly incorporated company, to comply with the recommendations of the Corporate Governance Code published by the Financial Reporting Council. The Board intends to obtain membership of the AIC following Admission and as such, intends to comply with the UK Corporate Governance Code as recommended by the AIC Code or as otherwise may be disclosed from time to time.

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

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

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

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

#### 19.2 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 will review annually whether a function equivalent to an internal audit is needed and it intends to monitor its systems of internal controls in order to provide assurance that they operate as intended.

#### 19.3 Board Independence, Composition and Tenure

The Board, chaired by Trevor Ash who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role, currently consists of four non-executive Directors. The Board will meet at least four times a year and will receive full information about the Company's investment performance assets, liabilities and other relevant information in advance of Board Meetings. The Directors' biographical details, set out in paragraph 7 of this Part 5, demonstrate a breadth of investment, commercial and professional experience. The Directors will review their independence annually.

All Directors have agreed to stand for re-election annually.

Given its non-executive nature, the Board does not think it is appropriate for the Directors to be appointed for a specified term of no more than 3 years as recommended by the Corporate Governance Code.

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

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

#### 19.4 Audit Committee

The Audit Committee will meet 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 annual report and the half year report, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them.

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

The Audit Committee will meet representatives of the Administrator and the Investment Manager and their compliance officers who will report as to the proper conduct of business in accordance with the regulatory environment in which the Company, the Administrator and the Investment Manager operate. The Company's auditor will also attend the Audit Committee at its request and report 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 will meet with the auditor, without representatives of the Administrator and the Investment Manager being present, at least once a year.

#### 19.5 Management Engagement Committee

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

#### 19.6 Policy on Directors' Fees

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

#### 19.7 Directors' Letters of Appointment

It is the Board's policy that none of the Directors has a service contract. The terms of the Directors' appointment provide that they will retire and be subject to election at the first AGM after their appointment and at every annual general meeting held after the ninth anniversary of their appointment. In addition, the Articles require that any Director who was not appointed or re-appointed at one of the preceding two annual general meetings shall retire from office but shall remain eligible for re-appointment. Those terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

### 20. Taxation

A summary of certain limited aspects of UK and Guernsey taxation applicable to the Company and Shareholders is contained in Part 9 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.

### 21. Financial Information

#### 21.1 Financial Reports

The audited annual financial statements of the Company will be drawn up in Sterling and prepared in accordance with the Law, International Financial Reporting Standards and the Listing Rules. Financial statements prepared by the Company in accordance with IFRS will include a statement of comprehensive income, which will reflect all transactions in relation to the Asset Backed Securities within the 'realised gains/losses' and 'unrealised gains/losses' line items.

The Company's annual report and financial statements will be prepared up to 31 March each year and it is expected that copies will be sent to Shareholders within four months of the year-end. The first year end will be 31 March 2014. The first annual general meeting of the Company following Admission is expected to be held in July 2014.

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

Interim management statements will also be prepared during the first and second six month periods of the financial year. The statements will be made in a period between 10 weeks after the beginning and six weeks before the end of the relevant six month period. The interim management statements will be made public by the Company by an announcement issued through a Regulatory Information Service.

## 21.2 Annual Running Expenses

In addition to management, administration and secretarial fees referred to above and in Part 10 of this document, the Company will pay all other fees and expenses incurred in the operation of its business including, without limitation:

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

Assuming that the Issue is fully subscribed, the Company's total fixed operational costs (excluding investment management fees, brokerage and other transaction charges and taxes and any borrowing costs) are estimated in the first year after Admission to amount to not more than approximately 0.19 per cent. per annum of the Company's estimated Net Asset Value on Admission.

## 21.3 Allocation of Ongoing Costs

Interest expenses are recognised within 'finance costs' in profit or loss 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).

## 21.4 NAV Calculations

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

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

Asset Backed Securities that are not traded or dealt on an organised market or exchange will be valued by reference to their mid price, as at the close of business on the relevant Dealing Day as determined by independent price vendors (such as Markit Structured Finance). If a price cannot be obtained from an appropriate independent price vendor, or where the Investment Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Investment Manager will source 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 Investment Manager determines that the provided price is not an accurate representation of the fair value of the Asset Backed Security, the Investment Manager will determine the valuation based on the Investment Manager's valuation policy.

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

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

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

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

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

## PART 6: INVESTMENT OPPORTUNITY

### 1. Background

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

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

The Board do 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. This might be because increased solvency requirements for banks and insurers have reduced appetite from banks and insurers who have historically made up a large part of the buyer base, or because the wider effects of the credit crisis have meant that investors are less willing to take exposure to particular sectors (e.g. commercial property) or geographies (e.g. Spain).

### 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 2011 as likely to be amongst the lowest in fixed income. For example, Fitch estimated that cumulative losses under European residential mortgage-backed securities ("**RMBS**") were likely to be no more than 0.7% of the total original balance.\*

The European ABS market covers nearly €2 trillion of securities, which was comprised (as of Q1, 2012) as follows\*\*:

- (a) RMBS: €1,149.1bn
- (b) Commercial mortgage-backed securities ("**CMBS**"): €123.1bn
- (c) Other ABS: €614.5bn

\* (Fitch Ratings Special Report: "The Credit Crisis Four Years On – EMEA Structured Finance Losses", 4 August 2011)

\*\* (AFME/ESF Securitisation Data Report Q1: 2012)

#### **4. 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:

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

#### **5. 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:

- 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;
- 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;
- the strict operating procedures for ABS mean that an investor will not be exposed to ever-changing corporate dynamics; and
- 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.



## **PART 7: THE ISSUE**

### **1. Introduction**

The Issue consists of a placing and an offer for subscription of Ordinary Shares which are being issued at 100p per Ordinary Share. Investors will not be charged a fee in addition to their payment of the Issue Price in order to subscribe for Ordinary Shares, as the Issue Expenses will be met out of the proceeds of the Issue. Subject to the Placing Programme described in Part 8 of this Prospectus, the Issue constitutes a one time opportunity to purchase Ordinary Shares in the Company. The total number of Ordinary Shares issued under the Placing and Offer for Subscription will be determined by the Company, Numis and the Investment Manager after taking into account demand for the Ordinary Shares and prevailing economic and market conditions, subject to a maximum of 250 million Ordinary Shares.

The Placing and Offer for Subscription are conditional amongst other things on Admission having become effective on or before 8.00 a.m. on 6 March 2013 or such other time and/or date as the Company and Numis may agree (being not later than 8.00 a.m. on 31 March 2013). Neither the Placing nor the Offer for Subscription is underwritten. The decision whether to proceed with the Issue will be at the absolute discretion, and subject to the agreement, of the Directors, the Investment Manager and Numis.

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

### **2. The Placing**

Up to 250 million Ordinary Shares are available to be placed on behalf of the Company at the Issue Price to raise £250 million before expenses.

The Issue is conditional upon:

- (i) the Placing Agreement having become unconditional (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (ii) Admission becoming effective not later than 8.00 a.m. on 6 March 2013 or such later time and/or date as Numis and the Company may agree in writing, being not later than 8.00 a.m. on 31 March 2013.

Further details of the Placing Agreement are set out in paragraph 9.4 of Part 10 of this document.

The Directors have agreed to participate in the Placing by subscribing for a total of 55,000 Ordinary Shares at the Issue Price. The Directors are not proposing to apply for Ordinary Shares under the Offer for Subscription.

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

### **3. The Offer for Subscription**

Ordinary Shares are also being made available to the public in the United Kingdom (other than certain overseas investors) through the Offer for Subscription at 100p per Ordinary Share payable in full on application.

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

The Ordinary Shares will be a qualifying investment for the stocks and shares component of an ISA, provided they are acquired by an ISA plan manager through an offer to the public (such as the Offer for Subscription) or in the market. Any person wishing to apply for Ordinary Shares under the Offer for Subscription through an ISA should contact their ISA manager as soon as possible.

The terms and conditions of application under the Offer for Subscription are set out in Part 12 of this document. The procedure for applying for Ordinary Shares under the Offer for Subscription

and an application form for use under the Offer for Subscription can be found at the end of this document.

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

Payment by electronic interbank transfer (CHAPS) must be accompanied by a personalised payment reference number which may be obtained by contacting Computershare Investor Services PLC directly on 0870 707 4040. Payment by electronic interbank transfer (CHAPS) must come from a personal account in the name of the individual investor where they have a sole or joint title to the funds (the account name should be the same as that shown on the Application Form).

Completed Application Forms accompanied by a cheque or banker's draft for the full amount due or indicating that a CHAPS payment for the full amount has been made must be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or delivered by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by 11.00am on 27 February 2013 at which time and date the Offer for Subscription will close. The Directors may, with the prior approval of the Investment Manager and Numis, alter such date by shortening or lengthening the offer period. The Company will notify investors of any such change through the publication of a notice through a Regulatory Information Service.

#### **4. Dealings and Settlement**

Application has been made to the UK Listing Authority for up to 250 million Ordinary Shares to be issued pursuant to the Issue and admitted to the premium segment of the Official List and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on its Main Market. It is expected that Admission will occur and that dealing in the Ordinary Shares will commence, on 6 March 2013.

The Ordinary Shares will be issued on 6 March 2013, fully paid and in registered form, and may be delivered into CREST or in certificated form. Applicants under the Offer for Subscription wishing to have their Ordinary Shares delivered to a CREST stock account in their own name, which is expected to take place on 6 March 2013, should include their CREST details in section 5 of the Application Form. Temporary documents of title will not be issued pending the despatch of definitive certificate for Ordinary Shares issued in certificated form, which is expected to take place in the week commencing 11 March 2013. Dealing in Ordinary Shares in advance of the crediting of the relevant CREST accounts or the issue of share certificates will be at the risk of the person concerned.

When admitted to trading, the Ordinary Shares will be registered with ISIN number GG00B9OJ5Z95 and SEDOL number B90J5Z9.

#### **5. Announcements regarding the Placing and Offer for Subscription**

The result of the Placing and the Offer for Subscription and the basis of allocation are expected to be announced by the Company through a Regulatory Information Service on or around 6 March 2013 and, in any event, prior to Admission. Dealings in the Ordinary Shares issued pursuant to the Issue will not be permitted prior to Admission.

#### **6. Conditions of the Issue**

The Issue is conditional on, among other things, (i) minimum net proceeds totalling not less than £100 million (or such lesser amount as the Company, the Investment Manager and Numis may

agree) being raised pursuant to the Placing and Offer for Subscription, (ii) the Placing Agreement not being terminated in accordance with its terms at any time prior to Admission and (iii) Admission occurring by 8.00 a.m. on 6 March 2013 (or such later date as the Company, the Investment Manager and Numis may agree, being in any event not later than 8.00 a.m. on 31 March 2013).

The issue of Ordinary Shares pursuant to the Placing and Offer for Subscription will be revoked if Admission has not occurred by 8.00 a.m. on 6 March 2013 (or such other date as the Company, the Investment Manager and Numis may agree, being in any event not later than 8.00 a.m. on 31 March 2013) or, if earlier, on the date on which the Issue ceases to be capable of becoming conditional. Any such revocation will be announced by the Company through a Regulatory Information Service as soon as practicable after the Company has become aware of the occurrence of the event that has resulted in such revocation.

