

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) or, if you are in a country outside the United Kingdom, another appropriately authorised independent financial adviser.

If you were a Shareholder and have sold or otherwise transferred all your 2017 Shares, please send this document and the accompanying forms 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. However, neither this document nor any accompanying documents should be forwarded or transmitted to or in any jurisdiction outside the United Kingdom where to do so may violate any legal or regulatory requirement. If you are an existing holder of 2017 Shares and you have sold or transferred part only of your registered holding of 2017 Shares, please contact the stockbroker, bank or other agent through whom the sale or transfer was effected.

FAIR OAKS INCOME LIMITED

(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered number 58123 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Reorganisation Proposal, Placing Programme Proposal and Notice of Extraordinary General Meeting

The Company is registered with the Guernsey Financial Services Commission as a registered closed-ended collective investment scheme pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2018 issued by the Guernsey Financial Services Commission.

Notice of an Extraordinary General Meeting to be held at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR on 16 April 2021 at 1.30 p.m. is set out at the end of this document.

Shareholders are requested to complete and return the Form of Proxy attached to this document for use at the Extraordinary General Meeting. To be valid, Forms of Proxy must be completed and returned in accordance with the instructions printed thereon to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL as soon as possible and, in any event, so as to arrive by no later than 1.30 p.m. on 14 April 2021. As an alternative to completing the enclosed Form of Proxy, Shareholders who hold their 2017 Shares in uncertificated form can appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST message in accordance with the procedures set out in the CREST Manual so that it is received by the Company's transfer agent (under CREST participant ID RA10) by not later than 1.30 p.m. on 14 April 2021.

Given current measures around the Covid-19 virus, the Company is concerned to ensure it protects the health and safety of Shareholders. Shareholders should note that persons travelling into Guernsey are currently required to self-isolate for a period of not less than 14 days and therefore attendance in person at the Extraordinary General Meeting may not be possible. Shareholders are therefore strongly urged to appoint the Chairman of the Extraordinary General Meeting as their proxy to vote on their behalf. If you appoint someone else (other than the Chairman of the Extraordinary General Meeting Meeting) to be your proxy, this would result in your proxy not being counted since he/she will not be able to attend the Extraordinary General Meeting. Voting on the Resolutions will be conducted on a poll.

Shareholders otherwise entitled to attend and wishing to raise any questions at the Extraordinary General Meeting should do so by email to fairoaks@PraxisIFM.com so as to be received no later than 1.30 p.m. on 14 April 2021. You may not use the email address to communicate with the Company for any purpose other than as expressly stated.

The distribution of this document, together with accompanying documents, into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession such documents

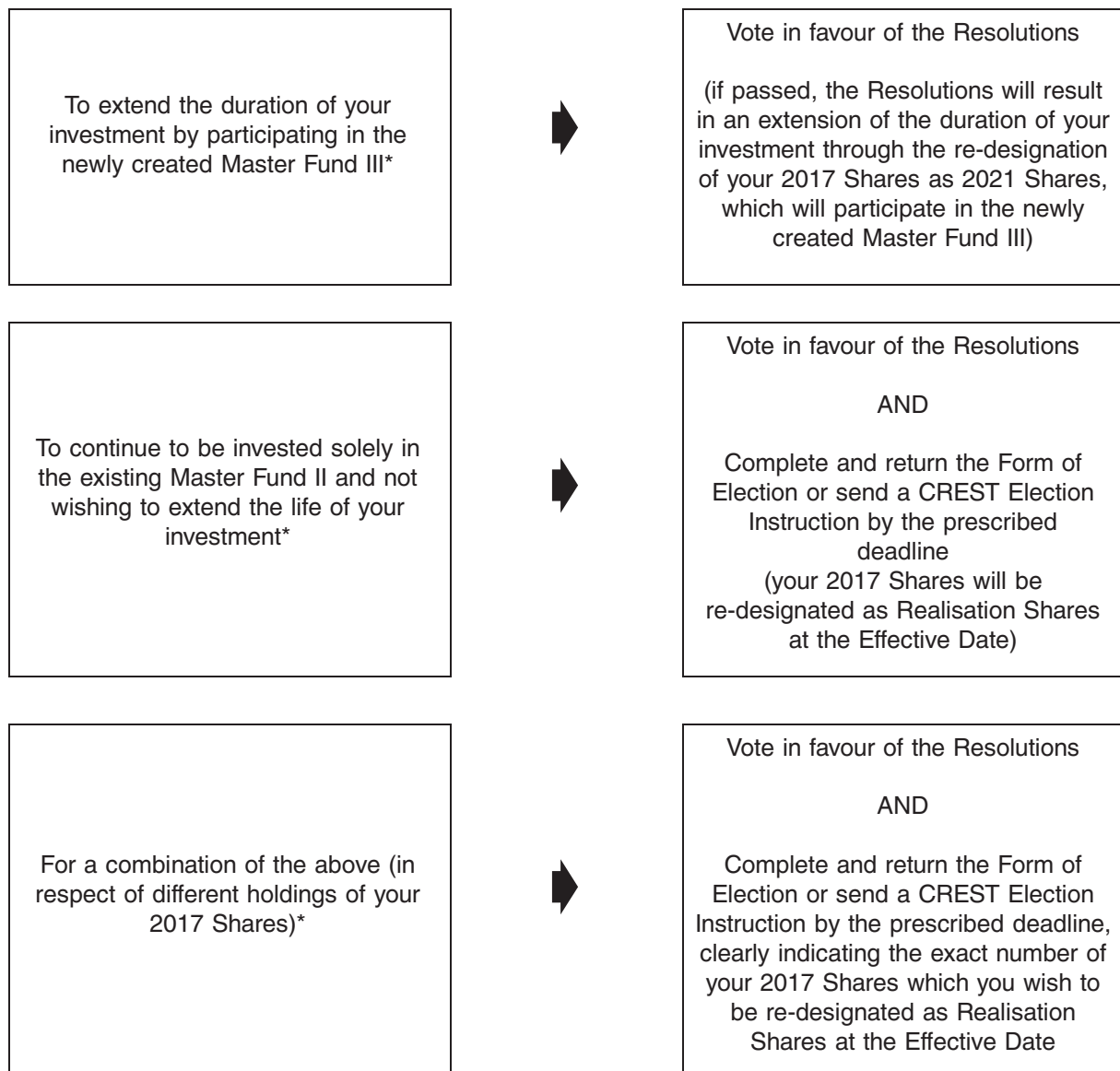
come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in the United States, Australia, Canada, the Republic of South Africa or Japan, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement.

Overseas laws and regulations may prevent Overseas Shareholders in certain jurisdictions outside the United Kingdom from being offered the opportunity to make an Election without compliance by the Company with certain filing, reporting, registration or other requirements. It is the responsibility of each Overseas Shareholder to satisfy himself/herself/itself that either he/she/it may make an Election or that his/her/its 2017 Shares may be re-designated as 2021 Shares, and that in doing so, he/she/it has complied with all relevant overseas filing, exchange control and other requirements and paid all taxes and fees which may be payable. Excluded Shareholders (as defined below) will not be offered the opportunity to make an Election. Instead, the 2017 Shares held by an Excluded Shareholder will by default be re-designated as 2021 Shares. Notwithstanding any other provision of this document, the Directors reserve the right in their absolute discretion to vary the above to take into account local law requirements. For the purposes of this document, **“Excluded Shareholders”** shall mean Overseas Shareholders who are resident in, the United States, Canada, the Republic of South Africa, Australia or Japan or where the making of the above-mentioned opportunity would, in the opinion of the Board, be prohibited by local law or regulation or require compliance by the Company with any filing, reporting, registration or other requirement.

26 March 2021

SUMMARY OF ACTION TO BE TAKEN

1 Regarding the re-designation to 2021 Shares and/or an Election for re-designation to Realisation Shares



*Notes: The 2017 Shares held by an Excluded Shareholder will by default be re-designated as 2021 Shares. Notwithstanding any other provision of this document, the Directors reserve the right in their absolute discretion to vary the above to take into account local law requirements. Please refer to the information under the heading “*Overseas Shareholders*” in paragraph 10 of Part 1 of this document for more information.

Please note that, as further discussed in Part 1, even if the Reorganisation Proposal becomes unconditional and is implemented, the re-designation of existing 2017 Shares into Realisation Shares is, furthermore, conditional upon the aggregate Net Asset Value (as at 31 March 2021) of the existing 2017 Shares elected for Realisation Shares exceeding US\$30 million, and if this condition is not met, existing 2017 Shares elected for Realisation Shares will instead be re-designated into 2021 Shares upon the implementation of the Reorganisation Proposal.

2 Regarding the Extraordinary General Meeting (which also constitutes a class meeting of the holders of 2017 Shares)

For holders of 2017 Shares entitled to vote at the Extraordinary General Meeting



Complete and return the Form of Proxy or send CREST Proxy Instructions by the prescribed deadline

Shareholders will be prevented from attending the Extraordinary General Meeting in person and are instead strongly encouraged to complete and return the relevant enclosed Form of Proxy in accordance with the instructions printed thereon and in this document.

Shareholders are strongly urged to appoint the Chairman of the Extraordinary General Meeting as their proxy to vote on their behalf. If you appoint someone else (other than the Chairman of the Extraordinary General Meeting Meeting) to be your proxy, this would result in your proxy not being counted since he/she will not be able to attend the Extraordinary General Meeting.

Shareholders otherwise entitled to attend and wishing to raise any questions at the Extraordinary General Meeting should do so by email to fair Oaks@PraxisIFM.com so as to be received no later than 1.30 p.m. on 14 April 2021. You may not use the email address to communicate with the Company for any purpose other than as expressly stated.

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EXPECTED TIMETABLE

Date of this document	26 March 2021
Publication of the Prospectus	same date as the date of this document
Latest time and date for receipt of Forms of Proxy	1.30 p.m. on 14 April 2021
Latest time and date for receipt of CREST Proxy Instructions	1.30 p.m. on 14 April 2021
Latest time and date for receipt of Form of Election	1.00 p.m. on 16 April 2021
Latest time and date for receipt of CREST Election Instructions	1.00 p.m. on 16 April 2021
Record Date for entitlement to make an Election	close of business on 16 April 2021
Extraordinary General Meeting	1.30 p.m. on 16 April 2021
Results of the Extraordinary General Meeting published	16 April 2021
Results of the Elections published	19 April 2021
Effective Date	22 April 2021
Admission of the re-designated 2021 Shares	8.00 a.m. on 22 April 2021
Despatch of replacement share certificates to the holders of Realisation Shares and 2021 Shares	week commencing 26 April 2021

Note: Each of the times and dates set out below is subject to change. References to a time of day are to London time. Any changes to the timetable will be notified by publication of a notice through a regulatory information service.

DEALING CODES

The dealing codes for the 2021 Shares and Realisation Shares are as follows;

2021 Share ISIN:	GG00BNNLWT35
2021 Share SEDOL:	BNNLWT3
2021 TIDM:	FAIR
Realisation Share ISIN:	GG00BF00L342
Realisation Share SEDOL:	BF00L34
Realisation Share TIDM:	FA17

PART 1 – LETTER FROM THE CHAIRMAN

Fair Oaks Income Limited

(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered number 58123 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Directors

Professor Claudio Albanese (*Chairman*)
Jonathan Bridel
Nigel Ward

Registered Office:

Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 1GR

26 March 2021

Dear Shareholder

Reorganisation Proposal and Placing Programme Proposal

1 Introduction

The Company is a feeder fund and pursues its investment objective and policy by investing directly in Master Fund II, which in turn invests in US, UK and European CLOs. The commitment period of Master Fund II will end on 12 June 2021 and, in light of the Investment Adviser's belief that there will be an ongoing opportunity to invest in US, UK and European CLOs to generate attractive risk-adjusted returns, the Board has considered proposals to extend the Company's duration.

The Company intends to implement proposals which will include Shareholders being offered an option (but not obligation) to extend the duration of their investment and also a placing programme of new shares. To this effect the Board is now writing to you to set out the details of the Reorganisation Proposal, pursuant to which Shareholders may extend the duration of their investment, and the Placing Programme Proposal, pursuant to which, *inter alia*, the Company may issue further 2021 Shares and/or C Shares on a non-pre-emptive basis pursuant to the Placing Programme up to an aggregate issue value of US\$350 million over the next twelve months.

