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If you have sold or transferred all your Ordinary Shares in TwentyFour Income Fund Limited, please forward this document, together with the accompanying Form(s) of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. The distribution of this document 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 document 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 document 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.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy any shares.

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 (the “Law”), with registered number 56128 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Circular to Shareholders and Notice of General Meeting

relating to proposals for changes to the investment policy, disapplication of pre-emption rights and changes to the Company’s articles

Notice of a General Meeting of the Company to be held at 11:00 am on 16 December 2015 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 3QL is set out at the end of this document. The Proposals described in this document are conditional upon Shareholder approval of the Resolutions at the General Meeting. Shareholders are requested to complete and return their Form(s) of Proxy.

To be valid, Forms of Proxy for use at the General Meeting must be completed and returned in accordance with the instructions printed thereon to the office of the Company’s Registrar or delivered by hand during office hours only to the same address as soon as possible and in any event so as to arrive by not later than 11:00 am on 14 December 2015.

The whole of this document should be read. Your attention is drawn in particular to the risk factors and other special considerations set out under the heading “Risk Factors” on page 20 of this document.

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DEFINITIONS

In this document the words and expressions listed below have the meanings set out opposite them, except where the context otherwise requires:

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| ABS or Asset Backed Securities | 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 |
| AIFM Agreement | the alternative investment management agreement between the Company and Phoenix Fund Services (UK) Ltd dated 29 May 2014, pursuant to which Phoenix was appointed to provide alternative investment fund management services to the Company |
| Annual General Meeting or AGM | an annual general meeting of the Company |
| Articles | the Articles of Incorporation of the Company as applicable at any relevant time |
| Board | the board of Directors of the Company or any duly constituted committee thereof |
| Business Day | any day on which banks are open for business in Guernsey and London (excluding Saturdays and Sundays) |
| Company | TwentyFour Income Fund Limited |
| Continuation Pool | the pool of assets to be attributed to Ordinary Shares as at any Reorganisation Date in respect of which no Realisation Election has been made prior to that Reorganisation Date |
| Continuation Provisions | the provisions in the Articles under which Shareholders have an opportunity to vote on the continuation of the Company in certain circumstances |
| CREST | the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities (Guernsey) Regulations 2009 |
| Directors | the directors of the Company or any duly constituted committee thereof |
| Dividend Target | in the Reporting Period ending on 31 March 2017, 6 pence per Ordinary Share and in each subsequent Reporting Period 6 pence per Ordinary Share or such higher Dividend Target as the Directors determine at their absolute discretion from time to time |
| Election Period | the period beginning 28 days before the Reorganisation Date and ending 7 days before the Reorganisation Date (or, if that date is not a Business Day, on the next subsequent Business Day) |
| Euroclear | Euroclear UK & Ireland Limited, being the operator of CREST |
| Excess Application Facility | to the extent that the Open Offer Entitlements to Open Offer Shares are not subscribed for in full by Shareholders, a facility for Shareholders to apply for additional Open Offer Shares over and above their Open Offer Entitlements, subject to the terms and conditions |

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| Financial Conduct Authority or FCA | the single regulatory authority for the UK financial services industry |
| FSMA | the Financial Services and Markets Act 2000 |
| Form of Proxy | the form of proxy provided with this document for use in connection with the General Meeting |
| General Meeting or Meeting | the general meeting of the Company to consider the Proposals, convened for Wednesday, 16 December 2015 at 11:00 am or any adjournment thereof |
| Issue | the proposed issue in or around March 2016 of new Ordinary Shares pursuant to the Placing, the Offer for Subscription and the Open Offer at the Issue Price as referred to in this document |
| Issue Circular | a circular to be issued to Shareholders setting out the terms and conditions of the Issue |
| Issue Price | the price per new Ordinary Share at which new Ordinary Shares are issued under the Issue to be calculated as set out in Part II of this Circular |
| Issue Shares | new Ordinary Shares to be issued under the Issue |
| LIBOR | the London Interbank Offered Rate administered by ICE Benchmark Administration Limited |
| Listing Rules | the listing rules issued by the UK Listing Authority |
| London Stock Exchange | London Stock Exchange plc |
| NAV per Ordinary Share | the net asset value per Ordinary Share (including any accrued income) as at any relevant date calculated in accordance with the normal accounting policies and procedures of the Company |
| New Articles | the Articles to be adopted under the Proposals |
| Northern European Countries | the UK, the Netherlands, the Republic of Ireland, France, Germany, Switzerland, Sweden, Norway, Denmark, Belgium, Finland, Luxembourg, Austria |
| Notice of General Meeting or Notice | the notice of the General Meeting as set out at the end of this document |
| Offer for Subscription | the proposed offer for subscription of new Ordinary Shares as part of the Issue |
| Official List | the Official List maintained by the UK Listing Authority |
| Offshore Fund | a class of shares in a collective investment scheme or other investment company resident outside the UK falling within the definition of offshore fund in section 355 of the Taxation (International and Other Provisions) Act 2008 |
| Open Offer | the offer proposed to be made by the Company to Shareholders inviting them to apply to subscribe for the Open Offer Shares as part of the Issue |
| Open Offer Entitlement | the <i>pro rata</i> basic entitlement for Shareholders to subscribe for Open Offer Shares in proportion to the existing Ordinary Shares held on the record date for the Open Offer |
| Open Offer Shares | the new Ordinary Shares which are subject to the Open Offer |
| Ordinary Shares | ordinary redeemable shares of 1p each in the capital of the Company |
| Ordinary Shareholders | holders of Ordinary Shares |
| Placing | the proposed placing of new Ordinary Shares as part of the Issue |
| Pool(s) | the Continuation Pool and the Realisation Pool |
| Portfolio | the Company's portfolio of assets |