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

## **7. Scaling back**

The Directors are authorised to issue up to 250 million Ordinary Shares pursuant to the Issue. To the extent that applications under the Offer for Subscription are made for more than 250 million Ordinary Shares, those applications will be scaled back *pro rata*.

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

## **8. Costs of the Issue**

Assuming that the Issue is fully subscribed, and the expenses of the Issue are £4,712,866, the net proceeds of the Issue will be approximately £245,287,134 (inclusive of applicable VAT).

## **9. Use of proceeds**

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

## **10. 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.

## **11. 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, Numis or Computershare Investor Services PLC 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.

## **12. U.S. Purchase and Transfer Restrictions**

This document 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 or the Investment 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 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.

### **13. 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 prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

### **14. Subscribers warranties**

Each subscriber of Ordinary Shares in the Issue and each subsequent investor in the Ordinary Shares will be deemed to have represented, warranted, acknowledged and agreed as follows:

- (a) if it is acquiring Ordinary Shares in the Placing, it is a person of a kind described in paragraph 5 of Article 19, paragraphs 2(a) to (d) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
- (b) it is not a U.S. Person, is not located within the United States and is not acquiring the Ordinary Shares for the account or benefit of a U.S. Person;
- (c) it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S of the Securities Act;
- (d) 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 only be transferred in an offshore transaction in accordance with Regulation S: (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof;
- (e) 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;
- (f) 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 Tax 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;

- (g) that if any Ordinary Shares offered and sold pursuant to Regulation S 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 U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”**

- (h) it acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with Regulation S under the Securities Act and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (i) 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;
- (j) 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;
- (k) 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 Investment Manager, or Numis or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Issue;
- (l) 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;
- (m) if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the investor 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; and
- (n) the Company, the Investment Manager, 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 investor will immediately notify the Company.



## **PART 8: THE PLACING PROGRAMME**

### **1. Introduction**

The Company has made arrangements under which the Board has discretion to issue pursuant to the Placing Programme a number of Ordinary Shares equal to up to 300 per cent. of the number of Ordinary Shares issued pursuant to the Issue, provided that such number of Ordinary Shares to be issued pursuant to the Placing Programme may not exceed 500 million in aggregate with those Ordinary Shares issued pursuant to the Issue. The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue 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 not less than the prevailing cum income Net Asset Value per Ordinary Share, nor more than the best offer price per Ordinary Share as quoted on the London Stock Exchange at the time that the proposed issue is agreed, as determined by the Directors, an issue of Ordinary Shares under the Placing Programme may be used by the Company to reduce any premium over NAV at which its Shares may be trading. Shareholder authority to issue further Ordinary Shares on a non-pre-emptive basis was granted on 18 February 2013. In utilising its discretion under the Placing Programme and seeking such authorities in the future the Directors intend to take into account relevant factors, including the desirability of limiting the premium to Net Asset Value at which the Ordinary Shares trade in order to ensure that Shareholders and new investors who acquire Ordinary Shares are not disadvantaged by being required to acquire additional 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:

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

The Directors will consider the potential impact of the Placing Programme on the payment of dividends to Shareholders and intend to ensure that it will not result in any material dilution of the dividends per Ordinary Share that the Company may be able to pay. In the event that £250 million is raised under the Placing Programme and assuming that £250 million is raised pursuant to the Issue before expenses, a Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital following the Issue, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 2.5 per cent. of the Company's issued Ordinary Share capital.

### **4. The Placing Programme**

The Placing Programme will open on 7 March 2013 and will close on 18 February 2014. The maximum number of New Ordinary Shares to be issued pursuant to the Placing Programme will equal up to 300 per cent. of the number of Ordinary Shares issued pursuant to the Issue, provided that such number of Ordinary Shares to be issued pursuant to the Placing Programme may not exceed 500 million in aggregate with those Ordinary Shares issued pursuant to the Issue. Such New Ordinary Shares will, subject to the Company's decision to proceed with an issue at any given time be issued to Numis at the Placing Programme Price. Numis will trade the New Ordinary



Shares in the secondary market. No Ordinary Shares will be issued at a discount to the Net Asset Value per Ordinary Share at the time of the relevant allotment. The Company will not issue any New Ordinary Shares at a discount of 10 per cent. or more to the middle market price of the Ordinary Shares at the relevant time without further Shareholder approval.

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

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

The Placing Programme is not being underwritten and, as at the date of this Prospectus, the actual number of 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 document, no major Shareholders or Directors intend to make a commitment for Ordinary Shares under the Placing Programme.

Applications will be made to the UKLA for the New Ordinary Shares issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. All Ordinary Shares issued pursuant to the Placing Programme will be issued conditionally on such Admission occurring. The Prospectus has been published 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. Should the Board wish to issue New Ordinary Shares in excess of the amount which it will then be authorised to issue, further authorities will be sought at an appropriate time by convening a general meeting of Shareholders for this purpose.

The Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the issue of the relevant New Ordinary Shares).

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

## **5. Conditions**

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

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

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 calculated by reference to the estimated cum income Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the placing pursuant to the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. The Directors will determine the Placing Programme Price on the basis described above so as to cover the costs and expenses of each placing 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 98p, the Placing Programme Price would be expected to be approximately 100p, and the expenses indirectly borne by the investor would be 2p.

Fractions of Ordinary Shares will not be issued and placing consideration will be allocated accordingly.

Where New 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 policy of the Company and the Placing Programme Price is expected to represent a modest premium to the then prevailing Net Asset Value.

## **7. Settlement**

Payment for New Ordinary Shares issued under the Placing Programme will be made through CREST or through Numis, in any such case in accordance with settlement instructions to be notified to placees by Numis. In the case of those subscribers not using CREST, monies received by Numis will be held in a segregated client account pending settlement.

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

## **8. Costs of the Placing Programme**

Assuming that £250 million is raised under the Placing Programme before expenses and a Placing Programme Price of 100 pence per New Ordinary Share, the gross proceeds of the Placing Programme would be £250 million, the costs of the Placing Programme are estimated at £5 million and the net proceeds of the Placing Programme would therefore be £245 million.

## **9. Use of proceeds**

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

## PART 9: TAXATION

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

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

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

### 1. The Company

#### 1.1 Guernsey

##### 1.1.1 Exempt status

The Company intends to apply for and be granted tax exempt status by the Director of Income Tax in Guernsey pursuant to the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended). The Company will need to reapply annually for exempt status, an application that currently incurs a fee of £600 per annum. It is expected that the Company will continue to apply for exempt status throughout its existence. If exempt status is granted, the Company will not be considered resident in Guernsey for Guernsey income tax purposes. Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing in Guernsey other than from a bank deposit. It is anticipated that no income other than interest on bank deposits will arise in Guernsey and therefore the Company is not expected to incur any liability to Guernsey tax. Payments of dividends and interest by a company that has exempt status for Guernsey tax purposes are regarded as having their source outside Guernsey and hence are payable without deduction of tax in Guernsey. However, such a company may be required to provide information to the Guernsey tax authorities about dividends paid to Guernsey resident individuals.

##### 1.1.2 Capital Taxes and Stamp Duty

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

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

#### 1.2 UK

The Directors intend that the Company should be managed and conducted so that it does not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment situated in the UK for UK taxation purposes, the Company will not be subject to UK corporation tax on income and capital gains arising to it. The Directors intend that the affairs of the Company are conducted so that no such permanent establishment will arise.

Interest and other income received by the Company which has a UK source may be subject to withholding taxes in the United Kingdom. However, there will be no UK withholding tax on interest

payments made by companies on bonds which are listed on a recognised stock exchange for the relevant UK tax purposes.

## 2. Shareholders

### 2.1 Guernsey

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

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

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

### 2.2 UK

#### 2.2.1 Offshore fund rules

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

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

For Shareholders who are individuals, distributions they receive from the Company and, if they are treated as remaining as Shareholders at the end of the relevant reporting period, any relevant excess reported income amount will be treated as payments of interest and accordingly subject to UK income tax at the appropriate marginal rate of tax for the individual whether 10%, 20%, 40% or 50% (from 6 April 2013 the rate for higher rate tax-payers will reduce to 45%). A disposal by such a Shareholder of his/her Shares other than to the Company will not be subject to UK tax as income and will be a disposal for capital gains tax purposes and may, depending on the Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to capital gains tax.

For Shareholders within the charge to UK corporation tax, their Shares will be treated as creditor relationships for the purposes of the rules relating to the taxation of most corporate debt contained in Corporation Tax Act 2009 (the "**Corporate Debt Regime**"). Such Shareholders should be subject to UK corporation tax on distributions they receive from the Company and, if they remain Shareholders at the end of the relevant reporting

period, any relevant excess reported income amount as though they were payments of interest. In addition, for each reporting period such Shareholders should be subject to UK corporation tax on the increase in value of their Shares on a fair value basis or should obtain tax relief on any equivalent decrease in value.

#### 2.2.2 Transfer of assets abroad

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

#### 2.2.3 Controlled foreign companies rules

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

#### 2.2.4 Section 13 of the Taxation of Chargeable Gains Act 1992 ("Section 13")

The attention of persons resident or ordinarily resident in the United Kingdom for taxation purposes is drawn to the provisions of Section 13. Section 13 applies to a "participator" for UK taxation purposes (which term includes a Shareholder) if at any time when a gain accrues to the Company which constitutes a chargeable gain for those purposes, the Company is itself controlled by a sufficiently small number of persons so as to render the Company a body corporate that would, were it to have been resident in the United Kingdom for taxation purposes, be a "close" company for those purposes. The provisions of Section 13 could, if applied, result in any such person who is a "participator" in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any chargeable gain accruing to the Company had accrued to that person directly, that part being equal to the proportion of the gain that corresponds to that person's proportionate interest in the Company as a "participator". No liability under Section 13 could be incurred by such a person however, where the amount apportioned to such person and to persons connected with him does not exceed one-tenth of the gain (it is expected that legislation will be introduced which, with effect for disposals made on or after 6 April 2012, will increase this fraction to one quarter of the gain).

#### 2.2.5 Transactions in Securities

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

#### 2.2.6 ISAs and SSAS/SIPPs

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

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

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

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

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

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

### 3. FATCA

It is expected that rules will be introduced in Guernsey to implement FATCA and agreements which are expected to be entered into between Guernsey and other jurisdictions which may require the Company to provide information in relation to certain Shareholders which will be shared with the US Internal Revenue Service or other applicable tax authority.

### 4. Implementation of European Savings Directive in Guernsey

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into agreements with EU Member States on the taxation of savings income. From 1 July 2011 paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU Member States which falls within the scope of the EU Savings Directive (2003/48/EC) (the “**Savings Directive**”) as applied in Guernsey. However, whilst such interest payments may include distributions from the proceeds of shares or units in certain collective investment schemes which are equivalent to a UCITS, guidance notes issued by the States of Guernsey on the implementation of the bilateral agreements indicate that the Company is not equivalent to a UCITS. Accordingly, any payments made by the Company to Investors will not be subject to reporting obligations pursuant to the agreements between Guernsey and EU Member States to implement the Savings Directive in Guernsey.