Resolutions in connection with the Proposals will be proposed at the Extraordinary General Meeting to be held on 16 April 2021 at 1.30 p.m.. The Board's recommendation is that Shareholders vote in favour of the Resolutions and all Shareholders are requested to take the actions with regards to voting set out in paragraph 9 of this Part 1.

This document should be read in conjunction with the accompanying Prospectus relating to the Company.

2 Reorganisation Proposal

Overview

The purpose of the Reorganisation Proposal is to allow those Shareholders who wish to extend the life of their investment in the Company beyond the planned end date of Master Fund II, to be able to do so by having their 2017 Shares re-designated as 2021 Shares, with assets attributable to such 2021 Shares being effectively invested in and having exposure to a new master fund, Master Fund III, which will have a planned end date of 12 June 2028¹ and an investment objective and policy substantially similar to that of Master Fund II. The General Partner will act as the general partner of Master Fund III as well as Master Fund II. For further details on Master Fund III, please refer to Part 3 of the enclosed Prospectus.

¹ excluding possible extension periods of Master Fund III through extending the time period during which further persons may be admitted as limited partners by up to two additional consecutive one year periods at the discretion of the General Partner or Master Fund III's term ending on a later date due to it continuing to hold any investment in a CLO issuer which was made during the Commitment Period, or any reset, upside, reissue or re-financing thereof, and for which Master Fund III has acted as originator for risk retention purposes.

Those Shareholders who do not wish to extend the life of their investment will need to make an Election to have their 2017 Shares re-designated as Realisation Shares, which will continue to participate solely in Master Fund II. Further information regarding the Election is set out in paragraph 10 of this Part 1.

Please note that, as further discussed in the sub-section headed “Key Features” below in this Part 1, even if the Reorganisation Proposal becomes unconditional and is implemented, the re-designation of existing 2017 Shares into Realisation Shares is, furthermore, conditional upon the aggregate Net Asset Value (as at 31 March 2021) of the existing 2017 Shares elected for Realisation Shares exceeding US\$30 million, and if this condition is not met, existing 2017 Shares elected for Realisation Shares will instead be re-designated into 2021 Shares upon the implementation of the Reorganisation Proposal.

Shareholders who do not make valid Elections (as well as Excluded Shareholders) shall be deemed to have agreed to the re-designation of all of their 2017 Shares as 2021 Shares with effect from the Effective Date.

Overseas Shareholders should refer to the information under the heading “Overseas Shareholders” in paragraph 10 of this Part 1.

Secondary Market Placing

To the extent that Shareholders wish to consider realising their investment in the Company, rather than hold either Realisation Shares or 2021 Shares, then the Company has engaged its corporate brokers, Numis Securities Limited and Liberum Capital Limited, to seek to generate secondary market demand from Shareholders or new investors willing to hold 2021 Shares. Numis Securities Limited and Liberum Capital Limited can only execute bargains with Qualified Investors. There can be no assurance as to the extent or price of any demand that can be generated under this mechanism.

Re-designation of 2017 Shares and ring-fencing of assets

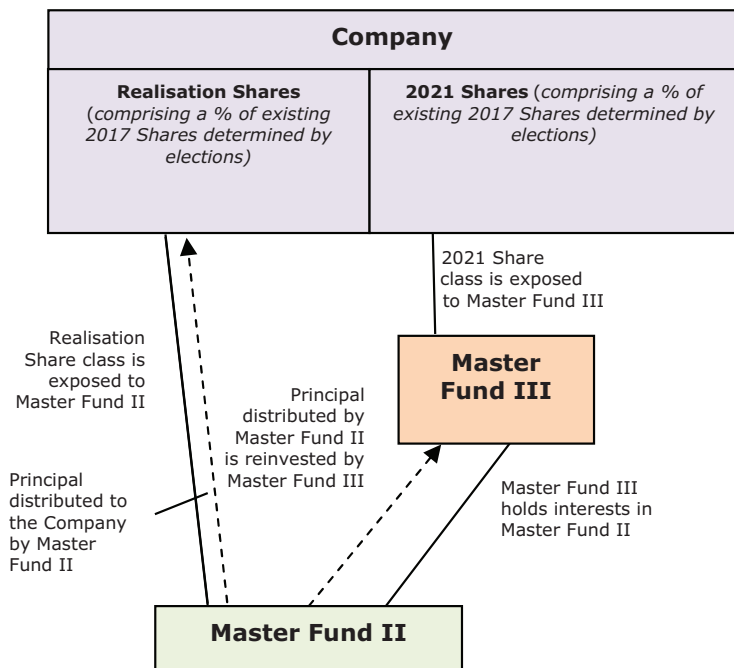
2017 Shares will be re-designated as 2021 Shares and, proportionate to the Elections made and in relation to 2017 Shares, as Realisation Shares. The Company's assets and liabilities will thereafter be segregated into two pools which will be accounted for separately and managed in accordance with the Company's investment objective and the Revised Investment Policy which is set out below in this paragraph 2 of this Part 1.

Realisation Shares and 2021 Shares will in the future rank only for dividends or other distributions declared, paid or made on the respective share class after their re-designation.

Contribution Agreement

The Company has entered into the Contribution Agreement with Master Fund II (acting by the General Partner), Master Fund III (acting by the General Partner) and the General Partner. Under the Contribution Agreement, upon the Effective Date, the Company will transfer to Master Fund III such portion of the Company's limited partnership interests in Master Fund II (as at the Effective Date) which are attributable to those 2017 Shares which are to be re-designated as 2021 Shares at the Effective Date pursuant to the Reorganisation Proposal (the “**Transferred Interest**”). In consideration for such transfer, the Company will receive a limited partnership interest in Master Fund III which reflects an equivalent value to the Transferred Interest which Master Fund III receives from the Company.

The Contribution Agreement is conditional upon the Admission of the re-designated 2021 Shares.



Key to the Diagram above:

Ownership of interests in the respective master funds

Cash flow

Distributions

Master Fund II will continue in accordance with the MFII Partnership Agreement to distribute both its net income and all net principal realised from CLO securities.

In respect of the limited partnership interests in Master Fund II which will be held by the Company on behalf of the Realisation Shares, it is intended that Master Fund II's income distributions will be used by the Company to pay dividends on the Realisation Shares. It is intended that all future repayment of principal received by the Company with respect to Master Fund II's underlying investments during the remainder of its life will be used by the Company to make *ad hoc* returns of capital by way of a compulsory partial redemption of Realisation Shares.

In respect of the limited partnership interests in Master Fund II which will be held by Master Fund III, it is intended that Master Fund II's income distributions will be used by Master Fund III to make income distributions to the Company, which in turn the Company intends to use to pay dividends on the 2021 Shares. It is intended that all future repayment of principal received by Master Fund III with respect to Master Fund II's underlying investments during the remainder of its life will be used by Master Fund III during its investment period to make new portfolio investments.

Dividends

The Company intends to pay quarterly dividends to holders of Realisation Shares representing an amount in aggregate at least equal to the gross income from investments received by the Company in the relevant financial period attributable to the Realisation Shares' interest in Master Fund II and Qualifying Short Term Investments, less expenses of the Company.

The Board intends to pay quarterly dividends to holders of 2021 Shares representing an amount in aggregate at least equal to the gross income received by the Company from investments in the

relevant financial year that are attributable to the 2021 Shares' interest in Master Fund III and qualifying short term investments, less a proportionate share of the expenses of the Company.

Duration of the Company

Currently, under the Existing Articles, the Company is required to convene an extraordinary general meeting in 2024 but on or before 12 June 2024 to propose to Shareholders the Continuation Resolution. If that Continuation Resolution is passed by Shareholders, a further Continuation Resolution will be proposed on the nearest Business Day falling every two years thereafter. If a Continuation Resolution is not passed, the Board shall draw up proposals for the voluntary liquidation of the Company.

As part of the Reorganisation Proposal, a resolution is sought at the Extraordinary General Meeting which, if passed, would amend the Existing Articles so as to change the date by which the Continuation Resolution is to be proposed to 12 June 2028, being a date which aligns with the planned end date of Master Fund III, but excluding possible extension periods of Master Fund III either (i) through extending the time period during which further persons may be admitted as limited partners of Master Fund III by up to two additional consecutive one year periods at the discretion of the General Partner; and/or (ii) by or Master Fund III's term otherwise ending on a later date due to it continuing to hold any investment in a CLO issuer which was made during the Commitment Period, or any reset, upside, reissue or re-financing thereof, and for which Master Fund III has acted as originator for risk retention purposes.

Investment Objective and Revised Investment Policy

The investment objective of the Company will be unchanged, which is to generate attractive, risk-adjusted returns, principally through income distributions.

The Company will continue as a feeder fund and will pursue its investment objective and policies by investing directly in Master Fund II and Master Fund III (with those assets of the Company attributable to the Realisation Shares being invested in Master Fund II and with those assets of the Company attributable to the 2021 Shares and C Shares being invested in Master Fund III).

The investment policy of the Company is to invest (either directly and/or indirectly through Master Fund II and/or Master Fund III) in US, UK and European CLOs or other vehicles and structures which provide exposure to portfolios consisting primarily of US, UK and European floating-rate senior secured loans and which may include non-recourse financing. The Company implements its investment policy by:

- (i) with respect to those assets of the Company attributable to the Realisation Shares: investing in Master Fund II; and
- (ii) with respect to those assets of the Company attributable to the 2021 Shares and C Shares: investing in Master Fund III.

The Company will comply with the following investment restrictions:

- (i) **Diversification:** The Company will not make investments that would cause it to have exposure to a single borrower or issuer of a debt security (or guarantor thereof) ("corporate issuer") exceeding 5 per cent. of the Aggregate Gross Assets at the time of investment. For the avoidance of doubt, special purpose vehicles such as issuers of CLOs will not be considered corporate issuers.
- (ii) **Geographical Limitations:** The Company will not make investments that cause it to have exposure of more than 10 per cent. of the Aggregate Gross Assets at the time of investment to corporate issuers headquartered and operating principally outside the European Union, the UK, United States and Canada.
- (iii) **Derivatives:** The Company will not invest in publicly traded options, futures or financial derivatives except for efficient portfolio management in connection with an Investment, proposed Investment or Investments generally.
- (iv) **Non-Corporate Loans:** The Company will not invest in mortgage backed securities or asset-backed securities, other asset-backed obligations backed by mortgages or other non-corporate loans; provided that the Company may invest in portfolios which may include companies with substantial real estate holdings.

The Company will at all times invest and manage its assets with the objective of spreading investment risk and in accordance with its investment policy. It will not invest in other listed closed-ended investment funds. The Company will not conduct any trading activity which is significant in the context of its group as a whole.

The Company may also invest in Qualifying Short Term Investments if at any time the Company holds any un-invested cash.

The Company will not have any borrowings except for short term borrowings for working capital and cash flow purposes. Such borrowings may not exceed 20 per cent. of NAV in aggregate, and also of the NAV of each Share class. If there is any short term borrowing, assets of the Company may be pledged as security against it.

In order to achieve an appropriate level of certainty for Shareholders, the investment objectives and policies of Master Fund II and Master Fund III have been entrenched in the MFII Partnership Agreement and the MFIII Partnership Agreement respectively and cannot be varied without an amendment to the respective agreements, which in each case would require the consent of the limited partners thereof holding commitments in aggregate which are equal to or exceed 75 per cent. of the total commitments therein. No amendments to the MFII Partnership Agreement and the MFIII Partnership Agreement respectively may be made which would cause the Company to be in breach of the Listing Rules of the FCA.

Conditions

The Reorganisation Proposal is conditional, *inter alia*, upon the Resolutions being passed at the Extraordinary General Meeting and on the Admission of the re-designated 2021 Shares, and will comprise:

- (i) the adoption of the New Articles that provide, *inter alia*, for the reorganisation of the Company's share capital by setting out the new share rights of the 2021 Shares, Realisation Shares and C Shares and that postpone the date on which a continuation vote is to be proposed (described in paragraph 5 below);
- (ii) the re-designation of existing 2017 Shares into 2021 Shares or, in accordance with the results of Elections made, into Realisation Shares, at the Effective Date (described in paragraph 10 below);
- (iii) the steps provided for in the Contribution Agreement taking effect (described above in this paragraph 2);
- (iv) the Revised Investment Policy coming into effect (described above in this paragraph 2); and
- (v) the proposed application for the 2017 Shares which are re-designated as 2021 Shares (i.e. the 2021 Shares only) to be traded on the SFS (and described in paragraph 7 below).

