

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult immediately a person authorised for the purposes of the Financial Services and Markets Act 2000, as amended (“FSMA”) who specialises in advising on the acquisition of shares and other securities.**

**A copy of this document, which comprises a prospectus (the “Prospectus”) relating to Sequoia Economic Infrastructure Income Fund Limited (the “Company”) in connection with the issue of ordinary shares in the Company (the “Shares”), prepared in accordance with the Prospectus Rules of the Financial Conduct Authority (“FCA”) made pursuant to section 85 of FSMA, has been delivered to the FCA and has been made available to the public in accordance with Rule 3.2 of the Prospectus Rules.**

Application will be made to the UK Listing Authority for all of the Shares to be issued pursuant to the Issue to be admitted to the Premium Listing segment of the Official List and for all such Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that such admission will become effective and that dealings in such Shares will commence at 8.00 a.m. on or around 3 March 2015.

The Shares are not dealt in on any other recognised investment exchanges and no applications for the Shares to be traded on any such other exchanges have been made or are currently expected to be made.

The Directors, whose names and functions appear in the “Directors, Agents and Advisers” section of this Prospectus, and the Company itself, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Directors and of the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

International Fund Management Limited (the “Investment Manager”) accepts responsibility for the information contained in this document attributed or pertaining to it. To the best of the knowledge of the Investment Manager, who has taken all reasonable care to ensure that such is the case, the information contained in this document attributed or pertaining to it is in accordance with the facts and contains no omission likely to affect its import.

Sequoia Investment Management Company Limited (the “Investment Adviser”) accepts responsibility for the information contained in this document attributed or pertaining to it. To the best of the knowledge of the Investment Adviser, which has taken all reasonable care to ensure that such is the case, the information contained in this document attributed or pertaining to it is in accordance with the facts and contains no omission likely to affect its import.

Although the whole text of this document should be read, the attention of persons receiving this document and of potential investors in the Company are drawn to the section headed “Risk Factors” contained on pages 16 to 35 of this document.

The latest time and date for applications under the Offer for Subscription is 1.00 p.m. on 24 February 2015. For more information about the Issue, please refer to the section entitled “The Issue” in Part 6 of this Prospectus.

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## **Sequoia Economic Infrastructure Income Fund Limited**

*(a company incorporated in Guernsey under the Companies (Guernsey) Law, 2008, as amended) with registered no. 59596)*

### **Applications for listing on the Premium Listing segment of the Official List and admission to trading on the London Stock Exchange’s main market for listed securities**

### **Placing and Offer for Subscription of up to 150 million Shares at an Issue Price of 100 pence per Share**



### **Oriel Securities Limited**

*Sponsor and Sole Bookrunner*

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Oriel Securities Limited (“Oriel”) is authorised and regulated in the United Kingdom by the FCA and is acting for the Company and no-one else in connection with the Issue and the contents of this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Issue and the contents of this document or any matters referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Oriel may have under FSMA or the regulatory regime established thereunder. Oriel takes no responsibility for any part of the contents of this document pursuant to sections 79(3) or 90 of FSMA and does not accept any responsibility for, or authorise, any part of the contents of this document under rule 5.5 of the Prospectus Rules of the FCA.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of a U.S. person (as defined in Regulation S under the U.S. Securities Act (“Regulation S”) (a “U.S. Person”). There will be no offer of the Shares in the United States. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “U.S. Investment Company Act”) nor will either the Investment Manager or the Investment Adviser be registered as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the “U.S. Investment Advisers Act”). Consequently, investors will not be entitled to the benefits and protections of the U.S. Investment Company Act or the U.S. Investment Advisers Act.

Except with the express written consent of the Company given in respect of an investment in the Company, the Shares may not be acquired by: (i) investors using assets of: (A) an “employee benefit plan” that is subject to Part 4 of Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”); (B) a “plan” to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “U.S. Tax Code”), applies; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in the preceding clauses (A) or (B) in such entity; or (ii) a governmental plan (as defined in Section 3(32) of ERISA), a church plan (as defined in Section 3(33) of ERISA) that has not made an election under Section 410(d) of the U.S. Tax Code, or a non-U.S. plan that is subject to any federal, state, local or non-U.S. law that regulates its investments (a “Similar Law”), unless such governmental, church or non-U.S. plan’s purchase, holding, and disposition of the Shares will not constitute or result in a violation of any Similar Law that prohibits or imposes an excise or penalty tax on the purchase of the Shares.

The distribution of this Prospectus and the offer of the Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken to permit the possession, issue or distribution of this Prospectus (or any other offering or publicity material relating to the Shares) in any jurisdiction where action for that purpose may be required or where doing so is restricted by law. Accordingly, neither this Prospectus, nor any advertisement, nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. None of the Company, Oriel, the Investment Adviser, the Investment Manager or any of their respective affiliates or advisers accepts any legal responsibility to any person, whether or not such person is a potential investor, in respect of any such restrictions.

This document is dated 28 January 2015.

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## SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These elements are numbered in Sections A–E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

<b>Section A – Introduction and warnings</b>		
A.1		<ul style="list-style-type: none"> <li>• <b>This summary should be read as an introduction to the Prospectus;</b></li> <li>• <b>any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor;</b></li> <li>• <b>where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of any sovereign state which is a member of the European Union, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and</b></li> <li>• <b>civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</b></li> </ul>
A.2	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable. Sequoia Economic Infrastructure Income Fund Limited (the “ <b>Company</b> ”) is not engaging any financial intermediaries for any resale of securities or final placement of securities after the publication of this document.

<b>Section B – The Company</b>		
B.1	<b>The legal and commercial name of the Company</b>	Sequoia Economic Infrastructure Income Fund Limited.
B.2	<b>Domicile and legal form of the Company</b>	The Company is a Guernsey-domiciled, non-cellular company limited by shares with an unlimited life, incorporated under the Companies (Guernsey) Law, 2008, as amended (the “ <b>Guernsey Companies Law</b> ”) on 30 December 2014 with registered number 59596. Its registered office is situated at Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR.

B.5	<b>Details of any group of which the Company forms part</b>	The Company holds 100 per cent. of the issued share capital in Sequoia IDF Asset Holdings S.A. (the “ <b>Subsidiary</b> ”, and, together with the Company, the “ <b>Group</b> ”).
B.6	<b>Notifiable interests</b>	<p>Not applicable. Other than IASL Nominees Limited, the sole Shareholder of the Company as at the date of this Prospectus, as at the date of this Prospectus, insofar as is known to the Company, there are no parties known to have a notifiable interest in the Company’s capital or voting rights.</p> <p>All shareholders have the same voting rights in respect of the share capital of the Company.</p>
B.7	<b>Selected historical key financial information and significant change to the Company’s financial condition and operating results</b>	Not applicable. The Company has been newly incorporated and has no historical financial information.
B.8	<b>Selected key pro forma financial information</b>	Not applicable. No pro forma financial information is included in this document.
B.9	<b>Profit forecast or estimate</b>	Not applicable. No profit forecast or estimate is made in this document.
B.10	<b>Qualifications in the audit report</b>	Not applicable. The Company is newly incorporated and has no historical financial information.
B.11	<b>Insufficiency of working capital</b>	<p>Not applicable. The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this document.</p> <p>For these purposes, “<b>Minimum Net Proceeds</b>” are net proceeds of £73,500,000 (or such other amount as the Company and Oriel may determine and notify to potential investors via publication of a Regulated Information Service notice and, provided such amount is less than £73,500,000, a supplementary prospectus).</p>
B.34	<b>Description of investment objective, policy and investment restrictions</b>	<p><b>Company Investment Objective and Policy</b></p> <p><i>Investment Objective</i></p> <p>The Company’s investment objective is to provide investors with regular, sustained, long-term distributions and capital appreciation from a diversified portfolio of senior and subordinated economic infrastructure debt investments. This objective is subject to the Group having a sufficient level of investment capital from time to time and the ability of the Group to invest its cash in suitable investments and is subject to the Investment Criteria.</p> <p><i>Asset Allocation</i></p> <p>The Company’s objective is to maintain its portfolio so that not more than 10 per cent. by value of the Group’s investments (at the time of the investment) consists of securities or loans relating to any one individual infrastructure asset. In addition, the Company intends to invest directly or indirectly only in debt exposures that</p>

satisfy the following criteria, such investments to make up a minimum of 80 per cent. by value of Group’s investments at the time of investment (“**Investment Criteria**”):

- where all or substantially all of the associated underlying revenues are from Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the Netherlands, the UK or the U.S., provided that any such jurisdiction is rated (in respect of its local currency sovereign ceiling) at the time of investment at least BBB- by S&P or Baa3 by Moody’s (each, an “**Eligible Jurisdiction**”);
- where all or substantially all of the associated underlying revenues are from business activities in the sectors below. In addition to the sub-sectors mentioned below, the Group may invest in other sub-sectors within the sectors listed below where considered appropriate.

Sector	Example of typical sub-sectors
Transport	Roads*
	Rail*
	Airports*
	Ports*
Transportation equipment	Aircraft
	Rolling stock
	Shipping
Utilities	Water and waste*
	Electricity distribution and transmission*
	Gas distribution and transmission*
	Pipelines*
Power	Electricity generation
Renewable energy	Solar
	Wind
	Biomass
Telecommunications infrastructure	Mobile phone towers
	Fixed line networks
Infrastructure accommodation	Student accommodation
	Elderly care facilities

\* Each sub-sector marked with a “\*” is a “**Major Sub-Sector**”.

- predominantly operational projects, since the Investment Adviser believes that once an infrastructure asset has been constructed and the contracted cash flows relating to the project have commenced, many of the risks associated with investments in such assets are significantly reduced;

		<ul style="list-style-type: none"> <li>in excess of 50 per cent. of its portfolio to be floating rate or inflation-linked debt (although investments will be a combination of floating rate, fixed rate and inflation linked instruments); and</li> <li>structured as loans, notes and bonds.</li> </ul> <p><b>Risk Diversification</b></p> <p>The following concentration limits on investments have been set by the directors of the Company (“<b>Directors</b>”) (the “<b>Investment Concentration Limits</b>”):</p> <table border="1" data-bbox="644 535 1382 1025"> <thead> <tr> <th data-bbox="644 535 791 712">Maximum individual exposure</th> <th data-bbox="791 535 938 712">Diversification by sector (e.g. transport, utility, renewable etc.)</th> <th data-bbox="938 535 1085 712">Diversification by sub-sector (e.g. road, airport etc.)</th> <th data-bbox="1085 535 1232 712">Jurisdictional diversification</th> <th data-bbox="1232 535 1382 712">Construction Risk</th> </tr> </thead> <tbody> <tr> <td data-bbox="644 712 791 1025">No more than 10% of total assets in any one exposure</td> <td data-bbox="791 712 938 1025">No single sector will represent more than 40% of total assets</td> <td data-bbox="938 712 1085 1025">No single sub-sector will represent more than 15% of total assets, other than for the Major Sub-Sectors which may represent up to 25% of total assets</td> <td data-bbox="1085 712 1232 1025">No more than: 50% in the United States; 50% in Western Europe (ex-UK); 40% in the UK; and 20% in Australia and New Zealand combined</td> <td data-bbox="1232 712 1382 1025">Construction projects will not represent more than 20% of the total assets</td> </tr> </tbody> </table> <p><b>Gearing and Maximum Exposures</b></p> <p>The Company may, from time to time, utilise borrowings for share buybacks and short term liquidity or short term investment purposes, but such borrowings will not, in any event, exceed 20 per cent. of the value of the assets of the Company less its liabilities (“<b>Net Asset Value</b>”) immediately following drawdown.</p> <p><b>Material Change</b></p> <p>In accordance with its obligations under the listing rules made by the FCA (acting in its capacity as the competent authority for the purposes of Part VI of FSMA) under section 73A of FSMA, the Company will obtain the prior approval of its Shareholders to any material change to its published investment policy.</p>	Maximum individual exposure	Diversification by sector (e.g. transport, utility, renewable etc.)	Diversification by sub-sector (e.g. road, airport etc.)	Jurisdictional diversification	Construction Risk	No more than 10% of total assets in any one exposure	No single sector will represent more than 40% of total assets	No single sub-sector will represent more than 15% of total assets, other than for the Major Sub-Sectors which may represent up to 25% of total assets	No more than: 50% in the United States; 50% in Western Europe (ex-UK); 40% in the UK; and 20% in Australia and New Zealand combined	Construction projects will not represent more than 20% of the total assets
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B.35	<b>Borrowing and/or leverage limits</b>	<p>The Company may, from time to time, utilise borrowings for share buybacks and short term liquidity or short term investment purposes, but such borrowings will not, in any event, exceed 20 per cent. of the Company’s Net Asset Value immediately following any drawdown.</p>										
B.36	<b>Regulatory status of the Group</b>	<p>The principal legislation under which the Company operates is the Guernsey Companies Law.</p> <p>The Company is a non-cellular company limited by shares incorporated in Guernsey and has been registered by the Guernsey Financial Services Commission (the “<b>GFSC</b>”) as a registered closed-ended collective investment scheme. The Company is not regulated by any other regulator.</p>										

		<p>The principal legislation under which the Subsidiary operates is the Luxembourg Securitisation Law of 2004. The Subsidiary is a Luxembourg securitisation company incorporated on 12 December 2011 with company registration number B165989.</p> <p>The Company has been advised that its ordinary shares of no par value in the capital of the Company (“<b>Shares</b>”) can be considered as “excluded securities” for the purposes of the Financial Conduct Authority (“<b>FCA</b>”) rules regarding the definition and promotion of non-mainstream pooled investments (“<b>NMPIs</b>”) because the Company would qualify for approval as an investment trust if it were based in the United Kingdom. As such, the Directors believe that the Shares will be excluded securities under the FCA’s rules on NMPIs and are therefore excluded from the FCA’s restrictions which apply to NMPIs.</p> <p>It is the intention of the Company to meet the required criteria and accordingly it will seek to distribute at least 85 per cent. of its income.</p>
B.37	<b>Profile of typical investors</b>	Typical investors in the Company are expected to be institutional and sophisticated investors and private client brokers acting on behalf of private wealth clients.
B.38	<b>Investment in excess of 20 per cent. of the Company’s gross assets in another collective investment undertaking</b>	Not applicable. The Group is not permitted to invest more than 10 per cent. of its assets in a single underlying asset or issuer.
B.39	<b>Investment in excess of 40 per cent. of the Company’s gross assets in another collective investment undertaking</b>	Not applicable. The Group is not permitted to invest more than 10 per cent. of its assets in a single underlying asset or issuer.
B.40	<b>The Investment Manager and the Company’s other service providers</b>	<p>International Fund Management Limited (the “<b>Investment Manager</b>”) is the investment manager of the Company. The Investment Manager provides investment management services to the Company in accordance with the terms of an investment management agreement with the Company (the “<b>Investment Management Agreement</b>”).</p> <p>Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a management fee for AIFM services which shall be calculated and accrue monthly at a rate equivalent to 0.064 per cent. of the Net Asset Value per annum for the period ending 1 May 2016 and 0.075 per cent. of the Net Asset Value per annum thereafter, in each case subject to an annualised minimum of £80,000 applied on a monthly basis. The management fees are calculated without regard to VAT. If there is any VAT payable on the fees then this shall be added to the fee amount. The minimum investment management fee will be subject to an annual review on 1 May of each year, the first review commencing in 2016. The investment management fees are payable monthly in arrears. The Investment Manager will also</p>

		<p>receive ongoing fees in relation to services offered for the provision of AIFM services, corporate services and company secretarial services. These fees are expected to be approximately £95,000 in the first year following the Company’s formation and £110,000 subsequently.</p> <p>Praxis Fund Services Limited (the “<b>Administrator</b>”) has been appointed by the Company to provide administrative and compliance services to the Company in accordance with the terms of an administration agreement with the Company (the “<b>Administration Agreement</b>”). Under the terms of the Administration Agreement, the Administrator will receive an annual fee which will initially be charged at 0.07 per cent. of NAV (discounted to 0.06 per cent. of NAV for the one year period from the date of the Company’s inaugural board meeting). The administration fee may be varied by agreement between the parties and will be subject to a minimum annual fee of £65,000 and a fee for company secretarial services based on time-costs.</p> <p>Under the terms of an investment advisory agreement (the “<b>Investment Advisory Agreement</b>”), the Investment Manager has appointed Sequoia Investment Management Company (“<b>Investment Adviser</b>”) as its investment adviser. The Investment Manager will delegate portfolio management functions to the Investment Adviser under the terms of the Investment Advisory Agreement but will remain responsible for general oversight and management of the Investment Adviser’s activities and for risk management.</p> <p>Under the Investment Advisory Agreement, the Investment Adviser will be entitled to receive from the Company a base fee of (a) 0.5 per cent. per annum of the market value of listed bonds owned by the Group plus (b) 0.9 per cent. per annum of the market value of the Group’s other investments (other than cash holdings, in relation to which no fees are payable to the Investment Adviser), payable quarterly. One quarter of the Investment Adviser’s fee will be applied in subscribing for Shares which will be held subject to a three-year rolling lock-up. If the Company raises further capital or otherwise grows its Net Asset Value, the Investment Adviser will receive a reduced percentage fee.</p> <p>Computershare Investor Services (Guernsey) Limited (the “<b>Registrar</b>”) is the registrar of the Company and is party to a share registration services agreement with the Company (the “<b>Share Registration Services Agreement</b>”). Under the Share Registration Services Agreement, the Registrar is entitled to receive a minimum agreed fee of £6,000 per annum in respect of basic registration, together with any additional registrar activity not included in such basic registration services.</p> <p>Computershare Investor Services PLC (the “<b>Receiving Agent</b>”) is the receiving agent of the Company. The Receiving Agent is paid fees including, (1) for the Offer for Subscription: (a) management fee of £5,500; and (b) out of pocket expenses including overtime for work outside business hours at a rate of £120 per person per hour on weekdays and £160 per person per hour on weekends and bank holidays; (2) with regard to the tender offers: (a) a</p>
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		<p>project fee of £4,500 for the initial tender offer and £3,250; and (b) various other fees for services concerning Shareholder administration.</p> <p>Prior to Admission the Group intends to appoint Bank of New York Mellon, London Branch (the “<b>Custodian</b>”) (or such other institution of similar standing) as the custodian of the Subsidiary. The Custodian will be paid a fee of approximately £35,000 for services provided relating to portfolio administration and cash management during the first year of the Company’s operations.</p>
B.41	<b>Identity and regulatory status of the Investment Manager and the Investment Adviser</b>	<p>The Investment Manager is licensed by the Guernsey Financial Services Commission under the provisions of the POI Law to conduct certain restricted activities in relation to collective investment schemes. The Investment Adviser understands that the Company is an alternative investment fund (within the meaning of the Alternative Investment Fund Managers Directive 2011/61/EU as implemented in the UK (“<b>AIFMD</b>”). The Investment Manager acts as the alternative investment fund manager (within the meaning of AIFMD) of the Company.</p> <p>The Investment Adviser is authorised and regulated in the UK by the FCA.</p>
B.42	<b>Valuation and publication of the Company’s net asset value</b>	<p>Mazars LLP (the “<b>Valuation Agent</b>”) is responsible for carrying out a fair market valuation of the Company’s investments on a monthly basis. The Net Asset Value of the Company and of the Shares is calculated monthly by the Administrator. The monthly Net Asset Value of the Shares will be announced through a regulated information service and published on the Investment Adviser’s website. The Valuation Agent will be paid a fee of approximately £55,000 where there are £150,000,000 of assets under management (£30,000 based on £75,000,000 of assets under management) for the first year of services provided.</p>
B.43	<b>Cross liability</b>	<p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between investments in another collective investment undertaking.</p>
B.44	<b>Statement confirming no financial statements are in existence</b>	<p>As at the date of this Prospectus, the Company has not commenced operations and no financial statements have been made up.</p>
B.45	<b>Description of the portfolio</b>	<p>Not applicable. The Company has not commenced operations and so has no investments as at the date of this Prospectus.</p>
B.46	<b>Net asset value per Shares</b>	<p>Not applicable. The Company has not commenced operations and so has no Net Asset Value as at the date of this Prospectus.</p>

### Section C – Securities

C.1	<b>Type and class of securities being offered and admitted to trading and identification number</b>	<p>The Shares, which are being offered pursuant to a placing and offer for subscription (the “<b>Issue</b>”) are ordinary shares of no par value in the capital of the Company.</p> <p>Application will be made for the Shares to be admitted to listing on the Premium Listing segment of the Official List and to trading on the Main Market of the London Stock Exchange</p>
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		<p>(“<b>Admission</b>”). It is expected that Admission will occur, and that dealings in the Shares will commence, at 8.00 a.m. on or around 3 March 2015.</p> <p>ISIN: GG00BV54HY67</p> <p>SEDOL: BV54HY6</p>
C.2a	<b>Currency denomination of Shares</b>	The Shares will be denominated in the lawful currency of the United Kingdom.
C.3	<b>Details of share capital</b>	Assuming that the maximum number of Shares are subscribed for in the Issue, the issued share capital of the Company immediately following the Issue will consist of 150,000,000 Shares (all of which will be fully paid).
C.4	<b>Rights attaching to the Shares</b>	<p>The holders of the Shares shall only be entitled to receive, and to participate in, any dividends declared in relation to the Shares that they hold.</p> <p>On a winding-up or a return of capital by the Company, the net assets of the Company shall be divided <i>pro rata</i> among the holders of the Shares.</p> <p>The Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.</p> <p>The consent of the Shareholders will be required for the variation of any rights attached to such Shares.</p> <p>While there are no provisions under the Guernsey Companies Law equivalent to section 561 of the Companies Act 2006 which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash or otherwise, similar pre-emption rights (with certain exemptions) are contained within the Company’s Articles of Incorporation and as such pre-emption rights are covered under the Company’s Articles of Incorporation. These pre-emption rights have been dis-applied in relation to an amount equalling up to 10 per cent. of the issued shares on Admission until the first annual general meeting of the Company so as to assist the Company in managing market demand for Shares by the issue of further Shares.</p> <p>Unless otherwise approved by Shareholders, the Directors shall only allot and issue Shares to investors at prices not less than the latest published Net Asset Value per Share at that time.</p>
C.5	<b>Restrictions on the transferability of Shares</b>	<p>The Directors may only decline to register a transfer of an uncertificated Share in the circumstances set out in the regulations applicable to Euroclear and/or the CREST relevant system from time to time in force or such as may otherwise from time to time be adopted by the Directors on behalf of the Company or the rules of any relevant system, where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated Share is to be transferred exceeds four.</p> <p>In addition, the Directors may decline to transfer, convert or register a transfer of any Share in certificated form or (to the extent permitted by CREST Rule 8 and/or such other of the rules and</p>

		<p>requirements of Euroclear UK and Ireland Limited as may be applicable to issuers as from time to time specified in the CREST Reference Manual, the CREST Central Counterparty Duty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and CREST Glossary of Terms) (“<b>Regulations</b>”) uncertificated form: (a) if it is in favour of more than four joint transferees; (b) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Directors may decide, not accompanied by the certificate for the Shares to which it relates or such other evidence of title as the Directors may reasonably require; or (c) the transfer is in favour of any Non-Qualified Holder.</p> <p>For these purposes a “<b>Non-Qualified Holder</b>” means any person: (a) whose ownership of Shares may cause the Company’s assets to be deemed “plan assets” for the purposes of the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder or the U.S. Internal Revenue Code of 1986, as amended; (b) whose ownership of the Shares may cause the Company to be required to register as an “investment company” under the U.S. Investment Company Act (including because the holder of the Shares is not a “qualified purchaser” as defined in the U.S. Investment Company Act); (c) whose ownership of Shares may cause the Company to register under the U.S. Exchange Act or any similar legislation; (d) whose ownership of Shares may cause the Company not being considered a “Foreign Private Issuer” as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; (e) whose ownership may result in a person holding Shares in violation of the transfer restrictions put forth in any offering memorandum or prospectus published by the Company, from time to time.</p>
C.6	<b>Application for admission to trading on a regulated market</b>	Application will be made for the Shares to be admitted to the Premium Listing segment of the Official List and to trading on the Main Market of the London Stock Exchange.
C.7	<b>Dividend policy</b>	Subject to sufficient profits being available for distribution and taking into account the working capital and liquidity requirements of the Group, the Company currently intends to target an ongoing dividend for holders of Shares of five per cent. per annum in its first year of operations and six per cent. per annum subsequently (in both cases by reference to 100 pence per Share (the “ <b>Issue Price</b> ”). In addition, the Company will target a long-term growth in its Net Asset Value of between one per cent. and two per cent. per annum. The Company currently intends to pay dividends on a quarterly basis with the first dividend payable in respect of the quarter ended 30 June 2015.

#### Section D – Risks

D.1	<b>Key information on the key risks that are specific to the Company or its industry</b>	<p>The key risk factors relating to the Company or its industry are:</p> <ul style="list-style-type: none"> <li>the availability of investments in assets of the type that the Group intends to invest in is not guaranteed. Where availability of appropriate assets is lower than expected, the Group will likely take longer to identify appropriate assets. During this time, a greater proportion of the Company’s</li> </ul>
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		<p>assets will be held in cash, which will typically generate a lower return for shareholders than currently envisaged. In particular, while the Group has identified investments to which the Net Issue Proceeds will be applied, no legally binding documentation has been entered into for the acquisition of these investments and there is no guarantee that these investments will be available for purchase after the Issue on acceptable terms or at all.</p> <ul style="list-style-type: none"> <li>• borrowers in respect of loans or bonds in which the Group has invested may default on their obligations. Such default may adversely affect the income received by the Company and the value of the Company's assets.</li> <li>• the Group may be unable to realise value from its investments in the event of insolvency of a borrower. The applicable insolvency regimes in force may also adversely affect the Group's ability to recover value and/or cause delays to any recovery.</li> <li>• the investment strategy employed by the Group is speculative and involves substantial risk of loss in the event of a failure or deterioration in the infrastructure debt sector.</li> <li>• the value of investments intended to be made by the Group will change from time to time dependent on factors outside the control of the Group.</li> <li>• valuations of the Group's assets will be estimates, and not a precise measure of the realisable value of the relevant assets.</li> <li>• infrastructure debt investments in loan form are not likely to be publicly traded or freely marketable, whilst those in bond form may have limited or no secondary market liquidity. They may therefore be difficult to value or sell.</li> <li>• the Group will not have control over decisions taken by borrowers. Borrowers could therefore make decisions that are not in the best interests of the Group. Where the Group invests in a loan or bond, it may only hold a small percentage of the loans or bonds and therefore may not have the ability to block certain decisions made collectively by the lending group. This may result in the lending group making decisions that are not in the best interests of the Group.</li> <li>• there is no assurance that an investment's actual cash flow will equal or exceed those predicted by the Group or that the targeted return on the investments by the Group will be achieved.</li> <li>• changes to interest rates may affect the value or profitability of the assets of the Group. Interest rates are highly sensitive to many factors outside the Group's control.</li> <li>• changes to currency exchange rates may affect the Net Asset Value of the Company, which is denominated in Sterling as investments are intended to be made across a range of currencies. Borrowers may also be exposed to changes in currency exchange rates.</li> </ul>
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D.2	<b>Key information on the key risks that are specific to the Company</b>	<p>The key risk factors relating to the Company are:</p> <ul style="list-style-type: none"> <li>• the Company is newly formed with no operating history. As such, investors have no basis to evaluate the Company’s ability to achieve its investment objectives. The Company will be a speculative investment, of a long term nature, and will involve a high degree of risk. Shareholders could lose all or a substantial portion of their investment in the Company.</li> <li>• the Company’s target return and target dividend yield are targets only and based on estimates and assumptions which are subject to numerous inherently unpredictable factors beyond the control of the Company. The actual return and dividend yield may therefore be materially lower than the targets set out in this Prospectus or may result in a loss. A slower deployment of proceeds than expected will negatively affect the Company’s targets.</li> <li>• this is the first listed fund that the Investment Adviser has been involved with. The Investment Adviser therefore has no performance history relating to a listed economic infrastructure debt fund for an investor to consider.</li> <li>• the ability of the Group to achieve its investment objectives significantly depends on the expertise of key personnel at the Investment Adviser and the ability of the Investment Adviser to retain or replace these personnel.</li> <li>• changes to the law and practice and accountancy regulations and practice in Guernsey could reduce the post-tax returns to Shareholders. Changes to the treatment of tax residence of the Company could affect the performance of the Company and returns to Shareholders.</li> </ul>
D.3	<b>Key information on the key risks that are specific to the Shares</b>	<p>The key risk factors relating to the Shares are:</p> <ul style="list-style-type: none"> <li>• an active and liquid trading market for the Shares may not develop or be maintained.</li> <li>• the market price of the Shares may fluctuate significantly and investors may not be able to sell their Shares at or above the price at which they purchased them, meaning that they could lose all or part of their investment.</li> <li>• the Shares could trade at a discount to their respective Net Asset Value per share. There is no guarantee that any attempts by the Company to mitigate such a discount will be successful, nor that the use of discount control mechanisms will be possible or advisable.</li> <li>• no Shareholder has the right, option or entitlement to have their Shares repurchased or redeemed. The Discretionary Tender facility is entirely discretionary and, along with any other <i>ad hoc</i> purchases of Shares, requires prior Shareholder approval. Where this is not available, an investor will have to sell their Shares on the open market and would therefore be dependent on the existence of a liquid market to realise their investment.</li> </ul>

<b>Section E – Issue</b>		
E.1	<b>The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror</b>	<p>On the basis that 150,000,000 Shares are issued under the Issue, the Gross Issue Proceeds (as defined below) less the costs and expenses associated with the Issue (“<b>Net Issue Proceeds</b>”) are expected to be not less than £147,000,000.</p> <p>The initial expenses of the Company are those which are necessary for the Issue. The costs of the Issue borne by the Company are not expected to exceed two per cent. of the aggregate value of the Shares issued under the Issue at the Issue Price (“<b>Gross Issue Proceeds</b>”).</p> <p>These expenses will be paid on or around Admission (unless stated otherwise) and will include fees payable under the placing and offer agreement dated 28 January 2015 (“<b>Placing and Offer Agreement</b>”), the fees and expenses of any sub-placing agents, registration, listing and admission fees, settlement arrangements, printing, advertising and distribution costs, legal fees and any other application expenses. All such expenses will be netted against the share capital raised.</p>
E.2a	<b>Reasons for the offer and use of proceeds</b>	<p>The Company will invest the Net Issue Proceeds in accordance with the Company’s investment policy.</p>
E.3	<b>Terms and conditions of the offer</b>	<p>Up to a maximum of 150,000,000 Shares are being offered under the Issue.</p> <p>Shares will be issued pursuant to the Issue at a price of 100 pence per Share.</p> <p>The Issue is not being underwritten.</p> <p>The Issue will be conditional upon:</p> <ul style="list-style-type: none"> <li>• Admission occurring by 8 a.m. on or around 3 March 2015 (or such later time or date, not being later than 8:30 a.m. on 1 April 2015, as the Company and Oriel Securities Limited (“<b>Oriel</b>”) may agree);</li> <li>• the Placing and Offer Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission occurs; and</li> <li>• the Minimum Net Proceeds having been raised.</li> </ul> <p>No fractions of Shares will be issued.</p> <p>The Directors and Oriel reserve the right as to whether or not to proceed with the Issue if the Net Issue Proceeds are less than the Minimum Net Proceeds. If the Issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant. The Issue will not be revoked after Admission has become effective.</p>

E.4	<b>Material interests</b>	Not applicable. No interest is material to the Issue.
E.5	<b>Name of person or entity offering to sell securities</b>	Not applicable. No person is selling securities.
E.6	<b>Dilution</b>	Not applicable. No dilution will result from the Issue.
E.7	<b>Estimated expenses charged to the investor by the issuer or the offeror</b>	Not applicable. No expenses will be charged to investors by the Company in connection with the Issue.