The scope and operation of the Savings Directive is currently being reviewed in accordance with the European Council’s findings published on 13 November 2008. Any review will affect EU Member States. Guernsey, along with other dependent and associated territories, will consider the effect of any proposed changes to the Savings Directive in the context of existing bilateral treaties and domestic law, once the outcome of that review is known. If changes are implemented, the position of investors in relation to the Savings Directive as applied in Guernsey may be different to that set out above.



## **PART 10: GENERAL INFORMATION**

### **1. Responsibility**

The Company, whose registered office appears in paragraph 2.1.4 of this Part 10, and the Directors, whose names appear on pages 35 and 36 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

### **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 Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended) and the Registered Collective Investment Scheme Rules 2008 made thereunder.

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

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

2.1.4 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.

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

#### **2.2 Financial Information**

2.2.1 As at the date of this document, the Company has not commenced operations and no financial statements in respect of the Company have been made up.

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

2.2.3 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 2.1.4 of Part 10.

### **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 of such classes and denominated in such currencies as the Directors may determine.

3.2 On incorporation, one Ordinary Share was issued to the subscriber to the Company's Memorandum of Incorporation. This Ordinary Share will be transferred to an applicant for Ordinary Shares under the Placing or Offer for Subscription.

3.3 As at the date of this document, the issued share capital of the Company consisted of one issued Ordinary Share.

3.4 By written ordinary and extraordinary resolutions of the Company's sole Shareholder passed on 18 February 2013:

3.4.1 the Directors have authority to issue up to 250,000,000 Ordinary Shares in connection with the Issue;

- 3.4.2 the Directors have authority to issue pursuant to the Placing Programme a number of Ordinary Shares equal to up to 300 per cent. of the number of Ordinary Shares issued pursuant to the Issue, provided that such number of Ordinary Shares to be issued pursuant to the Placing Programme may not exceed 500 million in aggregate with those Ordinary Shares issued pursuant to the Issue, without being obliged to first offer any Ordinary Shares to Shareholders on a *pro rata* basis, such authority extending until the date of the first annual general meeting of the Company; and
- 3.4.3 the Directors have authority to sell such number of treasury shares as is equal to the number of Ordinary Shares held in treasury at any time following Admission without being obliged to first offer any treasury shares sold to Shareholders on a *pro rata* basis, such authority extending until the date of the first annual general meeting of the Company.
- 3.5 Pursuant to a written ordinary resolution of the Company's sole Shareholder passed on 18 February 2013, the Directors are authorised to make market purchases of Ordinary Shares following the issue of Ordinary Shares pursuant to the Issue. The maximum price 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. Such authority will expire on the earlier of the conclusion of the first Annual General Meeting of the Company and the date 18 months after the date on which the resolution was passed.
- 3.6 Under the Articles, the Directors are generally and unconditionally authorised to exercise all powers of the Company to issue an unlimited number of Ordinary Shares which authority expires on the date which is five years from the date of incorporation of the Company.
- 3.7 There are no provisions of Guernsey law which confer rights of pre-emption upon the issue or sale of any class of shares in the Company.
- 3.8 Subject to the provisions of the Articles as summarised in paragraph 4 of this Part 10, the Directors are entitled to exercise all powers of the Company to issue Ordinary Shares in the Company under the Articles and are expected to resolve to do so prior to Admission in respect of the Ordinary Shares to be issued pursuant to the issue.
- 3.9 As at the date of this document:
- 3.9.1 no subscriptions, issues or options are to be given by the Company, or are already existing, in respect of any securities of the Company, including any that have a prior right over the Ordinary Shares to a distribution of the profits or assets of the Company;
- 3.9.2 no shares which do not represent capital have been issued by the Company and remain outstanding;
- 3.9.3 no shares are held by or on behalf of the Company in treasury or otherwise;
- 3.9.4 no convertible securities, exchangeable securities or securities with warrants have been issued by the Company and remain outstanding; and
- 3.9.5 save in connection with the Placing and Offer for Subscription there are no acquisition rights and/or obligations over any of the Company's authorised but unissued capital and no undertakings to increase the Company's capital.
- 3.10 Since the Company's incorporation, save for the Ordinary Share issued to the subscriber to the Memorandum of Incorporation of the Company referred to in paragraph 3.2 of this Part 10, no share or loan capital of the Company has been issued or, save in connection with the Issue, agreed to be issued.

#### **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 2.1.4 above.

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

#### 4.1 Share capital

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share (or option, warrant or other right in respect of a share) in the Company may be issued with such preferred, deferred or other special rights or restrictions, whether as to dividend, voting, return of capital or otherwise, as the Board may determine. To the extent required by sections 292 and 293 of the Law, the Board is authorised to issue an unlimited number of shares (or options, warrants or other rights in respect of Shares) (subject only to any limitation in the Articles) which authority shall expire five years after the date of adoption of the Articles; in the event that the restrictions in section 292(3)(a) and/or (b)(i) of the Law are amended or removed, such authority shall be to the extent and for as long as is legally permissible. This authority may be further extended in accordance with the provisions of the Law.

#### 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 amount;

4.2.2 subdivide 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 fully paid shares the nominal amount of which is expressed in a particular currency or former currency into fully paid shares of a nominal amount of a different currency; and

4.2.7 where its share capital is expressed in a particular currency or former currency, denominate or redenominate it.

#### 4.3 Share rights

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

#### 4.4 Rights of Ordinary Shareholders to request conversion of Ordinary Shares to Realisation Shares

Shareholders shall be entitled to serve a Realisation Election, during the Election Period by delivering it to the Company at its registered office requesting that all or a portion of the Ordinary Shares held by them be converted to Realisation Shares. The Company will remind the Ordinary Shareholders of their right to serve a Realisation Election on the Company by giving notice not less than 56 days prior to the Reorganisation Date. Shares held by Shareholders who do not submit a Realisation Election will remain Ordinary Shares.

4.4.1 Subject to the aggregate Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date being not less than £50 million, Ordinary Shares the holders of which have elected for Realisation 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.

4.4.2 The Board shall divide and allocate the assets and liabilities of the Company on Realisation in the following manner: The assets of the Company 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 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 respectively in existence immediately following Realisation and the remainder of the assets and liabilities 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 the Realisation 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, or

4.4.3 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.

4.4.4 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 and/or redeemed by the Company may be paid out of the share capital, share premium or retained earnings to the fullest extent permitted under the Law.

4.4.5 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.

4.4.6 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 is less than £50 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.

#### 4.5 Rights of continuing Ordinary Shares in the event that the Realisation takes place

##### 4.5.1 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.

##### 4.5.2 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.

#### 4.5.3 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 Ordinary Shareholders shall not be entitled to vote on any resolution proposed at any general meeting of the Company to give effect to the provisions summarised in paragraph 4.6.5 below.

#### 4.5.4 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 paragraph 4.7, 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 or the Realisation 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.

### 4.6 Rights of Realisation Shares in the event that the Realisation takes place

#### 4.6.1 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 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.

#### 4.6.2 As to capital

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

#### 4.6.3 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 as resolutions proposed at any general meeting of the Company to give effect to the provisions summarised in paragraph 4.6.5 below and any matter prescribed by the Listing Rules as requiring approval of the Shareholders of the Company.

#### 4.6.4 As to class rights

Other than with respect to the Realisation or a winding-up in the circumstances described in paragraph 4.4.6, 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 Continuation Pool or the Realisation Pool and (b) any proposal to issue or create Realisation Shares other than



pursuant to Realisation Elections 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.

#### 4.6.5 As to redemption

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

#### 4.7 Continuation Vote

In the event that:

- (i) 85 per cent. of the Net Proceeds (excluding, for the avoidance of doubt, amounts invested in ABS that have matured and are in the process of being reinvested) has not been invested within 12 months of the date of Admission; or
- (ii) the Dividend Target is not met in any Reporting Period,  
a general meeting of the Company will be convened at which the Directors will propose a resolution that the Company should continue as an investment company. If any such ordinary resolution is not passed, the Directors shall draw up proposals for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company for submission to the members of the Company 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 ordinary resolution was not passed.

#### 4.8 Issue of shares

Subject to the provisions of the Articles, the unissued shares of each class shall be at the disposal of the Board which may dispose of them to such persons, in such a manner and on such terms and conditions, and at such times as it determines. Without prejudice to the authority conferred on the Directors pursuant to the Articles, the Directors are generally and unconditionally authorised to exercise all powers of the Company to issue, grant rights to subscribe for, or to convert any securities into, up to an unlimited amount of shares in the Company, which authority shall expire on the date which is five years from the date of incorporation of the Company (unless previously renewed, revoked or varied by the Company in a general meeting) save that the Company may before such expiry make an offer or agreement which would or might require shares to be issued after such expiry and the Directors may issue shares in pursuance of such an offer or agreement as if the authority conferred had not expired.

#### 4.9 Pre-emption rights

Under the Articles, the Company is not allowed to issue any shares, including treasury shares, of any class for cash unless it has first made an offer to each existing holder of the same class of shares on the same or more favourable terms and in proportion to their existing holdings. These provisions do not apply to shares issued as scrip dividends.

The pre-emptive offer must remain open for a minimum of 21 days and may not be withdrawn. If the offer is not accepted within this period it will be deemed to have been declined. After the expiration of the period, or if earlier, on receipt of acceptances or refusals from all shareholders to whom the offer was made, the Board may aggregate and dispose of those shares that have not been taken up in such a manner as they determine is most beneficial to the Company.



Neither the Company nor the Board shall be obliged to extend the pre-emption rights to shareholders with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable.

The Company may disapply or modify pre-emption rights by extraordinary resolution.

#### 4.10 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.

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

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

#### 4.12 Shares

Subject to the exceptions set out in paragraph 4.16 of this Part 10 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.

Save as disclosed in this paragraph 4.12, since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

#### 4.13 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.

#### 4.14 Determination of NAV

A description of the policy which the Company adopts in valuing its net assets (and which is included in the Articles) can be found in paragraph 6 of this Part 10 of this Prospectus under the section headed “NAV Calculations”.

#### 4.15 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 paragraph 4.6.5 above.

#### 4.16 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 (i) in the case of certificated shares (a) it is in respect of more than one class of shares, (b) it is in favour of more than four joint transferees or (c) it is delivered for registration to the registered office of the Company or such other place as the Board may decide and is not accompanied by the certificate for the shares to which it relates and such other evidence of title as the Board may reasonably require and (ii) the transfer is in favour of any person, as determined by the Directors, to whom a sale or transfer of shares, or in relation to whom the sale or transfer of a direct or beneficial holding of shares, would or might result in (x) the Company being required to register as an investment company under the Investment Company Act, (y) 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 (z) the assets of the Company being deemed to be assets of a Plan Investor.