Additionally, please note that, as further discussed in the sub-section headed "Key Features" below in this Part 1, even if the Reorganisation Proposal becomes unconditional and is implemented, the re-designation of existing 2017 Shares into Realisation Shares is, furthermore, conditional upon the aggregate Net Asset Value (as at 31 March 2021) of the existing 2017 Shares elected for Realisation Shares exceeding US\$30 million (equivalent to approximately 10 per cent. of the aggregate Net Asset Value of the Company as at the latest practicable date prior to the publication of this document), and if this condition is not met, existing 2017 Shares elected for Realisation Shares will instead be re-designated into 2021 Shares upon the implementation of the Reorganisation Proposal.

Corporate governance

The Board currently comprises three independent non-executive directors, Professor Claudio Albanese, Jonathan Bridel and Nigel Ward, all of whom have been on the Board since the Company's admission to trading to SFS in 2014. The Board intends during the course of the Company's current financial year to announce and commence implementation of a succession plan to refresh the Board composition over time and to introduce a greater degree of diversity.

3 Key Features of the shares following the Reorganisation Proposal taking effect

If the Proposals are implemented, the Shares will have the following features:

2021 Shares

- The 2021 Shares are designed to enable Shareholders to extend the life of their investment in the Company. As the 2021 Shares will be substantively invested through Master Fund III, the 2021 Shares will have an expected life to the planned end date of Master Fund III, being 12 June 2028².
- Initially, Master Fund III's portfolio will comprise solely its interest in Master Fund II. However, the 2021 Shares are expected over time to benefit from the further diversification and scale within Master Fund III's portfolio provided by newly originated investments made at the time of the deployment of any proceeds of the Placing Programme and also the reinvestment of principal amounts distributed by Master Fund II.
- The Investment Adviser believes that there are ongoing investment opportunities available in the CLO market and therefore that the 2021 Shares represent an attractive option for Shareholders.
- In respect of the 2021 Shares, the investment objective of the Company will be to generate attractive, risk-adjusted returns, principally through income distributions. On the basis of market conditions as at the date of this document, the Company aims to target a NAV total return of between 12 and 14 per cent. per annum³ over the planned life of Master Fund III.

Realisation Shares

- The Realisation Shares are designed to enable Shareholders to maintain the life of their investment in the Company. As the Realisation Shares will (continue to) be substantively invested through Master Fund II, the Realisation Shares will have an expected life to the planned end date of Master Fund II, being 12 June 2026⁴.
- The composition of Master Fund II's portfolio will be unchanged by the implementation of the Proposals. However, over time Master Fund II's portfolio will become less diversified as its investments are realised.
- In respect of the Realisation Shares, the investment objective of the Company is to generate attractive, risk-adjusted returns, principally through income distributions. On the basis of market conditions as at the date of this document, the Company will continue to target a NAV total return⁵ of between 12 and 14 per cent. per annum over the planned life of Master Fund II.
- Based on the results of Shareholder consultations received to date, it is expected that the Realisation Share class will represent a relatively small proportion of the Company's share capital and therefore the Realisation Shares are currently expected to benefit from lower levels of secondary market liquidity than the 2021 Shares. The Realisation Shares may also have a greater concentration of ownership than the 2021 Shares.

Shareholders should be aware that, even if the Reorganisation Proposal becomes unconditional and the Proposals are implemented, if the aggregate Net Asset Value (as at 31 March 2021) of the existing 2017 Shares elected for Realisation Shares does not exceed US\$30 million (equivalent to approximately 10 per cent. of the aggregate Net Asset Value of the Company as at the latest practicable date prior to the publication of this document), existing 2017 Shares so elected will not be re-designated into Realisation Shares and instead will be re-designated into 2021 Shares. This condition has been established in recognition that, if the Realisation Share class was created with

² excluding possible extension periods of Master Fund III through extending the time period during which further persons may be admitted as limited partners by up to two additional consecutive one year periods at the discretion of the General Partner or Master Fund III's term ending on a later date due to it continuing to hold any investment in a CLO issuer which was made during the Commitment Period, or any reset, upside, reissue or re-financing thereof, and for which Master Fund III has acted as originator for risk retention purposes.

³ 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.

⁴ or if later, such date on which Master Fund II ceases to hold any investment in a CLO issuer which was made during the Commitment Period and for which Master Fund II has acted as originator for risk retention purposes.

⁵ 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.

an aggregate Net Asset Value of less than US\$30 million, such a small Share class would be expected to:

- trade inefficiently in the secondary market (for example with negligible trading liquidity and/or a material spread between the quoted bid and offer prices); and
- impose a disproportionate administrative and cost burden on the Company (for example in establishing and maintaining the associated separate custody arrangements and London Stock Exchange quotation).

To the extent that Shareholders do not wish to hold either the Realisation Shares or the 2021 Shares with the features set out above, then Shareholders may consider a sale of their current Shares through the secondary market or (where Shareholders are Qualified Investors) through Numis Securities Limited and/or Liberum Capital Limited. However, Shareholders are advised that there can be no assurance as to the extent or price of any demand available in the secondary market or through Numis Securities Limited and/or Liberum Capital Limited.

4 Placing Programme Proposal:

On the same date as the date of this document, the Company published the Prospectus relating to the Placing Programme of 2021 Shares and/or C Shares up to an aggregate issue value of US\$350 million. The Company will issue only up to a maximum of four tranches of C Shares pursuant the Placing Programme.

Each placing of 2021 Shares and/or C Shares under the Placing Programme Proposal is conditional, *inter alia*, upon:

- (i) the passing of the Resolutions;
- (ii) Shareholder authority for the issue of 2021 Shares and/or C Shares and disapplication of pre-emption rights in respect of the relevant issue being in place;
- (iii) the placing price in respect of the 2021 Shares being not less than the prevailing cum income Net Asset Value per 2021 Share and a premium to cover the commissions and expenses of the issue of new 2021 Shares under the Placing Programme, and in respect of the C Shares being US\$1 per C Share;
- (iv) Admission of the 2021 Shares and/or C Shares under the relevant placing;
- (v) the placing agreement between the Company, Numis Securities Limited, Liberum Capital Limited and the Investment Adviser being in place and not having been terminated;
- (vi) Numis Securities Limited and/or Liberum Capital Limited (as applicable) confirming to the placees under the Placing Programme their allocation of 2021 Shares and/or C Shares; and
- (vii) a placee agreeing to become a member of the Company and agreeing to subscribe for those 2021 Shares and/or C Shares allocated to it by Numis Securities Limited or Liberum Capital Limited (as applicable) at the applicable placing price.

Any net proceeds of the Placing Programme will depend on the number of shares issued pursuant to it and the relevant placing price in respect of each placing under the Placing Programme. The Directors intend to use the net proceeds of each placing, after costs, to invest in Master Fund III.

At the level of the Company, the assets representing the net proceeds of any other C Share placing will be accounted for and managed as a separate pool of assets of the Company, distinct from the assets attributable to the 2021 Shares until their date of conversion into 2021 Shares and distinct from the assets attributable to the Realisation Shares. Each tranche of C Shares will form a separate underlying pool of assets and liabilities from other tranches of C Shares. Both the 2021 Share class and C Share class pools (of whichever tranche) will however participate in Master Fund III limited partnership interests and therefore be exposed to the same (single) Master Fund III portfolio.

Application will be made to the London Stock Exchange for all the C Shares and/or 2021 Shares to be issued pursuant to each placing under the Placing Programme to be admitted to trading on the SFS. Whilst the Company may issue C Shares and/or 2021 Shares on a non-pre-emptive basis pursuant to the Placing Programme up to an aggregate issue value of US\$350 million, the number of shares available under the Placing Programme is intended to be flexible and should not be taken

as an indication of the number of shares that will be issued. Any issues of shares will be notified by the Company through a Regulatory Information Service prior to each Admission.

The Placing Programme will commence on 23 April 2021 and close on 25 March 2022⁶, being the last day on which new C Shares/2021 Shares may be issued pursuant to the Placing Programme.

5 Proposed New Articles:

(i) Duration of the Company:

Currently, under the Existing Articles, the Company is required to convene an extraordinary general meeting in 2024 but on or before 12 June 2024 to propose to Shareholders the Continuation Resolution. If that Continuation Resolution is passed by Shareholders, a further Continuation Resolution will be proposed on the nearest Business Day falling every two years thereafter. If a Continuation Resolution is not passed, the Board shall draw up proposals for the voluntary liquidation of the Company.

As part of the Reorganisation Proposal, a resolution is sought at the Extraordinary General Meeting which, if passed, would amend the Existing Articles so as to change the date by which the Continuation Resolution is to be proposed to 12 June 2028, being a date which aligns with the planned end date of Master Fund III, but excluding possible extension periods of Master Fund III either (i) through extending the time period during which further persons may be admitted as limited partners of Master Fund III by up to two additional consecutive one year periods at the discretion of the General Partner; and/or (ii) by Master Fund III's term ending on a later date due to it continuing to hold any investment in a CLO issuer which was made during the Commitment Period, or any reset, upsize, reissue or re-financing thereof, and for which Master Fund III has acted as originator for risk retention purposes.

(ii) Share rights of the Realisation Shares, 2021 Shares and C Shares:

It is proposed that the New Articles will provide for the reorganisation of the Company's share capital, by setting out the share rights (including voting rights) of:

- 2017 Shares re-designated as "Realisation Shares"; and
- 2017 Shares re-designated as "2021 Shares".

The rights of the C Shares in the Existing Articles will also be slightly amended to reflect the reorganisation of the 2017 Share capital. C Shares will convert only into 2021 Shares.

Your attention is drawn to Part 2 of this document, which sets out the changes proposed in the New Articles.

A copy of the New Articles (including a copy marked up to show the proposed changes as against the Existing Articles) is available for inspection, as described further in paragraph 14 of this Part 1.

6 Proposal to seek authority to issue new C Shares and 2021 Shares and to dis-apply pre-emption rights

In connection with the Placing Programme referred to in paragraph 4 of this Part 1, the Board seeks authority (pursuant to Resolution 3 to be proposed at the Extraordinary General Meeting) for the Company to issue for cash:

- (i) up to 350 million C Shares under the Placing Programme; and
- (ii) up to such number of 2021 Shares under the Placing Programme as represents 20 per cent. of the 2021 Shares then in issue following the Effective Date,

each on a non-pre-emptive basis, subject to any issues of 2021 Shares and/or C Shares under the Placing Programme being capped at an aggregate issue value of US\$350 million, and that such power shall expire on the earlier of the 2022 AGM Date or on the expiry of 15 months from the passing of the resolution except that the Company may before such expiry make offers or agreements which would or might require C Shares and/or 2021 Shares or rights to subscribe for such shares in the Company to be issued after such expiry and notwithstanding such expiry the Directors may issue C Shares and/or 2021 Shares or rights to subscribe for such shares in the

⁶ or on such earlier date on which the authority to issue 2021 Shares and/or C Shares pursuant to the Placing Programme is fully utilised, or an earlier date if agreed between the Company, Numis and Liberum.

Company in pursuance of such offers or agreements as if the power conferred by the resolution had not expired.

Under the Existing Articles (and under the New Articles), further issues of shares and rights to convert securities into such shares are subject to pre-emption rights. The issue of both the C Shares and 2021 Shares will (in the future) be subject to the pre-emption rights. The pre-emption rights may however be excluded by extraordinary resolution.

As a result of the Placing Programme as described in paragraph 4 above, the Company is therefore seeking the authority to issue C Shares and 2021 Shares on a non-pre-emptive basis. The aggregate issue value of C Shares and 2021 Shares over which the disapplication is proposed is US\$350 million.

The Placing Programme have been designed to facilitate further equity raises for the Company whilst mitigating to the extent possible any dilution of investment returns for existing Shareholders. The Board intends to use this authority (if obtained) when they consider that it is in the best interests of Shareholders to do so and to satisfy continuing demand for shares in the Company. Any C Shares and/or 2021 Shares will be issued only at prices greater than the aggregate of the relevant prevailing Net Asset Value per share and a premium to cover the commissions and expenses of the issue under the Placing Programme and should therefore not be dilutive to the Net Asset Value per existing share. In determining whether to issue any new 2021 Shares other than through the C Share mechanism, the Board will give consideration to the consistency of the issue parameters with the Company's total return targets. The proceeds of any C Share issues will only be drawn down by Master Fund III concurrent with it completing new portfolio investments, which is intended to minimise Master Fund III's cash weighting which may otherwise dilute potential returns on the 2021 Shares.