## RISK FACTORS

*An investment in the Company involves significant risks and is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may be equal to the whole amount invested) which may result from such an investment. Accordingly, potential investors should review carefully and evaluate the risks and the other information contained in this document before making a decision to invest in the Company. If in any doubt, potential investors should immediately seek their own personal financial advice from an independent professional adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities or other advisers such as legal advisers and accountants.*

*If any of the following risks actually occur, the business, financial condition, capital resources, results and/or future operations of the Company could be materially and adversely affected. In such circumstances, the trading price of the Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not currently known may also have an adverse effect on the Company.*

*The Directors believe that the risks described below are the material risks relating to the Shares, the Company and its industry at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem to be immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of the Shares. Potential investors should review this document carefully and in its entirety and consult with their professional advisers before making an application to invest in the Shares.*

### **A. Risks relating to the Group**

*The Company is a newly formed company with no operating history and no revenues*

The Company is a newly formed company with no operating history, and it will not commence operations until it has obtained funding through the Issue. Because the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective and provide a satisfactory investment return.

Any investment in the Company will be speculative in nature and will involve a high degree of risk. A Shareholder could lose all or a substantial portion of their investment in the Company. Shareholders should have the financial ability, sophistication, experience and willingness to bear the risks of an investment in the Company.

*Changes in laws or regulations may adversely affect the Group's business, investments and the results of its operations*

The Group, the Investment Manager and the Investment Adviser are subject to laws and regulations enacted by national, regional and local governments and institutions. These laws and regulations and their respective interpretation and application may change from time to time and those changes could have a material adverse effect on the Group's investments and the results of its operations.

*The Directors, the Investment Manager, the Investment Adviser and the Administrator may have conflicts of interest in the course of their duties*

The Directors, the Investment Manager, the Investment Adviser and the Administrator may, from time to time, provide services to, or be otherwise involved with, other investment programmes established by parties other than the Company, which may have similar objectives to those of the Company. It is therefore possible that any of these investment programmes may, in the course of business, have potential conflicts of interest with the Company, which may be to the detriment of the Company. The Directors are, however, subject to the provisions of Guernsey law, which impose a range of duties upon directors, including in relation to avoiding conflicts of interest in certain circumstances. In addition, the Investment Manager has undertaken to the Company and the Investment Adviser has undertaken to the Investment Manager, among other things, to seek to ensure that conflicts of interest that it may be faced with are resolved fairly.



### ***Availability of appropriate assets***

Although the Directors, the Investment Manager and the Investment Adviser believe that there is substantial availability of investments of the type intended to be made by the Group, either through acquiring in the secondary markets debt instruments backed by economic infrastructure assets, or through originating debt instruments to infrastructure projects and companies, there is no guarantee that such availability will continue to result in sufficient investments being made in a timely manner, or at all, to allow the Company to deliver the targeted returns for Shareholders. When the availability of appropriate assets is lower than expected, it is likely that the Company will take longer than expected to identify and make investments in appropriate assets and therefore a greater proportion of the Group's assets will be held in cash which will generate a much lower return for Shareholders than currently envisaged.

In particular, the Group has not entered into any legally binding documentation to acquire the assets included in the target portfolio described in Part 5 of this Prospectus. These investments have been identified by the Investment Adviser as being either available for purchase as at 28 January 2015, being the latest practicable date prior to the date of this document, or within six to nine months of the Issue. However there can be no assurance that any of these investments will remain available for purchase after the Issue or, if available, at what price, if a price can be agreed at all, the investments can be acquired by the Group. The acquired portfolio, therefore, may be substantially different to the target portfolio set out in this Prospectus. In these circumstances, whilst the Group will endeavour to source investments with similar characteristics, there can be no assurance that it will be able to do so within a reasonable timeframe, on acceptable terms, or at all.

### ***Reinvestment Risk***

To the extent that any investments prepay or mature or are sold, the Investment Adviser will seek to reinvest the proceeds in pipeline investments which satisfy the Investment Criteria and the Investment Concentration Limits. The yield on such pipeline investments will depend on, among other factors, the reinvestment rates available at the time, the availability of investments which satisfy the Investment Criteria and the Investment Concentration Limits and on market conditions related to economic infrastructure bonds and loans in general. The need to satisfy the Eligibility Criteria and the Investment Concentration Limits and identify investments acceptable to the Investment Adviser may require the purchase of assets with a lower yield than those replaced, with different characteristics to those replaced (including, but not limited to, coupon, maturity, call features and/or credit quality) or require that funds be maintained in cash or Short-Term Investments pending reinvestment in substitute investments, which will further reduce the yield of the Portfolio. Any decrease in the yield of the Portfolio will have the effect of reducing the amount available to pay dividends on the Shares. There can be no assurance that if investments prepay, mature or are sold, yields on investments eligible for purchase will be at the same level as those replaced nor that the characteristics of any pipeline investments will be the same as those replaced nor as to the timing of purchase of any substitute investments.

### ***The Company's target return and target dividend yield are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual return and dividend yield may be materially lower than the targeted return and target dividend yield***

The Company's target return and target dividend yield set forth in this Prospectus are targets only and are based on estimates and assumptions concerning the performance of the Group which will be subject to a variety of factors including, without limitation, operating expenses, the availability of investment opportunities, asset mix, value, volatility, holding periods, performance of underlying portfolio debt issuers and borrowers, investment liquidity, borrower default, changes in current market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this Prospectus, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the control of the Company and which may adversely affect the Company's ability to achieve its target return and target dividend yield. Such targets are based on market conditions and the economic environment at the time of assessing the proposed targets and the assumption that the Company will be able to implement its investment policy and strategy successfully, and are therefore subject to change. There is no guarantee or assurance that the target return and/or target

dividend yield can be achieved at or near the levels set forth in this Prospectus. Accordingly, the actual rate of return and actual dividend yield achieved may be materially lower than the targets, or may result in a loss. A failure to achieve the target return and/or target dividend yield set forth in this Prospectus may adversely affect the Group's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Specifically, a slower deployment of proceeds than expected will negatively affect the Company's targets as the Company will remain uninvested for longer than expected.

***The Group may be unable to realise value from its investments in the event of the insolvency of a borrower, and investors could lose all or part of their investment***

A substantial component of the Investment Adviser's analysis of the desirability of making a given investment relates to the estimated residual or recovery value of such investments in the event of the insolvency of the borrower. This residual or recovery value will be driven primarily by the value of the underlying assets constituting the collateral for such investment. The value of collateral can, however, be extremely difficult to predict and in certain market circumstances there could be little, if any, market for such assets. Moreover, depending upon the status of these assets at the time of a borrower's default, they may be substantially worthless. The types of collateral owned by the borrowers in which the Group invests will vary widely, but are expected to be primarily infrastructure assets and concessions, and secondarily other tangible and financial assets. A default that results in the Group holding collateral may materially adversely affect the performance of the Group and the value of the Shares.

In the event of the insolvency of a borrower in respect of an Investment, the Group's recovery of amounts outstanding in insolvency proceedings may be impacted by the insolvency regimes in force in the jurisdiction of incorporation of such borrower or in the jurisdiction in which it mainly conducts its business (if different from the jurisdiction of incorporation), and/or in the jurisdiction in which the assets of such borrower are located. Such insolvency regimes impose rules for the protection of creditors and may adversely affect the Group's ability to recover such amounts as are outstanding from the insolvent borrower under the Investment, which may adversely affect the performance of the Group and its business, financial condition, results of operations, NAV and/or the market price of the Shares.

Similarly, the ability of borrowers to recover amounts owing to them from insolvent underlying obligors may be adversely impacted by any such insolvency regimes applicable to those underlying obligors, which in turn may adversely affect the abilities of those borrowers to make payments to the Group due under the Investment on a full or timely basis.

A number of jurisdictions operate unpredictable insolvency regimes which may cause delays to the recovery of amounts owed by insolvent borrowers or underlying obligors subject to those regimes. The different insolvency regimes applicable in the different jurisdictions result in a corresponding variability of recovery rates for senior secured loans, senior unsecured loans, mezzanine debt and other debt obligations entered into or issued in such jurisdictions, any of which may have a material adverse effect on the performance of the Group and its business, financial condition, results of operations, NAV and/or the market price of the Shares.

Various laws enacted for the protection of creditors and stakeholders may apply to certain Investments that are debt obligations, although the existence and applicability of such laws will vary between jurisdictions. For example, if a court were to find that a borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an Investment and the grant of any security interest securing such Investment, and, after giving effect to such indebtedness, the borrower: (i) was insolvent; (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court may: (a) invalidate such indebtedness and such security interest as a fraudulent conveyance; (b) subordinate such indebtedness to existing or future creditors of the borrower; or (c) recover amounts previously paid by the borrower (including to the Group) in satisfaction of such indebtedness or proceeds of such security interest previously applied in satisfaction of such indebtedness. In addition, if a borrower in whose debt the Group has an Investment becomes insolvent, any payment made on such Investment may be subject to avoidance, cancellation and/or clawback as a "preference" if made within

a certain period of time (which for example under some current laws may be as long as two years) before insolvency.

In general, if payments on an Investment are voidable, whether as fraudulent conveyances, extortionate transactions or preferences, such payments may be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from the Group, there may be an adverse effect on the performance of the Group and, by extension, on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

***Capital gains from the Group's investments may require significant time to materialise or may not materialise at all***

Investments that the Group makes may not appreciate in value and, in fact, may decline in value. There may be a significant period between the date that the Group makes an investment and the date that any capital gain or loss on such investment is realised. Capital return on the Group's investments, therefore, may not be realised for a substantial time period, if at all.

There can be no assurance that the Group's investments will generate gains or income or that any gains or income that may be generated will be sufficient to offset any losses that may be sustained. As a result, investing in the Company is speculative and involves a high degree of risk. The Group's performance may be volatile and investors could lose all or part of their investment.

**B. Risks relating to the Shares and Shareholders**

***An active and liquid trading market for the Shares may not develop***

The Company cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market for the Shares or, if such a market develops, whether it will be maintained. In addition, a substantial number of Shares may be issued to a limited number of investors, which could adversely affect the development or maintenance of an active and liquid market for the Shares.

The Company cannot predict the effect on the price of the Shares if a liquid and active trading market for the Shares does not develop. In addition, if such a market does not develop, relatively small sales of Shares may have a significant negative impact on the price of Shares, whilst sales of a significant number of Shares may be difficult to execute at a stable price close to or at the prevailing market price at that time.

The market price of Shares may fluctuate significantly and potential investors may not be able to sell their Shares at or above the price at which they purchased them. Factors that may cause the price of Shares to vary include but are not limited to:

- changes in the Company's financial performance and prospects or in the financial performance and prospects of companies engaged in businesses that are similar to the Company's business;
- changes in the underlying values of the investments of the Group;
- the termination of the Investment Management Agreement and/or the Investment Advisory Agreement, and the departure of some or all of the Investment Manager and/or the Investment Adviser's investment professionals;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations that are applicable to the Company;
- a rise in interest rates or rates of inflation, or an increase in the market's expectation of such rises;
- changes or increased volatility in currency exchange rates, or the market's expectation of such changes or increased volatility;
- sales of Shares by Shareholders;
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events;

- speculation in the press or investment community regarding the business or investments of the Group or factors or events that may directly or indirectly affect their respective investments;
- a reduction in the ability of the Company to access leverage or further equity finance; and
- further issues of Shares.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. Any broad market fluctuations may adversely affect the trading price of the Shares.

### ***Dividends***

There can be no assurance as to the level and/or payment of future dividends by the Company in relation to Shares. The declaration, payment and amount of any future dividends by the Company are subject to the discretion of the Directors and will depend upon, among other things, the performance of the Company, the ability of the Group to make further investments, dividends declared and paid by the Company and the size of any such dividends, the Company's earnings, financial position, cash requirements and availability of profits, as well as the provisions of relevant laws or generally accepted accounting principles from time to time.

### ***The Shares may trade at a discount to Net Asset Value***

The Shares may trade at a discount to their respective Net Asset Value per share for a variety of reasons, including market conditions, liquidity concerns or the actual or expected performance of the Group. There can be no guarantee that attempts by the Company to mitigate such a discount will be successful or that the use of discount control mechanisms will be possible or advisable. The Directors accept no responsibility for any failure of the Discretionary Tender facility to effect a reduction in any discount.

### ***Shareholders have no right to have their Shares redeemed or repurchased by the Company***

The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder. Although the Directors intend, in due course, to offer Shareholders the opportunity to participate in the Discretionary Tender facility, this is entirely discretionary and is further subject to annual Shareholder approval and the restrictions as discussed further in paragraph 15 of Part 2 of this Prospectus.

In addition to the Discretionary Tender facility, the Directors may seek Shareholder approval to grant them the power to make ad hoc market purchases of Shares. If such authority is sought and subsequently granted, the Directors will have complete discretion as to the timing, price and volume of Shares to be purchased. Shareholders should not place any reliance on the willingness of the Directors so to act. In the absence of the availability of the Discretionary Tender facility or market purchases of Shares by the Company, Shareholders wishing to realise their investment in the Company will be required to dispose of their Shares on the stock market. Accordingly, Shareholders' ability to realise their investment at any particular price and/or time may be dependent on the existence of a liquid market in the Shares.

### ***Shareholders in certain jurisdictions may not be eligible to participate in Discretionary Tenders or any buyback of any shares by the Company and to receive the cash proceeds thereof***

The securities laws of certain jurisdictions may restrict the Company's ability to allow Shareholders to participate in any Discretionary Tenders or redemption offers. There can be no assurance that the Company will be able to conduct any Discretionary Tenders or redemption offers in a manner that would enable participation therein, or receipt of the cash proceeds thereof, by Shareholders in such jurisdictions. Shareholders who have a registered address in or who are resident or located in (as applicable) a jurisdiction other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in any Discretionary Tenders or redemption offers.

***Shareholders' percentage voting rights in the Company may increase as a result of any share buybacks by the Company or Tender Purchases and as a result there is a risk that a Shareholder may acquire 30 per cent. of the voting rights in the Company and then be obliged under the Takeover Code to make a general offer to all the remaining Shareholders to acquire their Shares***

Under Rule 9 of the Takeover Code, any person who acquires shares which, taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights in a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent. but not more than 50 per cent. of the voting rights of such company, a general offer will normally be required if any further shares increasing that person's percentage of voting rights are acquired.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code.

Accordingly, when the Company undertakes a buyback of shares or makes Tender Purchases pursuant to a Discretionary Tender, any resulting increase in the percentage of the voting rights in the Company held by a Shareholder (or Shareholders acting in concert) will be treated as an acquisition in accordance with Rule 37 of the Takeover Code and, if such percentage reaches 30 per cent. of the voting rights in the Company, or if a Shareholder (or Shareholders acting in concert) already hold(s) 30 per cent. of the voting rights in the Company and such percentage Shareholding increases further, the relevant Shareholder or Shareholders would be required under Rule 9 of the Takeover Code to make a general offer to all remaining Shareholders to acquire their Shares.

If such a situation arises or is likely to arise, it is the intention of the Directors to seek a waiver from the Takeover Panel of the requirement that the relevant Shareholder or Shareholders make an offer under Rule 9 of the Takeover Code as a result of Share purchases. However, the Directors cannot guarantee that such a waiver will be obtained or that the relevant Shareholder or Shareholders would not be required to make a general offer to the remaining Shareholders to acquire their Shares.

***Discretionary Tenders will be subject to certain restrictions and so Shareholders should not have an expectation that all or any of the Shares they make available for sale to the Company will be purchased through the Discretionary Tender facility***

Discretionary Tenders are entirely discretionary and, if made, are contingent upon certain factors including, but not limited to, the Company's ability to finance Tender Purchases. Shareholders should therefore have no expectation of being able to tender their Shares to the Company on a quarterly basis. For further discussion on the restrictions applicable to Discretionary Tenders, potential investors should refer to paragraph 15.1 of Part 2 of this Prospectus.

The operation of the Discretionary Tender facility will be subject to Shareholder approval on an annual basis, and there is no guarantee that Shareholders will vote to renew the Discretionary Tender facility. Shareholders should note that just because shareholder approval of a Discretionary Tender is obtained, that does not mean the Company will conduct a Discretionary Tender. This is a matter entirely within the discretion of the Company. Accordingly, Shareholders should have no expectation that a Discretionary Tender will be available at any specific time, or at all.

***The Shares will be subject to purchase and transfer restrictions in the Issue and in secondary transactions in the future***

The Company intends to restrict the ownership and holding of its Shares so that none of its assets will constitute "plan assets" under Section 3(42) of ERISA and U.S. Department of Labour regulations promulgated under ERISA by the U.S. Department of Labour and codified at 29 C.F.R. Section 2510.3-101 as they may be amended or modified from time to time (collectively, the "U.S. Plan Asset Regulations"). The Company intends to impose such restrictions based on deemed representations in the case of its Shares. If the Company's assets were deemed to be "plan assets" of any plan subject to Part 4 of Title I of ERISA

or Section 4975 of the U.S. Tax Code (any such plan, a “**U.S. Plan**”), then: (i) the prudence and other fiduciary responsibility standards of ERISA would apply to investments made by the Company; and (ii) certain transactions that the Company or a subsidiary of the Company may enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the U.S. Tax Code and might have to be rescinded. Governmental plans, certain church plans and non-U.S. plans, while not subject to Title I of ERISA or Section 4975 of the U.S. Tax Code, may nevertheless be subject to a Similar Law. As a result, such plans will be deemed to represent that their purchase and holding of the Shares will not result in a violation of any Similar Law that prohibits or imposes an excise or penalty tax on the purchase of the Shares.

Each purchaser and subsequent transferee of the Shares will be deemed to represent and warrant that no portion of the assets used to acquire or hold its interest in the Shares constitutes or will constitute “plan assets” under the U.S. Plan Asset Regulations. The Articles of the Company provide that the Board of Directors may refuse to register a transfer of Shares to any person they believe to be a Non-Qualified Holder or U.S. Plan investor. If any Shares are owned directly or beneficially by a person believed by the Board of Directors to be a Non-Qualified Holder or U.S. Plan investor, the Board of Directors may give notice to such person requiring him either (i) to provide the Board of Directors within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board of Directors that such person is not a Non-Qualified Holder or U.S. Plan investor or (ii) to sell or transfer their Shares to a person that is not a U.S. Plan investor or another Non-Qualified Holder, and thus is qualified to own the same, within 30 days and within such 30 days to provide the Board of Directors with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited their Shares.

In addition, the Company has also implemented restrictions on transfers of any Shares where such transfers: (i) may require the Company to register as an “investment company” under the U.S. Investment Company Act (including because the holder of the Shares is not a “qualified purchaser” as defined in the U.S. Investment Company Act); (ii) may cause the Company to register under the U.S. Exchange Act or any similar legislation; (iii) may cause the Company not being considered a “Foreign Private Issuer” as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; or (iv) may result in violations of the transfer restrictions put forth in any prospectus published by the Company. See paragraph 11 of Part 6 and paragraph 3.1(f) of Part 10 of this Prospectus.

### **C. Risks relating to the Group’s investments**

#### ***A valuation is an estimate of value and not a precise measure of realisable value***

All investments made by the Group will be valued by a third party in accordance with the valuation methodology set out in paragraph 10 of Part 2 of this Prospectus. The resulting valuations will be used, amongst other things, for determining the basis on which various transactions in the Shares take place, including potential future issues of Shares. Valuations of the investments of the Group reflect the Valuation Agent’s view of expected cash flows and appropriate discount rates, which are uncertain. To the extent that these discount rates or any other metric used in the valuation of the Group’s assets are incorrect the valuation of the Group’s investments may be inaccurate. Moreover, a valuation is only an estimate of value and is not a precise measure of realisable value. Therefore, transactions in the Company’s Shares may take place by reference to valuations of investments which do not reflect the realisable value of underlying assets.

#### ***Lack of diversification of asset class***

Other than some holdings in cash, or cash equivalents, and hedging instruments, the Group intends to invest exclusively in economic infrastructure debt investments and therefore bears the risk of investing in only one asset class. If returns from economic infrastructure debt investments are adversely affected by prevailing market conditions, the lack of diversification across any other asset class in the investment portfolio means that there will be no income from another class of assets to off-set any shortfall, which may have an adverse effect on the income received by the Group and the value of the Group’s assets.

***Failure by the Investment Manager, the Investment Adviser or other third-party service providers of the Company to carry out its or their obligations could materially disrupt the business of the Company***

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company must therefore rely on the performance of third-party service providers to perform its executive functions. In particular, the Investment Manager, the Investment Adviser and the Administrator will perform services that are integral to the operations and financial performance of the Company. The Group is reliant on the systems and processes of several entities. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, or the failure of their systems and processes could have a materially adverse effect on the Company's performance and returns to Shareholders.

***Cash and similar investments held by the Group exposes the Group to counterparty credit risk***

Although the Group will only hold its cash with banks rated at least A-1, P-1 or F-1 from S&P, Moody's or Fitch respectively, or in one or more similarly-rated money market or short-dated debt funds, a default by the bank or a losses on the money market or short-dated debt fund would adversely affect the Company. This risk will be of particular significance when the Company has a significant amount of uninvested cash including immediately following the completion of the Issue.

***The success of the Company depends on the ability of the Investment Manager and Investment Adviser to achieve the Company's investment objectives***

The success of the Company will depend on the ability of the Investment Manager and Investment Adviser to advise on, and in accordance with, the Company's investment objective and policy. There can be no assurance that the Investment Manager and the Investment Adviser will be able to do so or that the Company will be able to generate any investment returns for Shareholders or indeed avoid investment losses.

***Market factors may result in the failure of the investment strategy followed by the Group***

Strategy risk is associated with the failure or deterioration of an investment strategy such that most or all investment managers employing that strategy suffer losses. Strategy specific losses may result from excessive concentration by multiple market participants in the same investment or general economic or other events that adversely affect particular strategies (for example the disruption of historical pricing relationships). The strategy employed by the Group is speculative and involves substantial risk of loss in the event of such a failure or deterioration in the infrastructure debt sector. The Group has an investment policy which defines, to a degree, how the Group must invest and the Directors require the approval of a majority of the Shareholders to make any material changes to the investment policy. As a result, the Group's investment strategy may fail, and it may be difficult for the Directors to amend the Group's investment strategy quickly or at all should certain market factors appear, which may adversely affect the performance of the Group's business, financial condition, results of operations, NAV and/or the market price of the Shares.

***The investment objective, investment policy, investment strategy, Investment Concentration Limits, Borrowing Limit and/or emphasis of the Group may change over time***

The Directors may make changes to the investment objective, investment policy, investment strategy, Investment Concentration Limits and Borrowing Limit which they consider are not material without the consent of Shareholders. Material changes to the Group's investment objective, investment policy, Investment Concentration Limits and Borrowing Limit may be made with the approval of a majority of Shareholders. If the investment objective, investment policy, Investment Concentration Limits, Borrowing Limit and/or strategy of the Group were to change, the Company (and therefore, indirectly, Shareholders) may find that the nature of its investment exposure changes, possibly significantly and its ability to exit may be limited, which could have a material adverse effect on the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

#### **D. Risks relating to the Investment Manager and the Investment Adviser**

##### ***The Investment Manager is dependent upon the expertise of its personnel in providing investment management services to the Company***

The ability of the Group to achieve its investment objectives is significantly dependent upon the expertise of the Investment Manager's employees and the ability of the Investment Manager to attract and retain suitable staff. The impact of the departure, for any reason, of an individual (or individuals) on the ability of the Investment Manager to achieve the investment objective of the Group cannot be determined and may depend on, amongst other things, the ability of the Investment Manager to recruit other individuals of similar experience and credibility. A failure by the Investment Manager to recruit suitable individuals to replace individuals who leave the Investment Manager may impact negatively on the performance of the Investment Manager and therefore, of the Group.

##### ***The Company is the first listed fund with which the Investment Adviser has been involved***

While the Investment Adviser's directors and employees have significant experience of working in European and U.S. infrastructure debt, asset management and debt capital markets, this is the first listed fund with which the Investment Adviser has been involved. Accordingly the Investment Adviser has no performance history in relation to listed economic infrastructure debt funds for a potential investor to consider in making a decision in whether to invest in Shares. There can be no assurance that the Investment Adviser will be successful in managing the Group's portfolio or achieving the Group's investment objectives.

##### ***The Investment Adviser is dependent upon the expertise of key personnel in providing investment advisory services to the Investment Manager and the Company***

The ability of the Group to achieve its investment objectives is significantly dependent upon the expertise of the Investment Adviser's partners and employees and the ability of the Investment Adviser to attract and retain suitable staff. The impact of the departure, for any reason, of a key individual (or individuals) on the ability of the Investment Adviser to achieve the investment objective of the Group cannot be determined and may depend on, amongst other things, the ability of the Investment Adviser to recruit other individuals of similar experience and credibility. A failure by the Investment Adviser to recruit suitable individuals to replace any key individual who leaves the Investment Adviser may impact negatively on the performance of the Investment Adviser and, therefore, of the Group.

##### ***The Investment Manager, the Investment Adviser and their respective principals are involved in other businesses and investments which may create conflicts of interest***

The Investment Manager, in addition to providing investment management services to the Company, provides investment management services to a number of other funds and accounts. Similarly, the Investment Adviser, in addition to advising upon the investments of the Group, currently serves, or may serve in the future, as the investment adviser and/or investment manager to other investment funds and managed accounts. Accordingly, neither the Investment Manager nor the Investment Adviser devotes its resources exclusively to the business of the Company. In addition, each of the Investment Manager and the Investment Adviser and its owners, members, officers and principals are presently, and will in the future continue to be, involved in other business ventures that have no relationship with the Company. Accordingly, the Investment Manager, the Investment Adviser and their respective owners, members, principals and officers may encounter potential conflicts of interest in connection with their respective roles to the Company and their respective involvement in other business ventures. Each of the Investment Manager and the Investment Adviser has undertaken, *inter alia*, to seek to ensure that any conflicts of interest in respect of its services are resolved fairly.

The directors of the Investment Adviser intend to subscribe for, at least 600,000 Shares pursuant to the Issue and the Investment Adviser will apply one quarter of its fees in applying for Shares. The interests of the Investment Adviser, its directors and other investors in the Shares may not be aligned and may create conflicts of interest between the Investment Adviser and other investors in the Shares.



### ***The Investment Manager is dependent on information technology systems***

The Investment Manager and the Company are dependent on the Investment Adviser for investment, operational and financial advisory services. The Investment Adviser depends on information technology systems in order to assess investment opportunities, strategies and markets and to monitor and control risks for the Company.

It is possible that a failure of some kind which causes disruptions to these information technology systems could materially limit the Investment Adviser's ability to adequately assess and manage the investments of the Company, formulate strategies and provide adequate risk control. Any such information technology related difficulty could harm the performance of the Company.

## **E. Risks associated with the Group's investments**

### ***Risks that may be relevant to any of the Group's investments***

#### *Market value of investments*

The value of the investments made and intended to be made by the Group will change from time to time according to a variety of factors, including the performance of the underlying borrowers, movements and expected movements in interest rates, exchange rates, inflation and bond ratings and general market pricing of similar investments. Such changes will impact the Company and the Net Asset Value.

#### *Liquidity of investments*

Infrastructure debt investments in loan form are not likely to be publicly-traded or freely marketable, and debt investments in bond form may have limited or no secondary market liquidity. Such investments may therefore be difficult to value or sell and therefore the price that is achievable for the investments might be lower than the valuation of these assets as determined by the Valuation Agent.

#### *No control*

The Group will not normally have control over decisions taken by borrowers as it will not be a shareholder and only occasionally the first-ranking debt provider in such projects. This may result in borrowers making decisions that are not in the interests of the Company or the Subsidiary.

In circumstances where the Group invests in a loan or bond, it may only hold a small percentage of the total outstanding loan or bonds, and therefore may not have the ability to block certain decisions made collectively by the lending group that may be taken either prior to or after a default by the borrower. This may result in the group of lenders to a borrower making decisions that are not in the interests of the Group. Additionally in certain cases the agent bank (in the case of loans) or the trustee (in the case of bonds) may make decisions related to the investment which may not be in the interests of the Group.

#### *Borrower default*

Although a detailed assessment of the creditworthiness of all borrowers will typically be conducted in respect of infrastructure loans and bonds in which the Group will invest, there remains a risk that such borrowers may default on their obligations to the Group. Such a default may adversely affect the income received by the Group and the value of the Group's assets.

#### *Sufficiency of due diligence*

Whilst the due diligence process in connection with the Group's investments may include site visits, meetings with management, and engaging lawyers, technical consultants, independent valuers and financial model auditors, this may not reveal all facts that may be relevant in connection with an investment and may not highlight issues that could affect the investments' performance. Additionally, in some circumstances where the Group is acquiring secondary market loans, the due diligence reports that are available may be out of date. Any failure in the due diligence conducted by the Group to highlight relevant issues may adversely affect the income received by the Group and the value of the Group's assets.

Moreover to the extent that the Group invests in bonds or other securities, then the information available will be limited to publicly-available information which may be less than would be typically received in relation to loan investments. This factor may further increase the risk that the Investment Adviser does not have adequate information to identify risks associated with the Group's investments.

#### *Errors in financial models or incorrect analysis*

Infrastructure projects rely on large and detailed financial models. Assumptions are made in such models in relation to a range of matters, including inflation, lifecycle replacement costs, insurance premia, applicable rates of tax, availability of tax reliefs, insurance rates and deposit interest rates and these may diverge in the future from those assumed in the financial models. Errors in these or other assumptions or in the methodology used in such financial models may mean that the return on an investment is less than expected. In addition, data received which is incorrect or has been incorrectly interpreted may lead to errors in financial models and ultimately negatively impact the return on the Company's investments.