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

The Board may decline to register a transfer of an uncertificated share which is traded through the CREST UK system in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated shares is to be transferred exceeds four.

#### 4.17 General meetings

The first general meeting (being an annual general meeting) of the Company shall be held within such time as may be required by the Law and thereafter 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 or ordinary resolution.

#### 4.18 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. At no time shall a majority of the Board be resident in the UK for UK tax purposes.

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 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 has attained the age of 70 years or any other age.

Subject to the Articles, at each annual general meeting of the Company, any Director (i) who has been appointed by the Board since the last annual general meeting, (ii) who held office at the time of the two preceding annual general meetings and who did not retire at either of

them or (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for election or re-election by the shareholders.

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

The office of a Director shall be vacated:

- (a) if he (not being a person holding an executive office which is for a fixed term subject to termination if he ceases for any cause to be a Director) resigns his office by giving written notice signed by him sent to or deposited at the Company's registered office or tendered at a meeting of the Board;
- (b) if he dies;
- (c) if the Company requests that he resigns his office by giving him written notice;
- (d) if he absents himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 6 months and the Board resolves that his office shall be vacated;
- (e) if he becomes bankrupt or makes any arrangements or composition with his creditors generally;
- (f) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment;
- (g) if he is requested to resign by written notice signed by a majority of his fellow Directors (being not less than two in number) and sent to or deposited at the Company's registered office or tendered at a meeting of the Board;
- (h) if the Company by ordinary resolution shall declare that he shall cease to be a Director;
- (i) if he becomes resident in the UK for tax purposes and, as a result thereof, a majority of the Directors would, if he were to remain a Director, be resident in the UK for tax purposes; or
- (j) if he becomes ineligible to be a Director in accordance with the Law.

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

Each alternate Director shall be either (i) resident for tax purposes in the same jurisdiction as his appointor or (ii) resident outside the UK for UK tax purposes, in each case for the duration of the appointment of that alternate Director and in either case shall also 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.

#### 4.19 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.

All meetings of the Board are to take place outside the UK and any decision reached or resolution passed by the Directors at any meeting of the Board held within the UK or at which no majority of Directors resident outside the UK (and not within the UK) for UK tax purposes is present shall be invalid and of no effect.

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 with a majority of such Directors being resident outside of the UK for UK tax purposes. Committees shall only meet outside the UK. Any committee so formed shall be governed by any regulations that may be imposed on it by the Board and (subject to such regulations) by the provisions of the Articles that apply to meetings of the Board.

#### 4.20 Remuneration of Directors

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

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

#### 4.21 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.

#### 4.22 Permitted interests of Directors

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

- (a) may hold any other office or place of profit under the Company (other than the office of the auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;
- (b) may be a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company is otherwise interested;
- (c) may act for the Company by himself or through his firm in a professional capacity (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (d) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise directly or indirectly interested in, any body corporate promoted by the Company, or with which the Company has entered into any transaction, arrangement or agreement or in which the Company is otherwise interested; and
- (e) shall not by reason of his office be accountable to the Company for any benefit which he 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:

- (a) 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
- (b) an interest of which a Director is unaware shall not be treated as an interest of his.

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

A Director may continue to be or become a director, managing director, manager or other officer, employee or member of any company promoted by the Company or in which the Company may be interested or with which the Company has entered into any transaction,



arrangement or agreement, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager, or other officer or member of any such other company.

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

Any Director who, by virtue of office held or employment with any other body corporate, may from time to time receive information that is confidential to that other body corporate (or in respect of which he 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.

#### 4.23 Borrowing powers

The Board may exercise the powers of the Company to incur leverage for short-term liquidity purposes including financing share repurchases or redemptions, making investments or satisfying working capital requirements. Borrowings of the Company may not exceed 10 per cent. of the NAV of the Company as at the time of drawdown unless approved by the Company by an ordinary resolution.

#### 4.24 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 shall incur by or through his own default, breach of trust or breach of duty in relation to the Company 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.

#### 4.25 Untraced Shareholders

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

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

#### 4.26 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:

- (a) entering into a contract to acquire them;
- (b) not being the registered holder, being entitled to exercise, or control the exercise of, any right conferred by the holding of the shares;
- (c) having the right to call for delivery of the shares; or
- (d) 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 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, the shareholder may not be able to convert its Ordinary Shares into Realisation Shares and, save in certain circumstances, no transfer of such shares shall be approved for registration.

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

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and its concert parties to Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel, to make a cash offer for the outstanding Shares in the Company at a price not less than the highest price paid for any interests in the Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of Shares by a person holding (together with its concert parties) Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

## **6. Valuation Policy**

The Administrator is responsible for calculating the NAV per Share of the Company. The unaudited NAV per Ordinary Share will be 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 will be announced by a Regulatory Information Service the following Business Day. The NAV is calculated in accordance with IFRS and guidelines published by the Association of Investment Companies. 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. Conflicts of Interest**

The Administrator, the Investment Manager, any of their respective directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an **"Interested Party"**) may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and will not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

## 8. Interests of Directors, major shareholders and related party transactions

### 8.1 Directors' interests

8.1.1 As at the date of this document, none of the Directors nor their immediate families and related trusts and (insofar as is known to them or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 96B of FSMA (as amended by the Financial Services and Markets Act 2000 (Amendment) Regulations 2009)) with the Directors had any interests in the share capital of the Company.

8.1.2 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.

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

8.1.4 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.

The Directors intend to subscribe for the following number of Ordinary Shares:

	<b>Ordinary Shares</b>
Trevor Ash	25,000
Ian Burns	0
Richard Burwood	5,000
Jan Etherden	25,000

### 8.2 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.

Conditional upon Admission, the Directors will be entitled to aggregate annual remuneration (including any contingent or deferred compensation but excluding expenses) payable and benefits in kind granted as follows:

<b>Director</b>	<b>Fees</b>
Trevor Ash (Chairman)	£30,000
Ian Burns	£27,500
Richard Burwood	£25,000
Jan Etherden	£25,000
Total	<u>£107,500</u>

The aggregate amount of remuneration (including any contingent or deferred compensation but excluding expenses) payable and benefits in kind granted to the Directors for the current financial period ending 31 March 2014 is estimated to be approximately £125,000.

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

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

### 8.3 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:

Trevor Ash

<b>Company</b>	<b>Position</b>	<b>Resigned</b>
Blackpoint Management Limited	Director	Ongoing
Blackpoint PCC Limited	Director	Ongoing
Nemrod Diversified Holdings Limited	Director	Ongoing
Thames River Isis Fund Limited	Director	Ongoing
Thames River Property Growth & Income Fund Limited	Director	Ongoing
Thames River Longstone Fund Limited	Director	Ongoing
Thames River Apex Fund SPC	Director	Ongoing
Hillside Apex Fund Limited	Director	Ongoing
Thames River Hillside Apex II Fund Limited	Director	Ongoing
Thames River Legion Fund Limited	Director	Ongoing
ELDeRS Limited	Director	Ongoing
Dexion Absolute Limited	Director	Ongoing
Close Enhanced Commodities Fund 11 Limited	Director	Ongoing
Cazenove UK Equity Absolute Return Fund Limited	Director	Ongoing
Cazenove European Equity Absolute Return Fund Limited	Director	Ongoing
Cazenove UK Dynamic Absolute Return Fund Limited	Director	Ongoing
Cazenove Leveraged UK Equity Absolute Return Fund	Director	Ongoing
Cazenove Worldwide Absolute Return Fund Limited	Director	Ongoing
Cazenove European Alpha Absolute Return Fund Limited	Director	Ongoing
Insight Global Farmlands Fund Limited	Director	Ongoing
Insight Consumer Debt Recovery GP1 Limited	Director	Ongoing
Insight Consumer Debt Recovery GP11 Limited	Director	Ongoing
Invista Real Estate Investment Management (C.I) Limited	Director	Ongoing
J P Morgan Private Equity Limited	Director	Ongoing
JPMorgan Specialist Funds	Director	Ongoing
Picton Property Income Limited	Director	Ongoing
Investors In Global Real Estate Limited	Director	Ongoing
CQS Rig Finance Fund Limited	Director	Ongoing
Camper & Nicholson Marina Investments Limited	Director	Ongoing
Sherborne Investors (Guernsey) A Limited	Director	Ongoing
Sherborne Investors (Guernsey) B Limited	Director	Ongoing
FxPro Group Limited	Director	Ongoing

Ian Burns

<b>Company</b>	<b>Position</b>	<b>Resigned</b>
Regency Consulting Limited	Director	Ongoing
Seven Dials European Property Fund Limited	Director	Ongoing
Actium Oil Corporation	Director	Ongoing
Regalis Petroleum Limited	Director	Ongoing
NewGen Asia Management Limited	Director	Ongoing
N2 Petroleum	Director	Ongoing
Centurion Drilling	Director	Ongoing
Loshed Resources Limited	Director	Ongoing
HevMet Resources Limited	Director	Ongoing
Polo Resources Limited	Director	Ongoing
Azincourt Resources Inc.	Director	Ongoing
Phaunos Timber Fund Limited	Director	Ongoing
REE International Inc	Director	Ongoing
Smoke Rise Holdings Limited	Director	Ongoing
Minfer Holdings Limited	Director	Ongoing
Indo Phoenix Coal Limited	Director	Ongoing
Regent Mercantile Holdings Limited	Director	Ongoing
Global Tin Corporation	Director	Ongoing
Darwin Property Investment Management (Guernsey) Limited	Director	Ongoing
Regent Mercantile Bancorp Inc	Director	Ongoing
Milroy Capital Limited	Director	Ongoing

<b>Company</b>	<b>Position</b>	<b>Resigned</b>
Via Executive Limited	Director	Ongoing
Premier Asset Management (Guernsey) Limited	Director	Ongoing
T-Gold Resources Limited	Director	May 2012
H-Gold Corporation	Director	May 2012
Copper Ex Corporation	Director	May 2012
Global Nickel Corporation	Director	February 2012
Ferrum Resources Limited	Director	January 2012
Kilo Gold Corporation	Director	October 2011
Hex Resources Limited	Director	February 2012 2011
Regent Brazil Holdings Limited	Director	November 2010
The Matterley Enhanced Alpha Investment Company Limited	Director	November 2010
Continental Indemnity Limited	Director	June 2010
Osisiv Private Capital Limited	Director	June 2010
Mapex Minerals (BVI) Limited	Director	December 2009
Radicle Investment Management Limited	Director	October 2009
Anson Group Limited	Director	May 2008
German Aktiv GP Limited	Director	September 2008
Granite Fund Management Limited	Director	September 2008
HVGPE Holdings Limited	Director	September 2008
Nordic Aktiv GP Limited	Director	September 2008
Property Acquisition & Management Limited	Director	September 2008
Property Joint Ventures Limited	Director	September 2008

Jeannette Etherden

<b>Company</b>	<b>Position</b>	<b>Resigned</b>
Ruffer Investment Company Ltd (RIC)	Director	Ongoing

As at the date of this document, there are no potential conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties.

8.4 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.