The authority conferred by Resolution 3 described in this paragraph 6, if passed, will lapse on the earlier of the 2022 AGM Date or on the expiry of 15 months from the passing of Resolution 3.

7 Application for C Shares and 2021 Shares to be traded on the SFS

Application will be made for those 2017 Shares to be re-designated as 2021 Shares to trading on the SFS (under a new ISIN GG00BNNLWT35 but retaining the current TIDM (FAIR)). Application will also be made for any C Shares issued under the Placing Programme to be admitted to trading on the SFS.

The Board intends that, subject to the Realisation Shares continuing to satisfy the relevant eligibility criteria for admission to trading on the SFS, the 2017 Shares to be re-designated as Realisation Shares will remain traded on the SFS (under the existing ISIN GG00BF00L342 and a new TIDM (FA17)).

8 Extraordinary General Meeting (which also constitutes a class meeting of the holders of 2017 Shares)

In connection with the Proposals, the Extraordinary General Meeting has been convened for 1.30 p.m. on 16 April 2021 at which the Resolutions will be put to Shareholders to:

- Resolution 1: adopt the New Articles, as described in paragraph 5 of this Part 1;
- Resolution 2: approve the re-designation of 2017 Shares as 2021 Shares, unless and to the extent that Elections are made for the re-designation of 2017 Shares as Realisation Shares (and provided that the aggregate Net Asset Value (as at 31 March 2021) of the 2017 Shares elected for Realisation Shares exceeds US\$30 million), the re-designation of their 2017 Shares as Realisation Shares. The Elections are described in paragraph 10 of this Part 1;
- Resolution 3: authorise the Directors to issue new C Shares and 2021 Shares and to do so on a non-pre-emptive basis, as described in paragraph 6 of this Part 1.

Notice of the Extraordinary General Meeting is set out at the end of this document, at which the Resolutions will be proposed. The full text of the Resolutions is set out in the notice of Extraordinary General Meeting at the end of this document.

Resolutions 1 and 2 will result in the varying of the rights of the 2017 Shares. Under the Existing Articles, the rights of a class of shares in the Company may only be varied with the sanction of a

special resolution passed at a separate meeting of the holders of such class of shares (or with the consent in writing from such holders of at least 75 per cent. in value of the issued shares of that class). Currently, the Company only has one class of shares in issue, that being the 2017 Shares. Therefore, the Extraordinary General Meeting will also constitute a class meeting of the holders of 2017 Shares at the same time.

Resolution 1 will be proposed as a special resolution.

Resolution 2 will be proposed as a special resolution.

Resolution 3 will be proposed as an extraordinary resolution.

A special resolution requires a majority of at least 75 per cent. of the votes cast by members entitled to vote and present in person or by proxy to be cast in favour in order for it to be passed.

An extraordinary resolution requires a majority of at least 75 per cent. of the votes cast by members entitled to vote and present in person or by proxy to be cast in favour in order for it to be passed.

Resolutions 2 and 3 are conditional upon the passing of Resolution 1. If Resolution 1 is not passed, Resolutions 2 and 3 will not be proposed.

Quorum:

The quorum requirement for an extraordinary general meeting is two or more Shareholders present in person or by proxy.

9 Action to be taken: Extraordinary General Meeting

Shareholders will find attached to this document a Form of Proxy for use at the Extraordinary General Meeting.

Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon to the Company's Registrar, Link Group, 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 no later than 1.30 p.m. on 14 April 2021.

Given current measures around the Covid-19 virus, the Company is concerned to ensure it protects the health and safety of Shareholders. Shareholders should note that persons travelling into Guernsey are currently required to self-isolate for a period of not less than 14 days and therefore attendance in person at the Extraordinary General Meeting may not be possible. Shareholders are therefore strongly urged to appoint the Chairman of the Extraordinary General Meeting as their proxy to vote on their behalf. If you appoint someone else (other than the Chairman of the Extraordinary General Meeting Meeting) to be your proxy, this would result in your proxy not being counted since he/she will not be able to attend the Extraordinary General Meeting.

Voting on the Resolutions will be conducted on a poll.

All Shareholders are entitled to vote at the Extraordinary General Meeting. In accordance with the Existing Articles, all Shareholders that are present in person or by proxy and are entitled to vote at the Extraordinary General Meeting shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each 2017 Share held.

Shareholders otherwise entitled to attend and wishing to raise any questions at the Meeting should do so by email to fair Oaks@PraxisIFM.com so as to be received no later than 1.30 p.m. on 14 April 2021. You may not use the email address to communicate with the Company for any purpose other than as expressly stated.

As an alternative to completing the enclosed Form of Proxy, CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST message in accordance with the procedures set out in the CREST Manual so that it is received by the Company's transfer agent (under CREST participant ID RA10) by not later than 1.30 p.m. on 14 April 2021. The time of receipt will be taken to be the time from which the Company's transfer agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

10 Action to be taken: Making an Election

(i) For those Shareholders wishing to extend the duration of their investment in the Company:

Those Shareholders who wish to extend the duration of their investment in the Company beyond the planned end date of Master Fund II do **not** need to make an election. However, such Shareholders should vote in favour of the Resolutions. The Resolutions, if passed, will cause 2017 Shares to be re-designated as 2021 Shares upon the Effective Date, unless and to the extent that an Election is received from a Shareholder to have their 2017 Shares re-designated as Realisation Shares.

(ii) For those Shareholders **not** wishing to extend the duration of their investment in the Company:

Those Shareholders who do **not** wish to extend the duration of their investment to participate in Master Fund III **will need to make an express election** to have their existing 2017 Shares re-designated as Realisation Shares upon the Effective Date. The Realisation Shares will continue to participate solely in Master Fund II.

Shareholders who do not make valid Elections (as well as Excluded Shareholders) shall be deemed to have agreed to the re-designation of all of their 2017 Shares as 2021 Shares with effect from the Effective Date.

Overseas Shareholders should refer to the information under the heading “Overseas Shareholders” below in this paragraph 10.

The following paragraphs set details on how to make an Election:

(i) Shareholders holding 2017 Shares in certificated form:

A Form of Election (which has been personalised) accompanies this document for those Shareholders who hold their 2017 Shares in certificated form. Those Shareholders who wish to elect for Realisation Shares in respect of all or part of their shareholding should complete and return the Form of Election using the enclosed reply-paid envelope, by post or by hand (during normal business hours only) to the Link Group, Corporate Actions, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL as soon as possible but in any event so as to be received by not later than 1.00 p.m. on 16 April 2021.

Further Forms of Election are available on request by calling Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Instructions on how to complete the Form of Election are set out in the guidance notes attached thereto. Elections, once made, will be irrevocable unless the consent of the Board is obtained.

(ii) Shareholders holding 2017 Shares in both certificated form and in CREST:

If any Shareholders hold 2017 Shares in both certificated and uncertificated form (that is, in CREST) and wish to elect for Realisation Shares, they should complete a Form of Election for their certificated holding and send a CREST Election Instruction for their CREST uncertificated holding.

(iii) Shareholders holding 2017 Shares in CREST:

If your 2017 Shares are held in uncertificated form (that is, in CREST) you will not receive and must not complete or return a Form of Election (if you choose to elect for Realisation Shares).

If you wish to have your 2017 Shares re-designated as Realisation Shares, you should take (or procure to take) the action set out below to input a CREST Election Instruction (by means of a transfer to escrow) detailing the total number of 2017 Shares that you wish to be re-designated as Realisation Shares, specifying the Receiving Agent (in its capacity as a CREST participant under the participant ID referred to below) as the escrow agent, as soon as possible and in any event so that the CREST Election Instruction settles not later than 1.00 p.m. on 16 April 2021.

The input and settlement of a CREST Election Instruction in accordance with this paragraph (iii) shall constitute an Election to have such number of 2017 Shares re-designated as Realisation Shares (an “**Electronic Election**”).

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your Participant ID and the member account ID under which your 2017 Shares are held. In addition, only your CREST sponsor will be able to send the CREST Election instruction to Euroclear in relation to your 2017 Shares.

You should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a CREST Election Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and which must contain, in addition to the other information that is required for the CREST Election Instruction to settle in CREST, the following details:

- the ISIN for the 2017 Shares which is: GG00BF00L342;
- the number of 2017 Shares to be re-designated as Realisation Shares;
- your Member account ID;
- your Participant ID;
- the Participant ID of the escrow agent, the Receiving Agent, in its capacity as a CREST receiving agent. This is: RA10;
- the Member account ID of the escrow agent. This is: 21198FAI;
- the Corporate Action Number of the Election, which is allocated by Euroclear and is available by viewing the relevant corporate action detail, in CREST;
- the intended settlement date for the Election through CREST. This should be as soon as possible and in any event no later than 1.00 p.m. on 16 April 2021;
- the standard delivery instruction with Priority 80; and
- contact name and telephone number inserted in the shared note field.

After settlement of the CREST Election Instruction you will not be able to access the 2017 Shares the subject of such CREST Election Instruction in CREST for any transaction or charging purposes, notwithstanding that they will be held by the Receiving Agent until they are cancelled and the re-designated Realisation Shares are credited to the originating CREST participant account or the Reorganisation Proposal otherwise lapses, in which case the CREST Election Instruction will be cancelled and the shares returned to the originating CREST participant account.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a CREST Election Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a CREST Election Instruction relating to your 2017 Shares to settle prior to 1.00 p.m. on 16 April 2021. In this connection you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

An appropriate announcement will be made if any of the details contained in this subparagraph (iii) are altered in any material respect for any reason.

Withdrawals of Electronic Elections are not permitted once submitted.

(iv) Despatch of new share certificates:

Holders of share certificates in respect of 2017 Shares will receive replacement certificates in respect of Realisation Shares and/or 2021 Shares (depending on whether and to the extent they make an Election). Replacement certificates are expected to be despatched in the week commencing 26 April 2021 to those Shareholders who currently hold their 2017 Shares in certificated form. Existing certificates in respect of 2017 Shares will cease to be of value for any purpose following the despatch of the replacement certificates.

(v) Overseas Shareholders:

Overseas laws and regulations may prevent Overseas Shareholders in certain jurisdictions outside the United Kingdom from being offered the opportunity to make an Election without compliance by

the Company with certain filing, reporting, registration or other requirements. It is the responsibility of each Overseas Shareholder to satisfy himself/herself/itself that either he/she/it may make an Election or that his/her/its 2017 Shares may be re-designated as 2021 Shares, and that in doing so, he/she/it has complied with all relevant overseas filing, exchange control and other requirements and paid all taxes and fees which may be payable.

Excluded Shareholders will not be offered the opportunity to make an Election. Instead, the 2017 Shares held by an Excluded Shareholder will by default be re-designated as 2021 Shares. Notwithstanding any other provision of this document, the Directors reserve the right in their absolute discretion to vary the above to take into account local law requirements.

For the purposes of this document, “**Excluded Shareholders**” shall mean Overseas Shareholders who are resident in the United States, Canada, the Republic of South Africa, Australia or Japan or where the making of the above-mentioned opportunity would, in the opinion of the Board, be prohibited by local law or regulation or require compliance by the Company with any filing, reporting, registration or other requirement

(vi) Record Date and Dealings:

The latest time and date for receipt of the Forms of Election or CREST Election Instructions is 1.00 p.m. on 16 April 2021. A purchaser of 2017 Shares after this time will not be entitled to make an Election.

The Record Date, being the record time and date for determining which holders of 2017 Shares are entitled to make an Election for the re-designation of their 2017 Shares as Realisation Shares, is the close of business on 16 April 2021.

2017 Shares not subject to an Election and re-designated as 2021 Shares will trade under a new ISIN number (GG00BNNLWT35) but retaining the current TIDM (FAIR). The new ISIN will be enabled and available for transactions from and including 22 April 2021.

2017 Shares subject to an Election and re-designated as Realisation Shares will trade under the existing ISIN GG00BF00L342 and new TIDM (FA17).