Additionally, the Investment Adviser and the Investment Manager will make use of financial models, developed either in-house or by third parties, for a range of purposes including but not limited to credit assessment and scoring, portfolio optimisation and loan pricing, and errors in one or more of these models may mean that the returns on the Group's investments will be less than expected.

#### *Targeted returns on loans*

The Group will make debt investments based on estimates or projections of that investment's future cashflows (which will primarily consist of interest and principal receipts). These cashflows may be affected by, *inter alia*:

- interest rates, inflation rates and currency exchanges rates, as discussed below;
- borrower defaults, loan restructurings, grace periods, extensions, waivers and debt forgiveness and write-offs; and
- prepayments of investments.

There can be no assurance that the investment's actual cash flows will equal or exceed those that are expected or that the targeted return on the investments made by the Group will be achieved.

#### *Rates of inflation*

In certain cases, the Group may make investments based on estimates or projections of future rates of inflation because the Investment Adviser expects that the borrower's underlying revenues and/or expenses will be linked to inflation. If actual inflation differs from this expectation, the net cash flows of the borrower may be lower than anticipated, potentially adversely affecting its ability to service its debt and thereby adversely affecting the position of the Company.

Moreover, the Group may make investments in debt instruments where the return is partially or entirely linked to inflation. In this case, if future inflation is lower than expected, the income received by the Group from that debt instrument will also be lower than expected, and this will adversely affect the position of the Group.

#### *Rates of interest*

Changes in interest rates may adversely affect the value or profitability of the assets of the Group in a number of ways:

- by affecting the interest earned on floating-rate assets held by the Group;
- by affecting the spread between, amongst other things, the income on its assets and the expense of any interest-bearing liabilities;

- by affecting the borrower's ability to service its debts, to the extent that the borrower has not fully hedging any floating rate exposure it has and also by affecting the interest earned by borrowers on any cash balances that they hold; and
- by affecting the valuation and duration of the Group's assets.

Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Group.

#### *Currency exchange rates*

The Group intends to make investments across a range of currencies including but not limited to Sterling, U.S. Dollars and the Euro. Changes in currency exchange rates will therefore affect the Company's Net Asset Value, which is denominated in Sterling.

In certain cases, borrowers may be exposed to currency exchange rates if, for example, their revenues and expenses are denominated in different currencies. Changes in currency exchange rates may therefore, adversely affect the borrowers' ability to service their debts which may adversely affect the Group.

Although the Group may utilise financial instruments to partially hedge against changes in currency exchange rates, it is not obliged to do so and may terminate any hedge contract at any time. Moreover, it may not be possible for the Group to hedge against a particular change or event at an acceptable price or at all. In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful, and any such hedging failure could materially and adversely affect the performance of the Group and its business, financial condition, results of operations, NAV and/or the market price of the Shares.

Furthermore, default by any hedging counterparty in the performance of its obligations could subject the Investments to unwanted credit risks and market risk. Accordingly, although the Group may benefit from the use of hedging strategies, failure to properly hedge the market risk in the Investments and/or default of a counterparty in the performance of its obligations under a hedging contract may have a material adverse effect on the performance of the Group and its business, financial condition, results of operation, NAV and/or the market price of the Shares, and such adverse effects may exceed those which may have resulted had no hedging strategy been employed.

#### *Demand risk*

The Group intends to make debt investments in borrowers that provide services on a "demand" basis, where the borrower's revenues depend on the level of use made of its assets. Therefore, to the extent that the level of use of the borrower's assets is less than expected, the borrower will have lower revenues than expected and its ability to service its debts will be impaired. The utilisation of a borrower's assets will be dependent upon many complex and potentially-interlinked factors, outside the control of the Group. Such factors could include, but are not limited to: macro-economic factors, local factors specific to the region in which the borrower operates, competition, changes in government policy (including taxation) that may affect demand for the borrower's assets, the skill with which the borrower operates the assets, and the pricing policies adopted by the borrower in respect of its assets. Any default by a borrower will have an adverse effect upon the income received by the Group and the value of the Group's assets.

#### *Environmental liabilities*

To the extent that there are environmental liabilities arising in the future in relation to any sites owned or used by a borrower (including, for example, clean-up and remediation liabilities), that borrower may be required to contribute financially towards any such liabilities which in turn may increase its risk of defaulting. This may adversely affect the income received by the Group and the value of the Group.

#### *Acquisition risks*

The Group may make debt investments to borrowers that are acquiring infrastructure assets, as part of their acquisition finance arrangements. In such circumstances the vendor will typically provide various warranties

for the benefit of the acquirer and its funders in relation to the acquisition. Such warranties will be limited in extent and are typically subject to disclosure, time limitations, materiality thresholds and liability caps and to the extent that any loss suffered by the acquirer arises outside the warranties or such limitations or exceeds such caps it will be borne by the acquirer, which may adversely affect the income received by the Group and the value of the Group's assets.

### ***Risks associated with lending to infrastructure project companies***

#### *Insurance costs and availability*

The Group may make investments based on estimates or projections of the cost to infrastructure project companies of maintaining insurance cover for, amongst other things, buildings, contents and third party risks (for example arising from fire, flood or terrorism). Although generally not the most significant cost incurred by a project company, the cost of insurance to cover risks including those referred to above is a material cost. Where the cost of maintaining the insurance is greater than assumed, it is possible that the ability of the project company to service its debts may be negatively impacted. Moreover certain risks may be uninsurable in the insurance market (such as in the event of the occurrence of *force majeure* events) or subject to an excess or exclusions of general events and in such cases the risks of such events may rest with the project company. These factors may adversely affect the income received by the Group and the value of the Group's assets.

In the case of certain PPP/PFI infrastructure projects, where insurance is not obtainable, the project agreement usually provides that the public sector counterparty may, in certain circumstances, arrange to insure the relevant risks itself. If a risk then subsequently occurs, the public sector counterparty can typically choose whether to let the project agreement continue, and pay to the project company an amount equal to the insurance proceeds which would have been payable had the insurance been available (excluding in certain cases amounts which would have been payable in respect of equity investment), or terminate the project agreement and pay compensation on the basis of termination for *force majeure* (see below under "Termination of Project Agreements"). There can be no guarantee that a project company will be able to fully repay its debt, which may have a material adverse effect on the Group.

#### *Incomplete transfer of operating risk*

The financial models for project companies are typically based on the fact that many of the risks of operating the relevant concessions are substantially assumed by subcontractors. The project companies may be exposed to cost or liability where this does not happen, for example, as a result of limits of liability, default by or the insolvency of a contractor or defective contractual provisions. Where a project company is exposed to such a cost or liability, it may adversely affect the income received by the Group and the value of the Group's assets.

#### *Reliance on sub-contractors*

The performance of project companies is, to a considerable degree, dependent on the performance of its sub-contractors. If a project company is required to replace a key sub-contractor (including a facilities manager) due to the insolvency of that sub-contractor or for any other reason, the replacement sub-contractor may charge a higher price for the relevant services than the project company paid previously. The resulting increase in the costs of the project company may adversely affect its ability to service its debt to the Group. This may adversely affect the income received by the Group and the value of the Group's assets.

#### *Subcontractor liability limits*

Where project companies have entered into subcontracts, the subcontractors' liabilities to a project company for the risks they have assumed will often be subject to financial limits and it is possible that these limits may be exceeded in certain circumstances. Any loss or expense in excess of such a cap would be borne by the project company, unless covered by the project company's insurance. This may adversely affect the income received by the Group and the value of the Group's assets.

### *Building defects*

Project companies will typically subcontract design and construction activities in respect of projects. The subcontractors responsible for the construction of a project asset will normally retain liability in respect of design and construction defects in the asset for a statutory period following the construction of the asset, subject to liability caps. In addition to this financial liability, the construction subcontractor will also often have agreed an obligation to return to site in order to carry out any remedial works required for a pre-agreed period. Following the expiry of these limitation periods, an infrastructure project company will not normally have recourse to any third party for any defects which arise thereafter. Any potential defect may affect the ability of the infrastructure asset to generate revenue or may require additional capital expenditure to repair such defect, which in each case may adversely affect the ability of the project company to service its senior debt, and thus could adversely affect the income received by the Group and the value of the Group's assets.

### *Benchmarking*

A project may provide for the market-testing (sometimes referred to as benchmarking) of the costs of providing certain services in order to more accurately set the level of payments to be made under the relevant project agreement. This may expose the project company to potential losses arising from changes in its costs relative to the charges that it is entitled to receive as a result of the benchmarking process. This would potentially impact upon the ability of the project company to service its debts, thereby adversely affecting the income received by the Group and the value of the Group's assets.

### *Lifecycle costs*

A project will often provide for the replacement or refurbishment of certain items of equipment. The timing of such replacements or refurbishments is a key aspect of the cash flow forecasting assumed by the Group in assessing the ability of the project company to service its debts. Where such replacements or refurbishments occur earlier than projected, or cost more than expected, the free cash flow arising to the project company may be reduced, potentially impacting its ability to service its debt. This may adversely affect the income received by the Group and the value of the Group's assets.

### *Employment-related liabilities*

It is sometimes the case that a project company has its own employees, in which case it may be exposed to potential employer liabilities (including in respect of pension entitlements) under applicable legislation and regulations, which could have adverse consequences for project company. Such consequences may adversely affect the income received by the Group and the value of the Group's assets.

### *Counterparty default*

A project company may be exposed to credit risk from a wide range of counterparties including, but not limited to:

- the entity (such as a public sector body) that granted the concession and is responsible in whole or in part for providing the project company with its revenues or with guaranteeing certain liabilities or risks associated with the project (such as compensation for the early termination of a concession agreement);
- subcontractors providing a range of services including facilities management companies, operation and maintenance companies, SPV management and administration, construction companies and others;
- insurance companies; and
- banks providing bank accounts for the project company or hedging arrangements for currency or exchange rate risks.

In the event of a counterparty default, there may be significant difficulties for the project company in finding an alternative or replacement counterparty on the same or better terms, and in some cases would immediately

expose the project company to financial loss, in which circumstances the value of the Group's assets could be adversely affected.

#### *Other counterparty risks*

The Group may make debt investments from time to time in loan assets which are held on existing lenders' books, for example, where the Group invests in a loan participation, or where it guarantees the performance of a project company to an existing lender (typically a bank) in return for a fee, with such a guarantee collateralised by a deposit held by the existing lender. In such an event, a default by the counterparty may expose the Group to losses regardless of the performance of the underlying projects or loans, including the potential for the principal value of the investment to be lost.

#### *Construction risks*

Although the target portfolio contains no such debt investments and they are not part of the investment strategy, the Group may make debt investments in projects that have not yet completed the construction phases of their concessions and which are not yet cash generative. Should there be any delay in completion of the construction phase in relation to any such project or any "overrun" in the costs of construction, there is a risk that the ability of the project company to service its debts will be lower than expected. Any resultant default may have an adverse effect upon the income received by the Group and the value of the Group's assets.

#### *Defects in contractual documentation*

The contractual arrangements for infrastructure projects are structured so as to minimise the risks inherent in projects which are retained by infrastructure project companies. However, despite technical and legal review, the contractual documentation may be ineffective in distributing or mitigating risks to the degree expected, resulting in unexpected costs or reductions in revenues which could impact adversely on returns to the Group. Due to commonalities in the drafting of such contractual documentation, such issues could affect a number of investments in which the Group may invest.

#### *Supply risk*

Many projects (particularly in the power sector) are reliant on the supply of raw materials or commodities for their continued operation. However, the relevant commodities may suffer from price volatility or simply be unavailable. A project can sometimes partially mitigate against these risks by executing a long-term supply agreement in respect of the required commodity at a pre-agreed price. Any failure of the counterparty under such a long-term supply contract or generally of a project company to procure the supply of necessary commodities could have a negative impact on the project which could, in turn, negatively impact the principal value of the Group's investments.

#### *Political risk*

Although mitigated to a certain extent by the choice of jurisdictions where the Group will invest (see section 6.1 of Part 2), all projects face some level of political risk. These can, without limitation, range from imposition of currency transfer restrictions to other adverse changes to the legal, taxation or other regulatory environment in which the project operates. Should the legal, taxation or other regulatory environment of the jurisdiction in which the project operates change in a way which is adverse to the project, this may have an adverse effect upon the income received by the Group and the value of the Group's assets.

#### *Default of licence or concession agreement*

Many borrowers are reliant on licences or concession agreements in order to operate their businesses or projects. Any default by such borrowers of the terms of such licences or concession agreements may result in their termination, which is likely to have a significant and adverse effect on the borrower's ability to continue to operate, and therefore to service its debt.

## ***Risks associated with lending to PPP/PFI companies***

### *Termination of PPP/PFI project agreements*

Project agreements for PPP/PFI infrastructure projects may be terminated in certain circumstances, as a result of, for example, default by a borrower or the commission of a corrupt or fraudulent act by a borrower, shareholder or contractor in relation to a project agreement. The compensation that a borrower may receive on termination will depend on the reason for termination but in some circumstances (such as termination for force majeure events) the compensation received may be insufficient to repay in full the debts of the borrower which may, in turn, negatively impact upon the principal value of the Group's investments.

### *Change in infrastructure funding policy*

PPP/PFI is not the only means of funding infrastructure projects and the use of such funding mechanisms in the future may decrease. If there is such a change in policy, there is a risk that public bodies may seek to terminate existing PFI-type projects and, as a result, while such termination may be contemplated in the transaction documentation, there can be no guarantee that the Group will recover the full market value of its investments in those circumstances. Any failure by the Group to recover the full market value of its investments may result in a reduction in the value of the Group's assets. Additionally, any changes in policy could reduce the future availability of appropriate assets.

### *Untested nature of long term PPP/PFI operational environment*

Given the long term nature of PPP/PFI infrastructure projects, there is, as yet, limited experience of the long term operational problems that may be experienced in the future and which may affect PPP/PFI infrastructure projects and project companies. Any such problems may, in turn, adversely affect the Group's investment returns.

## ***Specific risks relating to the Company's investments in the renewable energy sector***

### *Renewable energy-related transactions*

Governments generally provide a range of incentives and subsidies for specific types of renewable energy projects, for example in the UK "feed-in" tariffs and the renewable heat incentive (where energy producers are guaranteed a minimum price for their output, typically above market rates) and the Renewables Obligation Certificate (ROC) system (which requires electricity suppliers to supply minimum levels of renewable-source electricity or make buy-out payments into a central fund). Changes in the application of government policy in relation to the incentives and subsidies that they provide may have a material impact upon the profitability of renewable energy projects. Furthermore, the generation of power from renewable energy sources tends to be reliant upon relatively recent technological developments (or the application thereof), and therefore unforeseen technical deficiencies with installations may occur; and although such deficiencies may be covered by supplier warranties, the value of such warranties, if any, may be adversely affected by, for example, time limitations on such warranties or credit events in relation to the relevant supplier.

Some borrowers may utilise relatively new or developing technologies. There may be issues in relation to those technologies that become apparent only in the future. Such issues may give rise to additional costs for the relevant borrower or may otherwise result in the financial performance of the relevant borrower being poorer than is anticipated. This may adversely affect the value of and returns generated by the Group's investments. Additionally, technological advances in the future may reduce the competitive efficiency of installations commissioned now.

Moreover, the reliance of any renewable energy project, or group of projects, on a variable resource as its feedstock (for example, ambient light in the case of solar power projects, wind speed in the case of wind power projects and waste in the case of waste-to-energy projects) may affect the profitability of a site or sites. Finally, in the event of a failure of a utility or other private company contracted to purchase power produced by an installation in which the Group has invested, difficulties may arise in contracting with a replacement power purchaser. All of these risks relating to investments in renewable energy projects could have an adverse effect upon the income received by the Group and the value of the Group's assets.

## ***Risks associated with lending to infrastructure asset-owning companies***

### *Operational risk*

Typically, infrastructure asset-owning companies are special purpose companies that have no employees. Their operations are therefore undertaken by third-party companies, often referred to as “servicers”, under a contractual relationship. These operations can include, but are not limited to: leasing and re-leasing the assets; asset monitoring; asset maintenance (unless that is the responsibility of the lessees of the assets); insurance collection of lease receivables; cash management; asset sales and purchases and investor reporting. If the servicer fails to perform its role competently it may as a result cause the borrower to suffer financial loss, impairing its ability to service its debt which may adversely affect the income received by the Group and the value of the Group’s assets.

If a servicer defaults on its obligations (whether financial or operational), it may be necessary for the borrower to find a replacement servicer. This process may take a prolonged period of time and there is no certainty that an adequate replacement can be found or at what cost. This may result in financial losses for the borrower, impairing its ability to service its debt which may adversely affect the income received by the Group and the value of the Group’s assets.

### *Lessee risk*

Infrastructure asset-owning companies may generate revenues from their assets by leasing them to one or more companies. Such leases can take a range of forms including short and long-term operating leases, financial leases and charters of various types. The infrastructure borrower is exposed to counterparty credit risk in relation to these lessees and the insolvency of one or more lessees may result in financial loss to the borrower which may adversely affect the income received by the Group and the value of the Group’s assets.

### *Recovery of assets*

Some infrastructure assets, especially in those in the transportation sector such as shipping and aircraft, are by their nature moveable and, following the default of the lessee, the servicer will need to physically recover the assets before it can re-lease them. Depending upon the location of the assets at the time of default, their recovery may present the servicer with technical, logistical or legal difficulties which may increase the time taken to re-lease the asset and/or introduce additional costs that will be borne by the borrower. Additionally, in relation to some asset types such as aircraft, the assets may attract fleet liens or other encumbrances that relate not just to that asset but to the lessee’s entire fleet, and removing these liens after the insolvency of the lessee may expose the lessor to substantial costs. Such delays or costs may reduce the ability of the borrower to service its debt and this may adversely affect the income received by the Group and the value of the Group’s assets.

### *Re-leasing risk*

In certain cases, an infrastructure borrower will need to re-lease its assets over the course of their life. This could occur, for example, following the default of a lessee, or if the initial leases mature before the debt that is secured on them is fully repaid. The ability of the servicer of the assets to re-lease them will be dependent upon many complex factors outside their control and outside the control of the Group. These factors could include, but are not limited to:

- general economic conditions;
- the age of the assets at the time of the re-leasing;
- technological and regulatory changes that may occur in the future; and
- the skill of the servicer in identifying and negotiating the re-leasing.

To the extent that the servicer cannot find replacement lessees for the infrastructure assets, or the terms of the replacement leases are worse than originally anticipated, the ability of the borrower to service its debt may be impaired. This may adversely affect the income received by the Group and the value of the Group’s assets.



### *Valuation*

The infrastructure assets are typically valued by third party specialist valuation firms, both initially when the borrower raises its debt, and in some cases periodically over the life of the debt. This valuation is used to size the amount of debt that the borrower can raise as well as its amortisation schedule and the residual amount of debt, if any, outstanding at the debt's maturity. To the extent that the valuation overstates the true value of the assets, the borrower may have difficulties in repaying its debt and this may adversely affect the income received by the Group and the value of the Group's assets.

### *Depreciation and residual value risk*

Some infrastructure assets, for example rolling stock and aircraft, have a finite economic life and therefore their value will decrease over time. When assessing such investments, the Investment Adviser and/or Investment Manager will make assumptions about the rate of depreciation of the asset. To the extent that the actual rate of depreciation is higher than that assumed, the future value of the assets will be lower than anticipated.

In certain cases the debt secured on infrastructure assets may not fully amortise over time out of leasing income and may therefore be dependent upon the ability of the borrower to either sell or re-finance those assets in order to repay its debt at maturity. If the value of the assets has declined by more than expected over time the borrower may be unable to repay the debt at maturity and this may adversely affect the income received by the Group and the value of the Group's assets.

### ***Risks associated with investing in rated bonds***

#### *Ratings*

The Group may invest in rated bonds and in such cases the withdrawal of such ratings, or an actual or expected downgrade on the bonds may result in a decline in the market value of the bonds and a reduction in their secondary market liquidity. In such cases, the value of the Group's assets may decline.

### ***Risks associated with investing in subordinated and mezzanine debt***

#### *Senior debt covenant breach risk*

The covenants provided by a borrower in favour of its senior lenders are generally extensive and a breach of one or more of such covenants may result in payments to a subordinated lender being suspended, and in some circumstances any amounts paid to the subordinated lender following any such breach may be repayable. Where such a breach or any other event leads to an event of default, the senior lenders will normally have the right to take control of the borrower and ultimately to sell it. In such event, it is likely that the sale proceeds will be insufficient to repay in full the subordinated debt of the borrower, which would result in a loss being suffered by the Group.

#### *Subordinated debt is exposed to a geared loss*

Following a default by a borrower, its senior lenders will have a priority claim on cashflow generated by the company (whether arising through its continuing operation or from the disposal of the assets of the business) or on the assets of the borrower in the event of insolvency or on enforcement of security. A subordinated lender will often only receive cashflow once the senior lenders have been repaid in full, including accrued interest owing to them and in some cases compensation for the early prepayment of their debt. A relatively small decline in a borrower's assets could therefore create a disproportionately large loss for a subordinated lender, including potentially the full loss of the subordinated lender's investment, which would adversely affect the income received by the Group and the value of the Group's assets.

#### *Structurally subordinated loans to regulated UK utilities*

In the case of UK utilities, loans advanced to the borrower bear, in addition to the normal risks of subordination, additional risks arising from the UK regulatory framework. Specifically, following a breach of certain licence conditions (which could include the downgrade of the regulated utility to sub-investment grade), the regulator has the right to place the utility into "Special Administration" which would be likely to result in the suspension of dividend payments out of the regulated utility. This would adversely affect the

ability of the borrower to service its debt which would adversely affect the income received by the Group and the value of the Group's assets.

#### **F. Risks relating to taxation and regulation**

##### ***The Group is exposed to changes in tax laws, accounting standards or regulation, or their interpretation***

The fund structure through which the Group initially intends to invest, whilst designed to maximise post-tax returns to investors, is based upon current law and practice and accountancy regulations and practice in Guernsey, Luxembourg and the UK. Such law or practice is subject to change and any such change may potentially reduce the post-tax returns to Shareholders, for example in the event of the imposition of withholding or other additional taxes on income or gains in respect of the underlying investments of the Subsidiary or the distributions by the Subsidiary to the Company. Any such changes may potentially be enacted with retrospective effect.

The Company and the Subsidiary is exposed to changes in its tax residence and changes in the tax treatment of arrangements relating to its business or investments.

If either the Company or the Subsidiary were treated as resident, or as having a permanent establishment, or as otherwise being engaged in a trade or business, in any country in which it invests or in which the investments are managed, all of its income or gains, or the part of such gain or income that is attributable to, or effectively connected with, such permanent establishment or trade or business, may be subject to tax in that country, which could have a material adverse effect on the performance of the Group and returns to Shareholders.

Although the Company is established outside the United Kingdom and two of the four Directors of the Company live outside the United Kingdom, continued attention must be given to ensure that major decisions are not made in the United Kingdom or the Company may be regarded as having a business or other fixed establishment in the United Kingdom. As such, management errors may potentially lead to the Company being considered to have an establishment in the United Kingdom making it subject to United Kingdom VAT which may adversely affect the financial condition of the Company, results of operations, the value of the Shares and/or the return to the Shareholders.

##### ***Offshore funds rules***

The Directors consider that the Company should not constitute an "offshore fund" for the purposes of Part 8 of TIOPA, as the Company is closed-ended with an unlimited life. In addition, it is not intended that arrangements will be operated in respect of the Company so that investors can expect to realise their investment at or close to NAV other than in the event of a winding up of the Company.

The Directors will use reasonable endeavours (but without liability) to monitor the Company's status in this regard. Changes in the Company's tax status or tax treatment may adversely affect the Company and if the Company becomes subject to the UK offshore funds rules in Part 8 of TIOPA, there may be adverse tax consequences for UK tax resident Shareholders.

##### ***Non-Mainstream Pooled Investments ("NMPIs")***

The Company has been advised that the Shares can be considered as "excluded securities" for the purposes of the FCA rules regarding the definition and promotion of NMPIs because the Company would be capable of qualifying as an investment trust if it were resident in the UK, and therefore the Board believes that its Shares will be excluded from the restrictions contained in the FCA's rules on NMPIs.

It is the Board's intention that the Company will make all reasonable efforts to continue to conduct its affairs in such a manner so that its Shares can be recommended to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream pooled investment products. However, the Board has however been advised that no guidance on the application of the NMPI rules to non-UK companies has been published by the FCA and, further, that the rules may be subject to change. The Company will make an announcement should the FCA issue further guidance or amend the NMPI rules in a way which affects the Company's view on the application of the NMPI rules to the Company.

*Local laws or regulations may mean that the status of the Company or of the Shares is uncertain or subject to change, which could adversely affect investors' ability to hold Shares*

For regulatory, tax and other purposes, the Company and/or the Shares may be treated differently in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Shares may be treated as units in a collective investment scheme. Furthermore, in certain jurisdictions, the status of the Company and/or the Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or as a result of disclosures made by the Company. Changes in the status or treatment of the Company and/or the Shares may have unforeseen effects on the ability of investors to hold Shares or the consequences to investors of doing so.

*The AIFMD may impair the ability of the Investment Manager and/or the Investment Adviser to manage investments of the Company, which may materially adversely affect the Company's ability to implement its investment policy and achieve its investment objective*

The AIFMD, which was required to have been transposed by EU member states into national law on 22 July 2013, imposed a new regime for EU managers of AIFs and in respect of marketing of AIFs in the EU. The AIFMD has been transposed in the UK by the UK AIFMD Rules. Subject to transitional provisions, the AIFMD requires that EU AIFMs of AIFs are authorised and regulated as such.

Based on the provisions of AIFMD and the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) (the "**AIFM Regulations**"), the Board considers that the Company is an AIF within the Annex III scope of AIFMD and the AIFM Regulations. The Company intends to operate as an externally managed AIF, with the Investment Manager being the Company's AIFM.

The Investment Manager will need to comply with various operational and transparency obligations in relation to the AIFMD. In complying with these obligations, the Company may be required to provide additional or different information to or update information given to Shareholders and appoint or replace external service providers that the Company intends to use, including those referred to in this document. In addition, in requiring AIFMs to comply with these organisational, operational and transparency obligations, the AIFMD is likely to increase management and operating costs, in particular regulatory and compliance costs, of the Company and the Investment Manager.

## IMPORTANT INFORMATION

In assessing an investment in the Company, investors should rely only on the information in this Prospectus. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Company, the Directors, the Investment Manager, the Investment Adviser, the Sponsor or any other person. Neither the delivery of this Prospectus nor any subscription of Shares shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus.

### General regulatory information

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

### Guernsey regulatory information

The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, (the “**POI Law**”) and the Registered Collective Investment Scheme Rules 2008 issued by the GFSC (the “**Scheme Rules**”). The GFSC, in granting registration, has not reviewed this Prospectus but has relied upon specific warranties provided by the Administrator, the Company’s designated manager.

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

It should be remembered that the price of Shares and the income from them can go down as well as up.

### Investment considerations

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Potential investors should inform themselves as to:

- the legal requirements within their own countries for the subscription for, purchase, holding, transfer or other disposal of Shares (as applicable);
- any foreign exchange restrictions applicable to the subscription for, purchase, holding, transfer or other disposal of Shares which they might encounter;
- the income and other tax consequences which may apply in their own countries as a result of the subscription for, purchase, holding, transfer or other disposal of Shares; and
- potential investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Typical investors in the Company are expected to be institutional and sophisticated investors and private client brokers acting on behalf of private wealth clients.

This Prospectus should be read in its entirety before making any investment in Shares. All Shareholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Memorandum and Articles of the Company, which investors should review.

## **Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts.

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Company’s actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in the part of this Prospectus entitled “Risk Factors”, which should be read in conjunction with the other cautionary statements that are included in this Prospectus. Any forward-looking statements in this Prospectus reflect the Company’s current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company’s operations, results of operations and growth strategy. For the avoidance of doubt, nothing in this paragraph qualifies the working capital statement set out in paragraph 11 of Part 10 of this Prospectus.

These forward-looking statements apply only as of the date of this Prospectus. Subject to any obligations under the Prospectus Rules, the Listing Rules and the Disclosure and Transparency Rules, none of the Company, the Directors, the Investment Manager, the Investment Adviser or Oriel undertakes an obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. Potential investors should specifically consider the factors identified in this Prospectus which could cause actual results to differ before making an investment decision.

## **Presentation of information**

### ***Market, economic and industry data***

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

### ***Currency presentation***

Unless otherwise indicated, all references in this Prospectus to “Sterling”, “pounds sterling”, “£”, “pence” or “p” are to the lawful currency of the UK.

## **No incorporation of Company’s Website**

The contents of the Company’s Website do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus alone and should consult their professional advisers prior to making an application to subscribe for Shares.

## **Definitions**

A list of defined terms used in this Prospectus is set out at pages 139 to 147.

## **Governing law**

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

## **Selling Restrictions**

**This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not**

qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction in connection with any applications for Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. Save for the UK, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus other than in any jurisdiction where action for that purpose is required.

For a description of restrictions on offers, sales and transfers of Shares, please also refer to paragraph 11 Part 6 of this Prospectus.

In addition, potential investors should note that, except with the express written consent of the Company given in respect of an investment in the Company, the Shares may not be acquired by: (i) investors using assets of: (A) an “employee benefit plan” that is subject to Part 4 of Title I of ERISA; (B) a “plan” to which Section 4975 of the U.S. Tax Code applies; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in the preceding clauses (A) or (B) in such entity; or (ii) a governmental plan, church plan, or non-U.S. plan that is subject to a Similar Law, unless its purchase, holding, and disposition of the Shares will not constitute or result in a violation of any Similar Law that prohibits or imposes an excise or penalty tax on the purchase of the Shares.

#### **European Economic Area**

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), an offer of Shares described in this Prospectus may not be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, unless, with effect from and including the Relevant Implementation Date:

- the offer is exclusively intended for “qualified investors” within the meaning of the Prospectus Directive;
- the offer is made to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of Directive 2010/73/EU, 150 natural or legal persons (other than qualified investors); or
- the offer takes place under other circumstances in which the publication of a prospectus is not required under Article 3 of the Prospectus Directive, to the extent that this exemption has been implemented in the Relevant Member State.

Each purchaser of Shares described in this Prospectus located within a Relevant Member State (other than the United Kingdom) will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC as amended and includes any relevant implementing measure in each Relevant Member State.

This Prospectus may not be used for, or in connection with, and does not constitute, any offer of Shares or an invitation to purchase or subscribe for Shares in any Relevant Member State or jurisdiction in which such an offer or invitation would be unlawful.

### **United States**

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States, and under circumstances that would not result in the Company being in violation of the U.S. Investment Company Act. There will be no offer of the Shares in the United States.