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|---------------------------------------|--|
| Portfolio Manager | TwentyFour Asset Management LLP (a limited liability partnership incorporated in England and Wales with registered number OC335015) |
| Portfolio Management Agreement | the portfolio management agreement between the Company, the Portfolio Manager and Phoenix Fund Services (UK) Limited dated 29 May 2014, as amended from time to time, pursuant to which the Portfolio Manager was appointed to provide portfolio management services (as defined therein) to the Company |
| Proposals | the proposals set out in this Circular |
| Realisation Election | a Realisation Sale Election or a Realisation Share Election |
| Realisation Opportunity | an opportunity for Shareholders to realise their Shares as described in paragraph 15.1 of Part 5 of the Company's prospectus dated 19 February 2013 or as described in this circular, as the context may require |
| Realisation Pool | the pool of assets to be established under a Realisation attributable to holders of Realisation Shares |
| Realisation Sale Election | an instruction sent by an Ordinary Shareholder during the Election Period in accordance with the New Articles requesting that all or part of the Ordinary Shares held by such holder be redeemed or repurchased or purchased out of the proceeds of a new issue of Ordinary Shares or purchased under a tender offer and if not so redeemed shall be converted into Realisation Shares |
| Realisation Share Election | an instruction sent by an Ordinary Shareholder during the Election Period in accordance with the New Articles requesting that all or part of the Ordinary Shares held by such holder be redesignated as Realisation Shares with effect from the Reorganisation Date |
| Realisation Shares | ordinary redeemable realisation shares of 1p each in the capital of the Company |
| Realisation Shareholders | holders of Realisation Shares |
| Register | the register of members of the Company |
| Registrar | Computershare Investor Services (Guernsey) Limited |
| Reorganisation Date | the date which is 5 Business Days after any of (a) 6 March 2016; and (b) the date of the Annual General Meeting of the Company held in each third year thereafter. |
| Reporting Fund | an Offshore Fund that is certified by HM Revenue and Customs as a reporting fund and which reports income to UK resident shareholders and to HM Revenue and Customs in accordance with the Offshore Funds (Tax) Regulations 2009 |
| Reporting Period | the period running from 1 April 2016 to 31 March 2017, and each period thereafter in respect of which the Company publishes audited financial statements |
| Resolutions | the special and extraordinary resolutions as detailed in Part V of this Circular |
| Share | an Ordinary Share and/or, as the case may require, a Realisation Share |
| Shareholder | a holder of a Share |
| Tendered Ordinary Shares | Ordinary Shares in respect of which a Realisation Sale Election has been made |
| Realisation Sale Price | such price as the Company shall specify as the Realisation Sale Price |

UK Listing Authority

the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of admissions to the Official List

UK or United Kingdom

the United Kingdom of Great Britain and Northern Ireland

UK AIFM Regulations

the Alternative Investment Fund Managers Regulations 2013

PART I

LETTER FROM THE CHAIRMAN OF THE COMPANY

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 (the "Law"), with registered number 56128 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Directors:

Trevor Ash (*Chairman*)
Ian Burns
Richard Burwood
Jan Etherden

Registered Office:

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

Dated 25 November 2015

To Shareholders

Dear Sir or Madam

Introduction

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

The Articles established at launch provide for a Realisation Opportunity under which Shareholders may elect to realise some or all of their holdings of Ordinary Shares with effect on the Company's third anniversary.

The Directors have been considering the Company's policies and structure ahead of the scheduled implementation of the Realisation Opportunity and have decided to put forward for Shareholder approval proposals with the following key components:

- *Changes to the Investment Policy:* to reflect the evolving investment opportunity in UK and European Asset Backed Securities;
- *Disapplication of Pre-emption Rights on Share Issues:* to facilitate the Realisation Opportunity and a fund raising to be implemented in the first quarter of 2016; and
- *Changes to the Articles:* to amend the form of the Realisation Opportunity, to amend the dividend target which applies in relation to the Continuation Provisions and to make certain other changes to reflect recent changes in Guernsey companies law.

This document sets out the background to and details of the Proposals, explains the reasons why the Board considers that the Proposals are in the best interests of Shareholders as a whole, and convenes the General Meeting at which the resolutions required by Guernsey company law and the Listing Rules to implement the Proposals will be proposed.

Background to the Proposals

Since launch the Company has delivered strong performance for Shareholders:

The NAV (calculated on a total return basis) on the Shares from launch to 24 November 2015 was 35.2 per cent, or 11.7 per cent. per annum which compares favourably with the Company's target annual total return of 7 to 10 per cent. per annum.

The NAV has benefited from strong performance of the assets underlying the Portfolio and a tightening of credit spreads over the period as a whole. More recently there has been some widening of spreads, reflecting strong supply in certain ABS segments and a general decline in financial market sentiment. The Portfolio Manager believes that UK and European ABS continue to offer attractive, risk-adjusted returns.

The income return to Shareholders has been ahead of the Fund's targets at launch. The Company's prospectus stated a target dividend of at least 5p in respect of the year to 31 March 2014 and at least 6p per Ordinary Share thereafter. The Company met these targets by paying dividends of 6.38p and 6.65p per Ordinary Share in respect of the years ended 31 March 2014 and 2015 respectively, and the Board currently estimates a total dividend in respect of the year ending 31 March 2016 of in excess of 6p per Ordinary Share¹.