Up to and including the Record Date, 2017 Shares will be traded under the existing ISIN and, as such, a purchaser of 2017 Shares should confirm with the seller whether the 2017 Shares being purchased have been subject to an Election. Absent such confirmation, the buyer would have a market claim for 2021 Shares on a one-for-one basis.

If Shareholders dispose of their 2017 Shares otherwise than through the London Stock Exchange, they must make their own arrangements with the other parties concerned as regards entitlement under the Reorganisation Proposal.

11 Taxation

(i) United Kingdom:

A general summary of the UK tax consequences of a re-designation of the 2017 Shares as Realisation Shares and as 2021 Shares is included in Part 3 of this document. The summary does not constitute tax advice and any Shareholder who is in any doubt as to their tax position or as to the tax consequences of the re-designation of their shares should consult their own professional adviser.

(ii) Guernsey:

A general summary of the Guernsey tax consequences of a re-designation of the 2017 Shares as Realisation Shares and as 2021 Shares is included in Part 3 of this document. The summary does not constitute tax advice and any Shareholder who is in any doubt as to their tax position or as to the tax consequences of the re-designation of their shares should consult their own professional adviser.

12 Certain considerations and risks relating to the Reorganisation Proposal

The implementation of the Reorganisation Proposal carries with it certain considerations and risks for Shareholders as described below:

- (i) Shareholders will need to consider the tax consequences of the re-designation of their 2017 Shares based on their particular circumstances. Please refer to paragraph 11 of Part 1 and the whole of Part 3 of this document for details relating to taxation.
- (ii) For those Shareholders wishing for their 2017 Shares to be re-designated as 2021 Shares, please note there are risks in participating in an investment in the 2021 Shares and Master Fund III. You are advised to carefully consider the risk factors set out in the “Risk Factors” section of the Prospectus, in particular, those paragraphs relating to Master Fund III and to shares issued pursuant to the Placing Programme.
- (iii) Holders of 2021 Shares will, from the Effective Date, continue to be exposed to the assets and liabilities of Master Fund II (indirectly through the Company’s participation in Master Fund III, which will in turn hold a proportion of the interests in Master Fund II).
- (iv) For those Shareholders wishing for their 2017 Shares to be re-designated as Realisation Shares, please note there are risks in participating in an investment in the Realisation Shares and Master Fund II. You are advised to carefully consider the risk factors set out in the “Risk Factors” section of the Prospectus, in particular, those paragraphs relating to the Company and the Company’s investment in Master Fund II. Additionally, Shareholders should be aware of the following considerations and risks in respect of the Realisation Shares:
 - (i) The Realisation Shares have an expected life to the planned end date of Master Fund II, being 12 June 2026⁷.
 - (ii) The composition of Master Fund II’s portfolio will be unchanged by the implementation of the Proposals. However, over time, Master Fund II’s portfolio will become less diversified as its investments are realised.
 - (iii) It is expected that the Realisation Share class will represent a relatively small proportion of the Company’s share capital, therefore, the Realisation Shares are currently expected to benefit from lower levels of secondary market liquidity than the 2021 Shares.
 - (iv) The Realisation Shares may also have a greater concentration of ownership than the 2021 Shares.
 - (v) The Realisation Shares may not be created. As discussed above, even if the Reorganisation Proposal becomes unconditional and is implemented, the re-designation of existing 2017 Shares into Realisation Shares is, furthermore, conditional upon the aggregate Net Asset Value (as at 31 March 2021) of the existing 2017 Shares elected for Realisation Shares exceeding US\$30 million, and if this condition is not met, existing 2017 Shares elected for Realisation Shares will instead be re-designated into 2021 Shares upon the implementation of the Reorganisation Proposal.
 - (vi) All Shareholders (irrespective of whether you wish to remain solely invested in Master Fund II or to participate in Master Fund III) should carefully consider the risk factors set out in the “Risk Factors” section of the Prospectus.

Shareholders who are in any doubt as to the contents of this document or as to the action to be taken should immediately seek their own personal financial advice from an independent professional adviser authorised under the Financial Services and Markets Act 2000 (as amended).

13 Estimated Costs

The Company will incur three categories of cost in connection with the Proposals.

- (i) Professional and listing costs in respect of the development and implementation of the Proposals, including the preparation of this document;
- (ii) Variable costs in respect of the implementation of the Proposals, which includes commission payable to Numis Securities Limited and Liberum Capital Limited which, for example, will increase in line with the initial value of the 2021 Shares;

⁷ or if later, such date on which Master Fund II ceases to hold any investment in a CLO issuer which was made during the Commitment Period and for which Master Fund II has acted as originator for risk retention purposes.

- (iii) Variable costs in respect of the Placing Programme, which includes commission payable to Numis Securities Limited and Liberum Capital Limited, which will increase in line with the value of any 2021 Shares and/or C Shares issued in connection with the Placing Programme.

These costs will be borne as follows:

- (a) Holders of the 2017 Shares as a whole immediately prior to the implementation of the Reorganisation Proposal will bear costs equal to 0.275 per cent. of NAV.
- (b) Holders of the 2021 Shares as a whole immediately following the implementation of the Reorganisation Proposal will additionally bear the residual costs in respect of the implementation of the Proposals. The Company estimates that these costs will represent approximately 0.4 per cent. of the NAV per 2021 Share as at the date of this document.
- (c) Variable costs in respect of the Placing Programme will be borne through any 2021 Shares and/or C Shares issued in connection with the Placing Programme being priced at a premium to the then prevailing initial NAV per relevant share class.

For further details of these costs, please refer to the Prospectus.

14 Documents available for inspection

Copies of the following documents will be available for inspection on the Company's website www.fairoaksincomefund.com and (subject to Covid-19 restrictions in Guernsey not resulting in the Company's registered office being closed or preventing Shareholders from accessing the premises) will also be made available for inspection at the registered office of the Company at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR until the Effective Date:

- (i) the Existing Articles;
- (ii) the New Articles (including a comparison document comparing against the Existing Articles);
- (iii) the audited accounts of the Company for the periods ended 31 December 2017, 31 December 2018 and 31 December 2019 and the unaudited interim reports and accounts of the Company for the six month periods ended 30 June 2019 and 30 June 2020; and
- (iv) the Prospectus.

15 Recommendation

The Board considers that the Proposals referred to in this document are in the best interests of the Company and its Shareholders as a whole. Accordingly the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting (which also constitutes a class meeting of the holders of 2017 Shares at the same time).

The Directors intend to vote in favour of the Resolutions in respect of their holdings of 2017 Shares amounting to 109,697⁸ 2017 Shares in aggregate (representing c.0.02 per cent. of the voting rights in the Company as at 24 March 2021 (being the latest practicable date prior to the publication of this document)) and do **not** intend to make an Election for the re-designation of their 2017 Shares as Realisation Shares.

Yours faithfully

Professor Claudio Albanese
(Chairman)

⁸ This figure includes the 40,000 2017 Shares which a connected party of Jonathan Bridel holds.

PART 2 – NEW PROVISIONS IN THE PROPOSED NEW ARTICLES

The proposed share rights of the Realisation Shares, 2021 Shares and C Shares under the New Articles are set out below:

1. Realisation Shares:

- 1.1 *Dividends:* Holders of Realisation Shares are entitled to receive, and participate in, any dividends or other distributions attributable to the Realisation Shares that are resolved to be distributed in respect of any accounting period or other period, provided that no calls or other sums due by them to the Company are outstanding.
- 1.2 *Rights as to capital:* On a winding up or a return of capital, the holders of Realisation Shares shall be entitled to the surplus assets of the Company attributable to the Realisation Shares that remain after payment of all the creditors of the Company. Such surplus assets shall be paid to the holders of Realisation Shares of each class *pro rata* to the net asset value of the Realisation Shares (as calculated under the New Articles).
- 1.3 *Voting:* Subject to any rights or restrictions attached to any Realisation Shares, at a general meeting of the Company, on a show of hands, every holder of Realisation Shares present in person or by proxy and entitled to vote shall have one vote, and on a poll every holder of Realisation Shares of a particular class present in person or by proxy shall have one vote for each Realisation Share of such class held by him, but this entitlement shall be subject to the conditions with respect to any special voting powers or restrictions for the time being attached to the Realisation Shares which may be subject to special conditions.
- 1.4 *Redemption:* the Company may, on at least 10 business days' notice to the relevant Shareholders, redeem all or a portion of the Realisation Shares as it shall determine at the relevant net asset value calculated in accordance with the New Articles. Any redemption of the Realisation Shares shall be paid out of the assets attributable to the Realisation Shares.

2. 2021 Shares:

- 2.1 *Dividends:* Holders of the 2021 Shares are entitled to receive, and participate in, any dividends or other distributions attributable to 2021 Shares that are resolved to be distributed in respect of any accounting period or other period, provided that no calls or other sums due by them to the Company are outstanding.
- 2.2 *Rights as to capital:* On a winding up or a return of capital, the holders of 2021 Shares shall be entitled to the surplus assets of the Company attributable to the 2021 Shares that remain after payment of all the creditors of the Company. Such surplus assets shall be paid to the holders of 2021 Shares of each class *pro rata* to the net asset value of the 2021 Shares (as calculated under the New Articles).
- 2.3 *Voting:* Subject to any rights or restrictions attached to any 2021 Shares, at a general meeting of the Company, on a show of hands, every holder of 2021 Shares present in person or by proxy and entitled to vote shall have one vote, and on a poll every holder of 2021 Shares of a particular class present in person or by proxy shall have one vote for each 2021 Share of such class held by him, but this entitlement shall be subject to the conditions with respect to any special voting powers or restrictions for the time being attached to the 2021 Shares which may be subject to special conditions.
- 2.4 *Redemption:* the Company may, on at least 10 business days' notice to the relevant Shareholders, redeem all or a portion of any 2021 Shares as it shall determine at the relevant net asset value calculated in accordance with the New Articles. Any redemption of a class of 2021 Shares shall be paid out of the assets attributable to the 2021 Shares.

3. C Shares:

- 3.1 The rights and restrictions attaching to each class or tranche of the C Shares and the New 2021 Shares arising on their conversion are summarised in this paragraph 3.

3.2 The following definitions apply for the purposes of this paragraph 3 only:

- 3.2.1 **Realisation Share Surplus** means the net assets of the Company attributable to the Realisation Shares (as determined by the Directors) at the date of winding up or other return of capital;
- 3.2.2 **“Realisation Share Surplus”** means the net assets of the Company attributable to each class of 2021 Shares (as determined by the Directors) at the date of winding up or other return of capital;
- 3.2.3 **“Back Stop Date”** such date as determined by the Directors and set out in the Specified Conversion Criteria;
- 3.2.4 **“C Share Surplus”** means in relation to any class or tranche of C Shares, the net assets of the Company attributable to that class or tranche of C Shares (as determined by the Directors) at the date of winding up or other distribution or return of capital;
- 3.2.5 **“Calculation Time”** means the earliest of the:
- (a) close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that they are in contemplation;
 - (b) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of the Conversion of that class or tranche of C Shares;
 - (c) the close of business on the Back Stop Date for the relevant class or tranche of C Shares; and
 - (d) the close of business on such date as the Directors may determine, provided that the Directors shall, in their discretion, have resolved that the Early Investment Condition of the relevant class or tranche of C Shares has been satisfied and that the relevant class or tranche of C Shares shall be converted;
- 3.2.6 **“Conversion”** means in relation to any class or tranche of C Shares, conversion of that class or tranche of C Shares in accordance with the New Articles;
- 3.2.7 **“Conversion Ratio”** means, in relation to each class or tranche of C Shares, A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = (C - D)/E$$

and

$$B = (F - G)/H$$

Where:

C is the aggregate value of all assets and investments of the Company attributable to the relevant class or tranche of C Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the valuation policy adopted by the Directors from time to time;

D is the amount which (to the extent not otherwise deducted in the calculation of **C**) in the Directors’ opinion fairly reflects at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the C Shares of the relevant class or tranche (as determined by the Directors);

E is the number of the C Shares of the relevant class or tranche in issue as at the relevant Calculation Time;

F is the aggregate value of all assets and investments attributable to the 2021 Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the valuation policy adopted by the Directors from time to time;

G is the amount which (to the extent not otherwise deducted in the calculation of **F**) in the Directors’ opinion, fairly reflects at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the 2021 Shares; and

H is the number of 2021 Shares in issue as at the relevant Calculation Time;

Provided always that:

- (a) the Directors shall be entitled to make such adjustments to the value or amount of A or B as they believe to be appropriate having regard to, among other things, the assets of the Company immediately prior to the Issue Date or the Calculation Time or to the reasons for the issue of the C Shares of the relevant class or tranche;
- (b) in relation to any class or tranche of C Shares, the Directors may, as part of the terms of issue of such class or tranche, amend the definition of Conversion Ratio in relation to that class or tranche; and
- (c) where valuations are to be made as at the Calculation Time and the Calculation Time is not a Business Day, the Directors shall apply the provisions of this definition as if the Calculation Time were the preceding Business Day.