#### 8.5 Major Shareholders

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

As at the date of this document, there are no persons known to the Company who, directly or indirectly, will be interested in 5.0 per cent. or more of the Company's issued share capital or voting rights on Admission.

Major shareholders will not have any different voting rights from other shareholders.

## 8.6 Related party transactions

As at the date of this document, the Company is not a party to, nor has any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No. 1606/2002).

## 9. 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 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.

### 9.1 Investment Management Agreement

TwentyFour acts as the Investment Manager under the Investment Management Agreement dated 18 February 2013. Under the terms of the Investment Management Agreement, TwentyFour provides discretionary investment management services to the Company, and shall be entitled to receive from the Company, in respect of the investment management services provided under the Investment Management Agreement, a management fee at the rate of 0.75 per cent. per annum of in respect of each class of Shares that are: 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. The Investment Manager 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 issue of new Shares, following Admission, in consideration for marketing services that it provides to the Company, which is payable on the last Business Day of the month, or on the date of termination of the Investment Management Agreement. The Investment Manager under the terms of the Investment Management Agreement provides *inter alia* the following services:

- (a) seeking out and evaluating investment opportunities;
- (b) recommending the manner by which monies should be invested, disinvested, 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 in relation to trends, market movements and other matters which may affect the investment policy of the Company; and
- (f) marketing the shares in the Company as may be required from time to time, subject to the FSMA and the FSA rules.

The Investment Management Agreement may be terminated by either party giving to the other not less than 12 months' written notice.

In any of the following circumstances the Company is entitled immediately to terminate the Investment 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 Investment 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, order or decree of the FSA or any other 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 Investment 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 custodian (or similar official) for all or a substantial part of its property;



- (d) if the Company is or is being wound up in accordance with the Articles, which shall include where in accordance with the Articles, any Continuation Resolution is not passed by the Company's shareholders, or where one or more Reorganisation Elections are duly made but the Realisation does not take place because the Net Asset Value of the continuing Ordinary Shares is less than £50 million; or
- (e) if any two of Rob Ford, Ben Hayward, Eoin Walsh or Aza Teeuwen cease to be involved in managing the Portfolio and are not replaced within 90 days by alternative portfolio managers approved by the Company.

In the following circumstances TwentyFour is entitled to terminate the Investment 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 Investment 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 document 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 £50 million and as a result, proposals are formulated by the Board in order to wind up the Company) or following any other event of bankruptcy, *désastre*, *saïse* or event of insolvency with respect to the Company under Parts XXI or Parts XXII of the Law or if a distress or execution shall be levied or enforced upon or against any of the property or assets of the Company and shall not be discharged or paid out within 14 days.

TwentyFour is entitled to carry on any business similar to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without being liable to account to the Company for its profits, provided its ability to perform its obligations under the Investment 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 Investment 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.

## 9.2 Administration Agreement

The Company is a party to an Administration Agreement with Northern Trust International Fund Administration Services (Guernsey) Limited dated 7 February 2013 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 to be calculated as percentages of the Company's net assets (6 basis points on the first £99,999,999.99 of net assets, 5 basis points on net assets between £100 million and £200 million and 4 basis points on net assets in excess of £200 million), subject to a minimum annual fee of £65,000 in the first year and £75,000 for each year thereafter. In addition, a fixed annual fee of £25,000 will also be charged for corporate governance and company secretarial services provided by Northern Trust to the Company (the parties may by agreement revise these fees from time to time). The Company will also reimburse the Administrator for disbursements and reasonable out of pocket expenses 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 Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and in circumstances where the Administrator ceases to hold the relevant licence, consent, permit or registration to carry on the Administrator's activities), (iv) if a party is declared to be en état de désastre under the laws of Guernsey, or (v) if the Administrator is or is deemed to be resident for tax purposes elsewhere than in Guernsey or has a permanent establishment or other taxable presence elsewhere than in Guernsey.

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

Provided its ability to perform its obligations under the Administration Agreement is not impaired, Northern Trust 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.

### 9.3 Custody Agreement

The Northern Trust Company acts as custodian for the Company under the Custody Agreement. The Northern Trust Company is a company incorporated under the laws of the State of Illinois. Its principal place of business is in England and Wales. The Custodian is authorised and regulated by the FSA under FSMA with firm reference number 122020.

The Custodian agrees to provide custody services to the Company under the Custody Agreement which was entered into on 12 February 2013. The fees payable to the Custodian shall be paid by the Company monthly in arrears. The fees shall be a minimum of £8,500 per annum plus applicable VAT, but may be greater dependent on the level of transaction fees incurred during the course of the year. The Custodian is also entitled to the reimbursement of any extraordinary expenses, to include accounting and legal fees, reasonably incurred in connection with the proper performance of its duties under the Custody Agreement.

The Custody Agreement may be terminated by either party giving to the other not less than 30 days' written notice.

The Northern Trust Company is authorised to register, or procure the registration of, legal title to the securities and other investments through the Company's name, a nominee, agent, depository, federal book entry account system or other form as the Custodian considers appropriate taking into account the Company's best interests in respect of selection of such third party together with local law and regulatory requirements and market practice. The Northern Trust Company is also authorised to act through and hold the Company's investments with sub-custodians established in any country, subject to its compliance with all applicable laws, regulations and usages. The Custodian shall exercise due skill, care and diligence in the selection, appointment and ongoing monitoring of sub-custodians.

Under the terms of the Custody Agreement the Custodian is not liable for loss arising from carrying out its services under the Custody Agreement, unless the loss was incurred as a consequence of the Custodian's or any sub-custodian's negligence, wilful default or fraud, provided that the Custodian will not be liable for loss that the Company could have reasonably mitigated or if such

losses are caused by the negligence, fraud or breach of the terms of the Custody Agreement by the Company or any investment manager of the Company, or any of their officers or employees. The Company indemnifies the Custodian against any losses for which it is not liable and where it has not acted in bad faith, with negligence, wilful default or fraud.

#### 9.4 Placing Agreement

In connection with the Placing and the Placing Programme, the Company, the Directors, TwentyFour and Numis entered into the Placing Agreement on 19 February 2013. The Placing Agreement is conditional on, *inter alia*, Admission taking place on 6 March 2013 or such later date (not being later than 8.00 a.m. on 31 March 2013) as the Company and Numis may agree.

The principal terms of the Placing Agreement are as follows:

- (a) Numis has agreed, as agent of the Company, to use its reasonable endeavours to procure (i) placees to subscribe for Ordinary Shares at the Issue Price; and (ii) placees to subscribe for New Ordinary Shares pursuant to the Placing Programme at the Placing Programme Price. The Placing and the Placing Programme are not being underwritten;
- (b) the Company has, provided the Placing Agreement becomes unconditional, agreed to pay Numis a corporate finance fee of £200,000, a placing commission at a variable rate depending on the size of the Issue, between 1 per cent. and 1.575 per cent. of the aggregate value at the Issue Price of the Ordinary Shares allotted under the Issue (plus any applicable VAT);
- (c) the Company has agreed to pay an amount equal to a variable percentage of the placing commission, depending on the size of the Issue, to TwentyFour in respect of its marketing activities;
- (d) the Company has agreed to pay all of the properly incurred costs and expenses of and incidental to the Issue and the Placing Programme and related arrangements together with any applicable VAT;
- (e) the Company has given certain warranties to Numis as to the accuracy of the information in this document and as to other matters relating to the Company. The Directors and TwentyFour have also given certain warranties to Numis as to certain information in this Prospectus and as to themselves. The Company has given an indemnity to Numis in respect of any losses or liabilities arising out of the proper performance by Numis of its duties under the Placing Agreement, TwentyFour have given indemnities to Numis in respect of their respective obligations and the Directors, together with the Company and TwentyFour have given an indemnity to Numis in respect of any increased liability to any third party that would not have arisen had any of the Directors, Company or TwentyFour not entered into any agreement or arrangement with any third party adviser in connection with the Issue, the terms of which provide that the liability of that adviser to the Directors, Company or TwentyFour (as the case may be) is excluded or limited in any manner, and Numis has joint or joint and several liability with such adviser;
- (f) Numis may at any time before the earliest of (i) 5 March 2014, (ii) the date on which all of the New Ordinary Shares available for issue under the Placing Programme have been issued and (iii) such other date as may be agreed between the parties, terminate the Placing Agreement in certain circumstances, including for breach of the warranties referred to above.

#### 9.5 Registrar's Agreement

The Registrar's Agreement dated on or around the date of this Prospectus between the Company and the Registrar whereby the Registrar has agreed to provide registrar services to the Company. The fees payable to the Registrar are based on an initial set up fee of £1,500, and a fee 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.

#### 9.6 Receiving Agent's Agreement

The receiving agent agreement dated 8 February 2013 between the Company and the Receiving Agent whereby the receiving agent has agreed to act as receiving agent to the Offer for Subscription. The fees payable to the receiving agent are based on the number of applications received and are subject to a minimum fee. The agreement contains certain standard indemnities

form 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. Litigation**

Since the Company's incorporation, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had, in the recent past significant effects on the Company or the Company's financial position or profitability.

#### **11. Significant change in the financial or trading position**

As at the date of this document, there has been no significant change in the financial or trading position of the Company since its incorporation.

#### **12. Significant gross change**

The Issue will constitute a significant gross change in relation to the Company for the purpose of the Prospectus Rules as it will increase the Company's assets by up to £250 million (before the deduction of Issue Expenses). The Issue will materially effect the Company's earnings per Ordinary Share.

Where New 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.

#### **13. Third party information and consents**

Numis, as sponsor and broker has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears.

Certain information contained in this document 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.

#### **14. 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.

No application is being made for the Ordinary 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 document shall not under any circumstances imply that the information contained in this document is correct as at any time subsequent to the date of this document or that there has not been any change in the affairs of the Company since that date.

#### **15. 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.

#### **16. Working capital**

In the Company's opinion, on the basis that the minimum net proceeds of £100 million are raised, the working capital available to it is sufficient for its present requirements, that is for at least 12 months following the date of this Prospectus.

#### **17. Capitalisation and indebtedness**

Details of capitalisation are set out in paragraph 3 of this Part 10. As at the date of this document, the Company had no guaranteed and unguaranteed, secured and unsecured indebtedness

There are no indirect or contingent liabilities.

## **18. 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, 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, the Republic of Ireland, Japan or in the United States except in reliance on, or in a transaction not subject to, the registration requirements under the Securities Act or other relevant legislation. If you subscribe for Ordinary Shares you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States. No application will be accepted if it bears an address in Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States or appears to have been posted from Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States or otherwise where there is cause to believe you are in Canada, Australia, the Republic of South Africa, the Republic of Ireland, Japan or the United States.

## **19. Availability of Prospectus**

A copy of this Prospectus will be available for inspection at The National Storage Mechanism which is located at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do), 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).

## **20. Documents on display**

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

20.1 this Prospectus dated 19 February 2013;

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

20.3 the material contracts referred to in paragraph 1 of this Part 10 of the Prospectus.