The Ordinary Shares have traded at a premium to NAV since launch, reflecting net demand in the market from a broad range of existing and new investors. The premium to NAV was 1.3 per cent. as of 24 November 2015. The Board considers that the premium rating of the Ordinary Shares has also been supported by the decision, with effect from October 2014, not to issue further Ordinary Shares under the Company's premium management programme because to do so would have resulted in dilution of the earnings per Ordinary Share as any issue proceeds would have been invested at purchase yields which were compressed relative to those available in 2013/14.

Source: Thomson Reuters Datastream

Details of the Proposals

Changes to the Investment Policy

The Portfolio Manager has advised the Board that in order to enhance the Company's ability to continue to achieve its investment objective, it would be optimal to make certain changes to the investment policy to provide the Company with greater flexibility to invest in a broader range of UK and European ABS.

The key elements of the proposed changes to the investment policy are as follows:

- the Portfolio will be required to comprise at least 50 Asset Backed Securities. This compares to the current policy range of 30 to 50 securities and the current actual number of 110 securities;
- the Portfolio will no longer be required to be invested in any fixed percentage of investment grade ABS. The Portfolio is currently required (at the time any new investment is made) to be at least 50 per cent. invested in aggregate in ABS which have at least one investment grade credit rating from an internationally recognised rating agency. The Portfolio is currently 53.6 per cent. invested in such investment grade ABS;
- the Portfolio will additionally be required (at the time any new investment is made) to be no more than 20 per cent. backed in aggregate by collateral in any single country (save that this restriction will not apply to the Northern European Countries). The Portfolio currently has 13.1 per cent. of its value backed by collateral in its largest single country exposure excluding the Northern European Countries; and
- the Portfolio will additionally be required (at the time any new investment is made) to be no more than 10 per cent. invested in aggregate in instruments not deemed securities for the purposes of FSMA. This potential new allocation is intended to provide flexibility to invest in instruments that are structured in a similar manner as ABS, i.e. collateralised against a pool of assets, but may not be legally defined as "securities" because of their particular structures.

The full text of the proposed new investment policy is set out in Part II of this document.

If the changes to the Company's investment policy are approved by Shareholders:

- The Portfolio Manager intends to use only gradually the greater flexibility provided. It is expected that at least 40 per cent. of the Portfolio value will continue to be backed by collateral in the UK and Northern Europe and the Board notes also that ABS are currently only issued backed by collateral in three countries outside of the UK and Northern Europe (being Italy, Spain and Portugal) and therefore that the requirement that the Portfolio is no more than 20 per cent. backed by collateral in a single country (other than Northern European Countries) also acts in practice as a limit on the extent to which the Portfolio can be exposed to collateral in countries which are not Northern European Countries. The

¹ This is a target only and not a profit forecast. There can be no assurance that this target will be met or that the Company will make any distributions at all. This target return should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the size of the Issue, the number of Ordinary shares in respect of which Realisation Elections are made and the Company's total expense ratio. Potential investors should decide for themselves whether or not the return is reasonable and achievable in deciding whether to retain or increase their investment in the Company. See the "Risk Factors" in Part IV.

Company has continued not to include in its investment policy any restrictions with respect to investing in particular sectors, but it is expected that the Portfolio will retain a significant exposure to residential and commercial mortgage-backed securities; and

- The Board intends, based on market conditions at the date of this document:
 - to amend the Company's target NAV total return to between 6 and 9 per cent. per annum; and
 - to retain the Company's target dividend of at least 6 pence per Ordinary Share in respect of the financial year ending on 31 March 2017, which is equivalent to a yield of approximately 5.3 per cent. based on the NAV as at the date of this document. In respect of subsequent years, the Board intends to distribute as dividend an amount at least equal to the value of the Company's net income.²

The Board also intends to review the level of the target NAV total return and the Dividend Target at their absolute discretion from time to time and, in particular, in the event that Sterling LIBOR rates increase significantly.

Share Issue

The Articles require that Shareholders are given the opportunity to elect to convert their Ordinary Shares into Realisation Shares with effect from 6 March 2016, following which the Portfolio would be split into two segregated and distinct pools and the assets attributable to any Realisation Shares Pool would be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash.

The Board has given consideration to the most appropriate structure for the implementation of the Realisation Opportunity and has decided, subject to Shareholder approval of the necessary authorities, to implement a transaction in the first quarter of 2016 with the following options for Shareholders:

- those wishing to retain their current investment in the Company will need to take no action;
- there will be an opportunity for Shareholders to increase investments in the Company through an open offer of new Ordinary Shares, which will be supplemented by a placing and offer for subscription for new investors; and
- those Shareholders wishing to realise their investment in the Company will be able to elect to do so via an election form that will be posted to them. Such elections will initially be satisfied by their Ordinary Shares being redeemed by the Company at a 1 per cent. discount to NAV, funded by the net proceeds of the proposed fund raising. Any Ordinary Shares elected for realisation and not redeemed by the Company out of the net proceeds of the proposed fund raising would be converted to Realisation Shares and the underlying assets realised as discussed above.

In order to facilitate the above transaction, the Board is seeking Shareholder approval for the allotment on a non-pre-emptive basis of up to an aggregate of 300 million new Ordinary Shares in connection with the Issue and a placing programme to operate over the 12 months subsequent to the Issue. It is intended that the new Ordinary Shares available under the Issue will first be issued to existing Shareholders through an open offer. New Ordinary Shares will be issued only at prices at least equal to the then prevailing NAV.