3.2.8 **“Conversion Time”** means a time following the Calculation Time, being the opening of business in London on such Business Day as may be selected by the Directors and falling not more than 20 Business Days after the Calculation Time;

3.2.9 **“Early Investment Condition”** any such condition specified in the Specified Conversion Criteria;

3.2.10 **“Force Majeure Circumstances”** in relation to any class or tranche of C Shares:

- (a) any political or economic circumstances or actual or anticipated changes in fiscal or other legislation which, in the opinion of the Directors, renders Conversion necessary or desirable;
- (b) the issue of any proceedings challenging, or seeking to challenge the power of the Company or its Directors to issue the C Shares of that class or tranche with the rights proposed to be attached to them or to the persons to whom they are, or the terms on which they are, proposed to be issued; or
- (c) the convening of any general meeting of the Company at which a resolution is to be proposed to wind up the Company;

3.2.11 **“Issue Date”** in relation to any class or tranche of C Shares, the date on which the admission of the C Shares first becomes effective or such other date as the Directors may determine;

3.2.12 **“New 2021 Shares”** means the new 2021 Shares arising upon the Conversion of the C Shares in accordance with the New Articles;

3.2.13 **“RIS”** a regulatory information service that is approved by the FCA as meeting the primary information provider criteria and that is on the list of regulatory information service providers maintained by the FCA; and

3.2.14 **“Specified Conversion Criteria”** in respect of any issue of any class or tranche C Shares, such criteria as determined by the Directors announced by the Company through a RIS, setting out, among other matters, the Back Stop Date and the Early Investment Condition.

3.2.15 Reference to 2021 Shareholders and C Shareholders should be construed as references to holders for the time being of 2021 Shares and C Shares respectively.

3.3 The Directors are authorised, pursuant to the New Articles, to issue C Shares of such classes or tranches as they may determine and with C Shares of each such class or tranche being convertible into New 2021 Shares.

3.4 The Directors shall, on the issue of each class or tranche of C Shares, be entitled to effect any amendments to the definition of Conversion Ratio attributable to each such class or tranche.

- 3.5 *Issues of C Shares:* Subject to the Law, the Directors shall be authorised to issue C Shares (in one or more classes or tranches) on such terms as they determine provided that such terms are consistent with provisions contained in this paragraph 3. The Directors shall, on the issue of each class or tranche of C Shares, determine the Calculation Time and Conversion Time together with any amendments to the definition of "Conversion Ratio" attributable to each such class or tranche. Each class or tranche of C Shares, if in issue at the same time, shall be deemed to be a separate class or tranche of shares. The Directors may, if they so decide, designate each class or tranche of C Shares in such manner as they see fit in order that each class or tranche of C Shares can be identified.
- 3.6 *Dividends and pari passu ranking of C Shares and New 2021 Shares:* The holders of C Share(s) of a class or tranche shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C Share Surplus of that class or tranche. If any dividend is declared after the issue of any class or tranche of C Shares and prior to the Conversion of that class or tranche, the holders of 2021 Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus of the relevant class or tranche of C Shares. The New 2021 Shares shall rank in full for all dividends and other distributions declared, made or paid after the Conversion Time and otherwise *pari passu* with the 2021 Shares in issue at the Conversion Time.
- 3.7 *Rights as to capital:* The capital and assets of the Company shall, on a winding up or on a return of capital prior, in each case, to Conversion be applied as follows:
- 3.7.1 the Realisation Share Surplus shall be divided amongst the holders of Realisation Shares of the relevant class according to the rights attaching thereto as if the Realisation Share Surplus comprised the assets of the Company available for distribution;
- 3.7.2 the 2021 Share Surplus shall be divided amongst the holders of 2021 Shares of the relevant class according to the rights attaching thereto as if the 2021 Share Surplus comprised the assets of the Company available for distribution; and
- 3.7.3 the C Share Surplus attributable to each class or tranche of C Shares shall be divided amongst the holders of such class or tranche *pro rata* according to their holdings of C Shares of that class or tranche.
- 3.8 *Voting and transfer:* The C Shares shall carry the right to receive notice of, and to attend or vote at, any general meeting of the Company in the same manner as the 2021 Shares (notwithstanding any difference in the respective net asset values (as calculated under the articles of incorporation) of the C Shares and 2021 Shares). The C Shares shall be transferable in the same manner as the 2021 Shares.
- 3.9 *Redemption:* The C Shares are issued on terms that each class or tranche of C Shares shall be redeemable by the Company in accordance with the terms set out in the New Articles. At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facilities and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holders of C Share(s).
- 3.10 *Class consents and variation of rights:* Without prejudice to the generality of the New Articles, for so long as any C Shares are in issue, until Conversion of all such C Shares it shall be a special right attaching both to the existing 2021 Shares and to the C Shares as separate classes that save that with the sanction or consent of such holders given in accordance with the New Articles that:
- 3.10.1 no alteration shall be made to the New Articles of the Company; and
- 3.10.2 no resolution of the Company shall be passed to wind up the Company.
- For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of 2021 Shares and/or C Shares shall not be required in respect of:

- 3.10.3 the issue of further 2021 Shares ranking *pari passu* in all respects with the 2021 Shares, or
- 3.10.4 the sale of any shares held as treasury shares or the purchase of any shares by the Company (whether or not such shares are to be held as treasury shares).
- 3.11 *Undertakings:* Until Conversion, and without prejudice to its obligations under the Law, the Company shall in relation to each class or tranche of C Shares:
- 3.11.1 procure that the Company's records and bank accounts shall be operated so that the assets attributable to the relevant class or tranche of C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to each class or tranche of C Shares; and
- 3.11.2 allocate to the class account assets attributable to each class or tranche of C Shares any expense, asset, profit, gain, income, loss or liability relating to the assets attributable to such class or tranche (or, where such expenses, asset, profit, gain, income, loss or liability is not attributable to a specific class or tranche, such proportion as the Directors determine shall be allocated to the relevant class or tranche of C Shares).
- 3.12 *Conversion:* In relation to each class or tranche of C Shares, the C Shares shall be converted into New 2021 Shares at the Conversion Time in accordance with the following provisions of this paragraph. The Directors shall procure that:
- 3.12.1 within twenty Business Days after the Calculation Time, the Company (or its delegate) shall calculate the Conversion Ratio as at the Calculation Time and the number of New 2021 Shares to which each holder of C Shares of that class or tranche shall be entitled on Conversion; and
- 3.12.2 the Company's auditor may, if the Directors consider it appropriate, be requested to certify that such calculations:
- have been performed in accordance with the New Articles; and
 - are arithmetically accurate,
- whereupon, subject to the proviso in the definition of Conversion Ratio in the New Articles, such calculations shall become final and binding on the Company and all Shareholders.
- The Directors shall procure that, as soon as practicable following such certification, an announcement is made to a RIS, advising holders of C Share(s) of that class or tranche, of the Conversion Time, the Conversion Ratio and the aggregate number of New 2021 Shares to which holders of C Share(s) of that class or tranche are entitled on Conversion.
- Conversion shall take place at the Conversion Time. On Conversion:
- 3.12.3 each issued C Share of the relevant class or tranche shall automatically convert into such number of New 2021 Shares as shall be necessary to ensure that, upon Conversion being completed, the aggregate number of C Shares which are converted into New 2021 Shares equals the aggregate number of C Shares of that class or tranche in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole New 2021 Share);
- 3.12.4 the New 2021 Shares arising upon Conversion shall be divided amongst the former holders of C Share(s) *pro rata* according to their respective former holdings of C Shares of the relevant class or tranche (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New 2021 Shares, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is authorised as agent on behalf of the former holders of C Share(s), in the case of a share in certificated form, to execute any stock

transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of the former holders of any C Shares who shall be bound by them; and

- 3.12.5 any certificates relating to the C Shares of the relevant class or tranche shall be cancelled and the Company shall issue to each such former C Shareholder new certificates in respect of the New 2021 Shares which have arisen upon Conversion unless such former holder of any C Shares elects to hold his New 2021 Shares in uncertificated form.

The delaying of the date on which the Continuation Resolution is to be proposed is set out in the New Articles as follows:

4. Duration of the Company:

During 2028 but on or before 12 June 2028, being around the planned end date of Master Fund III, the Company shall propose to Shareholders an ordinary resolution that the Company continues as a Registered Closed-ended Collective Investment Scheme. If this continuation resolution is passed by Shareholders, a further continuation resolution will be required to be proposed every two years thereafter. If the continuation resolution is not passed, the Board will be required to draw up proposals for the voluntary liquidation of the Company, with such liquidation proposals being submitted to the Members as a special resolution at an extraordinary general meeting to be convened by the Board for a date not more than ninety (90) days after the date of the extraordinary general meeting at which the continuation resolution was not passed.

5. Other Changes:

- 5.1 It should be noted that the above are summaries of the principal changes to the New Articles. Certain consequential changes arising from the above changes are also made to the New Articles.

PART 3 – TAXATION

The following information is a general summary of the United Kingdom and Guernsey tax consequences of a re-designation of the 2017 Shares as Realisation Shares and as 2021 Shares. The following summary is applicable to the Company and certain types of investors.

Shareholders should note that the statements below are of a general nature and are based on what is understood to be current tax law and current published tax authority practice, as of the date of this document, both of which are subject to change, possibly with retrospective effect.

The summary does not constitute legal, tax or investment advice and is not exhaustive and any Shareholder who is in any doubt as to their tax position or as to the tax consequences of the re-designation of their 2017 Shares should consult their own professional adviser.

United Kingdom:

The following paragraphs are intended only as a general and non-exhaustive guide to certain aspects of the Reorganisation Proposal and are based on current law and HM Revenue & Customs (“HMRC”) published practice as at the date of this document, both of which are subject to change (possibly with retrospective effect). They are of a general nature, do not constitute tax advice and apply only to Shareholders who are resident (and, in the case of individuals, domiciled) in the UK for UK tax purposes, who are the absolute beneficial owners of their shares in the Company and who hold their shares as an investment. They may not apply to certain classes of Shareholders including (but not limited to) dealers in securities, charities, registered pension schemes, collective investment schemes, persons who acquired their shares in the Company by reason of any office or employment or persons who acquired, hold or dispose of their shares otherwise than for *bona fide* commercial purposes or as part of arrangements to obtain a tax advantage.

Shareholders who are resident or domiciled for tax purposes in a jurisdiction other than the UK, or who are unsure about any aspect of their tax treatment, should consult their own professional tax advisers without delay.

For the purposes of this Part 3, references to “**Re-designated Shares**” are to the Realisation Shares and the 2021 Shares.

Status of the Company – offshore fund and bond fund rules

The Directors consider the Company to be an “offshore fund” for the purposes of UK Offshore Fund Rules. The Company has obtained approval from HM Revenue & Customs to treat the 2017 Shares as a “reporting fund” for these purposes.

Given the nature of its investments, the Company is also considered to be a “bond fund” for the purposes of UK taxation. In this regard, Shareholders are referred to Chapter 3 of Part 6 CTA 2009 and Section 378A ITTOIA 2005. Broadly, an offshore fund is treated as a bond fund if, at any time in an accounting period, more than 60 per cent. of the assets attributable to it are “qualifying investments”. For these purposes “qualifying investments” include securities and certain other interest-bearing or economically similar investments.

In the event that, pursuant to the Reorganisation Proposal, existing 2017 Shares are to be re-designated as Realisation Shares and 2021 Shares the Company intends to apply to HMRC for approval of the Re-designated Shares as reporting offshore funds. It should be noted that each class of shares would be treated as a separate offshore fund for the purposes of the UK Offshore Fund Rules.