The Company has not been and will not be registered under the U.S. Investment Company Act nor will either the Investment Manager or the Investment Adviser be registered as an investment adviser under the U.S. Investment Advisers Act. Consequently, investors will not be entitled to the benefits and protections of the U.S. Investment Company Act or the U.S. Investment Advisers Act.

The Shares are being offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S under the U.S. Securities Act.

In addition, until 40 days after the commencement of the Issue, an offer, sale or transfer of the Shares within the United States by any dealer (whether or not participating in the Issue) may violate the registration requirements of the U.S. Securities Act.

### **Bahrain**

The Company is an overseas domiciled exempt fund under the collective investments undertakings regulations issued by the Central Bank of Bahrain contained in the Central Bank of Bahrain's Rulebook, volume 7, Collective Investment Undertakings Module. As such it is open for subscription by "Accredited Investors".

Accredited investors are:

- individuals holding financial assets (either singly or jointly with their spouse) of US\$ 1,000,000 or more;
- companies, partnerships, trusts or other commercial undertakings, which have financial assets available for investment of not less than US\$ 1,000,000; and
- governments, supranational organizations, central banks or other national monetary authorities, and state organizations whose main activity is to invest in financial instruments (such as state pension funds).

### **Bailiwick of Guernsey**

A registered collective investment scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the POI Law.

### **Belgium**

The Offer for Subscription is part of a private placement and may not be, either directly or indirectly, offered to the public in Belgium. The Offer for Subscription has not been and will not be notified to the Belgian Financial Services and Markets Authority (*Autoriteit voor Financiële Diensten en Markten*).

The Shares may be offered in Belgium only if the nominal value of each share amounts at least to €100,000 or only to investors (which are not professional investors as defined below) investing a minimum of €100,000 or to a maximum of 149 investors or to professional investors as defined in Article 3, 30° of the Law of 19 April 2014 regarding alternative investment funds and their managers (the “**Law of 19 April 2014**”). This Prospectus may be distributed in Belgium only to such investors for their personal use and exclusively for the purposes of the offer of Shares described in this Prospectus. Accordingly, this Prospectus may not be used for any other purpose or passed on to any other investor in Belgium.

The Shares will not be: (i) offered for sale, sold or marketed in Belgium otherwise than in conformity with the Law of 19 April 2014; or (ii) offered for sale, sold or marketed to any person qualifying as a consumer within the meaning of Article I.1, 2° of Title I of Book I of the Belgian Economic Code (the “**Economic Code**”), as modified, otherwise than in conformity with the Economic Code and its implementing regulations.

### **Denmark**

The Company is an alternative investment fund and the manager of the Company is an AIFM for purposes of the Alternative Investment Fund Managers Directive 2011/61/EU. As such the Company may not be marketed, and this Prospectus may not be sent, to investors in Denmark unless: (i) the Company has been approved for marketing in Denmark by the Danish Financial Supervisory Authority pursuant to art. 42 of the Alternative Investment Fund Managers Directive 2011/61/EU, in which case such AIF may be marketed to professional investors within the meaning of the Danish AFIM Act only; or (ii) such marketing was initiated by the investors (reverse solicitation exemption) that are regarded as qualified investors as defined in Section 2 of the Danish Executive Order no. 1104/2014. This Prospectus must not be distributed to, or relied upon by, investors in Denmark in any other circumstances. Furthermore, this Prospectus does not constitute a prospectus under any Danish laws or regulations and has not been filed with or approved by the Danish Financial Supervisory Authority as this Prospectus has not been prepared in the context of a public offering of securities in Denmark within the meaning of the Danish Securities Trading Act or any Executive Orders issued in connection thereto. In accordance with the exemption from the prospectus requirements, this Prospectus will only be directed to qualified investors as defined in Section 2 of the Danish Executive Order no. 1104/2014.

### **Ireland**

The Shares will not be offered, sold, placed or underwritten in Ireland:

- (a) except in circumstances which do not require the publication of a prospectus pursuant to Article 3(2) of Directive 2003/71/EC as implemented in Ireland pursuant to the Investment Funds, Companies and Miscellaneous Provisions Act 2005, the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005), as amended and any rules issued by the Central Bank of Ireland pursuant thereto;
- (b) otherwise than in compliance with the provisions of the Irish Companies Acts 1963-2013;
- (c) otherwise than in compliance with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007) (as amended), and the bookrunner(s) and any introducer appointed by the Company will conduct themselves in accordance with any codes or rules of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland with respect to anything done by them in relation to the Company;
- (d) otherwise than in compliance with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Central Bank of Ireland pursuant thereto; and
- (e) except to professional investors as defined in Alternative Investment Fund Managers Directive 2011/61/EU and otherwise in accordance with Alternative Investment Fund Managers Directive 2011/61/EU, Commission Delegated Regulation 231/2013, the Irish European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. no 257 of 2013), as amended, and any rules issued by the Central Bank of Ireland pursuant thereto.



## **Jersey**

Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this Prospectus. Accordingly, the offer that is the subject of this Prospectus may only be made in Jersey where the offer is not an offer to public or the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be.

## **Sweden**

This Prospectus may only be distributed to professional investors and this Prospectus may not be distributed to or made available to non-professional investors in Sweden. Furthermore, this Prospectus has not been, nor will it be, registered with or approved by the Swedish Financial Supervisory Authority under the Swedish Financial Instruments Trading Act (1991:980) (the “**Trading Act**”). Accordingly, this Prospectus may not be made available, nor may the interests in the Fund offered hereunder be marketed and offered for sale in Sweden, other than under circumstances which do not require a prospectus (*Sw. prospekt*) under the Trading Act.

## **The Netherlands**

The Shares will not be offered or sold, directly or indirectly, in the Netherlands, other than: (i) for a minimum consideration of €100,000 or the equivalent in another currency per investor; (ii) to fewer than 150 individuals or legal entities who are not qualified investors within the meaning of Section 1:1 of the Financial Supervision Act of the Netherlands (*Wet op het financieel toezicht*) (“**NFMSA**”); or (iii) to qualified investors within the meaning of Section 1:1 of the NFMSA.

## **United Arab Emirates and the Dubai International Finance Centre**

This Prospectus has not been reviewed, approved or licensed by the Central Bank of the United Arab Emirates (the “**UAE**”), the Emirates Securities and Commodities Authority (the “**SCA**”) or any other relevant licensing authority in the UAE including any licensing authority incorporated under the laws and regulations of any of the free zones established and operating in the UAE including, without limitation, the Dubai Financial Services Authority (the “**DFSA**”), a regulatory authority of the Dubai International Financial Centre (the “**DIFC**”).

This Prospectus is not intended to, and does not, constitute an offer, sale or delivery of shares or other securities under the laws of the UAE.

The Shares have not been and will not be registered with the SCA or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market or with any other UAE regulatory authority or exchange.

The issue and/or sale of the Shares has not been approved or licensed by the SCA, the UAE Central Bank or any other relevant licensing authority in the UAE, and does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise, and further does not constitute an offer in the UAE in accordance with the Board Decision No. 37 of 2012 Concerning the Regulation of Investment Funds (whether by a Foreign Fund, as defined therein, or otherwise).

No marketing of the Shares has been or will be made from within the UAE and no sale of or subscription for the Shares may or will be consummated within the UAE. It should not be assumed that the Investment Adviser, Investment Manager, Oriel, or any other person is a licensed broker, dealer or investment adviser under the laws of the UAE or that they advise as to the appropriateness of investing in or purchasing or selling securities or other financial products.

## DIRECTORS, AGENTS AND ADVISERS

<b>Directors (all non-executive)</b>	Robert Jennings ( <i>Chairman</i> ) Jan Pethick Jonathan Bridel Sandra Platts
<b>Administrator, secretary and registered office of the Company</b>	Praxis Fund Services Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
<b>Investment Adviser</b>	Sequoia Investment Management Company 11-13 Market Place London W1W 8AH
<b>Investment Manager</b>	International Fund Management Limited Sarnia House Le Truchot St Peter Port Guernsey GY1 1GR
<b>Sponsor and Sole Bookrunner</b>	Oriel Securities Limited 150 Cheapside London EC2V 6ET
<b>Legal Advisers to the Company as to English law</b>	Jones Day 21 Tudor Street London EC4Y 0DJ
<b>Legal Advisers to the Company as to Guernsey law</b>	Ogier Redwood House St Julian's Avenue St Peter Port Guernsey GY1 1WA
<b>Legal Advisers to the Sponsor and Bookrunner</b>	Nabarro LLP 125 London Wall London EC2Y 5AL
<b>Registrar</b>	Computershare Investor Services (Guernsey) Limited 1st Floor Tudor House Le Bordage St Peter Port Guernsey GY1 1DB

<b>Reporting Accountants</b>	KPMG Channel Islands Limited Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 1WR
<b>Auditors</b>	KPMG Channel Islands Limited Glategny Court Glategny Esplanade St Peter Port Guernsey GY1 1WR
<b>Receiving Agent</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
<b>Operational Bankers</b>	Lloyds Bank International Limited Sarnia House Le Truchot St Peter Port Guernsey GY14EF
<b>Valuation Agent</b>	Mazars, LLP Tower Bridge House St Katherine's Way London E1W 1DD
<b>Custodian</b>	Bank of New York Mellon, London Branch* One Canada Square London E14 5AL
<b>Subsidiary Corporate Services Provider</b>	TMF Luxembourg S.A. 46A, Avenue J.F. Kennedy L-1855, Luxembourg Grand Duchy of Luxembourg

\* To be appointed

## EXPECTED TIMETABLE

All references to times in this Prospectus are to London times unless otherwise stated.

Prospectus published	28 January 2015
Latest time and date for receipt of completed Application Forms and payment in full under the Offer for Subscription	1.00 p.m. on 24 February 2015
Latest time and date for receipt of placing commitments under the Placing	1.00 p.m. on 26 February 2015
Result of Issue announced	on or around 27 February 2015
Admission and commencement of dealings in the Shares on the London Stock Exchange	on or around 3 March 2015
Crediting of CREST accounts in respect of the Shares	on or around 3 March 2015
Dispatch of definitive share certificates (where applicable) by	on or around 17 March 2015

The dates and times specified above are subject to change. In particular, the Directors may (with the prior approval of Oriel) bring forward or postpone the closing time and date for the Issue. In the event that a date or time is changed, the Company will notify persons who have applied for Shares of changes to the timetable either by post, by electronic mail or by the publication of a notice through a Regulatory Information Service. References to times are to London times unless otherwise stated.

## ISSUE STATISTICS

Issue Price per Share	100 pence
Number of Shares being issued	up to a maximum of 150,000,000 Ordinary Shares
Estimated initial NAV per Share	98 pence
Estimated Gross Issue Proceeds <sup>1</sup>	up to £150,000,000
Estimated Net Issue Proceeds <sup>2</sup>	up to £147,000,000
ISIN of the Shares	GG00BV54HY67
SEDOL	BV54HY6
Ticker	SEQI

**Notes:**

1. Assuming that the Company issues 150,000,000 Shares pursuant to the Issue.
2. Assuming that the Issue is subscribed in full and based on the estimated expenses of the Issuer set out in paragraph 16 of Part 2 of this Prospectus.

## PART 1

### INVESTMENT OBJECTIVE AND POLICY

#### 1. Investment objective

The Company's investment objective is to provide investors with regular, sustained, long-term distributions and capital appreciation from a diversified portfolio of senior and subordinated economic infrastructure debt investments. This objective is subject to the Group having a sufficient level of investment capital from time to time and the ability of the Group to invest its cash in suitable investments and is subject to the Investment Criteria.

#### 2. Asset allocation

The Company's objective is to maintain its portfolio so that not more than 10 per cent. by value of the Group's investments (at the time of investment) consists of securities or loans relating to any one individual infrastructure asset. In addition, the Company intends to invest directly or indirectly only in debt exposures that satisfy the following criteria, such investments to make up a minimum of 80 per cent. by value of the Group's investments at the time of investment ("**Investment Criteria**"):

- where all or substantially all of the associated underlying revenues are from Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, New Zealand, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the Netherlands, the UK or the U.S., provided that any such jurisdiction is rated (in respect of its local currency sovereign ceiling) at the time of investment at least BBB- by S&P or Baa3 by Moody's (each, an "**Eligible Jurisdiction**");
- where all or substantially all of the associated underlying revenues are from business activities in the sectors below. In addition to the sub-sectors mentioned below, the Group may invest in other sub-sectors within the sectors listed below where considered appropriate.

Sector	Example of typical sub-sectors
Transport	Roads*
	Rail*
	Airports*
	Ports*
Transportation equipment	Aircraft
	Rolling stock
	Shipping
Utilities	Water and waste*
	Electricity distribution and transmission*
	Gas distribution and transmission*
	Pipelines*
Power	Electricity generation
Renewable energy	Solar
	Wind
	Biomass
Telecommunications infrastructure	Mobile phone towers
	Fixed line networks
Infrastructure accommodation	Student accommodation
	Elderly care facilities

**Note:**

\* Each sub-sector marked with a "\*" is a "**Major Sub-Sector**".

- predominantly, but not exclusively, operational projects, since the Investment Adviser believes that once an infrastructure asset has been constructed and the contracted cash flows relating to the project have commenced, many of the risks associated with investments in such assets are significantly reduced;
- in excess of 50 per cent. of its portfolio to be floating rate or inflation-linked debt once fully invested (although investments will be a combination of floating rate, fixed rate and inflation linked instruments); and
- structured as loans, notes and bonds.

### 3. Risk diversification

The following concentration limits on investments have been set by the Directors (the “**Investment Concentration Limits**”):

Maximum individual exposure	Diversification by sector (e.g. transport, utility, renewable etc.)	Diversification by sub-sector (e.g. road, airport etc.)	Jurisdictional diversification	Construction Risk
No more than 10% of total assets in any one exposure	No single sector will represent more than 40% of total assets	No single sub-sector will represent more than 15% of total assets, other than for the Major Sub-Sectors which may represent up to 25% of total assets	No more than: 50% in the United States; 50% in Western Europe (ex-UK); 40% in the UK; and 20% in Australia and New Zealand combined	Construction projects will not represent more than 20% of the total assets

### 4. Gearing and maximum exposures

The Company may, from time to time, utilise borrowings for share buybacks and short term liquidity or short term investment purposes, but such borrowings will not, in any event, exceed 20 per cent. of the Company’s Net Asset Value immediately following drawdown.

### 5. Material change

In accordance with its obligations under the Listing Rules, the Company will obtain the prior approval of its Shareholders to make any material change to its published investment policy.

## PART 2

### THE GROUP

#### 1. Introduction

The Company is a non-cellular company limited by shares, registered and incorporated in Guernsey under the Guernsey Companies Law on 30 December 2014 with registration number 59596. The Shares are denominated in Sterling. Application will be made to the UK Listing Authority for all the Shares in issue, and to be issued pursuant to the Issue, to be admitted to the Premium Listing segment of the Official List and to the London Stock Exchange for all such Shares to be admitted to trading on its main market for listed securities. It is expected that Admission will become effective and dealings will commence on or around 3 March 2015.

The Company proposes to raise gross proceeds of up to a maximum of £150,000,000 to invest in a portfolio of assets focusing on senior and subordinated infrastructure debt instruments and related and/or similar assets.

Although Shareholders have no general right or entitlement to have their Shares repurchased or redeemed upon request, the Directors believe that the Company's Discretionary Tender mechanism should provide Shareholders with the opportunity for additional liquidity as compared with many other listed closed-ended investment companies. The operation of this mechanism is subject to annual Shareholder approval and certain limits reflecting the Company's closed-ended nature. For further information on Discretionary Tenders, please refer to paragraph 15.1 of Part 2 of this Prospectus.

#### 2. Overview of the Issue

The Issue comprises an offer by the Company of up to a maximum of 150,000,000 Shares pursuant to the Issue to raise Gross Issue Proceeds of up to £150,000,000 (Net Issue Proceeds of up to approximately £147,000,000). The Directors have determined that the Shares will be issued at an Issue Price of 100 pence per Share.

#### 3. Investment opportunity

Lending against infrastructure projects typically has attractive characteristics with low levels of credit losses relative to other forms of corporate lending, stable returns and a generally low correlation to other asset classes (evidenced by studies conducted by Moody's Investor Services ("Moody's") and Standard & Poor's Rating Agency ("S&P")). In particular:

- **Low default rates** – the default rate on infrastructure debt has historically been lower than that on corporate debt;
- **High recovery rate** – the recovery rate on defaulted infrastructure debt has historically been higher than on defaulted corporate debt; and
- **Attractive return profile** – returns on infrastructure debt generally are higher than comparably-rated corporate debt principally due (in the view of the Directors and the Investment Adviser) to an illiquidity premium, a scarcity of lenders – especially in relation to mezzanine debt – and being a relatively specialist asset class.

Prior to the financial crisis, it was difficult for non-bank lenders or other investors to participate in infrastructure debt, as the sector was dominated by, and essentially controlled by, lending banks. However, many of those banks have either exited the market or materially reduced their balance sheet allocation to the sector, which the Directors and Investment Adviser attribute in part to more onerous capital constraints imposed on them by Basel II and Basel III. As a result, the Directors and the Investment Adviser believe that not only are infrastructure debt investments now available to investors more generally, but also the economic



and other terms available on infrastructure debt are more favourable for lenders and investors than prior to the financial crisis.

In response to this, a number of non-bank lenders and long-term investors have become active in infrastructure lending, including insurance companies such as Allianz, Met Life, Aviva and Axa. Their approach has been, generally, to target sub-sectors of the market where they can originate loans or bonds that meet their own specific investment parameters of generating long-dated, investment grade and fixed rate cashflows. The Directors and the Investment Adviser believe that they have achieved this by focussing on social infrastructure projects with very low economic risk in very highly-rated jurisdictions such as the UK, France and Germany. However, this part of the market is not large: for example, social infrastructure represented eight per cent. of all infrastructure transactions in 2013 and only 4 per cent. in the first half of 2014 (Source: IJ Online). The result of the insurance companies' capital pursuing these deals has been a significant tightening of lending margins for social infrastructure projects, especially in the UK and Germany.

This reduction in lending margins has not been evidenced to the same extent in the much larger economic infrastructure debt markets which, in the opinion of the Directors and the Investment Adviser, provide a more attractive lending and investment opportunity than the social infrastructure sector. Moreover, the Group intends to invest across a range of investment-grade jurisdictions in the UK, Western Europe, North America and Australasia, which will provide it with a wider range of opportunities than are available solely in the UK.

The Directors and the Investment Adviser also believe that there is an attractive investment opportunity in subordinated or mezzanine infrastructure debt for which there is currently only a very limited investor base. In particular:

- **Lack of other investors** – insurance companies have limited appetite for sub-investment grade debt which is penalised by Solvency I and the proposed Solvency II capital directives;
- **Limited banking appetite** – since the financial crisis, banks' internal control functions are reluctant to approve mezzanine debt regardless of its risk-return characteristics, and additionally subordinated debt is also penalised both by internal bank capital allocation models and by banking regulations; and
- **Requires sector expertise** – many credit funds do not have the in-house expertise to evaluate infrastructure projects and are instead targeting short- to medium-term corporate loans.

The Directors and the Investment Adviser believe that the Group's strategy of investing in the largest sector of the infrastructure market, across a range of investment-grade jurisdictions, and in both senior and mezzanine debt will enable it to construct a more diversified portfolio of investments than have typically been seen in other listed infrastructure investment companies.

#### **4. Investment objectives of the Company**

The Company's investment objectives are to:

- provide its Shareholders with regular, sustained, long-term distributions;
- reduce risk for its Shareholders by building a diversified portfolio of investments; and
- grow the capital value of its investment assets over the long term,

by generating exposure to senior and subordinated economic infrastructure debt and related and/or similar assets.

The Group intends to make investments in senior and subordinated debt instruments issued by infrastructure project companies, their owners or their lenders, and assets with a similar economic effect.

#### **5. Dividend policy**

Subject to sufficient profits being available for distribution and taking into account the working capital and liquidity requirements of the Group, the Company currently intends to target an ongoing quarterly dividend for Shareholders of five per cent. per annum in its first year of operations, and six per cent. per annum

subsequently (in both cases by reference to the Issue Price). In addition, the Company will target a long-term growth in its Net Asset Value of between one per cent. and two per cent. per annum. The Company intends to pay a dividend on a quarterly basis with the first dividend payable in respect of the quarter ending 30 June 2015.

The Company's returns to its Shareholders will be affected by portfolio performance, Company specific fees, costs and expenses and the impact of any leverage. The target annualised total return stated above should not be taken as an indication of the Group's expected future performance or results over any period and does not constitute a profit forecast. It is intended to be a target only and there is no guarantee that it can or will be achieved. It should not be seen as an indication of the Group's expected or actual return. Accordingly, potential investors should not place any reliance on the target figures stated above in deciding whether to invest in the Shares.

## **6. Investment strategy**

The Company intends to focus primarily on taking senior and subordinated debt exposures to:

- economic infrastructure projects based in Eligible Jurisdictions (as defined below) and economic infrastructure asset- or equipment-owning special purpose companies; and
- companies based in Eligible Jurisdictions whose primary focus is the ownership, funding, management or provision of services to economic infrastructure assets or projects;

(in either case, a "**Borrower**").

### **6.1 Jurisdictions**

The Group intends only to invest in debt exposures where all or substantially all of the associated underlying revenues are from an Eligible Jurisdiction, as detailed in paragraph 2 of Part 1 of this Prospectus.

By way of example, currently Portugal is not an Eligible Jurisdiction as it is rated Ba1 by Moody's and BB by S&P. Additionally, the Investment Adviser is currently not pursuing investment opportunities in Spain or Italy, even though they are both Eligible Jurisdictions, as it believes that there is regulatory, legal and economic risk in these jurisdictions that is not reflected in the debt pricing available. Should these risks reduce, the Investment Adviser may consider projects from those jurisdictions.

Jurisdictional concentration limits apply as described in paragraph 3 of Part 1 of this Prospectus.

### **6.2 Sectors**

The Company intends only to invest in debt exposures where all or substantially all of the associated underlying revenues are from business activities in the following sectors and sub-sectors:

- Transportation comprising roads, rail, airports and ports;
- Transportation equipment comprising aircraft, rolling stock and shipping;
- Utilities comprising water and waste, electricity distribution and transmission, gas distribution and transmission, and pipelines;
- Power comprising electricity generation;
- Renewable energy comprising solar, wind and biomass;
- Telecommunications infrastructure comprising mobile phone towers and fixed line networks;
- Infrastructure accommodation comprising student accommodation and elderly care facilities; and

- Other related sectors that exhibit infrastructure characteristics.

Sector concentration limits apply as described in paragraph 3 of Part 1 of this Prospectus.

### 6.3 *Construction risk*

The Group intends only to invest primarily in operational projects, since the Investment Adviser believes that once an infrastructure asset has been constructed and the contracted cash flows relating to the project have commenced, many of the risks associated with investments in such assets are significantly reduced. Moreover, funding a construction project would potentially require the Group to hold cash balances for a prolonged period of time which would reduce portfolio returns. However, in certain circumstances the Investment Adviser may consider projects with construction risk where their risk and return characteristics are consistent with the overall requirements for the portfolio.

### 6.4 *Interest rates*

The Group intends to invest in a combination of floating rate, fixed rate and inflation linked instruments but will target holding in excess of 50 per cent. of its portfolio to be floating rate or inflation-linked debt.

### 6.5 *Investment form*

The Group intends to invest in debt exposures typically structured as loans, notes and bonds.

When investing in loans, the Group will typically seek to be “lender of record” but in circumstances where that is not possible or practical, it will seek to ensure that any resultant additional risks are appropriately mitigated.

### 6.6 *Exceptions*

It is intended that the Group will invest directly or indirectly in projects which meet these criteria (detailed in paragraphs 6.1 to 6.5) and that such investments will make up a minimum of 80 per cent. of Group’s Investments.

The Group will not invest in the following assets or sectors:

- Equity investments;
- Military assets;
- Sovereign or municipal general obligation debt;
- Outright property ownership; and
- Credit default swaps or unfunded synthetic debt instruments.

## 7. **Target investments**

The Group will target senior and subordinated economic infrastructure debt investments across a range of sectors and jurisdictions in both bond and loan form, as outlined in paragraph 6 above.

Background information in relation to the economic infrastructure sector and the associated debt investment opportunities that are targeted by the Group is set out in Part 4 of this Prospectus.

The Group’s target investment portfolio is described in Part 5 of this Prospectus. The Group’s target investment portfolio consists of 22 loans and bonds with an aggregate estimated cost of approximately £144,000,000 (plus accrued interest). These investments have been identified by the Investment Adviser as being either available for purchase as at 28 January 2015 (being the latest practicable date prior to publication of this document) or expected to be available within six to nine months of the Issue. However there can be no assurance that any of these investments will remain available for purchase after the Issue or,

if available, at what price the investments can be acquired by the Group. The acquired portfolio, therefore, may be substantially different to the target portfolio described in Part 5.

The Investment Adviser has identified three specific strategies that it will pursue in identifying target assets, all of which are broadly consistent in terms of target rates of return:

### 7.1 *Mezzanine debt*

In relation to economic infrastructure, mezzanine debt can take a number of forms:

- Subordinated debt issued by the Borrower. This debt is serviced from the same revenues as the senior debt, but will rank junior to it upon a default. Both senior and subordinated debt are often secured on the same assets, with subordination created by an intercreditor agreement. The terms of such agreements can vary significantly between projects and as such form an important part of the credit analysis and due diligence process for assessing subordinated debt.
- Junior tranches of debt sold by a lender to Borrowers, where it retains the senior exposure either on a loan-by-loan basis or on a portfolio basis. This type of transaction may potentially carry a higher risk than lending directly on a subordinated basis to a Borrower, since the contractual relationship for the mezzanine provider in this case is only with the original lender, and not with the Borrower itself. However, the risks associated with this indirect relationship are reduced by the benefits of sharing in the covenants, control rights and security package of the original loan or loans.
- Senior debt issued by a parent company to one or more Borrowers (“**Holdco Debt**”), which is classified as mezzanine debt by virtue of its structural subordination to the debt in its subsidiaries. This debt is primarily serviced by dividends being paid by the subsidiary or subsidiaries to the parent company and is therefore reliant upon not just their profitability but also their compliance with their banking covenants.

In general, and across all these types of mezzanine debt, any losses suffered by investors in an infrastructure Borrower will be suffered firstly by the equity investors in the Borrower itself. Typically, only once the equity investors in the Borrower have suffered a complete loss of their investment will debt investors stand to make a loss. However, any subordinated debt will rank behind senior debt, so the holders of subordinated debt will typically stand to make a complete loss on their investment before holders of senior debt experience any losses. In the view of the Directors and the Investment Adviser, the capital structures of the Borrowers to which the Company seeks to generate mezzanine exposure include sufficient equity so that any losses are likely to be borne by the equity investors in the Borrowers themselves rather than by the providers of mezzanine and senior debt finance.

### 7.2 *Jurisdictional strategies*

One of the consequences of the financial crisis has been that many lending banks are no longer as active across a range of jurisdictions as was previously the case. For example, few European banks are as active in the United States as they were, in part because they themselves generally have difficulty in sourcing long-term funding in U.S. Dollars. This phenomenon has resulted in supply and demand imbalances in capital across various countries, with different returns being earned on projects with similar credit characteristics, purely because of their jurisdiction.

Currently, in the opinion of the Investment Adviser, among Eligible Jurisdictions, the UK, Germany and to a lesser extent the Netherlands are attracting substantial debt capital in comparison to their funding needs, which has resulted in a reduction in lending returns for economic infrastructure debt. France, the U.S., Belgium, Ireland and certain other jurisdictions have not experienced this reduction to the same extent, and therefore the yield on an infrastructure debt portfolio can be enhanced by increasing its allocation to these countries.

Whilst the portfolio yield could be increased further by investing in economic infrastructure debt from Southern European jurisdictions (notably Spain and Italy), the Investment Adviser believes, as discussed in paragraph 6.1 above, that there remain significant economic, legal and regulatory risks in these countries and the Group will not invest in them until these risks are significantly reduced.

### 7.3 *The “refinancing wall”*

A significant number of economic infrastructure debt transactions were executed prior to the financial crisis that began in mid-2007, often with maturities of between five and ten years. In addition, many of the financing transactions that were executed during this financial crisis were structured to have much shorter maturities (whether contractual or expected) than would have traditionally been normal. Therefore, it is expected that there is a significant volume of economic infrastructure debt transactions that will need refinancing in the period 2015-2017. The Investment Adviser believes that, in many cases, such refinancings will have advantageous economic terms, since:

- the volume of such transactions may put pressure on the capacity of the banking market, which is still materially reduced as compared to prior to the financial crisis; and
- the leverage put on many businesses (often in connection with an acquisition) prior to the financial crisis was higher than would currently be acceptable in the infrastructure senior debt markets, and in such cases a refinancing may only be successful either if it contains a mezzanine tranche of debt (to reduce the amount of senior debt required) or if the original lenders are required to convert part of their original loan to equity – in either case it is likely that for the refinancing to be successful, the new debt will need to be at a premium to current market levels.

### 7.4 *Other strategies*

Subject to paragraph 5 of Part 1 of this Prospectus, the Investment Adviser retains the flexibility to adopt other strategies in response to changing market conditions. In addition, it may from time to time find potential economic infrastructure debt investments which, whilst not corresponding to a specific strategy, could nonetheless provide the Group with an attractive risk-adjusted return.

## 8. **Diversification**

The Group’s objective is to generate a diversified portfolio of senior and subordinated debt economic infrastructure assets and related and/or similar assets and to maintain its portfolio so that not more than 10 per cent. in value of the Company’s Investments from time to time consist of securities or loans relating to any one individual infrastructure asset (having regard to the risks relating to any cross-default or cross-collateralisation provisions). This objective is subject to the Group having a sufficient level of investment capital from time to time and the ability of the Group to invest its cash in suitable investments and is subject to the investment restrictions described in paragraphs 6 and 7 of this Part 2.

The Directors have set Concentration Limits on investments that may be acquired, as set out in the table in paragraph 3 of Part 1 of this Prospectus.

The Company may seek to raise additional capital from time to time to the extent that the Directors and the Investment Adviser believe the Group will be able to make suitable investments. This may enable the Group to achieve greater diversification of risk and to benefit from economies of scale in relation to the operational costs of the Group.

## 9. **Investment process**

### 9.1 *Asset origination*

The directors of the Investment Adviser have significant experience of working within the European, U.S. and UK infrastructure markets, particularly with regard to lending, arranging debt and debt advisory work, and have established close relationships with many of the key participants in the global infrastructure market, including equity investors and lenders. The Directors therefore believe that the

Investment Adviser is well placed to identify potential investment opportunities for the Group, as is evidenced by the portfolio of target investments as described in Part 5 of this Prospectus.