The intended pricing of the Issue is set out in Part II of this Circular. In summary, the basis of the calculation of the Issue Price payable for new Ordinary Shares in the Issue will be calculated as a blended average of the NAV per Ordinary Share multiplied by the aggregate number of Shares in respect of which Realisation Elections are validly made and a 2 per cent. premium to NAV per Ordinary Share to the extent that the number of Ordinary Shares issued under the Issue exceeds the number of Ordinary Shares in respect of which Realisation Elections are validly made.

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

Amendments to the Articles

At launch the Company established a discount management policy, which included the Realisation Opportunity (which is currently required to be implemented only in March 2016) and the Continuation Provisions (including Shareholders having an opportunity to vote on the continuation of the Company if its current dividend target is not met in any reporting period).

The Board is now proposing that the Articles be amended to revise, *inter alia*, the Realisation Opportunity and the Continuation Provisions.

The key components of the amendments to the Articles are:

- the Realisation Opportunity will be amended so that Shareholders may elect to realise all or part of their holdings of Ordinary Shares on the date which is 5 Business Days after (a) 6 March 2016 and (b) the annual general meeting of the Company in each third year thereafter;
- in respect of the Realisation Opportunity on any Reorganisation Date the Company may, but shall not be obliged to, offer Ordinary Shareholders who wish to realise Ordinary shares to have those shares redeemed or repurchased or purchase out of the proceeds of a new issue of Ordinary Shares or purchased under a tender offer instead of being converted into Realisation Shares as currently provided in the Articles. Any Ordinary Shares which are not so redeemed or repurchased or purchased out of the proceeds of a new issue of Ordinary Shares or purchased under a tender offer shall be converted into Realisation Shares;
- if in respect of any Realisation Opportunity the Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date and the gross proceeds of any issue of new Ordinary Shares made in conjunction with the Realisation Opportunity on that Reorganisation Date is less than £100 million (compared to £50 million under the existing Articles), 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; and
- Shareholders will have an opportunity, in place of the current Continuation Provision, to vote on the continuation of the Company if the revised Dividend Target as described in this circular is not met in any Reporting Period.

The Board is also taking the opportunity to update the Articles to take account of changes to Guernsey companies' law and to make other minor amendments to reflect applicable regulation and legislation.

Further details of the proposed amendments to the Articles are set out in Part III of this document.

Benefits of the Proposal

The Board believes that the Proposals will establish appropriate policies and structures for the Company and in particular have the following benefits for Shareholders:

- increased flexibility within the investment policy, with a view to enhancing the Company's ability to continue to deliver generating attractive, risk-adjusted returns. Shareholders should note that the Portfolio Manager intends to use only gradually the greater flexibility provided;
- the introduction of a mechanism to facilitate a realisation for those Shareholders so electing, while also providing an opportunity for Shareholders to invest in new Ordinary Shares on the basis of the revised investment policy; and
- providing for the Realisation Opportunity to recur at three-yearly intervals and also for a continuation vote if the Dividend Target is not met in any Reporting Period.

General Meeting

All Shareholders are entitled to attend and vote at the General Meeting. In accordance with the Articles, all Shareholders present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each Share held. In order to ensure that a

quorum is present at the General Meeting, it is necessary for two Shareholders entitled to attend and vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

The formal notice convening the General Meeting is set out on pages 21 to 23 of this document.

At the General Meeting the following resolutions will be proposed:

- Resolution 1 – An extraordinary resolution to disapply pre-emption rights under the Articles;
- Resolution 2 – An extraordinary resolution, which will be conditional on the passing of the resolution above, to approve the changes to the investment policy; and
- Resolution 3 – A special resolution which will be conditional on the passing of the resolutions summarised above, to approve changes to the Articles as summarised in this Circular.

Risk Factors

Please refer to Part IV of this Circular for an overview of the relevant Risk Factors.

Action to be taken

The only action that you need to take is to complete the accompanying Form of Proxy for use at the General Meeting.

Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to, or deliver it by hand during office hours only to the same address so as to be received as soon as possible and in any event by not later than 11:00 am on 14 December 2015. Shareholders are requested to complete and return a Form of Proxy whether or not they wish to attend the General Meeting.

Full terms and conditions of the Issue will be contained in a prospectus of the Company which is expected to be published in January 2016. Full terms and conditions of the Open Offer and details of the calculation of the Realisation Sale Price will be contained in a further circular to Shareholders which is expected to be published at the same time as the prospectus in January 2016.

Recommendation

The Board considers the Proposals set out in this document to be in the best interest of Shareholders as a whole. Accordingly the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

The Directors intend to vote in favour of the Resolutions in respect of their holdings of Shares amounting to 60,000 Shares in aggregate (representing approximately 0.02% of the issued Share capital of the Company as at 25 November 2015, the latest practicable date prior to the publication of this document).

Yours faithfully

Trevor Ash
(Chairman)

PART II

FURTHER DETAILS OF THE PROPOSALS

Revised Investment Policy

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

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

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

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

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

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

The Company will not employ gearing or derivatives for investment purposes. The Company may 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 and 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 the borrowings of the Company to 10 per cent. of the Company's Net Asset Value at the time of drawdown.

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.

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.

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

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

The Issue

The Board has concluded that it would be appropriate for the Company to seek additional funding through the Issue which is intended to comprise a placing, an open offer and an offer for subscription.