The statements below assume that each class of the Company's shares (including the existing 2017 Shares and the Re-designated Shares) constitutes an offshore fund approved by HMRC as a reporting fund. The statements also assume that each such class of shares would be treated as a “bond fund”. It cannot be guaranteed that this treatment will be obtained or, as the case may be, maintained. Any Shareholder who has any doubt as to the effect of any class of shares being treated (or not being treated) as such should consult an appropriate professional adviser.

Any Shareholder who is in any doubt as to the tax consequences of holding an interest in a reporting offshore fund which constitutes a bond fund, including the tax treatment of reported income, should consult their own professional advisers without delay.

The re-designation of 2017 Shares

UK resident individuals

A re-designation of 2017 Shares pursuant to the Reorganisation Proposal should be treated for the purposes of UK capital gains tax as a reorganisation of the share capital of the Company.

Accordingly, Shareholders should not be treated as having disposed of their 2017 Shares as a result of, and no liability to UK tax on chargeable gains (or an “offshore income gain” under the UK Offshore Fund Rules) should arise as a result of, the re-designation. Instead, the Re-designated Shares should for the purposes of capital gains tax be treated as the same asset acquired at the same time and for the same consideration as the relevant 2017 Shares.

Shareholders within the charge to corporation tax

For Shareholders within the charge to corporation tax, the 2017 Shares and, following the re-designation, the Re-designated Shares would (for each accounting period of the Shareholder during which such shares have at any time been a bond fund) be treated as if they were a creditor relationship under the “loan relationships regime”. For these purposes, the credits and debits to be brought into account would fall to be determined on the basis of fair value accounting, and the Shareholder would be taxed (or obtain relief from tax) in accordance with such accounting treatment.

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

No UK stamp duty or SDRT will be payable by a Shareholder in connection with the Reorganisation Proposal.

Guernsey:

The Company

There should be no Guernsey tax consequences for the Company arising from the re-designation of 2017 Shares into either Realisation Shares or 2021 Shares.

The Shareholders

There should be no Guernsey tax consequences for Shareholders arising from the re-designation of 2017 Shares into either Realisation Shares or 2021 Shares.

FATCA – US-Guernsey Intergovernmental Agreement

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the United States (“**US-Guernsey IGA**”) regarding the implementation of FATCA. Under FATCA and legislation enacted in Guernsey to implement the US-Guernsey IGA, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the United States, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that will need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company, whether such investment is made by way of, or returns relate to, Realisation Shares or 2021 Shares. The Company will be required to report this information each year in the prescribed format and manner as per local guidance.

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

Under the US-Guernsey IGA and Guernsey’s implementation of that agreement, securities that are “regularly traded” on an established securities market, such as the SFS, are not considered financial accounts and are not subject to reporting. For these purposes, Realisation Shares and/or

2021 Shares will be considered “regularly traded” if there is a meaningful volume of trading with respect to the Realisation Shares or, as the case may be, the 2021 Shares, on an on-going basis. Notwithstanding the foregoing, a Realisation Share or, as the case may be, a 2021 Share, will not be considered “regularly traded” and will be considered a financial account if the holder of that Realisation Share/2021 Share (other than a financial institution acting as an intermediary) is registered as the holder of that Realisation Share/2021 Share on the Company’s share register. Such Shareholders will be required to provide information to the Company to allow the Company to satisfy its obligations under FATCA, although it is expected that whilst a Realisation Share/2021 Share is held in uncertificated form through CREST, the holder of that Realisation Share/2021 Share will likely be a financial institution acting as an intermediary. Additionally, even if the Realisation Shares/2021 Shares are considered regularly traded on an established securities market, Shareholders that own their Realisation Shares/2021 Shares through financial intermediaries may be required to provide information to such financial intermediaries in order to allow the financial intermediaries to satisfy their obligations under FATCA. Notwithstanding the foregoing, the relevant rules under FATCA may change and, even if the Realisation Shares/2021 Shares are considered regularly traded on an established securities market, Shareholders may, in the future, be required to provide information to the Company in order to allow the Company to satisfy its obligations under FATCA.

Common Reporting Standard

Guernsey, along with approximately 100 jurisdictions, has implemented the Organisation for Economic Co-operation and Development’s “Common Reporting Standard” (“**CRS**”).

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements will be imposed in respect of certain Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that would need to be disclosed will include certain information about Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company, whether such investment is made by way of, or returns relate to, Realisation Shares or 2021 Shares. The Company will be required to report this information each year in the prescribed format and manner as per local guidance.

Under the CRS, there is currently no reporting exemption for securities that are “regularly traded” on an established securities market, although it is expected that whilst a Realisation Share/2021 Share is held in uncertificated form through CREST, the holder of that Realisation Share/2021 Share will likely be a financial institution acting as an intermediary. Shareholders that own the Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under the CRS.

All prospective investors should consult with their own tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their investment in the Company.

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

Request for Information

The Company reserves the right to request from any Shareholder such information as the Company deems necessary to comply with FATCA and the CRS.

PART 4 – DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“2017 Shares”	the ordinary shares of no par value each in the capital of the Company designated as “2017 Shares”
“2021 Shares”	the ordinary shares of no par value each in the capital of the Company designated as “2021 Shares”
“2022 AGM Date”	the date on which the Company’s annual general meeting of 2022 is held
“Admission”	the admission of shares to trading on the SFS
“Aggregate Gross Assets”	the value of the principal balances of the loans and other assets held directly or indirectly by the Company, Master Fund II or Master Fund III (as the context requires);
“Business Day”	a day which is not a Saturday, Sunday or public holiday in Guernsey
“C Shares”	the C shares of no par value each in the capital of the Company
“Link Group”	a trading name of Link Market Services Limited
“certificated” or “in certificated form”	not in uncertificated form
“CLO”	collateralised loan obligation;
“Commitment Period”	in respect of Master Fund II: 12 June 2019 as extended by two consecutive one year periods to 12 June 2021, and in respect of Master Fund III: 12 June 2023 as may be extended by up to two consecutive one year periods by the General Partner
“Company”	Fair Oaks Income Limited, a company incorporated in Guernsey with registered number 58123 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission
“Continuation Resolution”	shall have the meaning given to it in Article 45 of the Existing Articles
“Contribution Agreement”	the contribution agreement dated 26 March 2021 entered into between the Company, Master Fund II (acting by its General Partner) and Master Fund III (acting by its General Partner) and the General Partner
“CREST”	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
“CREST Election Instruction”	an instruction via CREST to make an Election for Realisation Shares
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
“CRS”	the OECD’s “Common Reporting Standard”
“CTA 2009”	the UK’s Corporation Tax Act 2009
“Directors” or “Board”	the directors of the Company, whose names appear on page 7 of this document
“Effective Date”	22 April 2021 (this being also the date on which the Admission of the re-designated 2021 Shares occurs)

“Election”	an election for existing 2017 Shares to be re-designated as Realisation Shares, as contemplated under this document
“European Union”	the European Union first established by the treaty made at Maastricht on 7 February 1992, as constituted from time to time
“Euroclear”	Euroclear UK & Ireland Limited
“Excluded Shareholders”	Has the meaning given to such term in paragraph 10(v) of Part 1 of this document
“Existing Articles”	the Company’s articles of incorporation existing as at the date of this document
“Extraordinary General Meeting”	the extraordinary general meeting of the Company (which also constitutes a class meeting of the holders of 2017 Shares) convened for 1.30 p.m. on 16 April 2021, or any adjournment thereof
“FATCA”	the US Foreign Account Tax Compliance Act
“FCA”	the Financial Conduct Authority
“FCA Rules”	the rules or regulations issued or promulgated by the FCA from time to time and for the time being in force (as varied by any waiver or modification granted, or guidance given, by the FCA)
“Form of Election”	the form of election for making an express Election for re-designation of 2017 Shares as Realisation Shares
“Form of Proxy”	the form of proxy attached to this document for use at the Extraordinary General Meeting (which also constitutes a class meeting of the holders of 2017 Shares)
“General Partner”	Fair Oaks Income Fund (GP) Limited, acting as general partner of Master Fund II and/or Master Fund III, as the case may be
“Guernsey”	the Island of Guernsey
“Investment Adviser”	Fair Oaks Capital Limited, a company incorporated in England and Wales with registered number 08260598 whose registered office is at 1 Albemarle Street, London W1S 4HA
“Investment Policy”	the investment policy of the Company as at the date of this document
“ITTOIA 2005”	the UK’s Income Tax (Trading and Other Income) Act 2005
“the Law”	the Companies (Guernsey) Law, 2008
“London Stock Exchange”	London Stock Exchange plc
“Master Funds”	Master Fund II and Master Fund III
“Master Fund II”	FOIF II LP (formerly FOMC II LP, the name of which was changed on 23 March 2021), a Guernsey limited partnership established and registered in Guernsey as a limited partnership on 24 February 2017 (registration number 2782)
“Master Fund III”	FOMC III LP, a Guernsey limited partnership established and registered in Guernsey as a limited partnership on 10 March 2021 (registration number 3847)
“MF II Partnership Agreement”	the amended and restated partnership agreement dated 16 April 2020 relating to Master Fund II and made between Fair Oaks Founder II LP and the General Partner and to which the Company has become a party
“MF III Partnership Agreement”	the amended and restated partnership agreement dated 26 March 2021 relating to Master Fund III and made between

	Fair Oaks Founder VI LP and the General Partner and to which the Company has become a party
“Net Asset Value” or “NAV”	the value of the assets of the Company less its liabilities (including accrued but unpaid fees), or, where relevant, the assets attributable to a class of share less the liabilities attributable to that class of share (including accrued but unpaid fees), in each case determined (by the Directors in their absolute discretion) in accordance with the accounting principles adopted by the Company from time to time
“New Articles”	the new articles of incorporation of the Company proposed to be adopted pursuant to Resolution 1 to be proposed at the Extraordinary General Meeting
“OECD”	the Organisation for Economic Co-operation and Development
“Overseas Shareholders”	the holders of 2017 Shares who are resident in or ordinarily resident in or citizens of jurisdictions outside the United Kingdom
“Placing Programme”	the programme pursuant to which C Shares and/or 2021 Shares will be issued as described in the Prospectus
“Placing Programme Proposal”	the proposal for the Placing Programme described in this document
“Proposals”	The Reorganisation Proposal and the Placing Programme Proposal
“Prospectus”	the prospectus published by the Company on the same date as the date of this document relating to the Placing Programme
“Qualified Investors”	has the meaning as defined in UK Prospectus Regulation
“Qualifying Short Term Investments”	cash or cash equivalents, government or public securities (as defined in the FCA Rules) money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a “single A” (or equivalent) or higher credit rating as determined by any internationally recognised rating agency selected by the Board (which may or may not be registered in the European Union)
“Realisation Shares”	the ordinary shares of no par value each in the capital of the Company designated as “Realisation Shares”
“Record Date”	the record time and date for determining which holders of 2017 Shares are entitled to make an Election for the re-designation of their 2017 Shares as Realisation Shares, being the close of business on 16 April 2021
“Reorganisation Proposal”	the proposal for a reorganisation of the Company’s share capital described in this document
“Resolutions”	the resolutions to be proposed at the Extraordinary General Meeting as set out in the notice of Extraordinary General Meeting at the end of this document
“Revised Investment Policy”	the revised investment policy of the Company following implementation of the Reorganisation Proposal
“Secondary Market Placing”	the cash placing by Numis Securities Limited and Liberum Capital Limited of shares in the secondary market as described in the paragraph headed “Secondary Market Placing” in paragraph 2 of Part 1 of this document
“SFS”	the Specialist Fund Segment of the Main Market of the London Stock Exchange

“Shareholders”	the holders of 2017 Shares in the Company
“uncertificated” or “in uncertificated form”	a Share recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“UK Offshore Fund Rules”	UK tax legislation, including related regulations, relating to the taxation of participants in “offshore funds” as defined in Part 8 of the Taxation (International and Other Provisions) Act 2010
“UK Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

NOTICE OF EXTRAORDINARY GENERAL MEETING

Fair Oaks Income Limited

(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered number 58123 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Notice is hereby given that an extraordinary general meeting of Fair Oaks Income Limited (the “**Company**”), which also constitutes a class meeting of the holders of ordinary shares in the capital of the Company designated as “2017 shares”, will be held at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR on 16 April 2021 at 1.30 p.m. to consider and, if thought fit, approve Resolutions 1, 2 and 3. Resolutions 1 and 2 will be proposed as special resolutions. Resolution 3 will be proposed as an extraordinary resolution.