The primary focus of the Investment Adviser will initially be on secondary market loan and bond opportunities that it will source from its extensive network of relationships with commercial and investment banks, brokers and other vendors of loans and bonds. Only to a lesser extent will it initially pursue primary market opportunities which will be sourced from the Investment Adviser's relationships with infrastructure equity investors. By initially adopting a largely secondary market strategy, the Investment Adviser will be able to deploy capital more rapidly than would be the case with a largely primary market strategy, limiting the period of time for which the Company is obliged to hold substantial cash balances.

Over time, the Investment Adviser may look to dispose of some of the Group's secondary market positions and re-invest the proceeds in primary market loans, with the intention of either increasing the yield on its portfolio, improving portfolio diversification or growing Net Asset Value. Moreover in many cases, lenders on primary market loans may receive upfront fees from the Borrowers which will have the effect of increasing the yield on the portfolio.

## 9.2 *Preliminary review*

The Group has a selective approach to investing in infrastructure loans and bonds, and focuses primarily on identifying investment opportunities with the following target characteristics:

- meeting the Investment Criteria as set out in further detail in paragraphs 6 and 7;
- the project or assets must fit within the existing portfolio, meeting the diversification criteria as set out in paragraph 8, and the investment must add balance and diversification to the existing portfolio of the Group with regards to credit risk, asset sector, investment term and income return;
- the project or assets must be providing an essential amenity with monopolistic characteristics, have high barriers to entry or have a high replacement cost;
- the project or assets must not expose the Group to reputational or legal risk;
- the management of the Borrower (either directly or through facilities management, servicing or other contractual arrangements) should have a proven track record and a robust financial position;
- the underlying obligor must have an acceptable credit profile; and
- there must be sufficient equity in the project or assets to allow, in the view of the Investment Adviser, the proposed leverage without undue risk.

## 9.3 *Due diligence procedures*

The Investment Adviser will evaluate all project risks it believes are material to making an investment decision and will assess how those risks are mitigated. Where appropriate, it will complement its analysis through the use of professional third party advisers, including technical consultants, financial and legal advisers and valuation and insurance experts. These advisers will be engaged to conduct due diligence that is intended to provide an additional and independent review of key aspects and risks of a project, providing comfort as to the level of risk mitigation and the project's ongoing performance. In addition, the Investment Adviser will, where appropriate, conduct site visits and meetings with the management of the Borrower and/or its advisers.

Table 2 summarises the due diligence and credit considerations that the Investment Adviser will apply when assessing potential investments for the Group.

**Table 2: Due diligence and audit considerations**

<b>Jurisdictional review</b>	<ul style="list-style-type: none"> <li>• Sovereign and municipal risk analysis to include economic structure and growth prospects, monetary flexibility, political and regulatory stability and the infrastructure framework</li> </ul>
<b>Sector and industry review</b>	<ul style="list-style-type: none"> <li>• Considerations include market structure: monopolistic nature of sector or industry; competitiveness: assessing intensity of competitive rivalry; profit margin stability: assessing threat of new entrants and bargaining power of suppliers; sustainability of the market: assessing threat of substitute products; pricing: bargaining power of customers</li> <li>• Industry life cycle</li> <li>• Strategic position of the Borrower</li> <li>• Regulatory framework (where appropriate)</li> </ul>
<b>Project/company review</b>	<ul style="list-style-type: none"> <li>• Projects/loans: Essentiality of project and barriers to entry, monopoly or quasi-monopoly status</li> <li>• Experience and commitment of project sponsors and service providers. Benchmarking to comparable projects</li> <li>• Ongoing review of financial model(s) including financial ratios</li> <li>• Sensitivity analysis varying assumptions such as demand, operating expenditure, renewal &amp; replacement, inflation and interest rates</li> <li>• Companies/bonds: ongoing financial, liquidity, operating and event risk analysis; management; access to capital</li> <li>• Earning quality tests (special items, non-recurring items, one-off gains as a percentage of cash flow)</li> </ul>
<b>Documentation and other due diligence</b>	<ul style="list-style-type: none"> <li>• Concession agreement and other revenue documents such as feed-in tariffs</li> <li>• Robustness of financing documents including loan and security agreement, intercreditor arrangements and hedging agreements</li> <li>• Third-party due diligence reports</li> <li>• Third-party analysis including rating agencies as available</li> <li>• Site visits where appropriate</li> <li>• Direct dialogue where appropriate with the Borrower, its sponsors, advisers or contractors</li> </ul>
<b>Counterparty credit risk</b>	<ul style="list-style-type: none"> <li>• Transactional counterparties such as facility maintenance providers, operator, off-takers, construction companies</li> <li>• Financial counterparties such as hedge providers and account banks</li> <li>• Sovereign or municipality credit risks if relevant</li> </ul>

In addition to this credit and investment review, the Investment Adviser has developed proprietary factor model for assessing the credit risk associated with infrastructure projects, the Sequoia Infrastructure Debt Credit Model. This model is based upon a combination of the Investment Adviser's experience in the sector and independent research from EDHEC (Ecole des Hautes Etudes Commerciales) (Source: Blanc-Brude and Ismail (2013) Measuring infrastructure debt credit risk) and analyses ten primary independent variables (which are in the opinion of the Investment Adviser the

main drivers of risk for infrastructure debt transactions) and 32 secondary independent variables. This factor model does not replace fundamental analysis but rather provides a standardised methodology to assess and rate different loans. The Investment Adviser has also developed the Sequoia Infrastructure Debt Portfolio Model, a detailed Monte Carlo simulation model which show expected returns, return volatility, defaults, loss given defaults and portfolio rating.

#### 9.4 *Investment approval*

Prior to any investment being made (or a commitment to investment being executed) the Investment Adviser's internal investment committee will need to approve the transaction. This committee will consider the investment in the context of:

- the credit and other risks associated with the investment;
- its potential return both in absolute terms and relative to other investment opportunities; and
- its effect on the overall composition of the Group's portfolio taking into account the Group's objective of holding a diversified portfolio of investments.

At a minimum, the investment committee will comprise the Chief Investment Officer, the Chief Risk Officer (or his delegate) and at least one of the Portfolio Managers. A unanimous investment decision is required from the investment committee. The Investment Adviser will provide the Investment Manager with monthly reports containing details of executed investment transactions and commitments. The Investment Adviser has been delegated full portfolio management authority, subject to ongoing monitoring and supervision by the Investment Manager, and will not be required to obtain the consent of the Investment Manager or of the Board before entering into investment commitments.

#### 9.5 *Investment monitoring*

Information flows to the Investment Manager and the Investment Adviser and the Group will vary depending on the investment.

##### *Loans*

The Investment Manager and the Investment Adviser will receive a project-by-project technical adviser's report semi-annually or annually, where available, together with financial statements and performance data in relation to the project. In addition, in certain circumstances, such as in the event of a revenue shortfall or an unremedied event of default under a loan agreement, project agreement or operating sub-contract, further information will be sought or commissioned and, if relevant, meetings with the management of the Borrower and/or the agent bank will be arranged, together potentially with site visits.

##### *Bonds*

The Investment Manager and the Investment Adviser will receive trustee reports or similar reports (in relation to project bonds and asset-backed bonds) and audited financials of the Borrower. In some cases the Investment Manager and the Investment Adviser will also benefit from third-party research undertaken on bonds including that from the rating agencies, although the Investment Adviser will not rely upon such reports.

##### *Loans and Bonds*

The goal of investment monitoring is not limited to a reactive assessment of changes to the portfolio, but rather to a proactive process of identifying potential problems at an early stage. The Investment Manager and the Investment Adviser will aim to anticipate potentially adverse changes to the portfolio arising from, for example, the economic environment or proposed regulatory or legal changes.



## **10. Valuation and valuation methodology**

The Valuation Agent is responsible for carrying out the fair market valuation of the Group's investments on a monthly basis.

The current Valuation Agent is Mazars, LLP, an audit, accountancy, tax, legal and advisory company with approximately 13,800 professionals in 72 countries.

The valuation principles used by the Valuation Agent are based on market prices, where available, and otherwise a discounted cash flow methodology.

Market prices will be obtained, where possible, from a range of market participants including commercial and investment banks and brokers. Market prices should reflect the size of the Group's holding.

In cases where market prices are not obtainable, or where quoted prices do not reflect, in the opinion of the Valuation Agent, the best price that could be obtained for the instrument following a reasonable marketing period, the Valuation Agent will instead calculate a fair value for each asset acquired by the Group by applying a discount rate to the cash flow expected to arise from each such asset.

The Valuation Agent will determine the discount rate that it believes the market would reasonably apply to each investment taking, inter alia, the following into account:

- interest rates for the currency in which the relevant instrument is denominated;
- movements of comparable credit markets;
- the performance of the underlying assets, including any actual or potential event in relation to the underlying asset that may be expected to have a material impact on the ability of the Borrower to meet its obligations to its lenders, such as operating performance failures, or the credit impairment of the underlying obligor;
- general infrastructure market activity and investor sentiment, which the Valuation Agent assesses by taking into account its knowledge of the infrastructure market gained from discussions with market participants and from publicly-available information on relevant transactions and publicly-traded infrastructure funds; and
- changes to the economic, legal, taxation or regulatory environment.

The Valuation Agent will exercise its judgment in assessing the expected future cash flows from each investment. Given that the investments of the Group are generally fixed rate, floating rate or inflation-linked debt instruments (or other investments with a similar economic effect), the focus of the Valuation Agent is on assessing the likelihood of any interruptions to the debt service payments, in light of the operational performance of the underlying asset.

## **11. Monthly net asset valuation**

The Valuation Agent is responsible (with input from the Investment Adviser and the Custodian) for valuing the assets and investments of the Group (which will be conducted on the basis of bid price). TMF is responsible for calculating the net asset value of the Subsidiary on a monthly basis which they submit to the Administrator each month. The Administrator is then responsible for calculating the Net Asset Value of the Company on a monthly basis. The Administrator calculates the Net Asset Value of the Company by taking into consideration the fair market value of the Subsidiary calculated in accordance with IFRS and making such adjustments required.

Monthly Net Asset Values will be published by the Company by means of an RIS announcement approximately 10 Business Days after the end of the relevant month. The first such valuation is expected to be published for the month ending 31 March 2015.

The Directors may at any time, but cannot be obliged to, temporarily suspend the calculation of the Net Asset Value of the Company during:

- any period when any of the principal markets or stock exchanges on which a substantial part of the Company's investments are traded are closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;
- any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial part of the investments of the Company is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders or if in the opinion of the Directors the Net Asset Value of the Company cannot be fairly calculated; or
- any breakdown in the means of communication normally employed in determining the value of the Company's investments or when for any reason the current prices on any market of a substantial part of the Company's investments cannot be promptly and accurately ascertained.

Any delays or suspensions in the publication or calculation of the Net Asset Values will be notified to Shareholders by means of a RIS announcement.

## **12. Cash awaiting investment**

Cash awaiting investment will be held on behalf of the Group in interest-bearing bank accounts, or in one or more similarly-rated money market accounts or in short-dated debt funds or investments (such as treasury bills or similar instruments).

## **13. Debt facilities of the Company**

As set out in the Company's investment policy, borrowing is permitted at Company level, up to a maximum of 20 per cent. of the Company's Net Asset Value immediately following draw down of the relevant debt. The Company does not currently have any debt facilities in place and does not currently intend to introduce any borrowing.

## **14. Hedging policy**

The Company intends to engage in currency hedging with a view to protecting the level of Sterling dividends and other distributions to be paid by the Company. The currency hedging strategy will be set and reviewed at least annually by the Directors in consultation with the Investment Manager, the Investment Adviser and/or a third party hedging consultant.

The Company has appointed a third party hedging consultant to assist it in formulating its hedging strategy. The initial intended strategy will be to hedge currency exchange rates each quarter in relation to be at least:

- 100 per cent. of the anticipated non-Sterling income over the next year (on a rolling basis); plus
- at least 75 per cent. of the anticipated non-Sterling income over the second year; plus
- at least 50 per cent. of the anticipated non-Sterling income over the third year; plus
- at least 25 per cent. of the anticipated non-Sterling income over the fourth year.

While this is the Company's intention, the Company's ability to effect this hedging strategy may be affected by FX market and credit conditions and as such cannot be guaranteed.

Interest rate hedging may also be carried out by the Group to seek to provide protection against increasing interest rates as and when any floating rate liabilities are entered into by the Group. The Group's exposure to such floating rate liabilities is likely to be limited to permitted borrowing, if any, as referred to in paragraphs 4 and 13 of this Part 2.

Interest rate hedging may be carried out to seek to provide protection against falling interest rates in relation to assets that do not have a minimum fixed rate of return acceptable to the Group in line with its investment policy and strategy. If appropriate in the future, interest rate hedging may also be carried out.

The Group will only use derivatives for the purposes of efficient portfolio management.

The actual return generated by the Group in pursuing its investment objective will depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads, the terms of the Investments made by the Group, and the risks highlighted in the section entitled “Risk Factors” in this Prospectus.

## 15. Discount Control

### 15.1 *Discretionary Tenders*

Following Admission and subject to the commencement date of the Discretionary Tenders and the Restrictions set out below, it is anticipated that the Company may (but shall not be obliged to) tender on a quarterly basis for up to 24.99 per cent. of the Shares in issue as at the relevant Quarter Record Date (a “**Discretionary Tender**”), subject to an overall limit of 50 per cent. in any year. On a quarterly basis, the Directors will consider whether a Discretionary Tender is appropriate as a discount control mechanism. It is within the Directors’ absolute discretion whether to offer a Discretionary Tender and whether to accept applications under such a Discretionary Tender. Subject to the discretion of the Company and the approval of Shareholders of the Company at an annual general meeting, it is currently anticipated that the first possible Discretionary Tender may be following the Company’s first annual general meeting.

The terms and conditions applicable to each Discretionary Tender (if made) will, along with specific details for Discretionary Tenders in a given 12 month period, including all relevant deadlines and how to obtain an irrevocable tender form or tender through Euroclear, be contained in a circular to be distributed to Shareholders (each such circular being a “**Tender Circular**”).

#### *Tender Price*

The price at which Shares will be purchased under any Discretionary Tenders will be equal to NAV per Share of the Issue Price, less any associated costs, calculated as at the final Business Day in each quarter or such other date as the Directors, in their absolute discretion, may determine from time to time (the “**NAV Determination Date**”) (each such price being a “**Tender Price**”).

The Shares purchased pursuant to a Discretionary Tender (“**Tender Purchase**”) may be held by the Company in treasury (“**Treasury Shares**”), subject to any statutory limit on the amount of Shares permitted to be held by the Company as Treasury Shares (currently 10 per cent.) and may be reissued if and to the extent the Directors consider it appropriate.

### 15.2 *Restrictions on the Discretionary Tender facility*

The Discretionary Tender facility and the Company’s authority to operate the Discretionary Tender facility are subject to approval by the Shareholders at a general meeting on an annual basis.

If proposed by the Directors and approved by the Shareholders the principal condition applicable to Tender Purchases by the Company is that every Tender Purchase must be funded by a pro rata redemption of the variable funding notes issued by the Subsidiary to the Company (the “**Realisation Condition**”).

In addition to the Realisation Condition, Tender Purchases will be subject to the Quarterly Restriction, the Annual Restriction and the Funding Restriction set out below (together, the “**Restrictions**”):

- (i) in each quarter of a calendar year, the Company may purchase a maximum of 24.99 per cent. of the Shares in issue (excluding Treasury Shares) as at the relevant Quarter Record Date (the “**Quarterly Restriction**”);
- (ii) in each year, no more than 50 per cent. of the Shares in issue (excluding Treasury Shares) as at the Annual Record Date may be purchased (the “**Annual Restriction**”); and

(iii) as a result of the Realisation Condition, the number of Shares eligible for Tender Purchases in any quarter may be restricted by reference to funds available (the “**Funding Restriction**”).

Where (i) or (iii) applies, the number of Shares tendered for repurchase in excess of the Quarterly Restriction or the Funding Restriction, as applicable, will be scaled back on a pro rata basis (“**Pro Rata Scaling Back**”) and residual Shares will be returned to Shareholders.

Where (ii) applies, the number of Shares tendered for repurchase in excess of the Annual Restriction will be subject to a Pro Rata Scaling Back, residual Shares will be returned to Shareholders and, following that quarter’s Tender Purchases, Discretionary Tenders will be suspended for the remaining quarters within the period for which Shareholder authority has been received.

In addition to the Restrictions, the Company’s ability to make Tender Purchases is subject to compliance with the solvency test in the Companies Law. Given that Tender Purchases are dependent on the Realisation Condition being satisfied, it is expected that the solvency test will always be satisfied in connection with Tender Purchases.

#### *Basic Entitlement and excess tenders*

Pursuant to a Discretionary Tender, Shareholders (other than, in certain limited circumstances, Restricted Shareholders) may tender their Shares for purchase by the Company (a “**Tender Request**”). Given the limit imposed by the Quarterly Restriction, upon a Discretionary Tender each eligible Shareholder is entitled to have 24.99 per cent. of their Shareholding at the relevant Quarter Record Date purchased, unless such percentage needs to be reduced to comply with the Annual Restriction or to take into account the number of un-repurchased Shares rolled-over from a previous quarter’s Discretionary Tender which are to be accorded preferential repurchase treatment (the “**Basic Entitlement**”). There is, however, no limit to the percentage of their Shareholding that eligible Shareholders may tender but Tender Requests exceeding the Basic Entitlement (and not subject to a Pro Rata Scaling Back) will only be satisfied to the extent that other eligible Shareholders do not submit Tender Requests or submit Tender Requests for Shares which represent less than their Basic Entitlement. Any such excess tenders will be satisfied on a *pro rata* basis.

### 15.3 *Discretionary Tender mechanism, announcements, process and settlement*

#### *Announcements*

On or around a Redemption Deadline, an RIS announcement will be released informing Shareholders of the aggregate number of Shares in respect of which Tender Requests have been made, and the extent of any Pro Rata Scaling Back due to the aggregated Tender Requests exceeding the Quarterly Restriction and/or the Annual Restriction, as applicable (the “**Tender Size Announcement**”).

As soon as is practicable following each NAV Determination Date, an RIS announcement will be made informing Shareholders: (i) of the Net Asset Value per Share in issue and the resulting Tender Price; and (ii) that the tendered Shares have been accepted for purchase (the “**Discretionary Tender Size Announcement**”). The Discretionary Tender Size Announcement will also specify the Basic Entitlement of the next Discretionary Tender.

The Tender Purchases may result in certain Shares purchased being held by the Company as Treasury Shares, and therefore the percentage voting rights in the Company attached to each Share remaining in issue will increase proportionately. Accordingly, the RIS announcements will also contain information putting Shareholders on notice of the percentage increase in voting rights attaching to each of the Shares remaining in issue.

#### *Process and settlement*

Certificated Shareholders (other than, in certain limited circumstances, Restricted Shareholders) wishing to use the Discretionary Tender facility in respect of any relevant quarter will be required to submit an irrevocable tender form (a “**Tender Form**”) to the Receiving Agent by the Submission Deadline, together with the relevant Share certificate(s).

Uncertificated Shareholders (other than, in certain limited circumstances, Restricted Shareholders) wishing to use the Discretionary Tender facility in respect of any relevant quarter will be required to submit an irrevocable transfer to escrow instruction (a “**TTE Instruction**”) to Euroclear in favour of the Receiving Agent to clear no later than the Submission Deadline.

Any Shares subject to a Pro Rata Scaling Back will be returned as soon as practicable to the relevant Shareholders and the Shares eligible for Tender Purchase will be purchased by the Company.

Settlement of Tender Purchases will occur on the share sale settlement date and monies owed to Shareholders will be sent by cheque to the addresses detailed by the relevant Shareholders in the Tender Forms and TTE Instructions.

#### *Restrictions relating to tendered Shares*

Shareholders will not be permitted to deal in any way with Shares which are subject to a Tender Form or TTE Instruction unless and until a proportion of such Shares are released back to the relevant Shareholder pursuant to a Pro Rata Scaling Back. During the period of time running from the submission of the Tender Form or TTE Instruction to either: (i) the relevant share sale settlement date; or (ii) where the Tender Requests are subject to a Pro Rata Scaling Back, the return of Shares to the relevant Shareholder, the Shareholder holding legal title to the Shares shall be entitled to exercise their rights to capital, income and/or voting attributable to the Shares and accruing (if at all) during such period.

#### *Suspension of the Discretionary Tender facility*

If, at any point, the 50 per cent. threshold in the Annual Restriction is reached for Shares in the relevant annual period, an RIS announcement will be made informing Shareholders that there will be no further Discretionary Tenders in respect of Shares until the following annual period.

#### *Approval of the Discretionary Tender facility*

Authority to operate the Discretionary Tender facility may be sought, subject to Directors absolute discretion, from Shareholders through a Special Resolution at the 2016 annual general meeting and at each annual general meeting thereafter, or at an earlier general meeting if the Directors so resolve. The Tender Circular will contain a notice convening the general meeting and will set out the terms and conditions that will apply to each of the Discretionary Tenders to which the authority sought from Shareholders will relate. The terms and conditions in the Tender Circular will take precedent over this paragraph 15.

#### *General*

Potential investors should note that there can be no guarantee that the Discretionary Tender facility will be provided by the Company and, if provided, there can be no guarantee that the facility will be successful in mitigating any discount at which the Shares trade to their net asset value and the Directors accept no responsibility for any failure of such facility to effect a reduction in any discount. Further, potential investors should note that the operation of the Discretionary Tender facility is subject to the Restrictions and the provisions of the Companies Law and that, in certain circumstances as described above, such facility may not be available to Shareholders.

### 15.4 ***Continuation Resolution***

In accordance with the Articles, the Directors are required to propose an Ordinary Resolution that the Company continues its business as a closed-ended investment company (the “**Continuation Resolution**”) within 18 months of Admission and every three years thereafter.

If a Continuation Resolution is not passed, the Directors are required to put forward proposals within six months for the reconstruction or reorganisation of the Company to the Shareholders for their approval. These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Continuation Resolution will not necessarily result in the winding up of the Company.

## 15.5 *Share Buyback*

On 27 January 2015, the existing Shareholder passed an Ordinary Resolution that, conditional upon Admission, the Company is authorised to make one or more market acquisitions provided that (i) the maximum number of Shares that the Company may purchase is such number as represents 14.99 per cent. of the total number of Shares in issue immediately following Admission; and (ii) the Company shall pay a minimum of £0.01 per Share and a maximum of no more than five per cent. above the average of the mid-market quotations of a Share as derived from the London Stock Exchange for the five Business Days prior to the date of the market acquisition or, if higher, the higher of the price of the last independent trade and the highest current independent bid.

If the Board does decide that the Company should buy back Shares, purchases will only be made through the market for cash at prices below the estimated prevailing Net Asset Value per Share and where the Board believes such purchases will result in an increase in the Net Asset Value per Share. Such purchases will only be made in accordance with applicable law, the Listing Rules and the Disclosure and Transparency Rules in force from time to time, or any successor laws, rules or regulations.

The authority shall expire on the earlier of 18 months from 27 January 2015 or the next annual general meeting of the Company. Although the Directors consider it appropriate to have the authorisation in place, there is no guarantee that it will be exercised or upon which terms any buyback would be exercised. The Board intends to seek renewal of this authority from Shareholders at each annual general meeting of the Company.

## 16. Fees and expenses

### 16.1 *Expenses of the Issue*

In aggregate, the fees and expenses relating to the Issue and associated matters are expected to be approximately £3,000,000, if the maximum number of Shares are subscribed for, resulting in net proceeds of £147,000,000 if gross proceeds of £150,000,000 are raised pursuant to the Issue. In the event that gross proceeds of £75,000,000 are raised, the fees and expenses relating to the Issue and associated matters are expected to be approximately £1,500,000.

### 16.2 *Other fees and expenses*

The Company is responsible for its own ongoing operational costs and expenses which include (but are not limited to) the fees and expenses of the Administrator, the Custodian, the Directors and the Auditors, as well as listing fees, regulatory fees, expenses associated with any purchases of or tender offers for Shares, printing and legal expenses and other expenses (including insurance and irrecoverable VAT). Further details are set out in Part 10.

Under the Investment Advisory Agreement, a base fee of (a) 0.5 per cent. per annum of the value of listed bonds owned by the Subsidiary plus (b) 0.9 per cent. per annum of the value of the Company's other investments (other than cash holdings, in relation to which no fees are payable to the Investment Adviser) is charged quarterly by the Investment Adviser to the Company. No performance fees or acquisition fees are charged. One quarter of the Investment Adviser's fee will be applied in acquiring Shares, which will be held subject to a three-year rolling lock-up. If the Shares are trading at a discount to NAV, the relevant fees will be applied in acquiring existing Shares in the market, at the prevailing share price. If the Shares are trading at a premium to NAV, the relevant fees will be applied in subscribing for new Shares to be issued by the Company at the most recent closing price (as reported on Bloomberg).

Over time, should the Company raise further capital or otherwise grow its Net Asset Value, the Investment Adviser will reduce the percentage fee that it charges to the Company, as summarised in the following table.

**Table 3: Fee Schedule**

<b>Group NAV</b>	<b>Fee payable on listed bonds per annum</b>	<b>Fee payable on cash per annum</b>	<b>Fee payable on other investments per annum</b>
<b>Less than £250,000,000</b>	0.5%	0%	0.9%
<b>Between £250,000,000 and £500,000,000</b>	0.5%	0%	As above plus 0.8% on the total value of assets (excluding bonds and cash) not included above
<b>In excess of £500,000,000</b>	0.5%	0%	As above plus 0.7% on the total value of assets (excluding bonds and cash) not included above

**17. Taxation**

Information concerning the tax status of the Company and in relation to an investment in Shares is set out in Part 9 of this Prospectus. The statements on taxation in Part 9 are intended to be a general summary of certain tax consequences that may arise in relation to the Company and Shareholders. This is not a comprehensive summary of all technical aspects of the structure and is not intended to constitute legal or tax advice to investors. If any potential investor is in any doubt about the taxation consequences of acquiring, holding or disposing of Shares, they should seek advice from their independent professional adviser.

**18. Non-Mainstream Pooled Investments**

The Board notes the rules of the FCA on the promotion of non-mainstream pooled investments, effective from 1 January 2014. The Board confirms that it conducts the Company's affairs, and intends to continue to conduct its affairs, so that the Company's shares will be "excluded securities" under the FCA's rules. This is on the basis that the Company, which is resident outside the EEA, would qualify for approval as an investment trust by the Commissioners for HMRC under sections 1158 and 1159 of the Corporation Tax Act 2010 if resident and listed in the United Kingdom. Therefore, the Company's shares will not amount to non-mainstream pooled investments. Accordingly, promotion of the Company's shares will not be subject to the FCA's restriction on promotion of non-mainstream pooled investments.

**19. Further issues of Shares**

The Directors will have authority to issue further Shares, (or where applicable, re-issue Treasury Shares) following Admission. Further issues of Shares (or reissue of Treasury Shares) would only be made if the Directors determine such issues to be in the best interests of Shareholders and the Group as a whole. Relevant factors in making such determination will include the net asset performance of the Group, the Company's Share price rating and perceived investor demand. Unless otherwise approved by Shareholders, the Directors shall only allot and issue Shares to investors at prices not less than the latest published Net Asset Value per Share at that time.

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of Shares but the Articles contain pre-emption rights in relation to allotment of Shares for cash similar (with certain exceptions) to those contained in the UK Companies Act 2006. These pre-emption rights have been dis-applied in relation to an amount equalling up to 10 per cent. of the issued shares on Admission until the first annual general meeting of the Company so as to assist the Company in managing market demand for Shares by the issue of further Shares. The Directors intend to request that the authority to allot an amount equalling up to 10 per cent. of the issued Shares on a non-pre-emptive basis is renewed at the first annual general meeting of the Company and, thereafter, at each annual general meeting of the Company.

The Company will invest the net proceeds of any further issue of Shares (less short-term working capital requirements) in the Group.

## PART 3

### MANAGEMENT AND ADMINISTRATION

#### 1. Board of Directors

The Articles provide that there shall be no maximum or minimum number of Directors unless determined by Ordinary Resolution. The Company has appointed four Directors, all of whom are non-executive directors. The Directors will meet on a regular basis to review and assess the investment policy and performance of the Company and generally to supervise the conduct of its affairs.

The Directors and their business experience are as follows:

#### *Robert Jennings, CBE (59) (Chairman)*

Robert Jennings is a resident of the United Kingdom and has over 20 years experience in the infrastructure sector. Mr Jennings was a managing director of UBS Investment Bank and was joint head of the Bank's Infrastructure Group until 2007. In that role, he particularly focused on the railway sector advising companies and governments across a very broad geographic range. He has twice acted as a special senior adviser to HM Treasury in 2001/02 during Railtrack's Administration and again in 2007/08 in relation to Crossrail. Mr Jennings is also a non-executive director of Crossrail and non-executive chairman of Southern Water.

#### *Jan Pethick (67)*

Jan Pethick is a resident of the United Kingdom and has over 35 years experience in the debt sector. Mr Pethick was Chairman of Merrill Lynch International Debt Capital Markets for 10 years, from 2000 to 2010. He had previously been Head of Global Debt Origination at Dresdner Kleinwort Benson which had acquired the credit research boutique, Luthy Baillie which he had co-founded in 1990. Prior to that, he worked for 12 years at Lehman Brothers where he was a member of the Executive Management Committee in Europe. Mr Pethick is currently also Chairman of Troy Asset Management and an independent member of the Supervisory Board of Moody's Investor Services Europe.

#### *Jonathan Bridel (50)*

Jon Bridel is a resident of Guernsey. Mr Bridel is currently a non-executive director of a number of listed funds including Alcentra European Floating Rate Income Fund Limited, The Renewables Infrastructure Group Limited and Starwood European Real Estate Finance Limited. He is also a non-executive director of two private equity funds and non-executive risk director of another group. Mr Bridel was previously Managing Director of Royal Bank of Canada's investment businesses in the Channel Islands.

After qualifying as a Chartered Accountant in 1987, Mr Bridel worked with Price Waterhouse Corporate Finance in London. He subsequently held senior positions in banking, credit and corporate finance, investment management and private international businesses where he was Chief Financial Officer.

Mr Bridel holds a Master of Business Administration and also holds qualifications from the Institute of Chartered Accountants in England and Wales where he is a Fellow, the Chartered Institute of Marketing where he is a Chartered Marketer and the Australian Institute of Company Directors. He is also a member of the Chartered Institute of Marketing, the Institute of Directors and is a Chartered Fellow of the Chartered Institute for Securities and Investment.