As discussed in Part I of this document, raising additional capital through the Issue is intended to enable the Company to redeem the shareholdings of Shareholders who wish to realise some or all of their Ordinary Shares through a Realisation Sale Election.³ Subject to the Issue raising sufficient funds, Shareholders who make a Realisation Sale Election will receive payment in cash as soon as practicable after 6 March 2016 of a purchase price which is intended to represent a 1.0 per cent. discount to the then prevailing NAV per Ordinary Share. This will enable Shareholders who make a Realisation Sale Election to receive payment for the Ordinary Shares that they wish to realise faster than would be the case if they had to wait for the proceeds of the sale of assets in the Realisation Pool to be distributed to them.

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

The basis of calculation of the Issue Price payable for New Ordinary Shares in the Issue will be a blended average of the NAV per Ordinary Share on 6 March 2016 multiplied by the aggregate number of Shares in respect of which Realisation Elections are validly made and a 2 per cent. premium to NAV per Ordinary Share on 6 March 2016 to the extent that the number of Ordinary Shares issued under the Issue exceeds the number of Ordinary Shares in respect of which Realisation Elections are validly made. Further details of the calculation of the Issue Price are set out below.

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

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

The Issue will be conditional, *inter alia*, on:

- the passing of the Resolutions at the General Meeting; and
- the aggregate NAV of the total number of Ordinary Shares following completion of the Issue (that is taking into account both Realisation Elections and subscriptions for new Ordinary Shares) being not less than £100m in aggregate.

If one or more Realisation Elections are duly made and the aggregate of the NAV per Ordinary Share attributable to the continuing Ordinary Shares (being those Ordinary Shares in respect of which no Realisation Election has been made) at the close of business on the last Business Day before the Reorganisation Date and the gross proceeds of the Issue is less than £100 million, no Ordinary Shares will be redesignated as Realisation Shares and the portfolio will not be split into the Continuation Pool and the Realisation Pool. In this circumstance, 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 become 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 realise the Company's assets as efficiently and at as much value as is possible.

³ This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, any shares. Full terms and conditions of the Issue and of the Open Offer (including details of the calculation of the Issue Price) will be contained in a further circular to Shareholders and a prospectus of the Company which are expected to be published in January 2016.

Calculation of the Issue Price

The Issue Price will be calculated as:

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

where:

$A = D \times E$

$B = D \times 1.02 \times F$

$F = C - E$

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

D is the NAV per Ordinary Share as at the latest published date immediately preceding the Reorganisation Date

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

Taxation

The following comments are for the information of Shareholders and are based on current tax law.

Tax law is subject to change and so the rules referred to here may not still be current at the time of the anticipated reorganisation or of subsequent returns of capital.

United Kingdom

Ordinary Shares – offshore fund rules

The Ordinary Shares constitute an Offshore Fund for the purposes of UK taxation and will continue to do so if the Proposals are implemented. Under the relevant legislation, the basic position is that any gain arising on the disposal of shares in an Offshore Fund held by persons who are resident in the UK for tax purposes will be taxed at the time of that disposal as income and not as a capital gain. However, this income tax treatment will not currently apply in relation to the Ordinary Shares because they have Reporting Fund status. Each UK resident Ordinary Shareholder is therefore subject to UK tax on income on amounts distributed to him/her by the Company and any Ordinary Shareholder who is treated as holding an Ordinary Share at the end of a relevant reporting period (reporting periods will generally be the same as the Company's accounting periods) will also be subject to such tax on the amount by which the reported income attributable to his/her Ordinary Shares for the relevant reporting period exceeds the amount distributed in respect of such Ordinary Shares in such period (the "excess reported income amount"). The Company will provide details of any excess reported income amount per Ordinary Share to Ordinary Shareholders who hold an investment in the Company at the end of the relevant reporting period.

For Ordinary Shareholders who are individuals, distributions they receive from the Company and, if they are treated as remaining as Ordinary Shareholders at the end of the relevant reporting period, any relevant excess reported income amount will be treated as payments of interest and accordingly subject to UK income tax at the appropriate marginal rate of tax for the individual whether 0%, 20%, 40% or 45%. A gain realised on a disposal by such an Ordinary Shareholder of his/her Ordinary 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 Ordinary Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to capital gains tax.

For Ordinary Shareholders within the charge to UK corporation tax, their Ordinary Shares will be treated as creditor relationships for the purposes of the rules relating to the taxation of corporate debt contained in Corporation Tax Act 2009 (the "Corporate Debt Regime"). Such Ordinary Shareholders should be liable to UK corporation tax on distributions they receive from the Company and, if they remain Ordinary 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 Ordinary Shareholders should be subject to UK corporation tax on the increase in value of their Ordinary Shares on a fair value basis or should obtain tax relief on any equivalent decrease in value.

Consequences of the Proposals – continuing Ordinary Shareholders

It is expected that the changes to the rights attaching to the Ordinary Shares under the Proposals will come within the reorganisation rules for capital gains tax purposes. Consequently there will be no capital gains tax consequences of these changes to the rights attaching to the Ordinary Shares.

Consequences of the Proposals – redemption of Ordinary Shares pursuant to Realisation Sale Elections

Where cash is returned to the holders of Ordinary Shares on the redemption of those Ordinary Shares pursuant to Realisation Sale Elections this will be a disposal by each holder of Ordinary Shares which are redeemed and may, depending on the Ordinary Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to capital gains tax.

Consequences of the Proposals – redesignation of Ordinary Shares as Realisation Shares

For holders of any Ordinary Shares which are redesignated as Realisation Shares pursuant to a Realisation Election in the event that the Issue does not raise sufficient funds to fund the redemption of all of the Tendered Shares it is expected that the redesignation of Ordinary Shares as Realisation Shares will come within the reorganisation rules for capital gains tax purposes. Consequently, the new holding of Realisation Shares will be treated for capital gains tax purposes as the same asset, acquired at the same time and for the same cost, as the original holding of Ordinary Shares, so that there will be no capital gains tax consequences of the redesignation of Ordinary Shares as Realisation Shares.