Resolutions 2 and 3 are conditional upon the passing of Resolution 1. If Resolution 1 is not passed, Resolutions 2 and 3 will not be proposed.

RESOLUTION 1: SPECIAL RESOLUTION

THAT, conditional upon the passing of Resolution 2, the articles of incorporation in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be and are hereby approved and adopted as the articles of incorporation of the Company in substitution for, and to the exclusion of, the existing articles of incorporation of the Company.

RESOLUTION 2: SPECIAL RESOLUTION

THAT on the Effective Date (as defined in the circular issued by the Company to the Shareholders dated 26 March 2021 (the “**Circular**”)) all ordinary shares of no par value each in the capital of the Company designated as “2017 shares” (“**2017 Shares**”) shall be re-designated on a one-for-one basis as ordinary shares of no par value each in the capital of the Company designated as “2021 shares” (“**2021 Shares**”) pursuant to the proposals set out in the Circular, EXCEPT THAT where and to the extent that a shareholder has made a valid election for the re-designation of some or all of their 2017 Shares as ordinary shares of no par value each in the capital of the Company designated as “Realisation Shares” (“**Realisation Shares**”) pursuant to an election contemplated under the Circular (and provided that the aggregate net asset value (as at 31 March 2021) of the 2017 Shares elected for Realisation Shares exceeds US\$30 million), such 2017 Shares shall instead be re-designated on a one-for-one basis as Realisation Shares.

RESOLUTION 3: EXTRAORDINARY RESOLUTION

THAT the Directors of the Company be and are hereby empowered to issue the following shares in the Company or rights to subscribe for such shares in the Company for cash as if the pre-emption provisions contained under Article 6.2 did not apply to any such issues provided that this power shall be limited to the issue of the below-mentioned shares or of rights to subscribe for the below-mentioned shares:

- (i) up to a maximum number of 350 million C Shares under the Placing Programme (“**Placing Programme**” as defined in the Circular); and
- (ii) up to such number of 2021 Shares under the Placing Programme as represents 20 per cent. of the 2021 Shares then in issue following the Effective Date, and

subject to any issues of 2021 Shares and/or C Shares under the Placing Programme being capped at an aggregate issue value of US\$350 million, and that such power shall expire on the earlier of the 2022 AGM Date (as defined in the Circular) or on the expiry of 15 months from the passing of this Resolution except that the Company may before such expiry make offers or agreements which would or might require C Shares and/or 2021 Shares or rights to subscribe for such shares in the Company to be issued after such expiry and notwithstanding such expiry the Directors may issue C Shares and/or 2021 Shares or rights to subscribe for such shares in the Company in pursuance of such offers or agreements as if the power conferred hereby had not expired.

By order of the Board

Praxis Fund Services Limited
Company Secretary

26 March 2021

Registered Office:
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 1GR

NOTES TO THE NOTICE OF EXTRAORDINARY GENERAL MEETING:

- 1 Given current measures around the Covid-19 virus the Company is concerned to ensure it protects the health and safety of Shareholders. Shareholders should note that persons travelling into Guernsey are currently required to self-isolate for a period of not less than 14 days and therefore attendance in person at the Extraordinary General Meeting may not be possible. Shareholders are therefore strongly urged to complete and return the relevant enclosed Form of Proxy in accordance with the instructions printed thereon and in this document. **Shareholders are also strongly urged to appoint the Chairman of the Extraordinary General Meeting as their proxy to vote on their behalf. If you appoint someone else (other than the Chairman of the Extraordinary General Meeting Meeting) to be your proxy, this would result in your proxy not being counted since he/she will not be able to attend the Extraordinary General Meeting. Voting on the Resolutions will be conducted on a poll.**
- 2 A Form of Proxy is attached to this notice of Extraordinary General Meeting. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be sent to Link Group, PXS1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL by no later than 1.30 p.m. on 14 April 2021, or not less than 48 hours before (excluding weekends and bank holidays) the time for holding any adjourned meeting, as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent.
- 3 Shareholders otherwise entitled to attend and wishing to raise any questions at the Extraordinary General Meeting should do so by email to fair Oaks@PraxisIFM.com so as to be received no later than 1.30 p.m. on 14 April 2021. You may not use the email address to communicate with the Company for any purpose other than as expressly stated.
- 4 A special resolution requires a majority of at least 75 per cent. of the votes cast by members entitled to vote and present in person or by proxy to be cast in favour in order for it to be passed. An extraordinary resolution requires a majority of at least 75 per cent. of the votes cast by members entitled to vote and present in person or by proxy to be cast in favour in order for it to be passed.
- 5 The quorum requirement for an extraordinary general meeting is two or more Shareholders present in person or by proxy.
- 6 Joint registered holders of shares shall not have the right of voting individually in respect of such 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 register of members of the Company shall alone be entitled to vote.
- 7 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the register of members of the Company at the close of business on 14 April 2021 (or in the event that the Extraordinary General Meeting is adjourned, only those members registered on the register of members of the Company as at the close of business on the day which is two days prior to the adjourned meeting) shall be entitled to attend in person* or by proxy and vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting. (*Please refer to note 1.)
- 8 A copy of this notice of Extraordinary General Meeting is available on the Company's website: www.fairoaksincomefund.com.
- 9 The total issued share capital of the Company as at the date of this notice of Extraordinary General Meeting is 468,378,360 2017 Shares of no par value (this figure includes the 650,000 shares held by the Company in treasury). Pursuant to the Existing Articles, on a show of hands every member (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative shall have one vote on a show of hands, and one vote per 2017 Share on a poll (other than the Company itself where it holds its own shares as treasury shares). As at the date of this notice of Extraordinary General Meeting, there are no outstanding warrants and/or options to subscribe for 2017 Shares and there are 650,000 treasury shares in issue.
- 10 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent (ID RA10) by 1.30 p.m. on 14 April 2021. 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 applications host) from which the Company's agent is able to receive the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear 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(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a 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.

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FORM OF PROXY

Fair Oaks Income Limited

(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered number 58123 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 1GR
Tel: +44 (0) 1481 737600
Fax: +44 (0) 1481 749829

EXTRAORDINARY GENERAL MEETING

on 16 April 2021 at 1.30 p.m.

I/We (full name)

being a member of Fair Oaks Income Limited (the “**Company**”), do hereby appoint the Chairman of the extraordinary general meeting (which also constitutes a class meeting of the holders of 2017 Shares) (the “**Extraordinary General Meeting**”) as my/our proxy to attend, and on a poll, vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR on 16 April 2021 at 1.30 p.m. or any adjournment thereof.

The proxy is to vote in respect of all of my 2017 Shares / the number of 2017 Shares specified below (*delete as appropriate)

.....2017 Shares

Please tick here if this proxy appointment is one of multiple appointments being made ☐

as follows:

	FOR	AGAINST	VOTE WITHHELD
Resolution 1: special resolution THAT, conditional upon the passing of Resolution 2, the articles of incorporation in the form produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be and are hereby approved and adopted as the articles of incorporation of the Company in substitution for, and to the exclusion of, the existing articles of incorporation of the Company.			
Resolution 2: special resolution THAT on the Effective Date (as defined in the circular issued by the Company to the Shareholders dated 26 March 2021 (the “ Circular ”)) all ordinary shares of no par value each in the capital of the Company designated as “2017 shares” (“ 2017 Shares ”) shall be re-designated on a one-for-one basis as ordinary shares of no par value each in the capital of the Company designated as “2021 shares” (“ 2021 Shares ”) pursuant to the proposals set out in the Circular, EXCEPT THAT where and to the extent that a shareholder has made a valid election for the re-designation of some or all of their 2017 Shares as ordinary shares of no par value each in the capital of the Company designated as “Realisation Shares” (“ Realisation Shares ”) pursuant to an election contemplated under the Circular (and provided that the aggregate net asset value (as at 31 March 2021) of the 2017 Shares elected for Realisation Shares exceeds US\$30 million), such 2017 Shares shall instead be re-designated on a one-for-one basis as Realisation Shares.			
Resolution 3: extraordinary resolution THAT the Directors of the Company be and are hereby empowered to issue the following shares in the Company or rights to subscribe for such shares in the Company for cash as if the pre-emption provisions contained under Article 6.2 did not apply to any such issues provided that this power shall be limited to the issue of the below-mentioned shares or of rights to subscribe for the below-mentioned shares: (i) up to a maximum number of 350 million C Shares under the Placing Programme; and (ii) up to such number of 2021 Shares under the Placing Programme as represents 20 per cent. of the 2021 Shares then in issue following the Effective Date, and subject to any issues of 2021 Shares and/or C Shares under the Placing Programme being capped at an aggregate issue value of US\$350 million, and that such power shall expire on the earlier of the 2022 AGM Date (as defined in the Circular) or on the expiry of 15 months from the passing of this Resolution except that the Company may before such expiry make offers or agreements which would or might require C Shares and/or 2021 Shares or rights to subscribe for such shares in the Company to be issued after such expiry and notwithstanding such expiry the Directors may issue C Shares and/or 2021 Shares or rights to subscribe for such shares in the Company in pursuance of such offers or agreements as if the power conferred hereby had not expired.			

Please complete either “**For**”, “**Against**” or “**Vote withheld**” for each resolution by marking “**X**” in the relevant box. If no indication is given, your proxy will have discretion to vote for or against or to abstain (including on any other matter which may properly come before the Extraordinary General Meeting) as he/she thinks fit.



If by an individual:

Signed by:.....

Dated:.....2021

If for and on behalf of a corporation:

Signed by:.....

Print name:.....

For and on behalf of:

.....

Position:.....

Dated:.....2021

NOTES TO THE FORM OF PROXY:

- 1 Shareholders are requested to complete and return the Form of Proxy for use at the Extraordinary General Meeting. To be valid, Forms of Proxy must be completed and returned in accordance with the instructions printed thereon to Link Group, PSX1, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL as soon as possible and, in any event, so as to arrive by no later than 1.30 p.m. on 14 April 2021. As an alternative to completing the enclosed Form of Proxy, Shareholders who hold their 2017 Shares in uncertificated form can appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST message in accordance with the procedures set out in the CREST Manual so that it is received by the Company's transfer agent (CREST participant ID RA10) by not later than 1.30 p.m. on 14 April 2021.
- 2 Given current measures around the Covid-19 virus, the Company is concerned to ensure it protects the health and safety of Shareholders. Shareholders should note that persons travelling into Guernsey are currently required to self-isolate for a period of not less than 14 days and therefore attendance in person at the Extraordinary General Meeting may not be possible. Shareholders are therefore strongly urged to complete and return the relevant enclosed Form of Proxy in accordance with the instructions printed thereon and in this document.
- 3 Shareholders are strongly urged to appoint the Chairman of the Extraordinary General Meeting as their proxy to vote on their behalf. If you appoint someone else (other than the Chairman of the Extraordinary General Meeting Meeting) to be your proxy, this would result in your proxy not being counted since he/she will not be able to attend the Extraordinary General Meeting.
- 4 Voting on the Resolutions will be conducted on a poll.
- 5 Shareholders otherwise entitled to attend and wishing to raise any questions at the Extraordinary General Meeting should do so by email to fair Oaks@PraxisIFM.com so as to be received no later than 1.30 p.m. on 14 April 2021. You may not use the email address to communicate with the Company for any purpose other than as expressly stated.
- 6 The "Vote Withheld" option on the Form of Proxy is provided to enable you to abstain on any particular resolution. However, a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution.
- 7 This Form of Proxy must be signed and dated by the shareholder or his/her attorney duly authorised in writing. A corporation must seal the Form of Proxy or have it signed by an officer or attorney or any other person authorised to sign on its behalf.
- 8 Joint registered holders of shares shall not have the right of voting individually in respect of such 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 register of members of the Company shall alone be entitled to vote.
- 9 If this Form of Proxy is returned without any indication as to how the person appointed proxy shall vote, he/she will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting (including on any other matter which may properly come before the Extraordinary General Meeting).
- 10 The termination of the authority of a person to act as proxy must be notified to the Company in writing.