#### *Sandra Platts (56)*

Sandra Platts is a resident of Guernsey and holds a Masters in Business Administration. Mrs Platts joined Kleinwort Benson (CI) Ltd in 1986 and was appointed to the board in 1992. She undertook the role of Chief Operating Officer for the Channel Islands business and in 2000 for the Kleinwort Benson Private Bank Group – UK and Channel Islands. In January 2007, she was appointed to the position of Managing Director of the Guernsey Branch of Kleinwort Benson and was responsible for a strategic change programme as



part of her role as Group Chief Operating Officer. Mrs Platts also held directorships on the strategic holding board of the KB Group, as well as sitting on the Bank, Trust Company and Operational Boards. She resigned from these boards in 2010. Mrs Platts is a non-executive director of NB Global Floating Rate Income Fund and UK Commercial Property Trust (both listed on the Main Market) and Investec Bank (Channel Islands) Limited, plus a number of other investment companies. She is a member of the Institute of Directors.

## **2. Corporate governance**

The GFSC's "Finance Sector Code of Corporate Governance" (the "**GFSC Code**") applies to all companies that hold a licence from the GFSC or which are registered or authorised as collective investment schemes (such as the Company). However, the GFSC has stated in the GFSC Code that companies which report against the UK Corporate Governance Code or the AIC Code are deemed to meet the requirements of the GFSC Code.

## **3. UK Corporate Governance Code**

The Listing Rules require that the Company must "comply or explain" against the UK Corporate Governance Code. In addition, the DTRs require the Company to (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describes its internal control and risk management arrangements.

The Directors recognise the value of the UK Corporate Governance Code and have taken appropriate measures to ensure that the Company complies, so far as is possible given the Company's size and nature of business, with the UK Corporate Governance Code. The areas of non-compliance by the Company with the UK Corporate Governance Code are as follows:

There is no chief executive position within the Company which is not in accordance with provision A.2.1 of the UK Corporate Governance Code. As an investment company, the Company has no employees and therefore no requirement for a chief executive.

## **4. AIC Code**

The Board has agreed to comply with the AIC Code of Corporate Governance (the "**AIC Code**") produced by the Association of Investment Companies ("**AIC**"). The Company will be a member of the AIC on Admission and is classified as a Specialist Debt Company by the AIC.

The Company currently complies with, and will comply from Admission with, the AIC Code, and in accordance with such Code will be meeting its obligations in relation to the UK Corporate Governance Code and associated disclosure requirements of the Listing Rules.

## **5. Directors' share dealings**

The Directors have adopted a code of directors' dealings in Shares which is based on the Model Code for directors' dealings contained in the Listing Rules (the "**Model Code**"). The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

## **6. Audit Committee**

The Company's Audit Committee will meet formally at least three times a year for the purpose, amongst other things, of review of the annual report and the half year report, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services by them. The Audit Committee shall comprise at least three Directors and include at least one member of the Company's Risk Committee. The Board shall appoint the members. Appointments to the committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. Sandra Platts will act as chairman of the Audit Committee. The principal duties of the Audit Committee will be: (i) reviewing the

annual financial statements prior to approval, focusing on changes in accounting policies and practices, major judgemental areas, significant audit adjustments, going concern and compliance with accounting standards, listing and legal requirements; (ii) receiving and considering reports on internal financial controls, including reports from the auditors and report their findings to the Board; (iii) considering the appointment of the auditors and their remuneration including reviewing and monitoring of independence and objectivity; (iv) meeting with the auditors to discuss the scope of the audit, issues arising from their work and any matters the auditors wish to raise; and (v) reviewing the Company's corporate review procedures and any statement on internal control prior to endorsement by the Board.

## **7. Remuneration and Nomination Committees**

The Company has established Remuneration and Nomination Committees which each comprise at least three Directors. Robert Jennings will act as chairman of the Nomination Committee and Sandra Platts will chair the Remuneration Committee. The Remuneration Committees will meet not less than once a year and will have responsibility for considering the remuneration of the Directors. Appointments to both committees are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three-years, provided the director still meets the criteria for membership of the committee. The Nomination Committees will meet not less than once a year and its duties will include (i) identifying individuals qualified to become Board members and select the director nominees for election at general meetings of the Shareholders or for appointment to fill vacancies; (ii) determining director nominees for each committee of the Board; and (iii) considering the appropriate composition of the Board and its committees. In addition, the chairmanship of the Audit Committee, the Remuneration Committee and Nomination Committee and the Management Engagement Committee and each Director's performance will be reviewed annually by the Chairman and the performance of the Chairman will be assessed by the remaining Directors.

## **8. Management Engagement Committee**

The Company has established a Management Engagement Committee which comprises at least three Directors, with Jan Pethick as the chairman of the committee. The Management Engagement Committee will meet not less than once a year. The Management Engagement Committee's main function is to review and make recommendations on any proposed amendment to the Investment Management Agreement and keep under review the performance of the Investment Manager in its role as investment manager to the Company, and the performance of the Investment Adviser in its role as investment adviser to the Company. The committee shall also (i) review the other service providers to the Company; (ii) monitor compliance of service providers with their respective agreements; and (iii) consider any points of conflict that may arise between service providers to the Company.

## **9. Risk Committee**

The Board has established a Risk Committee with formally delegated duties and responsibilities. It comprises the entire Board and is chaired by Jon Bridel. The Risk Committee will meet at least twice per year. Appointments to the committee shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the committee. The Risk Committee will advise the Board on the Company's overall risk appetite, tolerance and strategy, oversee and advise the Board on the current risk exposures of the Company and future risk strategy. They will consider and approve the remit of the risk management function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards and corporate governance codes. The Risk Committee shall also ensure the function has adequate independence and is free from management and other restrictions.

## **10. The Investment Manager**

The Investment Manager is International Fund Management Limited ("IFM"), part of the Praxis Group, one of the largest independently owned financial services groups based in the Channel Islands. The head office is in Guernsey. The Investment Manager is a Guernsey licensed investment manager and has a strong track record in providing principal management and risk advisory services to funds and investment managers since 2006. The Investment Manager currently provides services to nine funds with an aggregate asset value in

excess of US\$1 billion. On 26 January 2015, the Praxis Group announced plans to merge with IFM. The merger is subject to regulatory approval.

IFM has a number of outsourced relationships whereby IFM appoints advisors to manage fund assets. IFM is responsible for reviewing in depth the advisors credentials, recommendation processes, risk analysis and ratings, businesses, systems, portfolio construction, adherence to investment policy and disclosures to ensure they are suitable for the role as appointed. More recently IFM has been appointed as risk manager to a number of UCITs funds reporting to the board on key risks such as portfolio, liquidity, operational, credit and counterparty risk. IFM also assists with investor reporting and the oversight of all parties to the fund.

The board of IFM have years of experience in the fund industry through board positions and senior fund roles in the provision of services to those funds. The board have worked with a variety of alternate asset strategies including but not limited to debt, loan obligations, private equity, equity long/short strategies. The IFM board of directors is as follows:

**Chris Hickling (41)** is the Managing Director and will be the primary contact for the Company in relation to the AIFM risk management function and private placement obligations.

Mr Hickling was educated and qualified as a Chartered Accountant in New Zealand and came to Guernsey in 1998.

Mr Hickling's fund and risk management experience started when he joined Close Fund Services Limited in 2001 where he became Operations Director in 2005. During this period Mr Hickling reviewed their fund clients documenting structure and process in order to implement new operational procedures leading to a more focused risk based approach for the business. Reviews included the specific areas of pricing, NAV production, pricing risks and dealing with the fund advisors on a frequent basis. These funds included asset types such as, but not limited to, property, debt, repos, fund of funds, sovereign debt and private equity. During this time Mr Hickling also implemented a risk management program for Close's largest fund client.

In August 2007 Mr Hickling joined Investec Administration Services Limited which was subsequently sold to Praxis as part of Investec's sale of the business in 2009, all clients moved with the acquisition. Mr Hickling's role moved from operations to managing director of IFM in 2011 in order to focus primarily on current management roles and developing future opportunities in the areas of fund management, risk management and AIFMD/UCIT's solutions.

Mr Hickling continues to sit on a number of fund and general partner boards and oversees all management services undertaken by IFM including adherence to distribution rules and investor reporting.

**Chris Gambrell (48)** sits on the board and has a strong investment and fund background.

He is the founder of the Praxis Funds Group. His previous eight years was as Operations and Finance Director at Close Fund Services. During his tenure at Praxis Funds Group and Close Fund Services, Mr Gambrell has worked with numerous listed funds with several investing into debt, including but not limited to Ashmore, CypressTree, Fair Oaks and the United Bank of Kuwait Prior to Close, he assisted in the establishment of the offshore Unigestion funds group, including their fund management and fund of hedge funds structures. Previously Mr Gambrell qualified as a Chartered Accountant with KPMG. Mr Gambrell has resided on numerous client fund and fund management boards and has significant experience in various asset classes types such as property, private equity, hedge funds and debt.

**Julia Wilkes (49)** sits on the board and is also the Managing Director of the Administrator.

Mrs Wilkes has a BSc in Accountancy and Financial Analysis from Warwick University and qualified as a Chartered Accountant with KPMG in South Wales, before transferring to Guernsey with the firm in 1991. Mrs Wilkes joined Rea Brothers (Guernsey) Fund Managers Limited in 1993 where she became Finance Director. In 1996 she moved back to the UK and worked on a consultancy basis providing outsourcing accountancy services to both onshore and offshore companies. Mrs Wilkes returned to Guernsey in 2005 to take up a position as Finance Director at Close Fund Services Limited prior to joining Praxis in March 2007. Mrs Wilkes has served on the boards of several client management companies.

**Janine Lewis (49)** sits on the Board and has extensive experience in the funds industry.

Mrs Lewis joined the Praxis Group in 2009 as a result of the acquisition of Investec Administration Services Limited. She has over 30 years' experience in the finance industry working with both private and corporate clients. Over the past 17 years she has worked in the funds industry developing particular expertise in property, structured products and private equity funds. Mrs Lewis is an Associate of the Institute of Chartered Secretaries and leads the Corporate Secretariat team in Praxis.

**Ray Tully (49)** is a consultant to the Investment Manager.

Mr Tully joined the Praxis Group in 2007 and is Head of Praxis Real Estate and responsible for the delivery of the groups property product range. Mr Tully is also a director of Praxis Corporate Finance which sources financing solutions for all borrowing clients of the Group. This involves preparation of the credit applications and due diligence packs for the Banks followed by negotiation of terms and implementation of the loan agreements.

Mr Tully has worked for 21 years in the Banking Industry. 10 years were spent in Dublin with Allied Irish Bank where his focus was primarily on Commercial and Private Banking. In 1995 Mr Tully graduated with a degree in Financial Services out of University College Dublin.

In 1996 he moved to Guernsey where he joined The Royal Bank of Scotland International (RBSI) and was a key member of the Corporate Banking Management Team. Throughout that time, in separate corporate departments, he was responsible for large lending portfolios across many asset classes which included UK and Guernsey real estate development and investment.

For non bankable transactions Mr Tully has developed a source of alternative finance and equity for suitable asset classes all of which have specific lending criteria and require detailed applications to progress.

## **11. The Investment Adviser**

The Investment Manager has appointed as its Investment Adviser, Sequoia Investment Management Company, a private limited company registered in England and Wales under no. 5902847 with a registered address 11-13 Market Place, London, W1W 8AH. The Investment Adviser is regulated in the UK by the FCA.

The Investment Adviser was founded in 2009 with a focus on infrastructure debt. Since its inception it has undertaken a range of advisory mandates, mostly focussed on debt structuring and rating, capital raising and the provision of infrastructure advice and has to date identified and reviewed over £5 billion (across £, US\$ and €) of infrastructure debt investments. In addition it has been active in raising institutional funds in the infrastructure debt sector and expects the first of these funds to close in 2015.

The Investment Adviser's professional staff includes four directors supported by three analysts and three non-executive infrastructure fund advisers. The Investment Adviser has implemented a range of systems and procedures for managing infrastructure debt portfolios including a full infrastructure credit analysis methodology, a proprietary Infra Debt Credit Model, proprietary UK Local Authority Credit Model, a proprietary Infra Debt Portfolio Model and an Infrastructure Loan Pricing Model. Its principal investment businesses are: (i) Sequoia Economic Infrastructure Income Fund which has a target size of £150,000,000; (ii) Sequoia Sterling and Euro Infrastructure Senior Debt Funds which have target sizes of £500,000,000 (and have to date secured £200,000,000 in verbal commitments) and €500,000,000 respectively; and a Euro Infra Senior Debt Geared Fund which has a target mandated size of €350,000,000.

The Investment Adviser's directors have, between them, an average of 26 years experience in infrastructure debt, asset management and debt capital markets. They have successfully lent to, arranged debt for, advised on or rated infrastructure companies and projects across all the major infrastructure sectors. In addition, Randall Sandstrom has managed close to approximately US\$ 6 billion notional of assets for third-party institutional investors across investment grade and high yield debt products.

The personnel primarily responsible for delivering investment advice to the Company on behalf of the Investment Adviser are as follows:

**Randall Sandstrom** (*CEO and CIO*) (55) has overall responsibility for the provision of investment advice to the Company.

Randall Sandstrom has 24 years of experience in international and domestic credit markets. Mr Sandstrom managed approximately US\$ 6 billion notional in global high yield and investment grade bonds, leveraged loans, ABS and money market securities in a credit fund, several CDOs, warehouse facilities and a cash portfolio. Jurisdictions included Europe, North America, the UK and Asia Pacific. He also oversaw an active US\$2 billion equivalent treasury operation issuing euro and US commercial paper and MTNs daily. Mr Sandstrom managed (i) €260,000,000 and €315,000,000 euro-denominated high yield bond portfolios; (ii) US\$ 2.6 billion in global multi-currency investment grade corporates, banks and asset-backed securities through a levered bond fund; (iii) US\$ 1 billion notional in a global investment grade CDS portfolio; and (iv) US\$ 1.8 billion notional in four separate global investment grade CDS portfolios, through a rated US\$ 500,000,000 debt tranche and 3 principal protected and zero coupon equity tranches of US\$1.3 billion. No rated tranche of any structure Mr Sandstrom managed was ever downgraded prior to the global financial crisis and his CDO, Orion Euro High Yield B.V., was the best performing 2001 European high yield bond portfolio.

His prior roles included member of the Board of Directors, LCF Rothschild and MD of Structured Finance and Head of Euro Credit Market Strategy, Morgan Stanley. Earlier in his career Mr Sandstrom was an “I/I”-ranked senior Credit Analyst at CS First Boston (energy & transportation).

**Steve Cook** (*Co-Portfolio Manager*) (42) is portfolio manager and is responsible for asset sourcing, portfolio construction and portfolio hedging.

Steve Cook has 17 years of infrastructure experience and brings to the firm strong structuring and credit analysis skills. Prior to his position with the Investment Adviser he was European Head of Whole Business Securitisation and CMBS, and Co-Head of Infrastructure Finance at UBS. Before that he was the Head of European Corporate Securitisation at Morgan Stanley. At Morgan Stanley and UBS, Mr Cook had zero losses on over £5 billion of loan originations. Mr Cook has been involved in a wide variety of infrastructure projects in the UK and across Europe as a lender, arranger and adviser.

**Greg Taylor** (*Co-Portfolio Manager*) (51) is portfolio manager and is responsible for asset sourcing, project due diligence and credit.

Greg Taylor has 26 years of infrastructure experience. He was the Head of Infrastructure Finance at Merrill Lynch and Co-Head of Infrastructure Finance at UBS where he was involved in a number of transactions at Merrill Lynch and UBS where the investment bank was asked to participate as a direct lender in sizes of up to £1 billion. The assets over which the lending was secured included airports, water and sewerage companies, oil refineries, rolling stock and toll roads. Mr Taylor’s responsibilities included credit analysis, structuring and presenting the transaction to credit committee.

Prior to that Mr Taylor developed Moody’s methodology for rating regulated infrastructure companies and worked for 15 years in the U.S. municipal bonds market. He has thus gained a broad infrastructure perspective as bond arranger, direct lender, credit analyst and financial adviser to both borrowers and the public sector in Europe, the UK, North America and Latin America.

**Dolf Kohnhorst** (*Chief Risk Officer*) (58) is the Investment Adviser’s Chief Risk Officer and is responsible for oversight of the credit, due diligence and investment processes.

Dolf Kohnhorst has 34 years of experience in investment banking, debt capital markets and project finance commercial lending. He was Head of Société Générale’s Financial Institutions Group covering UK, Irish, Benelux and Scandinavian banks, insurance companies, pension funds and investment management companies, where he had zero recognised losses in his loan book throughout the financial crisis. Prior to that Mr Kohnhorst spent 16 years with Morgan Stanley heading the Benelux and Scandinavian sales teams and DCM Structured Solutions. Earlier in his career he gained experience in commercial lending to the shipping, construction and project finance sectors.

## **12. Administrator of the Company**

Praxis Fund Services Limited (a company incorporated in Guernsey on 13 April 2005 with registered number 43046 and with an issued share capital of 3,848 Ordinary A Shares and 893 Ordinary B shares) has been appointed as administrator and secretary of the Group pursuant to the Administration Agreement. The Administrator is responsible for the general administrative requirements of the Group, such as the maintenance of accounting and statutory records. Details of the Administration Agreement are set out in paragraph 9.4 of Part 10.

Praxis Fund Services Limited (“PFS”) is part of the Praxis Group, one of the largest independently owned financial services groups based in the Channel Islands. The head office is in Guernsey. PFS also has offices in Malta and Luxembourg and Praxis Trust Limited, a sister company, also has an office in Geneva. The Maltese office was initially established to support Guernsey although it now also administers Maltese domiciled funds. The Luxembourg office administers feeder and special purpose vehicles involving Guernsey based structures, as well as administering Luxembourg domiciled funds in its own right. The Praxis Group employs over 100 staff across its office network and administers approximately US\$ 15 billion of assets. In aggregate PFS administers over 60 funds. These funds encompass a number of asset strategies including property, private equity, debt as well as hedge and fund of hedge funds. They also include different types of structure from limited partnerships to incorporated cell companies which are incorporated in multiple jurisdictions, not only where PFS have offices. In March 2009, PFS purchased from Investec the Guernsey based fund administration company, Investec Administration Services Limited, which specialised in the administration of private equity and property funds for an international clientele.

Both PFS and the Investment Manager are 100 per cent. owned by Praxis Fund Holdings Limited, a company owned by certain employees and Praxis Holdings Limited.

## **13. Potential conflicts of interest**

### **13.1 *Key individuals***

Under the terms of the Investment Advisory Agreement the Investment Adviser has undertaken to ensure that its obligations are carried out by a team of appropriately qualified, trained and experienced professionals reasonably acceptable to the Investment Manager who have experience of managing a portfolio of comparable size, nature and complexity as the Portfolio. However the Investment Adviser is not required to devote all of its time to the performance of its obligations under the Investment Advisory Agreement and may advise or manage other funds or similar investment vehicles in the future.

### **13.2 *Advisory role of the Investment Adviser on transactions which may produce investment opportunities for the Company***

If the Investment Adviser is or has been engaged by a third party in an advisory role on a transaction which gives rise to an investment opportunity for the Company, the Investment Adviser shall disclose full details of its engagement to the Directors at the earliest opportunity.

### **13.3 *Dealing with conflicts***

Various potential and actual conflicts of interest may exist as a result of the overall investment activities of the Investment Adviser or its affiliates or any fund or account for which the Investment Adviser or its affiliates exercises discretionary investment authority. The Investment Adviser may in future be manager or adviser for, or act as general partner to, one or more funds or similar investment vehicles whose investment strategies are the same as, overlap with, or are complementary to the investment strategies pursued by the Company.

The Investment Adviser recognizes the importance of managing real and perceived conflicts of interest and to that end has implemented a detailed conflicts of interest policy. It is the policy of the Investment Adviser to allocate opportunities fairly and equitably among the Company and other accounts, where applicable, to the extent possible over a period of time. As a general policy, investment opportunities will be allocated among those accounts for which participation in the

investment opportunity is appropriate pro rata based on the relative capital size of the accounts. However the Investment Adviser may also take into consideration other factors, such as tax consequences, legal or regulatory restrictions, the difficulty of liquidating an investment for more than one account, the fact that an account has a substantial amount of investable cash and/or other factors considered material by the Investment Adviser. Any of these factors may result in allocations among the Company and one or more other accounts on other than a *pro rata* basis.

#### **14. Interest in Shares**

Each Director intends to apply their listing fee of £7,500 of their fees in subscribing for 7,500 Shares pursuant to the Issue. In addition:

- Mr Jennings and his family intend to invest at least a further £92,500 in subscribing for at least 92,500 Shares pursuant to the Issue; and
- Mr Pethick intends to invest at least a further £100,000 in subscribing for at least 100,000 Shares pursuant to the Issue.

The directors of the Investment Adviser intend to invest at least £600,000 in subscribing for at least 600,000 Shares pursuant to the Issue.

The Investment Manager intends to invest £50,000 in subscribing for 50,000 Shares pursuant to the Issue.

## PART 4

# BACKGROUND TO ECONOMIC INFRASTRUCTURE AND ASSOCIATED DEBT INVESTMENT OPPORTUNITIES

## 1. Overview of the Economic Infrastructure Sector

### 1.1 *Economic infrastructure*

Economic infrastructure features industries such as transportation, utilities, power, telecommunications and renewables which are characterised by high barriers to entry, relatively stable cash flows compared to cyclical industries and, often, a low correlation to other asset classes. Economic infrastructure debt is typically supported by either physical assets, long-term concessions or licences to operate infrastructure assets and often these economic infrastructure companies operate within a regulated framework (especially in utilities, power and telecommunications sectors). These fundamental characteristics of economic infrastructure debt may account for the sector's lower default rates compared to many other classes of fixed income investments, as further described below.

Unlike social infrastructure projects such as schools and hospitals, economic infrastructure projects are often exposed to *demand risk*, that is, the project's revenues are linked to the utilisation of the project. For example, a toll road's revenues are dependent upon traffic on the road. To mitigate this risk, economic infrastructure projects are typically less highly geared than social infrastructure projects with, on average, approximately twice the equity buffer and with more conservative credit ratios and loan covenants, and with a higher level of asset backing for lenders.

### 1.2 *The size of the economic infrastructure sector*

The global project finance market was approximately US\$ 280 billion in 2013<sup>1</sup>, consisting of 548 transactions, backed by debt funding of US\$ 234 billion. The investible debt market is larger than this, as these transaction volumes do not contain corporate bonds backed by infrastructure companies (such as Heathrow Airport), asset backed transactions (for example, aircraft or most rolling stock financings) or entirely private or bilateral transactions (which are not in the standard project finance databases). In the opinion of the Investment Adviser the annual debt funding requirement for infrastructure is likely to be in the range of US\$ 250 to US\$ 300 billion per annum, or more, over the next decade.

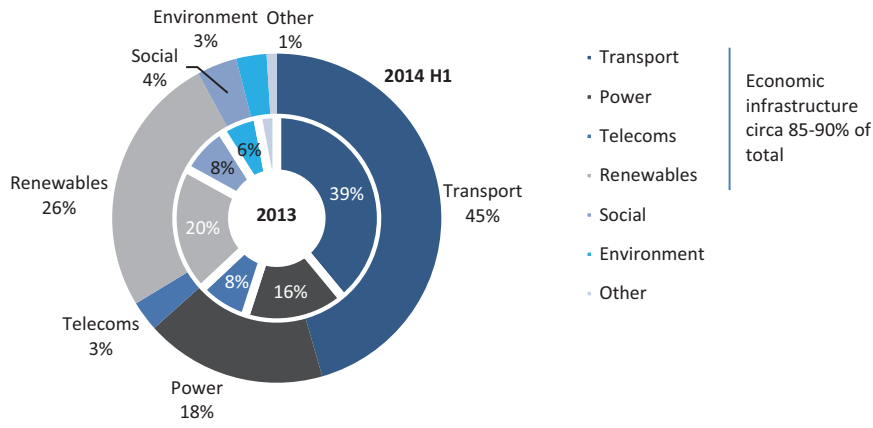
In 2013, transaction values were split almost evenly between North America (US\$ 73 billion), Europe (US\$ 74 billion), Asia and Pacific (US\$ 76 billion) and Africa and Middle East (US\$ 57 billion).

According to data from IJ Online, the global economic infrastructure sector has over the last decade been approximately five times the size of the social infrastructure sector, with the transport sub-sector alone being approximately three times larger than the total social infrastructure sector. The historical predominance of economic infrastructure has continued with, according to InfraDeals, the following breakdown of sectors for 2013 and 2014 H1, during which economic infrastructure has represented approximately 85 per cent. to 95 per cent. of the total infrastructure market.

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<sup>1</sup> The source for all data in this section, unless otherwise noted, is the 2013 Annual Global Project Finance Infrastructure Review published by Infrastructure Journal.





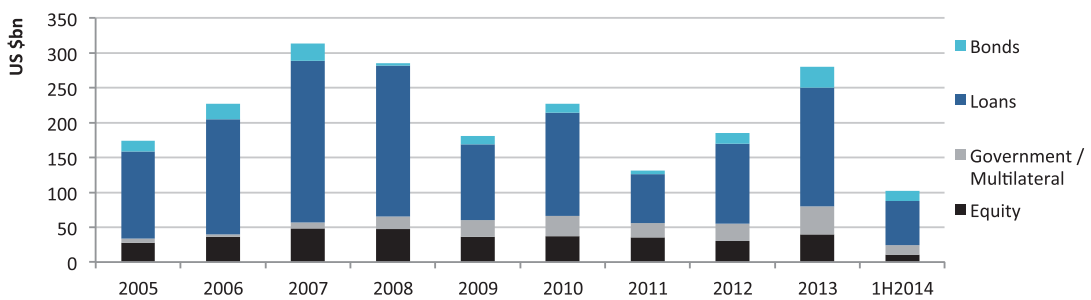
**Chart 1: Infrastructure sectors**

(Source: IJ Online)

1.3 **Historical sources of debt capital to the economic infrastructure sector**

As shown in Chart 2 below, which tracks the historical sources of infrastructure capital, infrastructure has been predominantly financed with bank loans. One of the consequences of the financial crisis has been a withdrawal of banking capacity from the sector with many banks either pulling out of the market entirely or reducing their balance sheet allocation to it. This has resulted in improved economic terms for infrastructure debt, as discussed below, and has created opportunities for non-bank lenders to enter the market. The data presented here do not include the totality of the market and in particular exclude corporate bonds issued by some infrastructure companies, asset-backed finance and entirely private or bilateral transactions.

There is substantial global variation in sources of capital for the infrastructure sector. Broadly, in Europe and the UK, bank lending has been by far the predominant funding source with only a small number of bond transactions for typically large and highly-rated infrastructure issuers. Conversely, in the United States, bank lending is less significant and a greater proportion of transactions have been executed in the bond markets, where transactions include not just investment-grade issuers but also a range of sub investment-grade companies. In the United States, a large number of infrastructure projects are financed through the tax exempt municipal bond market. They are excluded from the Investment Adviser’s target market since their tax exempt status typically makes them unattractive investments for non-U.S. investors.



**Chart 2: Global sources of capital for infrastructure 2005-1H2014**

(Source: IJ Online)

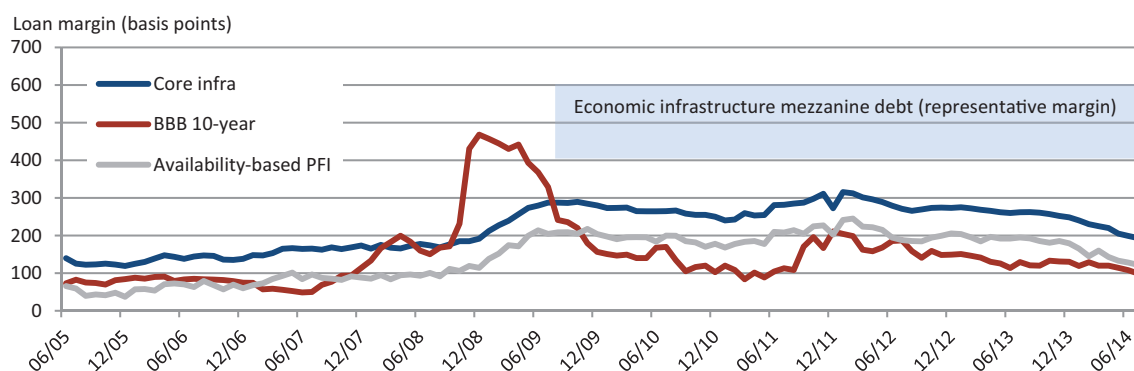
## 2. Economic infrastructure debt

### 2.1 Returns available on economic infrastructure debt

Chart 3 shows historical pricing for European infrastructure loans over the period June 2005 to June 2014. As can be seen,

- spreads on infrastructure debt have generally been more stable than equivalent credit-quality corporate bonds. Infrastructure premium to corporates increased from 50-100 bps pre-crisis to 100-150 bps currently;
- senior debt secured on availability-based PFI or PPP projects offered little-to-no yield premium to corporate bonds;
- but senior “core” infrastructure debt, including economic projects offered additional yield; and
- economic infrastructure mezzanine debt delivered a significant yield premium to senior debt.

Typical mezzanine debt yields on economic infrastructure projects are in the range of Libor (or Euribor) plus four per cent. to six per cent. For debt instruments paying a fixed rate of interest, this is currently approximately equivalent to a fixed return of six per cent. to nine per cent. depending upon the maturity of the debt and the project’s currency. As discussed above, floating rate loans are typically found in the European markets and fixed rate bonds in the U.S. markets although this is not exclusively the case.