The Realisation Shares will also constitute an Offshore Fund. The Company intends to apply to HMRC to obtain Reporting Fund status and to maintain such status.

Each Realisation Shareholder who is an individual will therefore be liable to UK tax on income on amounts distributed to him/her by the Company out of profits forming part of or derived from the Realisation Pool and, if they are treated as remaining as Realisation Shareholders at the end of the relevant reporting period, any relevant excess reported income amount will be treated as payments of interest and accordingly subject to UK income tax at the appropriate marginal rate of tax for the individual whether 0%, 20%, 40% or 45%. A sale by such a Realisation Shareholder of his/her Realisation Shares in the market will not be subject to UK tax as income and will be a disposal for capital gains tax purposes and may, depending on the Ordinary Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses), give rise to a liability to capital gains tax.

For Realisation Shareholders within the charge to UK corporation tax, their Realisation Shares will be treated as creditor relationships for the purposes of the rules relating to the taxation of corporate debt contained in the Corporate Debt Regime. These Realisation Shareholders will be liable to UK corporation tax on distributions they receive from the Company and, if they remain Realisation 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 Realisation Shareholders will be subject to UK corporation tax on the increase in value of their Realisation Shares on a fair value basis or should obtain tax relief on any equivalent decrease in value.

Consequences of the Proposals – returning the proceeds of the Realisation Pool

Where cash is returned to the holders of Realisation Shares by way of redemption of all or part of their holdings of Realisation Shares, then, for the purposes of tax on capital gains, there will be a disposal of all or part of their holding in the Company for the purposes of taxation as capital gains.

The tax consequences of a redemption of some of a holders' Realisation Shares will be the same as for any sale of part of a holding of shares on the market.

PART III

SUMMARY OF PROPOSED CHANGES TO THE ARTICLES OF INCORPORATION

The changes to the Articles proposed to be made by resolution 3 as a special resolution at the General Meeting are:

1. To set out the provisions relating to Realisation Shares, as follows:

1.1 Rights of Ordinary Shareholders to make Realisation Elections.

Where the Company makes available to Shareholders the opportunity to do so during the Election Period Shareholders shall be entitled to make a Realisation Sale Election by delivering such Realisation Sale Election to the Company at its registered office or to such other place as the Company shall specify.

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

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

A Realisation Sale Election shall be a notice requesting that all or a portion of the Ordinary Shares held by a Shareholder shall be redeemed out of the proceeds of a new issue of Ordinary Shares on such basis ("the Realisation Issue") as the Company shall have notified to Shareholders before or at the time the Company sends to Shareholders a reminder notice and if not so redeemed shall be converted into Realisation Shares.

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

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

A Realisation Election once given shall be irrevocable.

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

1.2.1 The assets of the Company, or on any Reorganisation Date (a "Subsequent Reorganisation Date") on which Realisation Shares ("Preceding Realisation Shares") redesignated with effect from a preceding Reorganisation Date are still in issue, the assets attributable to the Ordinary Shares in issue immediately before the Subsequent Reorganisation Date, shall be divided as at the opening of business on a Reorganisation Date into two pools which will be accounted for as two separate sub-portfolios, being respectively the Continuation Pool and the Realisation Pool. Each of the Company's holdings of investments (excluding assets attributable to holders of Preceding Realisation Shares) shall be split between the Continuation Pool and the Realisation Pool *pro rata* as nearly as practicable to the numbers of Ordinary Shares and Realisation Shares

(excluding any Preceding Realisation Shares) respectively in existence immediately following Realisation and the remainder of the assets and liabilities (excluding assets and liabilities attributable to holders of Preceding Realisation Shares) being apportioned to the Continuation Pool. Assets and liabilities shall be allocated between the Continuation Pool and the Realisation Pool in such manner as in the Board's opinion best achieves the objective of splitting the Company's assets fairly between the Continuation Pool and the Realisation Pool.

- 1.2.2 Costs and expenses of the realisation of assets comprising the Realisation Pool will be attributed to the Realisation Pool and the costs and expenses of reorganising the Company's assets into the Continuation Pool and the Realisation Pool may be apportioned as between the Continuation Pool and the Realisation Pool in the proportion that the Board in its sole discretion deems fair and reasonable. In particular, the Board may increase the proportion of cash to be allocated to a particular Pool if they consider it would be equitable to both the holders of Realisation Shares and the holders of Ordinary Shares to do so, or if they determine it is necessary or desirable to retain cash for the Company's working capital purposes, they may decrease the proportion of cash to be so allotted and the Board may choose an alternative allocation, or subsequently rebalance the Pools, in respect of non-cash assets if they consider a *pro rata* allocation to be impracticable or that to do so would be equitable to both holders of Realisation Shares and the holders of Ordinary Shares.
- 1.3 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.
- 1.4 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 by the Company may be paid out of the share capital, share premium or retained earnings to the fullest extent permitted under the Law.
- 1.5 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.
- 1.6 Existing Certificates for Ordinary Shares that have been redesignated will cease to be valid.
- 1.7 If one or more Realisation Elections are duly made and the Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Reorganisation Date and the gross proceeds of any issue of new Ordinary Shares made in conjunction with any Realisation Opportunity is less than £100 million, no Ordinary Shares will be redesignated as Realisation Shares and the Portfolio will not be split into the Continuation Pool and the Realisation Pool and with effect from the Reorganisation Date, unless the Directors have previously been released from this obligation by an extraordinary resolution, the investment objective and investment policy of the Company will be to realise the Company's assets on a timely basis with the aim of making progressive returns of cash to Shareholders as soon as practicable. The Manager will seek to liquidate the Company's assets as efficiently and at as much value as is possible.
- 1.8 The Board may make such alterations to the timetable and procedures as set out in the New Articles as it in its absolute discretion considers necessary or appropriate to give effect to the intent of the New Articles.
- 1.9 Rights of continuing Ordinary Shares in the event that Ordinary Shares are convert to Realisation Shares , are as follows:

1.9.1 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.