## **PART 11: TERMS AND CONDITIONS OF APPLICATION UNDER THE PLACING AND PLACING PROGRAMME**

### **1. Introduction**

Each placee which confirms its agreement to Numis to subscribe for Ordinary Shares under the Placing and/or 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) sees fit.

### **2. Agreement to Subscribe for Ordinary Shares**

Conditional on: (i) first Admission occurring and becoming effective by 8.00 a.m. (London time) on or prior to 6 March 2013 (or such later time and/or date, not being later than 8.00 a.m. on 31 March 2013, as the Company and Numis may agree) and any subsequent admission under the Placing Programme occurring not later than 8.00 a.m. on such other dates as may be agreed between the Company and Numis prior to the closing of each placing under the Placing Programme, not being later than 5 March 2014; (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before 8.00 a.m. on 5 March 2014; and (iii) 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 Issue 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 must pay the Issue Price or the Placing Programme Price, as applicable 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's application for Ordinary Shares shall be rejected.

### **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 Investment Manager and Numis that:

- (a) in agreeing to subscribe for Ordinary Shares under the Placing and/or the Placing Programme, it is relying solely on this prospectus and any supplementary Prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Placing and/or the Placing Programme. It agrees that none of the Company, the Investment Manager, Numis or the Registrar, nor any of their respective officers, agents employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Placing and/or 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 Investment Manager, Numis or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing and/or the Placing Programme;
- (c) it has carefully read and understands this Prospectus in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part 11 and the Articles as in force at the date of admission of the relevant Ordinary Shares;



- (d) it has not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this Prospectus;
- (e) the content of this Prospectus is exclusively the responsibility of the Company and its Directors and neither Numis nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a placee to participate in the Placing and/or the Placing Programme based on any information, representation or statement contained in this Prospectus or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Placing and/or the Placing Programme to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Numis, the Company or the Investment Manager;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- (h) it accepts that none of the Ordinary Shares have been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the 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;
- (j) if it is a resident in the EEA (other than the United Kingdom), it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of Directive 2003/71 /EC;
- (k) in the case of any Ordinary Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the Ordinary Shares acquired by it in the Placing and/or the Placing Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, 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 relevant Member State other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (l) if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing and/or 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 the Placing and/or 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;
- (m) 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;



- (n) if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for Ordinary Shares under the Placing and/or the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Placing or Placing Programme is accepted;
- (o) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Issue, 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;
- (p) 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;
- (q) it acknowledges that neither Numis nor any of its affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and Placing Programme or providing any advice in relation to the Placing and/or Placing Programme and participation in the Placing and/or Placing Programme is on the basis that it is not and will not be a client of Numis and that Numis do not have any duties or responsibilities to it for providing the protections afforded to their clients or for providing advice in relation to the Placing and/or Placing Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing and/or the Placing Programme;
- (r) 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; and (iii) to receive on behalf of each such account any documentation relating to the Placing and/or Placing Programme in the form provided by the Company and/or Numis. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- (s) 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 and/or the Placing Programme, in the event of its own failure to do so;
- (t) it accepts that if the Placing and/or Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the Ordinary Shares for which valid application are received and accepted are not admitted to listing on the premium segment of the Official List and to trading on the Main Market for any reason whatsoever then none of Numis or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (u) in connection with its participation in the Placing and/or Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering ("Money Laundering Legislation") and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, as amended together with any regulations and guidance notes issued pursuant thereto; 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 Directive;

- (v) it acknowledges that due to anti-money laundering requirements, Numis and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant 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;
- (w) 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);
- (x) it acknowledges and agrees that information provided by it to the Company, Registrar or Administrator will be stored on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection (Bailiwick of Guernsey) Law 2001 (the "Data Protection Law") and other relevant data protection legislation which may be applicable, the Registrar and the Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Administrator will only use such information for the purposes set out below (collectively, the "Purposes"), being to:
  - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
  - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
  - (iii) provide personal data to such third parties as the Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
  - (iv) without limitation, provide such personal data to the Company or the Investment Manager and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
  - (v) process its personal data for the Administrator's internal administration.
- (y) 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 (x) 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;
- (z) 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;
- (aa) the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that Numis and the Company 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;
- (bb) 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 rules and regulations of the Financial Services Authority 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;

- (cc) 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 Services Authority or for the purposes of any other statutory or regulatory provision;
- (dd) 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; and
- (ee) 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 the Placing and/or the Placing Programme.

## 5. United States Purchase and Transfer Restrictions

By participating in the Placing and/or 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 Investment Manager, the Registrar and Numis that:

- (a) it is not a U.S. Person and, it is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the Ordinary Shares for the account or benefit of a U.S. Person;
- (b) it acknowledges that the Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the Securities Act;
- (c) it acknowledges that the Company has not registered under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act;
- (d) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the 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 Tax Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Tax Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (e) that if any Ordinary Shares offered and sold pursuant to Regulation S 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 U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”;**
- (f) if in the future the investor 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;

- (g) 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;
- (h) 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;
- (i) it acknowledges and understands that the Company is required to comply with FATCA. The Purchaser agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- (j) 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 Investment Manager, Numis or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing and/or the Placing Programme or its acceptance of participation in the Placing and/or the Placing Programme;
- (k) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Ordinary Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- (l) if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the investor 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 Investment Manager, 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 investor 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 the Placing and/or the Placing Programme, such placee must promptly disclose it to them.

## **7. Miscellaneous**

The rights and remedies of Numis, the Registrar 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 a discretionary fund manager, that placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing and/or 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 the Placing and/or the Placing Programme, have been acquired by the placee. The contract to subscribe for Ordinary Shares under the Placing and/or the Placing

Programme and the appointments and authorities mentioned in this Prospectus and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Numis, the Company 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 the Placing and/or the Placing Programme, references to a “placee” in these terms and conditions are to each of the placees who are a party to that joint agreement and their liability is joint and several.

Numis and the Company expressly reserve the right to modify the Placing and/or the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Placing and/or 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 10 of this Prospectus.



## **PART 12: TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION**

### **1. Introduction**

If you apply for Ordinary Shares under the Offer for Subscription, you will be agreeing with the Company, Numis and the Receiving Agent as set out in this Part 12.

### **2. Offer to acquire Ordinary Shares under the Offer for Subscription**

Your application must be made on the Application Form attached at the end of this document or otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you complete an Application Form on behalf of another person or a corporation, that person or corporation:

- 2.1 offer to subscribe for the number of Ordinary Shares specified in section 1 of your Application Form (or such lesser number for which your application is accepted) at the Issue Price per Ordinary Share on the terms, and subject to the conditions, set out in this document (including this Part 12) and the Memorandum and Articles of Incorporation of the Company;
- 2.2 agree that, in consideration of the Company and Numis agreeing that they will not, prior to Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked until after 31 March 2013 and shall not be revoked after Admission and that this paragraph 2.2 shall constitute a collateral contract between you, the Company and Numis which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
- 2.3 warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to have any Ordinary Shares applied for in uncertificated form credited to a CREST account or to receive a share certificate for any Ordinary Shares applied for in certificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares (and any associated aggregated commission) and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to issue such Ordinary Shares and may issue them to some other person(s), in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds of the remittance, once honoured, which accompanied your Application Form, without interest);
- 2.4 agree that the crediting to a CREST account of any Ordinary Shares in uncertificated form to which you may become entitled may be delayed by, and that any share certificate in respect of any Ordinary Shares in uncertificated form to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled and monies returnable may be retained by, the Receiving Agent:
  - (a) pending clearance of your remittance;
  - (b) pending investigation of any suspected breach of the warranties contained in subparagraphs 6.1, 6.2, 6.6, 6.8 or 6.9 of this Part 12 or any other suspected breach of the terms and conditions of application set out in this Part 12; or
  - (c) pending any verification of identity which is, or which the Company and Numis considers may be, required for the purposes of its money laundering obligations under the UK Money Laundering Regulations 2007, the Money Laundering Directive (Council Directive No. 91/308/EEC), the Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations 2007 and the Handbook of Financial Services Business (together referred to as the “**Money Laundering Regulations**”) (in each case as amended) and any other regulations applicable thereto;

and any interest accruing on such retained monies shall accrue to and for the sole benefit of the Company;



- 2.5 agree, on the request of the Company and Numis, to disclose promptly in writing to them such information as the Company and Numis may request in connection with your application and authorise the Company, Numis and the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- 2.6 agree that, if evidence of identity satisfactory to the Company, and/or the Receiving Agent is not provided to the Receiving Agent within a reasonable time in the opinion of Numis following a request therefor, the Company or Numis may terminate the agreement with you to issue Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been issued to you may be re-issued and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn, or from which any electronic interbank transfer (CHAPS) was made, without interest and at your risk;
- 2.7 agree that you are not applying on behalf of a person engaged in money laundering;
- 2.8 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certificate by a solicitor or notary) is enclosed with your Application Form;
- 2.9 undertake to pay interest at the rate described in paragraph 3.3 of this Part 12 if the remittance accompanying your Application Form is not honoured on first presentation;
- 2.10 authorise the Receiving Agent to credit the CREST account specified in section 5 of the Application Form with the number of Ordinary Shares for which your application is accepted or, if that section is not completed, send a definitive certificate in respect of the number of Ordinary Shares for which your application is accepted by post to your address (or that of the first-named applicant) as set out in your Application Form;
- 2.11 agree that, in the event of any difficulties or delays in the admission of the Ordinary Shares to CREST or the use of CREST in relation to the Issue, the Company and Numis may agree that all of the Ordinary Shares should be issued in certificated form;
- 2.12 authorise the Receiving Agent to send a crossed cheque for any monies returnable (without interest) by post to your address (or that of the first-named applicant) as set out in your Application Form;
- 2.13 confirm that you have read and complied with paragraph 8.2 of this Part 12;
- 2.14 consent to the processing of personal data given in relation to your application and acknowledge and accept that information provided by you to the Company, Receiving Agent or Administrator will be stored on the Receiving Agent's and the Administrator's computer system and manually. You acknowledge and agree that for the purposes of the Data Protection (Bailiwick of Guernsey) Law, 2001 (the "**Data Protection Law**") and other relevant data protection legislation which may be applicable, the Receiving Agent and the Administrator are required to specify the purposes for which they will hold personal data. The Receiving Agent and the Administrator will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:
- (a) process your personal data (including sensitive personal data) as required by or in connection with your holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on you;
  - (b) communicate with you as necessary in connection with your affairs and generally in connection with your holding of Ordinary Shares;
  - (c) provide personal data to such third parties as the Administrator or Receiving Agent may consider necessary in connection with your affairs and generally in connection with your holding of Ordinary Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
  - (d) without limitation, provide such personal data to the Company, Numis, the Investment Manager, the Administrator, the Receiving Agent and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
  - (e) process your personal data for the Administrator's internal administration.

In providing the Receiving Agent and the Administrator with information, you hereby represent and warrant to the Receiving Agent and the Administrator that you have obtained the consent of any data subjects to the Receiving Agent and the Administrator and their respective associates holding and using their personal data for the purposes (including the explicit consent of the data subject for the processing of any sensitive personal data for the Purposes set out in paragraph 2.14 (a) above). For the purposes of this document, “data subject”, “personal data” and “sensitive personal data” shall have the meanings attributed to them in the Data Protection Law; and

2.15 agree that your Application Form is addressed to the Company and Numis.