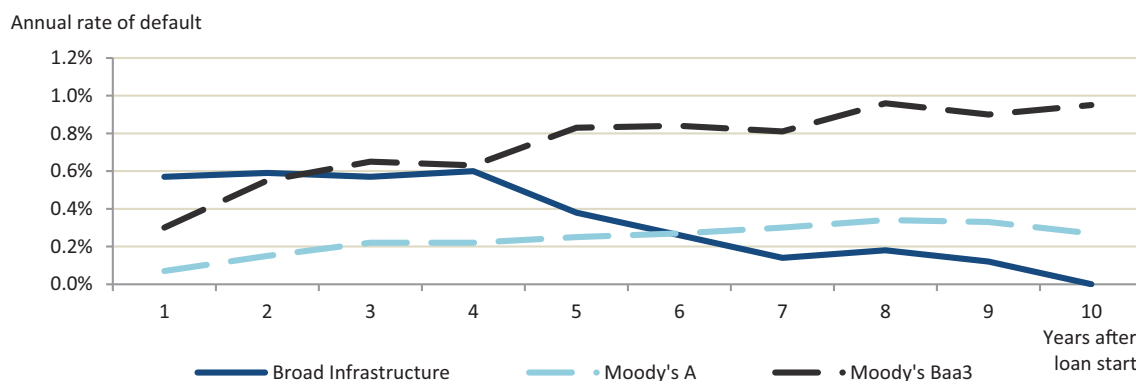
**Chart 3: Historical pricing on European infrastructure loans**

(Source: *the Investment Adviser*, Bloomberg, IJ Online)

### 2.2 Credit quality of infrastructure debt

Moody’s has undertaken a large-scale study (Source: Moody’s, “Default and Recovery Rates for Project Finance Bank Loans, 1983-2012,” March 2014) (the “**Moody’s Study**”) of the credit characteristics of project finance debt (of which infrastructure debt is a sub-set), covering 4,425 loans over a 30-year period up to December 2012. This study indicates that marginal default rates for infrastructure loans typically decrease over time (see Chart 4) from a rate initially commensurate with Baa3/Ba1 credit quality loans, to a rate commensurate with, or indeed better than, single-A credit quality loans over a period of approximately six years after the start of the project, with an average improvement in credit profile five to seven notches over 10 years. Unlike corporates, infrastructure recoveries are largely independent of economic cycle.

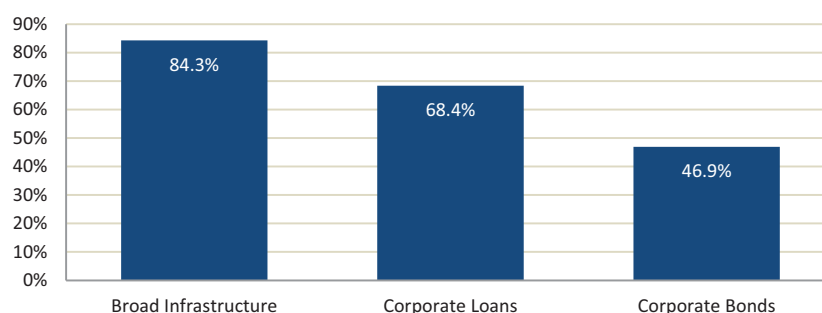
The Moody’s Study also demonstrates that the average annual default rate of 0.47 per cent. for “broad infrastructure” loans (defined by Moody’s as global transportation, social, power and distribution) is approximately half that for project finance loans in general (0.8 per cent.). The average annual default for broad infrastructure loans is materially lower than Ba2-rated corporates at 1.40 per cent. and still lower than Baa3-rated corporates at 0.68 per cent (Source: Annualised 10-year cumulative corporate default rates for the period 1983-2012. Moody’s, “Annual Default Study: Corporates 1920-2013,” February 2014).



**Chart 4: Marginal default rates for infrastructure debt**

(Source: Moody's Study)

Moreover, the Moody's Study also indicates that, following a default, recoveries for lenders to infrastructure projects are materially higher than those on corporate loans or bonds (see Chart 5 below).



**Chart 5: Historical recoveries after a default for different loan types**

(Source: Moody's Study)

### 3. Investment opportunities in economic infrastructure debt

#### 3.1 Mezzanine debt

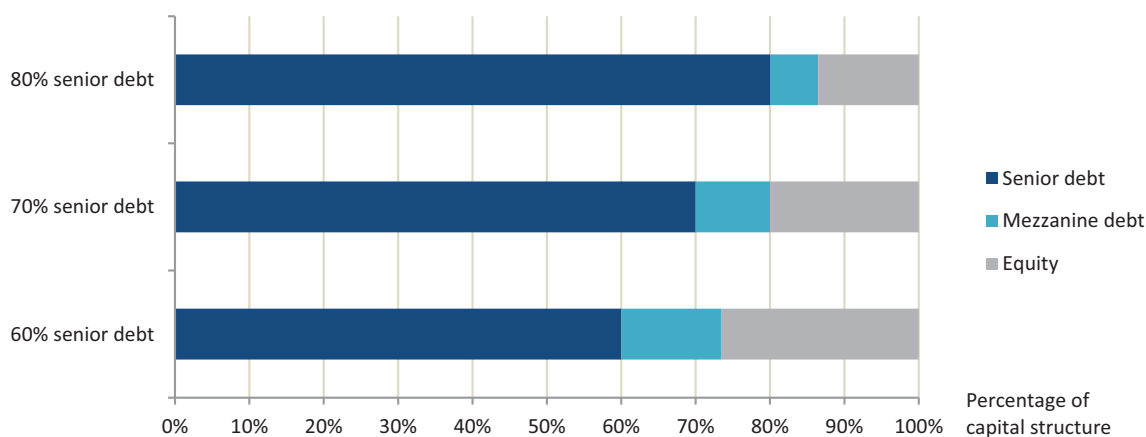
The amount of senior debt that an infrastructure project can support is generally determined by its lenders applying standardised financial ratios and scenario analysis to financial projections. In many cases, in the opinion of the Investment Adviser, bank lenders target a borderline investment grade credit quality whilst institutional lenders target a clearly investment grade credit quality. On average for economic infrastructure, this approach results in leverage of circa 80 per cent. of the project's total cost, and significantly less in some cases. By comparison, many social infrastructure projects are geared more highly: for example, UK PPP transactions in the social sector typically support senior leverage of up to 90 per cent. of the project's total cost.

This level of gearing, of 80 per cent. or less of the project's total cost may be unattractive for the equity providers to an infrastructure project for a number of reasons:

- the project's resultant cost of capital may be uncompetitive or unaffordable;
- the amount of equity required may be beyond the resources or allocation of the equity providers; or
- the relatively low leverage may result in the project generating substantial accounting profits, leading to a high future corporation tax expense.

In these cases, it may be advantageous for the project's sponsors to increase the amount of project leverage by including a tranche of mezzanine debt, ranking junior to the senior debt but still secured by the project's assets and cashflows. When considering such a mezzanine tranche, the Investment

Adviser will ensure that the equity remaining in the project will be sufficient to absorb any likely future potential losses ahead of the mezzanine debt. As shown in Chart 6 below this implies that the potential size of the mezzanine tranches decreases substantially as the amount of senior leverage increases and that there is unlikely to be scope for a mezzanine tranche if the leverage of the senior debt approaches 90 per cent. of the capital structure.



**Chart 6: Illustrative project capital structure**

(Source: the Investment Adviser)

### 3.2 Holdco debt

Once the construction of an infrastructure project is completed and it is operational, the risks associated with the project are often greatly reduced. In such cases, the owners of a project or series of projects often look to reduce the capital that they have invested in the project. One way they can achieve this is by introducing senior debt into the holding company of the project, with the net proceeds from this new debt being returned to the equity investors: in many cases this may be superior to a recapitalisation of the project debt, as that may require the payment of break fees to existing lenders and providers of interest rate hedging, the incurrence of new banking and other fees and in some cases sharing profits with the public sector.

Although the new debt in the holding company is, from a narrow legal perspective, senior-ranking (since there is typically no other debt in the holding company), the Investment Adviser classifies it as subordinated debt, since it is structurally subordinated to the debt in the project company.

When considering debt at a holding company, two key credit considerations are:

- **What is the remaining equity in the project?** The Investment Adviser will assess the equity value of the project before and after the introduction of the new debt, taking into account the risk profile of the project, and will require that the equity investors retain sufficient capital at risk to absorb losses in priority to the lenders.
- **What is the risk that dividend payments to the holding company can be interrupted?** This assessment involves considering both the inherent risks and mitigants of the project, and the potential for the senior lenders to the project to stop dividend payments if the project were to breach its financial covenants. This risk is often substantially reduced if the holding company is invested in a number of different projects.

One important category of Holdco Debt is that associated with regulated utilities in the UK and elsewhere. In such cases, the amount of leverage that can be borne by the regulated entity is limited by either statute or the regulatory framework. Therefore, any leverage that the owners of the utility wish to raise, over that permitted at the level of the regulated entity, must be raised at the level of the holding company. In the opinion of the Investment Adviser, debt raised against the holding company of regulated utilities often has an attractive credit quality since its position in the capital structure is determined by often arbitrary regulatory or legal requirements rather than the fundamental credit characteristics of the holding company.

### 3.3 *The U.S. bond market*

The U.S. bond market is significantly more developed in infrastructure than the European bond market, across investment grade, sub-investment grade and asset-backed categories. In particular:

- U.S. investment-grade infrastructure bond issuers include pipelines, some utility companies and infrastructure projects, as well as infrastructure funded in the tax-exempt municipal bond markets. In general, many of these investment grade bond issuers (especially those in the utility sector) issue at very low funding costs and will not meet the investment parameters of the Company. In addition, the Company will not be in a position to take advantage of the tax-exemption related to municipal bonds, since it will not be a U.S. taxpayer, and therefore these are unlikely to be attractive. Nonetheless, from time to time, the Investment Adviser believes that attractive economic infrastructure investment-grade bonds can be identified and the target portfolio includes a number of such investments.
- U.S. sub-investment grade infrastructure bond issuers include some utilities (especially in the power sector) and some projects. Unlike in the European bond markets, there are significant number of such issuers in the BB and B rating categories where yields are currently in the approximate range of six to eight per cent. These bonds typically have a number of potential attractions for the Company including: secondary market liquidity and the potential to invest relatively rapidly after the Issue; significant equity cushion to absorb losses; higher transparency and availability of information compared to the European bond markets; and the potential for capital appreciation as over time the bond becomes shorter (the so-called “yield-curve roll”).
- U.S. infrastructure asset-backed bonds include transactions backed by aircraft, shipping and cell towers. One of the consequences of the recent financial crisis has been that asset-backed bonds yield a substantial premium over unsecured corporate bonds, when comparing debt instruments with a similar maturity and credit profile. In the opinion of the Investment Adviser, in many cases this premium is unwarranted by the fundamental credit characteristics of the transaction, but may have arisen through investor disenchantment with asset-backed debt in general and also through more stringent capital requirements for holding asset-backed bonds for both banks and insurance companies.

## PART 5

### TARGET PORTFOLIO

#### 1. Introduction

The Group's target investment portfolio consists of 22 loans and bonds with an aggregate estimated cost of approximately £144,000,000 (plus accrued interest). The Group intends to acquire assets on an individual basis. These investments have been identified by the Investment Adviser as being either available for purchase as at 28 January 2015, being the latest practicable date prior to the publication of this document, or expected to be available within six to nine months of the Issue. However there can be no assurance that any of these investments will remain available for purchase after the Issue or, if available, at what price (if a price can be agreed at all) the investments can be acquired by the Group. There may also be instances where alternative investments become available which the Investment Adviser considers preferable. The individual holdings within the portfolio, therefore, may be substantially different to the target portfolio shown below.

#### 2. The target investment portfolio

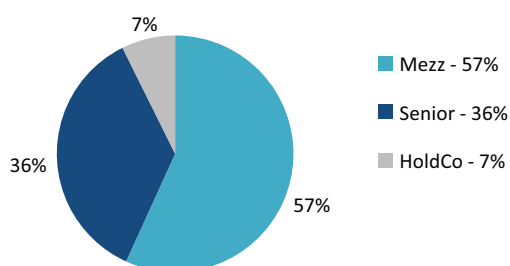
The Group's target portfolio is as follows:

Investment	Type	GBP Equiv. (mm)	Sub-sector	Sector	Fixed/Floating	Margin/Coupon (%)	Gross Cash Yield (%)
<b>Western European Transactions, Euro denominated</b>							
1. German Road	Mezzanine	4.0	Road	Transport	fixed	6.75	5.33
2. French Facilities Management	Senior	2.0	Facilities Maintenance	Other	fixed	7.25	5.71
3. French Renewables Holdco	Holdco	8.8	Solar & Wind	Renewables	fixed	7.50	7.97
4. German Student Housing	Mezzanine	8.8	Education Accom.	Accommodation	floating	9.00	9.90
5. French Toll Road	Senior	8.7	Road	Transport	floating	1.40	7.95
6. German Rolling stock	Mezzanine	5.0	Rail	Transport Assets	floating	1.40	6.26
7. German Nursing Homes	Mezzanine	12.6	Healthcare Accom.	Accommodation	floating	6.00	6.24
8. Swedish Air Cargo	Senior	4.4	Freight	Other	fixed	8.00	6.96
9. Norwegian LNG Vessels	Holdco	1.8	Shipping	Transport	floating	6.00	6.33
10. French Teleco	Mezzanine	4.1	Cell Towers	Telecoms	floating	5.25	7.57
<b>UK Transactions, Sterling denominated</b>							
11. UK Onshore Wind	Senior	7.5	Wind	Renewables	floating	6.50	7.34
12. UK Ferry	Mezzanine	6.0	Ferries	Other	fixed	11.00	11.00
13. UK Toll Road 1	Mezzanine	5.8	Road	Transport	floating	4.50	5.62
14. UK Toll Road 2	Mezzanine	6.9	Road	Transport	floating	6.00	6.89
15. UK Airport	Mezzanine	12.9	Airport	Transport	floating	7.00	7.89
<b>North American Transactions, U.S. Dollar denominated</b>							
16. Electricity Distribution	Senior	8.8	Distribution	Utility	fixed	7.25	6.77
17. Electricity Generation	Senior	4.7	Generation	Utility	fixed	6.25	6.10
18. Electricity Generation	Senior	5.1	Generation	Utility	fixed	6.80	6.02
19. U.S. Aircraft 1	Mezzanine	7.3	Aviation	Transport Assets	fixed	7.50	7.55
20. U.S. Toll Road	Senior	6.3	Road	Transport	fixed	0.00	7.50
21. U.S. Shipping 1	Senior	4.2	Shipping	Transport Assets	fixed	10.00	9.39
22. U.S. Aircraft 2	Mezzanine	8.3	Aviation	Transport Assets	fixed	8.00	8.00
		<b>143.9</b>	<b>Weighted Average:</b>			<b>6.55</b>	<b>7.45</b>

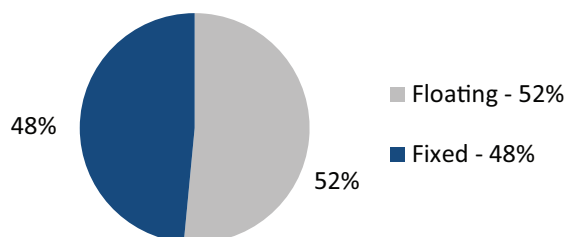
### 3. Portfolio analysis

The charts below show the Group's target portfolio by asset type, interest type, sector, sub-sector, geographical region and yield.

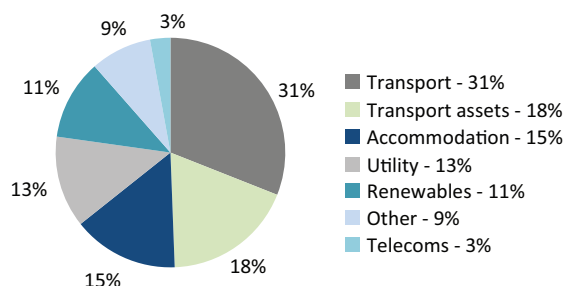
#### 3.1 Asset type



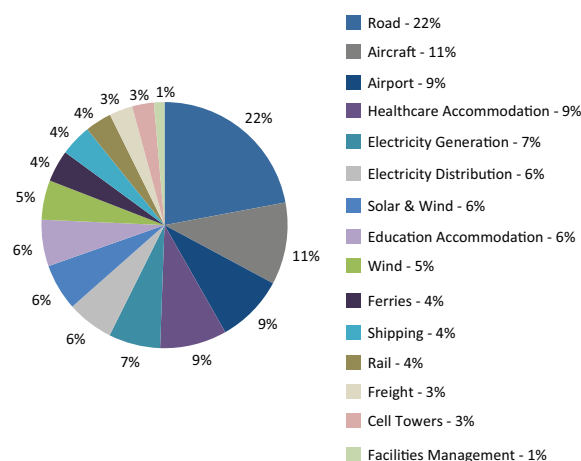
#### 3.2 Fixed/floating



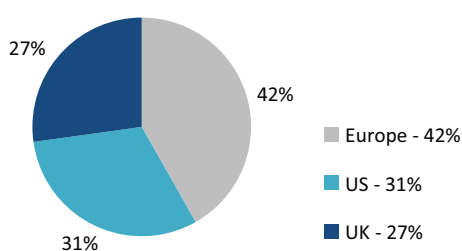
#### 3.3 Sector



#### 3.4 Sub sector



#### 3.5 Geographical region



### 4. Selected estimated portfolio sensitivities

Change	Estimated effect on NAV
Rates <sup>(x)</sup> rise 0.5%	c. -1.8%
Rates <sup>(x)</sup> fall 0.5%	c. +2.0%
€ up/down 5% (*)	c. +/-1.6%
US\$ up/down 5% (*)	c. +/-1.3%
US\$ up 5% and € down 5% (*)	c. -0.3%

<sup>x</sup> Simultaneous increase across yield curve in all currencies.

\* This is the net of estimated effect of hedges.

## 5. Summary of target assets

### *Western European Transactions, Euro Denominated*

#### *German Road*

The German Road loan is a 7-year loan to a leading service provider on the German motorway network, which enjoys a significant market share and is highly cash generative. Its business portfolio includes a large number of petrol stations and service areas including restaurants and hotels. The company's revenues are primarily lease revenue from tenants and fuel supply commissions from oil companies. The company is controlled by private equity investors who successfully completed a recapitalization last year. The Investment Adviser believes there is an attractive opportunity in the resulting second lien exposure, which will benefit from the de-levering of the senior debt.

#### *French Facilities Manager*

The French Facilities Manager asset is a senior unsecured bond that matures in six years issued by a leading provider of outsourced building infrastructure services. The family-owned company's strategy is to deliver total facilities management solutions, primarily cleaning, without subcontracting. Through a series of acquisitions it has grown to a scale that enables the company to participate in multi-service facility management tenders and to retain full control of the service delivery. No single customer accounts for more than three per cent. of revenues and in its core business, cleaning services in France, the company has a high renewal rate.

#### *French Renewables Holdco*

The investment opportunity is a 10-year loan to a Borrower that owns a diversified portfolio of operational French on-shore wind and solar projects. All of the projects are fully operational with one or two years of results and benefit from long-term feed-in-tariffs. Unlike several other EU countries, the French renewables sector has a stable and predictable regulatory regime. The cash flow visibility for the operating projects is further enhanced by long-term equipment performance guarantees and operation and maintenance contracts. The Investment Adviser is originating the transaction and has proposed terms that include lock-up provisions, reserves and full repayment within the period of the French renewable subsidies.

#### *German Student Housing*

The Investment Adviser has identified an opportunity to originate a junior loan as a part of the prospective refinancing of the debt of a German student housing developer. The project sponsor is an experienced specialist developer and manager of student housing. The sponsor's strategy is to purchase well-located, undermanaged student accommodation in order to capitalise on the existing supply/demand imbalance in the German student housing market. The sponsor has already identified a pipeline of operational target assets and plans to implement a phased refurbishment strategy to avoid interfering with cash generation and debt repayment.

#### *French Toll Road*

Design, Build and Operate concession developed under the French PPP scheme and granted by the French government in late 2006 initially for a 55-year period. After operations commenced in 2010, the road experienced shortfalls in traffic volumes, particularly for heavy goods vehicles that were originally able to use a parallel charge-free road. In late 2013, a truck ban was introduced on all parallel free-of-charge roads and traffic and financial performance improved significantly. A five-year extension to the loan was approved late 2014 and the Investment Advisor has identified an opportunity to acquire a senior debt position from a lender seeking an exit from the longer term.

#### *German Rolling Stock*

Second lien of a secured rolling stock financing of passenger trains of which approximately 30 per cent. relates to locomotives. The train sets are leased to major European operators, the majority under long term contracts in excess of 15 years. The fleet is high quality, has an established and sound operating history and is in use on major routes with favourable demand characteristics. Loan-to-value is acceptable at current



levels and will reduce significantly in a few years due to a binding commitment to purchase a portion of the fleet leased to a major State-owned operator.

#### *German Nursing Homes*

The sponsor is experienced in the German health care real estate sector and focused on high quality nursing homes and assisted living. The sponsors total portfolio includes more than 50 facilities with c.7,000 beds. The facility operators are experienced and diverse across the various facilities, reducing concentration risk at the operating level. The facilities are in good locations in affluent areas of the Germany and have more than five years of operating history. Occupancy rates are high and the performance ratings by the German Medical Ministry of Health Insurance Companies are in the highest category based on an assessment of more than 80 performance criteria.

#### *Swedish Air Cargo*

Experienced operator with more than 40 years history that serves national mail organisations under long term contracts to deliver mail to locations restricted by water or mountainous terrain. The company operates primarily out of Sweden, Norway and the UK. The company operates a fleet of approximately 50 aircraft, some of which constitute collateral pledged to the transaction. The contracts are fixed revenue with full cost pass-through. The contract terms mean the company is not exposed to commercial risk such as underutilisation of contracted capacity, higher fuel cost or airport charges. Many of the largest customers have worked with the company for more than 40 years.

#### *Norwegian LNG Ships and Platforms*

Norwegian LNG Ships and Platforms is a senior unsecured callable corporate bond issued by an industrial transportation holding company based in Bermuda. The Norwegian parent is a fully integrated ship-owning company, offering long-term floating production, transportation, regasification and terminal solutions for Liquefied Natural Gas (LNG). The company is one of the largest and most experienced LNG shippers and operates a fleet of two regasification vessels and four LNG carriers. Both of the regasification vessels are currently on long-term charters to high grade counterparties. Four new regasification vessels are scheduled for delivery in 2014 and 2015. Two of these have already been signed for long term charters (20 years and 10 years respectively) and the third and fourth are currently being offered to potential new LNG import projects.

#### *French Teleco*

A major owner and operator of telecommunications assets was sold recently, resulting in a refinancing of its outstanding debt. The company is highly cash generative from communication assets located in France and Germany. The company owns more than 5,000 towers and roof top sites and has made a significant investment in a fibre optic network. The company will benefit from the continuing increase in mobile data consumption. The refinancing included mezzanine debt the Investment Adviser considers appropriate priced.

#### ***UK Transactions, Sterling Denominated***

##### *UK Onshore Wind*

UK Onshore Wind is a seven-year senior secured loan to a project SPV that will hold and operate on-shore wind assets in the UK. The loan will refinance existing construction debt related to a granular diversified portfolio of cash-generating wind assets. The portfolio benefits from a 20-year inflation-linked feed-in tariff. The project sponsor is a wholly-owned subsidiary of an established Canadian manufacturer and developer of small wind turbines which dominates the sub-100kW wind turbine segment in UK. The Investment Adviser considers the ongoing involvement and support of Export Development Canada as credit positive.

##### *UK Ferry*

Mezzanine loan to a major UK ferry operating company with a long history of successful service on routes. The company benefits from limited possibility of new entrants due to restricted available docking facilities. The operator has a significant market share and competes primarily with one other operator that serves adjacent areas. In connection with a change of ownership approximately seven years ago, the company

became over-levered and experienced financial stress. This was resolved through a successful restructuring completed two years after its acquisition. Recent performance is strong with outperformance relative to budget reflecting increased market share and higher yields following investments in improved catering and other service facilities. Investment in new port facilities, half of which will be paid from Government grants, will also improve offering.

#### *UK Toll Road 1*

Design, Build and Operate concession for a toll road granted by the UK government for a period in excess of 50 years. The road has been operational for more than ten years. Traffic utilisation was below the original projections, resulting in financial stress that was compounded by accreting swaps in the financing structure. A restructuring was agreed during 2013 that split the original lender positions into super-senior, senior and subordinated components. Since the restructuring, performance has improved and during the last year both traffic and financial metrics have exceeded target levels.

#### *UK Toll Road 2*

A senior lender to this U.K. road project extended both senior and mezzanine debt to the sponsor several years ago as part of a larger banking group. The bank is currently undergoing a sale process for a significant number of infrastructure debt positions in its portfolio. The bank's holding of the senior debt is currently being sold. The Investment Adviser is in discussions with the bank to acquire its existing mezzanine position given belief in the strong performance of the underlying road project.

#### *UK Airport*

The Investment Adviser is in discussions with the advisor to a sponsor that is seeking to refinance the debt of a U.K. regional airport. The advisor and the Investment Adviser have discussed the introduction of mezzanine debt into the capital structure to achieve the refinancing. The Investment Adviser believes that the performance of the airport in both traffic and financial metrics is acceptable and is sufficient to support the proposed mezzanine plus senior debt.

### ***U.S. Transactions, U.S. Dollar Denominated***

#### *U.S. Electricity Distribution*

U.S. Electricity Distribution is a senior unsecured corporate bond issued by a U.S. power distribution and generation utility Borrower. The Borrower is the parent to both a regulated electricity distribution utility and a non-regulated power generation subsidiary that the Investment Adviser believes will benefit from low natural gas prices. The company has announced plans to reduce its leverage and limit dividend payments to its parent, a major investor in U.S. utilities, in accordance with an agreement reached with its regulator. The debt already benefits from strong cash flows that achieve EBITDA interest cover of more than 3.25x.

#### *U.S. Electricity Generation Holdco*

U.S. Electricity Generation is a senior unsecured corporate bond issued by the holding company of one of the largest independent power producers in the U.S. operating in four geographic regions. The Borrower is engaged in the ownership, development, construction and operation of electric generation facilities and enjoys a strong competitive position and stable cashflows. The company benefits from supply-demand imbalance in certain of its key markets where the unregulated merchant market is experiencing growing load requirements while supplies are tight. The company has grown through acquisitions that include significant generation assets in Europe and Australia.

#### *U.S. Electricity Generation*

U.S. Electricity Generation is a senior unsecured corporate bond issued by the unregulated generation subsidiary of a large, diverse energy holding company. The Borrower is owned by one of the largest U.S. publicly traded utilities and directly or indirectly owns 12 regulated utility subsidiaries. These regulated utilities, ten electricity distribution companies and two electricity transmission companies, provide the parent with stable and predictable cashflows. The bond is issued by one of the two unregulated power generation

subsidiaries owned by the parent. The Investment Adviser believes management is strong and the company benefits from both wholesale and retail market access.

#### *U.S. Aircraft 1*

Older Aircraft Junior Securitisation is the junior tranche of a securitisation of a fleet of widebody, narrowbody and turboprop aircraft that is relatively old with an average age that exceeds 15 years. The older aircraft risk is mitigated by the rapid amortisation under the structure with an average life of 3.5 years for the junior notes. The junior notes are issued by a non-recourse, bankruptcy remote vehicle formed for the purpose of securitising the cashflows related to the leased aircraft. The aircraft are leased to more than 25 different airlines in more than 15 countries and the average remaining lease term exceeds the expected life of the junior notes. The owner and servicer of the portfolio specialises in mid- to end-of-life aircraft and has nine years of operating history and more than US\$1.1 billion in aircraft assets currently under management.

#### *U.S. Toll Road*

Taxable zero coupon municipal bonds issued to construct a major commuter toll road in a leading U.S. East Coast metropolitan area. The road was created to improve access to the major international airport serving the region. The bonds are insured by a U.S. municipal bond insurer having a financial strength rating of A3/AA/-. The underlying ratings ignoring the guarantee are Ba2/BBB-/BB+. The toll road is fully operational with nine years of performance history. After an initial period of underperformance, a restructuring was completed and a twenty-year extension was granted. The remaining term of the concession is more than 40 years. Since 2013, the road has demonstrated stable and increasing traffic and revenues and a mandatory redemption feature will result in accelerated deleveraging.

#### *U.S. Shipping*

Senior, unsecured bond issued by an owner of more than 15 container ships of various sizes that are leased out under long term fixed-rate charters. Some of the vessels are equipped with onboard facilities including cranes that permit them to operate effectively in ports where shoreside infrastructure is limited. The majority of the fleet is leased to one of the largest shipping liner companies in the world with operations in more than 150 countries and revenues exceeding £12 billion. The remaining average lease term exceeds seven years and the contracted revenues from the charters total in excess of US\$ 800,000,000.

#### *U.S. Aircraft 2*

Opportunity to participate in a new issue expected to come to market during March 2015 which is a securitisation of a portfolio of leased aircraft. The Investment Advisor is in discussions with respect to the mezzanine tranche (second lien). The portfolio consists of new and relatively new aircraft leased to a diverse base of carriers located in multiple national jurisdictions. The second lien notes are issued by a non-recourse, bankruptcy remote vehicle formed for the purpose of securitising the cashflows related to the leased aircraft. The aircraft are diverse narrow-body planes that are in high demand and the fleet has an average age of less than three years. The owner and servicer of the portfolio is a leading global player in commercial aircraft leasing and financing.

## PART 6

### THE ISSUE

#### 1. Introduction

The Issue comprises an offer by the Company of up to a maximum of 150,000,000 Shares pursuant to the Issue to raise Gross Issue Proceeds of up to £150,000,000 (equivalent to Net Issue Proceeds of up to approximately (£147,000,000)). The Directors have determined that the Shares will be issued at an Issue Price of 100 pence per Share.

#### 2. The Issue

In connection with the Issue, the Company, the Directors, the Investment Adviser and Oriel entered into the Placing and Offer Agreement on 28 January 2015, pursuant to which Oriel has agreed to use its reasonable endeavours to procure subscribers for up to 150,000,000 Shares at the Issue Price under the Placing. A summary of the terms of the Placing and Offer Agreement is set out in paragraph 9.1 of Part 10 of this Prospectus. The Issue is not being underwritten.

The Placing is subject to the terms and conditions set out in Part 7 of this Prospectus. The Offer for Subscription is subject to the terms and conditions of application under the Offer for Subscription set out in Part 8 of this Prospectus. These terms and conditions, and the Application Form, attached as the Appendix to this Prospectus, should be read carefully before an application is made. The Offer for Subscription will close at 1.00 p.m. on 24 February 2015 (or such later date, not being later than 8:30 a.m. on the 1 April 2015, as the Company and Oriel may agree). If the Offer for Subscription is extended, the revised timetable will be notified to applicants by post, electronic mail or by publication of a notice through a Regulatory Information Service. Applications under the Offer for Subscription must be for Shares with a minimum subscription amount of £1,000, and thereafter in multiples of £1,000.

Completed Application Forms accompanied by a cheque or banker's draft in relation to the Offer for Subscription must be posted or delivered by hand (during normal business hours only) to the Receiving Agent, Computershare Investor Services PLC, so as to be received as soon as possible and, in any event, no later than 1.00 p.m. on 24 February 2015. It is expected that the results of the Issue will be notified through a Regulatory Information Service on or around 27 February 2015.

#### 3. Admission

- (a) Application will be made to the U.K. Listing Authority and the London Stock Exchange for all of the Shares being offered pursuant to the Issue to be admitted to the Premium Listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that the results of the Issue will be announced through a Regulatory Information Service on or around 27 February 2015 and it is expected that Admission will become effective and that dealings for normal settlement in the Shares will commence at 8.00 a.m. on or around 3 March 2015.