1.9.2 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.

1.9.3 As to voting

Subject to any terms as to voting upon which any new Ordinary Shares may be issued, or may for the time being be held, and to the provisions of the Articles, each Ordinary Shareholder shall be entitled to receive notice of, attend and vote at general meetings and shall have one vote for each Ordinary Share held save that at any time when Realisation Shares are in issue, Ordinary Shareholders shall not, unless required by the Listing Rules, be entitled to vote on any resolution proposed at any general meeting of the Company to give effect to the provisions summarised in paragraph 1.10.5 below.

1.9.4 As to class rights

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

1.10 Rights of Realisation Shares, are as follows:

1.10.1 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.

1.10.2 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.

1.10.3 As to voting

The holders of Realisation Shares shall, subject to any terms on which any new Realisation Shares may be issued, or may for the time being be held, and to the provisions of the Articles, receive notice of, attend and vote at general meetings and shall have one vote for each Realisation Share held, provided that they may not vote on any proposed resolutions other than any resolution proposed at any general meeting of the Company at any time at which Realisation Shares are listed on the Premium segment of the Official List (a) to give effect to the provisions summarised in paragraph 1.10.5 and (b) in respect of any matter prescribed by the Listing Rules as requiring approval of the Shareholders of the Company.

1.10.4 As to class rights

Other than with respect to the Realisation or a winding-up in the circumstances described in the Articles, separate approval of the holders of Realisation Shares as a class must be obtained in respect of any proposals which would modify, alter or abrogate the rights attaching to the Realisation Shares including for these purposes (a) any resolution to wind up the Company, or to approve a takeover of the Company or any material change to the investment policy applicable to the Realisation Pool and (b) any proposal to issue or create Realisation Shares other than pursuant to Realisation Elections (in respect of any Reorganisation Date), in which circumstances the prior approval of the holders of Realisation Shares as a class is required by the passing of a resolution at a separate class meeting.

1.10.5 As to redemption

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

2. To amend the definition of “Reorganisation Date”, as follows:

Reorganisation Date the date which is 5 Business Days after any of (a) 6 March 2016 and (b) the date of the Annual General Meeting of the Company held in each third year thereafter.

To amend the circumstances under which a Continuation Resolution are proposed, as follows:

The Directors shall propose an Ordinary Resolution that the Company continues its business as an investment company (a “**Continuation Resolution**”) at the annual general meeting of the Company following any Reporting Period in which the Dividend Target is not met. 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.

PART IV

GENERAL INFORMATION

Risk Factors

The Directors consider that the following material factors should be taken into account by Shareholders when assessing whether to vote in favour of the Proposals:

- Investment policy – the Board is proposing greater flexibility within the Company's investment policy to reflect the evolving investment opportunity in UK and European ABS. The proposed changes increase the degree to which the Portfolio Manager may invest in certain areas that were limited by the investment policy at launch, such as non investment grade securities and instruments not deemed securities for the purposes of FSMA. While the Portfolio Manager intends to use only gradually the greater flexibility provided and will continue to select investments which it believes provide attractive risk-adjusted returns, Shareholders should be aware that if the changes to investment policy are approved then the Portfolio composition may change over time;
- Target returns – the Board has published new target returns within this document. These are targets only and not a profit forecast. There can be no assurance that these target will be met or that the Company will make any distributions at all. The target returns should not be taken as an indication of the Company's expected or actual current or future results. The Company's actual return will depend upon a number of factors, including but not limited to the size of the Issue, the number of Ordinary shares in respect of which Realisation Elections are made and the Company's total expense ratio;
- Realisation opportunity – the Board is seeking Shareholder authority to issue new Ordinary Shares with the intention that, in the first quarter of 2016, elections to realise Ordinary Shares will first be satisfied by their Ordinary Shares being redeemed by the Company and funded by the net proceeds of such Ordinary Share issues. There can be no assurance that sufficient new Ordinary Shares will be issued to fund all realisation elections, in which case any Ordinary Shares not redeemed by the Company will be converted to Realisation Shares and the underlying assets realised. In the event that there is a material conversion into Realisation Shares, the Portfolio Manager may be required to seek to shorten its realisation horizon for certain investments, which may be to the detriment of Shareholders (both Ordinary and Realisation Shareholders) in terms of the cash value achieved relative to the then carrying value or anticipated realisation value of such assets; and
- Taxation – the comments in this document regarding taxation are for the information of Shareholders only, the taxation position of a Shareholder will depend on that Shareholder's individual circumstances, and are based on current tax law. Tax law is subject to change and so the rules referred to may not still be current at the time of the anticipated reorganisation or of subsequent returns of capital, and any change in taxation legislation or practice could affect the post-tax returns to Shareholders.

Documents Available for Inspection

Copies of the existing Articles of Incorporation and the New Articles as proposed to be amended by the passing of Resolution 3, will be available for inspection at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS during the usual business hours on any day (Saturday, Sundays and public holidays excepted) until 16 December 2015 and will also be available for inspection at the General Meeting.