### **3. Acceptance of Applications**

3.1 3.1 In respect of those Ordinary Shares for which your application has been received and is not rejected, acceptance of your application shall be constituted, at the election of the Company, or Numis on behalf of the Company, either:

- (i) by notifying the UK Listing Authority of the basis of allocation (in which case the acceptance will be on that basis); or
- (ii) by notifying acceptance thereof to the Receiving Agent.

3.2 The basis of allocation will be determined by the Company in consultation with Numis. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application. The right is also reserved to treat as valid any application not complying fully with the terms and conditions of application set out in this Part 12 or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with them in some other manner to apply in accordance with the terms and conditions of application in this Part 12. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received through the post after 11.00am on 27 February 2013.

3.3 The right is reserved to present all cheques for payment on receipt by the Receiving Agent to retain documents of title and surplus application monies pending clearance of successful applicant's cheques. The Company may require you to pay interest or its other resulting costs (or both) if any cheque accompanying your application is not honoured on first presentation. If you are required to pay interest, you will be obliged to pay the amount determined by the Company to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer for Subscription is publicly announced until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus 2 per cent. per annum.

3.4 The right is reserved to reject in whole or in part or to scale down or limit, any application.

3.5 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than 1,000 Ordinary Shares, or applications which are more than 1,000 but not a multiple of 100 thereafter.

### **4. Conditions**

4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- (i) Admission by 8.00 a.m. on 6 March 2013 (or such later time or date, not being later than 8.00 a.m. on 31 March 2013, as the Company and Numis may agree); and
- (ii) the Placing Agreement referred to in paragraph 9.4 of Part 10 of this document becoming unconditional and the obligations of Numis thereunder not being terminated.

4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

### **5. Return of Application Monies**

If any application is not accepted in whole, or is accepted in part only (as a result of any scaling back of any part of an application), or if any contract created by acceptance does not become

unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in favour of the first-named applicant, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

## **6. Warranties**

By completing an Application Form, you:

- 6.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation and that such other person or corporation will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in this Part 12 and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.2 warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any such territory or jurisdiction and that you have not taken any action or omitted to take any action which will result in the Company, Numis or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer for Subscription in respect of your application;
- 6.3 confirm that, in making an application, you are not relying on any information or representations in relation to the Company other than those contained in this document (on the basis of which alone your application is made) and, accordingly, you agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such other information or representation;
- 6.4 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained in it;
- 6.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or Numis;
- 6.6 warrant that you are not under the age of 18 on the date of your application;
- 6.7 agree that all documents and monies sent by post to, by or on behalf of the Company, Numis or the Receiving Agent will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Application Form;
- 6.8 warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipt and clearance services); and
- 6.9 confirm that you have reviewed the restrictions contained in paragraph 2 of this Part 12 and warrant to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions in that paragraph.

## **7. Money Laundering**

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations (as amended) and any other regulations applicable thereto the Company and/or Numis may, at its/their absolute discretion, require verification of identity from any person lodging an Application Form who either:
  - 7.1.1 tenders payment by way of banker's draft or cheque or money order drawn on, or by way of telegraphic transfer or similar electronic means from, an account in the name of another person or persons (in which case verification of your identity may be required);
  - or

7.1.2 appears to the Receiving Agent to be acting on behalf of some other person (in which case verification of or identity of any persons on whose behalf you appear to be acting may be required).

Failure to provide the necessary evidence or identity may result in application(s) being rejected or delays in the despatch of documents or CREST accounts being credited.

Without prejudice to the generality of paragraph 7 of this Part 12, verification of the identity of applicants will be required if the value of the Ordinary Shares applied for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,000. If the value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) of the Application Form is completed.

## **8. Overseas Investors**

The attention of investors who are not resident in, or citizens of, countries other than the United Kingdom and Guernsey is drawn to paragraph 8.1 to 8.4 below:

- 8.1 The offer of Ordinary Shares under the Offer for Subscription to persons who are resident in, or citizens of, countries other than the United Kingdom and Guernsey may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Ordinary Shares under the Offer for Subscription. It is the responsibility of all such persons receiving this Prospectus and/or wishing to subscribe for Ordinary Shares under the Offer for Subscription, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territories.
- 8.2 No person receiving a copy of this Prospectus in any territory other than the United Kingdom or Guernsey may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- 8.3 Persons (including, without limitation, nominees and trustees) receiving this Prospectus should not distribute or send it to any U.S. Person or in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan, their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.
- 8.4 The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares pursuant to the Offer for Subscription if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

## **9. Miscellaneous**

- 9.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.
- 9.2 The rights and remedies of the Company, Numis and the Receiving Agent, pursuant to this Part 12 are in addition to any rights and remedies, which would otherwise be available to any of them, and the exercise or partial exercise of one will not prevent the exercise of others.
- 9.3 The Company reserves the right to delay the closing time of the Offer for Subscription from 11.00am on 27 February 2013 by giving notice to the UK Listing Authority. In this event, the revised closing time will be published in such manner as Numis, in consultation with the Company, determines subject and having regard, to the Listing Rules, the Prospectus Rules and any other requirements of the UKLA.
- 9.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned to you without interest.

- 9.5 You agree that Numis is acting for the Company in connection with the Issue and for no-one else and that Numis will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of Ordinary Shares or concerning the suitability of Ordinary Shares for you or otherwise in relation to the Offer for Subscription.
- 9.6 You authorise the Receiving Agent, Numis or any person authorised by them or the Company, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by you into your name(s) and authorise any representatives of the Receiving Agent or of Numis to execute and/or complete any document required therefor.
- 9.7 You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company, Numis or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
- 9.8 The dates and times referred to in this Part 12 may be altered by the Company so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 9.9 Save where the context requires otherwise, terms used in this Part 12 bear the same meaning as where used elsewhere in this document.

## **10. Joint Applicants**

If you make a joint application, you will not be able to transfer your Ordinary Shares into an ISA, SIPPS or SSAS. If you are interested in transferring your Ordinary Shares into an ISA, SIPPS or SSAS, you should apply in your name only.

If you do wish to apply jointly, you may do so with up to three other persons. Sections 2 and 3 of the Application Form must be completed by one applicant. All other persons who wish to join in the application must complete and sign section 6 of the Application Form.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques and other correspondence will be sent to the address set out in the first paragraph of the Application Form.

## **11. Contact Telephone Number**

Insert in section 7 of the Application Form a daytime contact telephone number, including STD, (and, if different, from the person named in section 2 of the Application Form, the name of the person to contact) in the case of any queries regarding your application.

## **12. Verification of Identity**

**Section 8 of the Application Form only applies if the value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,000). If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.**

### **12.1 Professional adviser or intermediary**

You should complete section 8.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

### **12.2 Applicant identity information**

**Section 8.3 of the Application Form need only be completed where the value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,000) and neither sections 8.1 nor 8.2 of the Application Form can be completed.**



Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent, Numis and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form and/or to seek verification of identity of each holder and payer (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in section 8.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

### **13. Instructions for Delivery of Completed Application Forms**

**Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol B599 6AH or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 11.00 a.m. on 27 February 2013. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after 11.00 a.m. on 27 February 2013 may be rejected and returned to the first-named applicant.**



## **DIRECTORS, INVESTMENT MANAGER, PRINCIPAL BANKER, ADMINISTRATOR AND ADVISERS**

### **Directors**

Trevor Ash (Chairman)  
Ian Burns  
Jan Etherden  
Richard Burwood

All of PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

### **Registered Office of the Company**

PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL

### **Website of the Company**

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

### **Investment Manager**

TwentyFour Asset Management LLP  
24 Cornhill  
London EC3V 3ND  
Telephone: +44 20 7015 8900  
Website: [www.twentyfouram.com](http://www.twentyfouram.com)

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

### **Principal Banker**

The Northern Trust Company  
50 Bank Street  
Canary Wharf  
London E14 5NT

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

### **Administrator and Company Secretary**

Northern Trust International Fund Administration Services (Guernsey) Limited  
PO Box 255  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey GY1 3QL  
Website: [www.northerntrust.com](http://www.northerntrust.com)

*Regulated by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended*

### **Sponsor, Broker and Financial Adviser**

Numis Securities Limited  
The London Stock Exchange Building  
10 Paternoster Square  
London EC4M 7LT

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

### **UK Legal Advisers to the Company**

Eversheds LLP  
One Wood Street  
London EC2V 7WS

**Guernsey Legal Advisers to the Company**

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

**Legal Advisers to Numis**

Norton Rose LLP  
3 More London  
Riverside  
London SE1 2AQ

**Auditor and Reporting Accountants**

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

**Registrars**

Computershare Investor Services (Guernsey) Limited  
3<sup>rd</sup> Floor  
Natwest House  
Le Truchot  
St Peter Port  
Guernsey GY1 1WD

**Receiving Agent**

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS13 8AE

**Custodian**

The Northern Trust Company  
50 Bank Street  
Canary Wharf  
London E14 5NT

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

## **APPLICATION FORM**

### **NOTES ON HOW TO COMPLETE THE APPLICATION FORM**

**Before completing the Application Form, ALL APPLICANTS should read notes 1-5, 7, 8 and 9 of this Application Form. JOINT APPLICANTS should also read note 6 of this Application Form.**

#### **1. Application**

Fill in (in figures) in the box in section 1 of the Application Form the number of Ordinary Shares that you wish to apply for under the Offer for Subscription. Your application must be for a minimum of 1,000 Ordinary Shares and thereafter in multiples of 100 Ordinary Shares.

#### **2. Personal Details**

Fill in (in BLOCK CAPITALS) the full name and address of the applicant. If your application is being made jointly with other persons, please read note 6 of this Application Form before completing section 2 of the Application Form.

#### **3. Signature**

The applicant named in section 2 of the Application Form must date and sign section 3 of the Application Form.

The Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

#### **4. How to Pay**

The aggregate value of your application is the number inserted in the box in section 1 of the Application Form, expressed in pounds Sterling. Payment must be made by cheque or bankers' draft or by electronic interbank transfer (CHAPS). Payment by cheque or bankers' draft must be in pounds Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account on the individual investor where they have a sole or joint title to the funds (the account name should be the same as that shown on the Application Form), must be made payable to "CIS PLC re-TwentyFour Income Fund Limited IPO" and crossed "A/C Payee". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect.

Payment by electronic interbank transfer (CHAPS) must be accompanied by a personalised payment reference number which may be obtained by contacting Computershare Investor Services PLC directly on 0870 707 4040. Payment by electronic interbank transfer (CHAPS) must come from a personal account in the name of the individual investor where they have sole or joint title to the funds (the account name should be the same as that shown on section 2 of the Application Form).

Completed Application Forms accompanied by a cheque or banker's draft for the full amount due or indicating that CHAPS payment for the full amount has been made, must be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) delivered by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, in each case so as to be received as soon as possible and, in any event, by 11.00 a.m. on 27 February 2013.