PART V
NOTICE OF GENERAL MEETING

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 (the "Law"), with registered number 56128 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Notice is hereby given that a General Meeting (the "**Meeting**") of TwentyFour Income Fund Limited (the "**Company**") will be held at 11:00 am on 16 December 2015 at the offices of Northern Trust International Fund Administration (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands to consider and if thought fit approve the Resolutions below of which Resolutions 1 and 2 will be proposed as extraordinary resolutions and Resolution 3 will be proposed as a special resolution.

Extraordinary Resolutions

1. THAT the Directors be empowered, in accordance with Article 6.7 of the Articles, to allot and issue up to a maximum of 28,490,871 Ordinary Shares for cash as if Article 6.2 of the Articles did not apply to the allotment and issue for the period expiring on the date 15 months after the date on which this extraordinary resolution is passed (unless renewed, varied or revoked by the Company prior to that date), save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted and issued after such expiry and the Directors may allot and issue shares in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired.
2. THAT, conditional on the resolution numbered 1 set out in the notice convening a General Meeting of the Company to be held on 16 December 2015 being duly passed at that meeting or any adjournment thereof the changes to the Company's investment policy set out in Part I of the Circular to Shareholders in the Company, a copy of which will be signed for the purpose of identification by the Chairman of the Meeting, be and is hereby approved and adopted with immediate effect as the Company's investment policy in substitution for and to the exclusion of the Existing Investment Policy.

Special Resolution

3. THAT, conditional on the resolutions numbered 1 and 2 set out in the notice convening a General Meeting of the Company to be held on 16 December 2015 being duly passed at that meeting or any adjournment thereof, and subject to the Financial Conduct Authority ("FCA") having approved the changes to be effected by this resolution pursuant to the applicable requirements of the Alternative Investment Fund Managers Directive (2011/61 EU) ("AIFMD") as implemented in the FCA Handbook or the period specified pursuant to AIFMD having expired without the FCA having objected to such changes, the Articles of Incorporation in the form produced to the meeting and initialled for identification by the Chairman of the Meeting be adopted as the Articles of Incorporation of the Company in substitution for and to the exclusion of all previous articles of incorporation.

BY ORDER OF THE BOARD

Northern Trust International Fund Administration Services (Guernsey) Limited
Company Secretary

Date: 25 November 2015

Registered Office:
PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
Guernsey, GY1 3QL

Notes:

These notes should be read in conjunction with the notes on the enclosed Form of Proxy.

All holders of Ordinary Shares are entitled to attend and vote at the meeting. An Ordinary Shareholder may appoint one or more proxies to exercise all or any of the rights of the shareholder to attend and speak and vote in his place at the meeting. A proxy need not be a member of the Company. If you wish to appoint a person other than the Chairman of the meeting or the Company Secretary, please insert the name of your chosen proxy holder in the space provided on the enclosed Form of Proxy. An Ordinary Shareholder may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If an Ordinary Shareholder wishes to appoint more than one proxy and so requires additional proxy forms, the shareholder should contact the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

If a quorum is not present within thirty minutes after the time appointed for the commencement of the meeting, the GM will be adjourned to 11:00 am on Thursday, 17 December 2015.

A vote withheld is not a vote in law, which means the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter put before the meeting.

Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

In order to revoke a proxy instruction members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o Corporate Actions Projects, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

The Form of Proxy is enclosed with this notice for use by Ordinary Shareholders. To be valid, the Form of Proxy and any power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited with the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and, in any event, by no later than 11:00 am on 14 December 2015. Amended instructions must also be received by the Company's Registrar by the deadline for receipt of Forms of Proxy. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the enclosed Form of Proxy. If you have any queries in relation to the Form of Proxy you may call Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, on 0370 707 4040 from within the UK (or +44 (0)370 707 4040 from outside of the UK) between 9.00 a.m. and 5.00 p.m. on any business day. Completion and return of a Form of Proxy or the giving of a CREST Proxy Instruction (as described below) will not preclude an Ordinary Shareholder from attending and voting at the meeting if he or she wishes to do so. Pursuant to Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009 (the "**CREST Regulations**"), the Company has specified that only those Ordinary Shareholders entered on the register of members of the Company as at 5:00 pm on 14 December 2015 or, if the meeting is adjourned, on the register of members as at 5:00 pm two business days prior to the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to the register of members after 5:00 pm on 14 December 2015 or, if the meeting is adjourned, 5:00 pm two business days prior to the adjourned meeting will be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting (as the case may be).

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment thereof by using the procedures described in the CREST Manual on the Euroclear UK & Ireland Limited's website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to the CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message ("**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (Computershare Investor Services (Guernsey) Limited) not less than 48 hours before the time of the holding of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instruction to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure the message is transmitted by means of the CREST system by any particular time. In this connection CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the CREST Regulations.

If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Rules and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 5 per cent., or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights, and so would otherwise have a notification obligation under the Disclosure Rules and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

As at 25 November 2015, being the latest practicable date prior to the printing of this notice, there were 284,908,712 Ordinary Shares in issue (no Ordinary Shares were held in treasury).

Terms used in this notice shall have the same meaning as in the circular to shareholders of the Company dated 25 November 2015 unless otherwise defined.

The contents of this notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting, the total voting rights members are entitled to exercise at the meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website <http://www.twentyfouram.com> .

You may not use any electronic address provided in this Notice of GM to communicate with the Company for any purposes other than those expressly stated.