If you use a building society cheque or banker's draft you should ensure that the building society or bank issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker's draft and adds its stamp. Your cheque or banker's draft must be drawn in Sterling on an account at a bank branch in the United

Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number.

Your payment must relate solely to your Application Form. No receipt will be issued.

## **5. CREST**

If you wish to register your Ordinary Shares directly into your CREST account you should insert the relevant details in section 5 of the Application Form. If you do not complete section 5, you will receive your Ordinary Shares in certificated form.

## **6. Joint Applicants**

If you do wish to apply jointly, you may do so with up to three other persons. Sections 2 and 3 of the Application Form must be completed by one applicant. All other persons who wish to join in the application must complete and sign section 6 of the Application Form.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) must be enclosed for inspection. Certificates, cheques and other correspondence will be sent to the address in section 2 of the Application Form.

## **7. Contact Telephone Number**

Insert in section 7 of the Application Form a daytime contact telephone number, including STD, (and, only if different from the person named in section 2 of the Application Form, the name of the person to contact) in case of any queries regarding your application.

## **8. Verification of Identity**

**Section 8 of the Application Form only applies if the aggregate value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,000). If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.**

### **8.1 Professional Adviser or Intermediary**

You should complete section 8.1 of the Application Form if you are a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser acting on behalf of a client.

### **8.2 Reliable Introducer**

If you are not a professional adviser or intermediary and the value of your application(s) exceed(s) €15,000 (or its Sterling equivalent, being approximately £13,000), you will be required to provide the verification of identity documents listed in section 8.3 of the Application Form unless you can have the declaration set out in section 8.2 of the Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Section 8.2 of the Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Application Forms are processed timely and efficiently, all applicants who are not professional advisers or intermediaries and to whose applications section 8 of the Application Form applies are strongly advised to have the declaration set out in section 8.2 of the Application Form completed and signed by a suitable firm where possible.

### **8.3 Applicant Identity Information**

**Section 8.3 of the Application Form need only be completed where the aggregate value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,000) and neither sections 8.1 nor 8.2 of the Application Form can be completed.**

Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent, Numis and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

Where certified copies of documents are requested in section 8.3 of the Application Form, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

#### **9. Instructions for Delivery of Completed Application Forms**

**Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received as soon as possible and, in any event, by no later than 11:00 a.m. on 27 February 2013.** If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after 11:00 a.m. on 27 February 2013 relevant date may be rejected and returned to the first-named applicant.



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## APPLICATION FORM FOR THE PUBLIC OFFER

Please return this form, duly completed, by post to Computershare, Corporate Actions Projects, Bristol BS99 6AH, or (during normal business hours only) by hand to Computershare Investor Services PLC, Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received no later than 11.00 a.m. on Wednesday, 27 February 2013).

**IMPORTANT: Before completing this form, you should read the notes set out on pages 100 to 102 of this Prospectus. All applicants must complete sections 1 to 4 of this Application Form. Joint applicants should also complete section 6 of this Application Form. If your application is for more than €15,000 (or its Sterling equivalent, being approximately £13,000), section 8.1, 8.2 or 8.3 (as appropriate) must also be completed.**

If you have a query concerning completion of this Application Form, please call Computershare Investor Services PLC on 0870 707 4040 (or, if outside the UK, +44 (0) 870 707 4040). However, you should note that the Receiving Agent cannot give you any investment or other financial advice. If you require such advice, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are outside the United Kingdom, another appropriately authorised independent financial adviser.

To: TwentyFour Income Fund Limited

### 1. Application

I/We, the person(s) detailed in section(s) 2 and, in the case of joint applicants, 6 below, offer to subscribe for the number of Ordinary Shares specified in the box below at 100p per share subject to the terms and conditions of application set out in Part 12 of the Prospectus and subject to the Memorandum and Articles of Incorporation of the Company.

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*(Write, in figures, the number of Ordinary Shares that you wish to apply for – a minimum of 1,000 and thereafter in multiples of 100)*

### 2. Personal Details (Complete in BLOCK CAPITALS)

<i>(Mr, Mrs, Miss, Ms or title)</i>	<i>(Surname)</i>
<i>(Forename(s), in full)</i>	
<i>(Address, in full)</i>	
	<i>(Post code)</i>

### 3. Signature

<i>(Signature)</i>	<i>(Date)</i> 2013
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### 4. Form of Payment

#### 4.1 Cheque or Banker's Draft

- ☐ *If you are paying by cheque or banker's draft, please check the box beside this paragraph 4.1 and pin your cheque or banker's draft here. Your cheque or banker's draft must be for the amount in pounds Sterling equal to the number shown in the box in section 1 above, made payable to "CIS PLC re – TwentyFour Income Fund Limited IPO" and crossed "A/C Payee". Your payment must relate solely to this Application Form. No receipt will be issued. The right is reserved to reject any Application Form in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation.)*

#### 4.2 **Electronic Interbank Transfer (CHAPS)**

☐ (If you are paying by electronic interbank transfer please check the box beside this paragraph 4.2.)

#### 5. **CREST Details (Only complete this section 5 if you wish to register the Ordinary Shares issued pursuant to your application directly into your CREST account)**

(CREST Participant ID)	(CREST Member Account ID)
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#### 6. **Joint Applicants (Where the application is being made jointly by more than one person, the proposed first-named holder should complete sections 2 and 3 above, and all other applicants (subject to a maximum of three) must complete in BLOCK CAPITALS and sign this section 6)**

(Mr, Mrs, Miss, Ms or title)	(Mr, Mrs, Miss, Ms or title)	(Mr, Mrs, Miss, Ms or title)
(Surname)	(Surname)	(Surname)
(Forename(s), in full)	(Forename(s), in full)	(Forename(s), in full)
(Address)	(Address)	(Address)
(Post code)	(Post code)	(Post code)
(Signature)	(Signature)	(Signature)

#### 7. **Contact Telephone Number**

(Telephone number)
(Contact name)

(Insert a daytime contact telephone number (and, only if different from the person named in section 2 above, the name of the person to contact in case of any queries regarding your application))

#### 8. **Verification of Identity (If the value of the Ordinary Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,000), you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed)**

##### 8.1 **Professional Advisers and Intermediaries** (This section 8.1 should be completed if an application for Ordinary Shares is being made on behalf of a client by a stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if outside the United Kingdom, another appropriately authorised independent financial adviser)

(Name of professional adviser or intermediary, in full)	
(Address, in full)	
	(Post code)
(Contact name)	(Telephone number)

Declaration by the professional adviser or intermediary

To: TwentyFour Income Fund Limited, Computershare Investor Services PLC and Numis Securities Limited

We are a financial adviser authorised under the Financial Services and Markets Act 2000 applying for Ordinary Shares on behalf of one or more clients (“**relevant clients**”). As such, we hereby undertake to:

8.1.1 complete anti-money laundering verification of all relevant clients and to inform you of any unsatisfactory conclusion in respect of any such client;

8.1.2 to keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and

8.1.3 to supply copies of any such records to you as you may require.

We are governed in the conduct of our investment business and in respect of conducting anti-money laundering verification by the following regulatory or professional body (and our reference or other official number allocated to us by that body is included in the box below).

(Full name and country of operation of regulatory or professional body)	
	(Reference or other official number)

If you require further information about our procedures or any of our relevant clients, please contact the person named as the contact in the first box in this section 8.1.

(Date) 2013	(Official stamp, if any)
(Signature)	
(Full name)	
(Title/position)	

8.2 **Reliable Introducer** (If you are not a professional adviser or intermediary to whom section 8.1 applies, completion and signing of declaration in this section 8.2 by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 8.3 of this form)

(The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the “firm”) which is itself subject in its own country to the operation of “know your customer” and anti-money laundering regulations no less stringent than those which prevail in Guernsey. Acceptable countries include Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Greece, Jersey, Hong Kong, Iceland, Isle of Man, Italy, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland and the United Kingdom.)

Declaration by the firm

To: TwentyFour Income Fund Limited, Computershare Investor Services PLC and Numis Securities Limited

With reference to the applicant(s) detailed in section(s) 2 and, in the case of joint applicants, 6 above, all persons signing sections 3 and 6 above and the payor identified in section 4 above if not also an applicant holder (collectively the “relevant persons”), we hereby declare that:

8.2.1 we operate in one of the above-mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in Guernsey;

8.2.2 we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;

- 8.2.3 each of the relevant persons is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- 8.2.4 we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in sections 2 and, in the case of joint applicants, 6 above and, if details of a CREST account are included in section 5 above, that the owner thereof is the applicant named in section 2 above;
- 8.2.5 having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Ordinary Shares to which this application relates; and
- 8.2.6 where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of the firm or its officials.

(Date) 2013	(Official stamp, if any)
(Signature)	
(Full name)	
(Title/position)	

having authority to bind the firm, the details of which are set out below:

(Name of firm, in full)	
(Address, in full)	
	(Post code)
(Contact name)	(Telephone number)

(Full name of firm's regulatory authority)	
(Website address or telephone number of regulatory authority)	(Firm's registered, licence or other official number)

- 8.3 **Applicant Identity Information** (Only complete this section 8.3 if your application has a value greater than €15,000 (or its Sterling equivalent, being approximately £13,000) and neither of sections 8.1 and 8.2 can be completed).

In accordance with internationally recognised standards for the prevention of money laundering, the relevant documents and information listed below must be provided (please note that the Receiving Agent, Numis and the Company reserve the right to ask for additional documents and information).

	Tick here for documents provided				
	Applicant				Payor
	1	2	3	4	
<b>A. For each applicant who is an individual enclose:</b>					
(i) a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and					
(ii) certified copies of at least two of the following documents which purport to confirm that the address(es) given in section 2 and, in the case of joint applicants, section 6 is the applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and					
(iii) if none of the above documents show their date and place of birth, enclose a note of such information; and					
(iv) details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.					
<b>B. For each holder being a company (a "holder company") enclose:</b>					
(i) a certified copy of the certificate of incorporation of the holder company; and					
(ii) the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iii) a statement as to the nature of the holder company's business, signed by a director; and					
(iv) a list of the names and residential addresses of each director of the holder company; and					
(v) for each director provide documents and information similar to that mentioned in A above; and					
(vi) a copy of the authorised signatory list for the holder company; and					
(vii) a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 5% of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.					
<b>C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)</b>					
<b>D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:</b>					
(i) a certificated copy of the certificate of incorporation of that beneficiary company; and					
(ii) a statement as to the nature of that beneficiary company's business signed by a director; and					
(iii) the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and					
(iv) enclose a list of the names and residential/registered address of each beneficial owner owning more than 5% of the issued share capital of that beneficiary company.					
<b>E. If the payor is not an applicant and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment (see note 4 on how to complete this form) enclose:</b>					
(i) if the payor is a person, for that person the documents mentioned in A(i) to (iv); or					
(ii) if the payor is a company, for that person the documents mentioned in B(i) to (vii); and					
(iii) an explanation of the relationship between the payor and the applicant(s).					







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

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