The ISIN number of the Shares is GG00BV54HY67, the SEDOL code of the Shares is BV54HY6 and the ticker code of the Shares is SEQI. The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares.

#### 4. Investor profile

Typical investors in the Company pursuant to the Issue are expected to be institutional and sophisticated investors and private client brokers acting on behalf of their private wealth clients.

## **5. Expenses**

The costs of the Issue will (provided that the Issue proceeds) be borne out of the proceeds of the Issue. The total costs of the Issue (including any commissions) are expected to be approximately £3,000,000, assuming that the Company raises gross proceeds of £150,000,000 pursuant to the Issue. If the Company were to raise gross proceeds of £75,000,000, the costs of the Issue are expected to be £1,500,000.

## **6. General**

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

Should the Issue be aborted or fail to complete for any reason, monies received will be returned without interest at the risk of the applicant. In the event that the Shares are oversubscribed, the Company may scale back applications made in such manner as it shall determine in its discretion (in consultation with Oriel) and thereafter no further commitments or applications will be accepted and the Issue will be closed.

Definitive certificates in respect of the Shares in certificated form will be dispatched by post on or around 17 March 2015. Temporary documents of title will not be issued.

Pursuant to anti-money laundering laws and regulations with which the Company must comply in Guernsey, the Company and its agents (and their agents) may require evidence in connection with any application for Shares, including further identifications of the applicant(s), before any Shares are issued.

## **7. Reasons for the Issue and use of proceeds**

Shortly after Admission, the Company will seek to acquire target investments as similar as possible to those described in the target portfolio outlined in Part 5 of this Prospectus, by investing the Net Issue Proceeds in accordance with the Company's investment policy. It is estimated that 50 per cent. of the Net Issue Proceeds will be invested within three months of Admission, 75 per cent. of the Net Issue Proceeds will be invested within six months of Admission and that the Company will be fully invested nine months after Admission.

In the event that the Company raises less than the maximum Net Issue Proceeds of £147,000,000 but in excess of the Minimum Net Proceeds, the Company will seek to invest the proceeds on a basis consistent with that described in the target portfolio outlined in Part 5 of this Prospectus. In certain instances, the Company will be able to invest a lower amount than originally anticipated, however this may not always be the case and in some instances the Company will not be able to invest in a target asset.

In particular, the Group has not entered into any legally binding documentation to acquire the assets included in the target portfolio described in Part 5 of this Prospectus. These investments have been identified by the Investment Adviser as being either available for purchase as at 28 January 2015, being the latest practicable date prior to the date of this document, or expected to be available within six to nine months of the Issue. However, there can be no assurance that any of these investments will remain available for purchase after the Issue or, if available, at what price (if a price can be agreed at all) the investments can be acquired by the Group. The acquired portfolio, therefore, may be substantially different to the target portfolio set out in this Prospectus. In these circumstances, whilst the Group will endeavour to source investments with similar characteristics, there can be no assurance that it will be able to do so within a reasonable timeframe, on acceptable terms, or at all.

## **8. Conditionality**

The Issue is conditional, *inter alia*, upon the following:

- (i) Admission occurring and becoming effective by 8.00 a.m. (London time) on or around 3 March 2015 (or such later time and/or date, not being later than 8.30 a.m. on 1 April 2015, as the Company and Oriel may agree);

- (ii) the Placing and Offer Agreement becoming otherwise unconditional in all respects and not being terminated on or before 8.30 a.m. on or around 3 March 2015; and
- (iii) the Minimum Net Proceeds being raised.

In the event that the Company, in consultation with the Investment Adviser and Oriel, wishes to waive condition (iii) referred to above, the Company will be required to publish a supplementary prospectus.

If the above conditions are not met on or before 8:30 a.m. on 1 April 2015, the Issue will lapse and any subscriptions received will be returned to Applicants, at their risk, without interest. The Issue will not be revoked after Admission has become effective.

## **9. The Placing and Offer Agreement**

The Placing and Offer Agreement contains provisions entitling Oriel to terminate the Issue (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Issue and these arrangements will lapse and any monies received in respect of the Issue will be returned to applicants without interest at the applicant's risk.

The Placing and Offer Agreement provides for Oriel to be paid commission by the Company in respect of the Shares to be allotted pursuant to the Issue. Any commissions received by Oriel may be retained, and any Shares subscribed for by Oriel may be retained or dealt in by it for its own benefit.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 9.1 of Part 10 of this Prospectus.

## **10. Clearing and settlement relating to the Placing**

Payment for the Shares in the case of the Placing should be made in accordance with settlement instructions provided to placees by (or on behalf of) Oriel or the Company and in accordance with the instructions set out in Part 8 of this Prospectus in the case of the Offer for Subscription.

Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Shares held in uncertificated form, the Articles permit the holding and transfer of Shares under CREST. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Directors will apply for the Shares to be admitted to CREST. The records in respect of Shares held in uncertificated form will be maintained by Euroclear U.K. & Ireland Limited, the Registrar and the Receiving Agent (details of whom are set out on pages 42 and 43).

The Company will arrange for Euroclear U.K. & Ireland Limited to be instructed, on or around 3 March 2015, to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Shares out of the CREST system following the Issue should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests Shares to be issued in certificated form and is holding such Shares outside CREST, a share certificate will be dispatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Shares. Shareholders holding definitive certificates may elect at a later date to hold such Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

## **11. Overseas persons**

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

The Company has elected to impose the restrictions described below on the Issue and on the future trading of the Shares so that the Company will not be required to register the offer and sale of the Shares under the U.S. Securities Act, so that the Company will not have an obligation to register as an investment company under the U.S. Investment Company Act and related rules and to address certain ERISA, U.S. Tax Code, and other considerations. These transfer restrictions will remain in effect until the Company determines in its sole discretion to remove them. The Company and its agents will not be obligated to recognise any resale or other transfer of the Shares made other than in compliance with the restrictions described below.

### **11.1 *Restrictions due to lack of registration under the U.S. Securities Act and U.S. Investment Company Act***

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States, and under circumstances that would not result in the Company being in violation of the U.S. Investment Company Act. There will be no offer of the Shares in the United States.

The Shares are being offered and sold only outside the United States to persons who are not U.S. Persons (and who are not acting for the account or benefit of any U.S. Person) in reliance on the exemption from registration provided by Regulation S under the U.S. Securities Act.

Moreover, the Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

### **11.2 *Subscriber warranties***

Each subscriber of Shares in the Issue and each subsequent investor in the Shares as of the date it subscribes for or otherwise receives such Shares will be deemed to have represented, warranted, acknowledged and agreed as follows:

- (a) no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an “employee benefit plan” that is subject to Part 4 of Title I of ERISA; (ii) a “plan” to which Section 4975 of the U.S. Tax Code applies; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements by reason of a plan’s investment in the entity. In addition, if an investor is a governmental plan, church plan, or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that regulates its investments, its purchase, holding, and disposition of the Shares must not constitute or result in a violation of any such Similar Law that prohibits or imposes an excise or penalty tax on the purchase of the Shares; and
- (b) it acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person’s status under ERISA, the U.S. Tax Code and the U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not result in application of the U.S. Plan Asset Regulations, or violate or require registration under the U.S. securities laws to transfer such Shares or interests in accordance with the Articles.

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

- (c) it is not a U.S. Person, is not located within the United States and is not acquiring the Shares for the account or benefit of a U.S. Person;
- (d) it is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S;
- (e) it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place transfer restrictions on the Shares to ensure that the Company will not violate the U.S. Investment Company Act;
- (f) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in compliance with an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and under circumstances which will not require the Company to register under the U.S. Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (g) it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, Oriel or their respective directors, officers, agents, affiliates, employees and advisers being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Issue;
- (h) it has received, carefully read and understands this Prospectus or other relevant public disclosure of the Company;
- (i) if it is acquiring any Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account; and
- (j) the Company, Oriel and their respective directors, officers, agents, affiliates, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.



## PART 7

### TERMS AND CONDITIONS OF THE PLACING

#### 1. INTRODUCTION

##### ***IMPORTANT INFORMATION FOR PLACEES ONLY REGARDING THE PLACING***

THIS PROSPECTUS AND THE INFORMATION IN IT, IS RESTRICTED, AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART TO U.S. PERSONS OR, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA, NEW ZEALAND, JAPAN OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY.

THE SHARES THAT ARE THE SUBJECT OF THE PLACING ARE NOT BEING OFFERED OR SOLD TO ANY PERSON IN THE EUROPEAN UNION, OTHER THAN TO “QUALIFIED INVESTORS” AS DEFINED IN ARTICLE 2.1(E) OF THE DIRECTIVE 2003/71/EC (THE “**PROSPECTUS DIRECTIVE**”), WHICH INCLUDES LEGAL ENTITIES WHICH ARE REGULATED BY THE FCA OR ENTITIES WHICH ARE NOT SO REGULATED WHOSE CORPORATE PURPOSE IS SOLELY TO INVEST IN SECURITIES.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS PART 7 AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EEA WHO ARE QUALIFIED INVESTORS AS DEFINED IN ARTICLE 2.1(E) OF THE PROSPECTUS DIRECTIVE (“**QUALIFIED INVESTORS**”); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “**ORDER**”); (II) FALL WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC”) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS PART 7 AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PART 7 AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THIS PROSPECTUS IS FOR INFORMATION PURPOSES ONLY AND DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THIS PROSPECTUS HAS BEEN ISSUED BY AND IS THE SOLE RESPONSIBILITY OF THE COMPANY.

THIS PROSPECTUS, INCLUDING THIS PART 7, IS NOT AN OFFER FOR SALE OR SUBSCRIPTION IN ANY JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL UNDER THE SECURITIES LAWS OF ANY SUCH JURISDICTION. THIS PROSPECTUS, INCLUDING THIS PART 7, IS NOT AN OFFER OF OR SOLICITATION TO PURCHASE OR SUBSCRIBE FOR SECURITIES IN THE UNITED STATES.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN SHARES. THE PRICE OF SHARES IN THE COMPANY AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON DISPOSAL OF SHARES.

- 1.1 Persons who are invited to and who choose to participate in the Placing, by making (or on whose behalf there is made) an oral or written offer to subscribe for Shares (the “**Placees**”), will be deemed to have read and understood this Prospectus and these terms and conditions in its entirety and to be making such offer on the terms and conditions and to be providing the representations, warranties, acknowledgements, and undertakings contained in this document. In particular, each such Placee represents, warrants and acknowledges that:
- (a) it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Shares that are allocated to it for the purposes of its business;
  - (b) it is not a Guernsey resident or, if it is a resident in Guernsey, it understands that the Shares may not be offered directly to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by persons appropriately licensed under the POI Law;
  - (c) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Shares acquired by it have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the EEA which has implemented the Prospectus Directive other than Qualified Investors or in circumstances in which the prior consent of Oriël has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Member State of the EEA other than Qualified Investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons; and/or
  - (d) (a) (i) it is not in the United States and is not a U.S. Person (as defined in Regulation S); and (ii) it is not acting for the account or benefit of a person in the United States or a U.S. Person; or (b) it is a dealer or other professional fiduciary in the United States acting on a discretionary basis for a non-U.S. person (other than an estate or trust) in reliance on Regulation S under the U.S. Securities Act.
- 1.2 The Company and Oriël will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.
- (a) This Prospectus does not constitute an offer, and may not be used in connection with an offer, to sell or issue or the solicitation of an offer to buy or subscribe for Shares in any jurisdiction in which such offer or solicitation is or may be unlawful. This Prospectus and the information contained herein is not for publication or distribution, directly or indirectly, to persons in the United States, Canada, Australia, New Zealand, Japan or the Republic of South Africa or in any jurisdiction in which such publication or distribution is unlawful. Persons into whose possession this Prospectus may come are required by the Company to inform themselves about and to observe any restrictions of transfer of this Prospectus. No public offer of securities of the Company is being made in the United Kingdom, the United States or elsewhere.
  - (b) In particular, the Shares referred to in this Prospectus have not been and will not be registered under the U.S. Securities Act or any laws of, or with any securities regulatory authority of, any state or other jurisdiction of the United States, and may not be offered, sold, resold, transferred or delivered within the United States or to or for the account or benefit of U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any state or other jurisdiction of the United States, and under circumstances that would not result in the Company being in violation of the U.S. Investment Company Act. The Shares are being offered and sold outside the United States to non-U.S. Persons in accordance with Regulation S under the U.S. Securities Act.
  - (c) The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the Shares have not been, nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Canada, Australia,

New Zealand, Japan or the Republic of South Africa. Accordingly, the Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Canada, Australia, New Zealand, Japan or the Republic of South Africa or any other jurisdiction outside the United Kingdom.

- 1.3 Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Part 7 or the Prospectus of which it forms part should seek appropriate advice before taking any action.

## **2. DETAILS OF THE PLACING**

- 2.1 Oriel has entered into the Placing and Offer Agreement with the Company, the Directors and the Investment Adviser under which Oriel has, on the terms and subject to the conditions set out therein, undertaken to use its reasonable endeavours to procure, as agent for the Company, subscribers for the Shares at the Issue Price.
- 2.2 The Placing and Offer Agreement contains customary warranties given by the Company, the Directors and the Investment Adviser to Oriel as to matters relating to the Company and its business and a customary indemnity given by the Company to Oriel in respect of liabilities arising out of, or in connection with, the Placing. The Placing is conditional upon, amongst other things, the Minimum Net Proceeds being raised.
- 2.3 The Company (after consultation with Oriel and the Investment Adviser) reserves the right to scale back the number of Shares to be subscribed by any Placee in the event of an oversubscription under the Placing and to take account of allocations under the Offer for Subscription. The Company and Oriel also reserve the right not to accept offers to subscribe for Shares or to accept such offer in part rather than in whole. Oriel shall be entitled to effect the Placing by such method as they shall in their sole discretion determine. To the fullest extent permissible by law, neither Oriel nor any holding company of Oriel nor any subsidiary branch or affiliate of Oriel (each an Affiliate) nor any person acting on behalf of any of the foregoing shall have any liability to the Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither Oriel, nor any Affiliate thereof nor any person acting on their behalf shall have any liability to Placees in respect of their conduct of the Placing. No commissions will be paid to Placees or directly by Placees in respect of any Shares.
- 2.4 Each Placee's obligations will be owed to the Company and to Oriel. Following the oral confirmation referred to below in paragraph 5.5, each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to Oriel, to pay to Oriel (or as Oriel may direct) in cleared funds an amount equal to the product of the Issue Price and the number of Shares which such Placees has agreed to acquire.
- 2.5 Each Placee agrees to indemnify on demand and hold each of Oriel, the Company, the Investment Manager and the Investment Adviser and their respective Affiliates harmless from any all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the acknowledgments, undertakings, representations, warranties and agreements set forth in these terms and conditions and any Contract Note.
- 2.6 The Placing is also conditional upon the Placing and Offer Agreement becoming unconditional and the Placing and Offer Agreement not being terminated in accordance with its terms. Further details of conditions in relation to the Placing are set out in paragraph 6 of this Part 7.

## **3. APPLICATION FOR ADMISSION TO TRADING**

Application will be made to the London Stock Exchange for Admission. Subject to, amongst other things, the Minimum Net Proceeds having been raised under the Issue, it is expected that settlement of any such shares and Admission will become effective on or around 8.00 a.m. on 3 March 2015 and that dealings in the Shares will commence at that time.

#### **4. PAYMENT FOR SHARES**

Each Placee must pay the Issue Price for the Shares issued to the Placee in the manner and by the time directed by Oriel. If any Placee fails to pay as so directed and/or by the time directed, the relevant Placee's application for Shares shall at Oriel's discretion either be rejected or accepted in which case paragraph 9.5 of these terms shall apply to such application.

#### **5. PARTICIPATION IN, AND PRINCIPAL TERMS OF, THE PLACING**

- 5.1 Oriel (whether through itself or any of its affiliates) is arranging the Placing as placing agent of the Company for the purpose of using reasonable endeavours to procure Placees at the Issue Price for the Shares.
- 5.2 Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by Oriel. Oriel and its affiliates may participate in the Placing as principal.
- 5.3 This Part 7 gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Shares.
- 5.4 The Issue Price will be a fixed price of 100 pence per new Share.
- 5.5 Each Placee's allocation will be confirmed to Placees orally by Oriel, and a trade confirmation or contract note will be dispatched as soon as possible thereafter. The oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of Oriel and the Company, under which it agrees to acquire the number of Shares allocated to it at the Issue Price on the terms and conditions set out in this Part 7 and in accordance with the Articles.
- 5.6 Except as required by law or regulation, no press release or other announcement will be made by Oriel or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
- 5.7 Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and settlement".
- 5.8 All obligations under the Placing will be subject to fulfilment or (where applicable) waiver of, amongst other things, the conditions referred to below in paragraph 6 and to the Placing not being terminated on the basis referred to below in paragraph 7.
- 5.9 By participating in the Placing, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
- 5.10 To the fullest extent permissible by law, none of the Company, Oriel or any of their respective affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise of these terms and conditions). In particular, none of the Company, Oriel or any of their respective affiliates shall have any liability (including to the fullest extent permissible by law, any fiduciary duties) in respect of Oriel's conduct of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Shares to the Placees and Oriel shall have no liability to the Placees for the failure of the Company to fulfil those obligations.

#### **6. CONDITIONS OF THE PLACING**

- 6.1 The Placing is conditional upon the Placing and Offer Agreement becoming unconditional and not having been terminated in accordance with its terms.

- 6.2 Oriel's obligations under the Placing and Offer Agreement in respect of the Shares are conditional on, *inter alia*:
- (a) the Company allotting, subject only to Admission, the Shares in accordance with the Placing and Offer Agreement;
  - (b) Admission taking place not later than 8.00 a.m on 3 March 2015; and
  - (c) the Minimum Net Proceeds having been raised.
- 6.3 If (i) any of the conditions contained in the Placing and Offer Agreement in relation to the Shares are not fulfilled or waived by Oriel by the respective time or date where specified (or such later time or date as the Company and Oriel may agree not being later than 8.30 a.m. on 1 April 2015 (the "**Final Date**")), or (ii) the Placing and Offer Agreement is terminated as described below, the Placing in relation to the Shares will lapse and the Placee's rights and obligations hereunder in relation to the Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.
- 6.4 Subject to certain exceptions, Oriel may, at its absolute discretion and upon such terms as it thinks fit, waive, or extend the period (up to the Final Date) for, compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing and Offer Agreement. Any such extension or waiver will not affect Placees' commitments as set out in this Prospectus.
- 6.5 Neither Oriel nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of Oriel.

## 7. RIGHT TO TERMINATE UNDER THE PLACING AND OFFER AGREEMENT

- 7.1 Oriel is entitled, at any time before Admission, to terminate the Placing and Offer Agreement by giving notice to the Company in certain circumstances, including, *inter alia*:
- (a) in the opinion of Oriel (acting in good faith), the Company fails to comply with any of its obligations under the Placing and Offer Agreement and that failure is material in the context of the Placing; or
  - (b) in the opinion of Oriel (acting in good faith), there has been a development or event (or any development or event involving a prospective change of which the Company is, or might reasonably be expected to be, aware) which will or is reasonably likely to have a material adverse effect on or affecting the operations, the condition (financial or otherwise), prospects, management, results of operations, financial position, business or general affairs of the Company or of the Company's group (taken as a whole) respectively whether or not foreseeable and whether or not arising in the ordinary course of business, which in each case is material in the context of the Placing; or
  - (c) there has been a change in national or international financial, political, economic or stock market conditions (primary or secondary); an incident of terrorism, outbreak or escalation of hostilities, war, declaration of martial law or any other calamity or crisis; a suspension or material limitation in trading of securities generally on any stock exchange; any change in currency exchange rates or exchange controls or a disruption of settlement systems or a material disruption in commercial banking, in each case as would be likely in the opinion of Oriel (acting in good faith) to materially prejudice the success of the Placing.

- 7.2 Following Admission, the Placing and Offer Agreement is not capable of termination to the extent that it relates to the Placing of the Shares.
- 7.3 The rights and obligations of the Placees shall terminate only in the circumstances described in these terms and conditions and in the Placing and Offer Agreement and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by Oriel of any right of termination or other discretion under the Placing and Offer Agreement shall be within the absolute discretion of Oriel, and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or decision not to exercise. Placees will have no rights against Oriel, the Company or any of their respective directors or employees under the Placing and Offer Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999 (as amended).

## **8. PROSPECTUS**

- 8.1 This Prospectus has been published in connection with the Issue. The Prospectus has been approved by the FCA. A Placee may only rely on the information contained in this Prospectus in deciding whether or not to participate in the Placing.
- 8.2 Each Placee, by accepting a participating in the Placing, agrees that the content of this Prospectus is exclusively the responsibility of the Directors and the Company and the person stated therein as accepting responsibility for the Prospectus and confirms to Oriel, the Company, the Investment Adviser and the Investment Manager that it has not relied on any information, representation, warranty or statement made by or on behalf of Oriel (other than the amount of the relevant Placing participation in the oral confirmation given to Placees and the trade confirmation referred to below), any of their respective Affiliates, any persons acting on its behalf of the Company, the Investment Manager other than this Prospectus and neither Oriel, nor any of its Affiliates, nor any person acting on its behalf will be liable for the decision of any Placee to participate in the Placing based on any other information, representation, warranty or statement which the Placee may have obtained or received (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons) other than this Prospectus. By participating in the Placing, each Placee acknowledges to and agrees with Oriel for itself and as agents for the Company that, except in relation to the information contained in this Prospectus, it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

## **9. REGISTRATION AND SETTLEMENT**

- 9.1 Settlement of transactions in the Shares (ISIN: GG00BV54HY67) following Admission will take place within CREST provided that, subject to certain exceptions, Oriel reserves the right to require settlement for, and delivery of, the Shares (or a portion thereof) to Placees by such other means that it deems necessary if delivery or settlement is not possible or practicable within CREST within the timetable set out in this Prospectus or would not be consistent with the regulatory requirements in any Placee's jurisdiction.
- 9.2 Each Placee allocated Shares in the Placing will be sent a trade confirmation or contract note stating the number of Shares allocated to it at the Issue Price, the aggregate amount owed by such Placee to Oriel (as agent for the Company) and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the CREST or certificated settlement instructions that it has in place with Oriel.
- 9.3 It is expected that settlement in respect of the Shares will be on or around 3 March 2015 on a T+3 basis in accordance with the instructions set out in the trade confirmation.
- 9.4 Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by Oriel.

- 9.5 Each Placee is deemed to agree that, if it does not comply with these obligations, Oriel may sell any or all of the Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for Oriel's account and benefit (as agent for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. Any excess proceeds will pass to the relevant Placee at its risk. The relevant Placee will, however, remain liable and shall indemnify Oriel on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Shares on such Placee's behalf. By communicating a bid for Shares, each Placee confers on Oriel all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which Oriel lawfully takes in pursuance of such sale.
- 9.6 If Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation or contract note is copied and delivered immediately to the relevant person within that organisation.
- 9.7 Insofar as Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax or securities transfer tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

## **10. REPRESENTATIONS, WARRANTIES AND FURTHER TERMS**

- 10.1 By participating in the Placing each Placee (and any person acting on such Placee's behalf) makes the following representations, warranties, acknowledgements, agreements and undertakings (as the case may be) to the Company and Oriel, namely that, each Placee (and any person acting on such Placee's behalf):
- (a) represents and warrants that it has read and understood the Prospectus, including this Part 7, in its entirety and that its subscription of Shares is subject to, and based upon, all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and undertakes not to redistribute or duplicate this Prospectus;
  - (b) acknowledges that none of Oriel, the Company, any of their respective affiliates or any person acting on behalf of any of them has provided it, and will not provide it, with any material regarding the Shares or the Company other than this Prospectus; nor has it requested any of Oriel, the Company, their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
  - (c) acknowledges that the content of this Prospectus is exclusively the responsibility of the Company, and that none of Oriel, its affiliates or any person acting on its or their behalf has or shall have any liability for any information, representation or statement contained in this Prospectus or any information previously or concurrently published by or on behalf of the Company, and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Prospectus or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire the Shares is contained in this Prospectus, such information being all that it deems necessary to make an investment decision in respect of the Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by Oriel, the Company or any of their respective directors, officers or employees or any person acting on behalf of any of them, or, if received, it has not relied upon any such information, representations, warranties or statements (including any management presentation that may have been received by any prospective Placee or any material prepared by the Research Department of Oriel (the views of such Research Department not representing and being independent from those of the Company and the Corporate Finance Department of Oriel and

not being attributable to the same)), and neither Oriel nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it may not place the same degree of reliance on this Prospectus as it may otherwise place on a prospectus or admission document. Each Placee further acknowledges and agrees that it has relied solely on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing and it will not rely on any investigation that Oriel, its affiliates or any other person acting on its or their behalf has or may have conducted;

- (d) represents and warrants that it has neither received nor relied on any confidential price sensitive information concerning the Company in accepting this invitation to participate in the Placing;
- (e) acknowledges that Oriel does not have any duties or responsibilities to it, or its clients, similar or comparable to the duties of "best execution" and "suitability" imposed by the Conduct of Business Sourcebook in the FCA's Handbook of Rules and Guidance and that Oriel is not acting for it or its clients and that Oriel will not be responsible for providing protections to it or its clients;
- (f) acknowledges that none of Oriel, any of its affiliates or any person acting on behalf of it or them has or shall have any liability for the Prospectus, any publicly available or filed information or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- (g) that, save in the event of fraud on the part of Oriel (and to the extent permitted by the FCA), neither Oriel, its ultimate holding company nor any direct or indirect subsidiary undertakings of that holding company, nor any of their respective directors and employees shall be liable to Placees for any matter arising out of Oriel's role as placing agent or otherwise in connection with the Placing and that where any such liability nevertheless arises as a matter of law Placees will immediately waive any claim against any of such persons which you may have in respect thereof;
- (h) represents and warrants that (i) it is not in the United States; and (ii) it is not acting for the account or benefit of a U.S. Person;
- (i) acknowledges that the Shares are being offered and sold only pursuant to Regulation S under the U.S. Securities Act in a transaction not involving a public offering of securities in the United States and the Shares have not been and will not be registered under the U.S. Securities Act or with any state or other jurisdiction of the United States, nor approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, and that the offer and sale of the Shares to it has been made outside of the United States in an 'offshore transaction' (as such term is defined in Regulation S under the U.S. Securities Act) and agrees not to reoffer, resell, pledge or otherwise transfer the Shares except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and otherwise in accordance with any applicable securities laws of any state or jurisdiction of the United States;
- (j) unless otherwise specifically agreed in writing with Oriel, represents and warrants that neither it nor the beneficial owner of such Shares will be a resident of Canada, Australia, New Zealand, Japan or the Republic of South Africa;
- (k) acknowledges that the Shares have not been and will not be registered under the securities legislation of Canada, Australia, New Zealand, Japan or the Republic of South Africa and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;



- (l) represents and warrants that the issue to it, or the person specified by it for registration as holder, of Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Shares are not being acquired in connection with arrangements to issue depository receipts or to transfer Shares into a clearance system;
- (m) represents and warrants that: (i) it has complied with its obligations under the Criminal Justice Act 1993 and Part VIII of FSMA and other applicable law; (ii) in connection with money laundering and terrorist financing, it has complied with its obligations under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law 1999 and other applicable law, the Terrorism Act 2006 and the Money Laundering Regulations 2007; and (iii) it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (together, the “Regulations”); and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to Oriel such evidence, if any, as to the identity or location or legal status of any person which Oriel may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by Oriel on the basis that any failure by it to do so may result in the number of Shares that are to be purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as Oriel may decide at its sole discretion;
- (n) if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, represents and warrants that the Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a Member State of the EEA which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of Oriel has been given to the offer or resale;
- (o) represents and warrants that it has not offered or sold and will not offer or sell any Shares to persons in the EEA prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Directive (including any relevant implementing measure in any member state);
- (p) represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
- (q) represents and warrants that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving, the United Kingdom;
- (r) if in a Member State of the EEA, unless otherwise specifically agreed with Oriel in writing, represents and warrants that it is a Qualified Investor within the meaning of the Prospectus Directive;

- (s) if in the United Kingdom, represents and warrants that it is a person (i) who has professional experience in matters relating to investments falling within Article 19(1) of the Order; (ii) falling within Article 49(2)(A) to (D) (“High Net Worth Companies, Unincorporated Associations, etc.”) of the Order; or (iii) to whom this Prospectus may otherwise be lawfully communicated;
- (t) represents and warrants that it and any person acting on its behalf is entitled to acquire the Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities and taken any other necessary actions to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Prospectus) and will honour such obligations;
- (u) where it is acquiring Shares for one or more managed accounts, represents and warrants that it is authorised in writing by each managed account: (a) to acquire the Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in this Part 7 and the Prospectus of which it forms part; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by Oriel;
- (v) undertakes that it (and any person acting on its behalf) will make payment for the Shares allocated to it in accordance with this Prospectus on the due time and date set out herein, failing which the relevant Shares may be placed with other subscribers or sold as Oriel may in its sole discretion determine and without liability to such Placee and it will remain liable and will indemnify Oriel on demand for any shortfall below the net proceeds of such sale and the placing proceeds of such Shares and may be required to bear the liability for any stamp duty or stamp duty reserve tax or security transfer tax (together with any interest or penalties due pursuant to or referred to in these terms and conditions) which may arise upon the placing or sale of such Placee’s Shares on its behalf;
- (w) acknowledges that none of Oriel, any of its affiliates, or any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be treated for these purposes as a client of Oriel and that Oriel has no duties or responsibilities to it for providing the protections afforded to their respective clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing and Offer Agreement nor for the exercise or performance of any of their rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- (x) undertakes that the person whom it specifies for registration as holder of the Shares will be (i) itself or (ii) its nominee, as the case may be. Neither Oriel nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and Oriel in respect of the same on the basis that the Shares will be allotted to the CREST stock account of Oriel who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
- (y) acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions and any non-contractual obligations arising out of or in connection with such agreement shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter (including non-contractual matters) arising out of any such contract,

except that enforcement proceedings in respect of the obligation to make payment for the Shares (together with any interest chargeable thereon) may be taken by the Company or Oriel in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

- (z) acknowledges that time shall be of the essence as regards to obligations pursuant to this Part 7;
- (aa) agrees that the Company, Oriel and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to Oriel on its own behalf and on behalf of the Company and are irrevocable and are irrevocably authorised to produce this Prospectus or a copy thereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby;
- (bb) agrees to indemnify on an after-tax basis and hold the Company, Oriel and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Part 7 and further agrees that the provisions of this Part 7 shall survive after completion of the Placing;
- (cc) acknowledges that no action has been or will be taken by any of the Company, Oriel or any person acting on behalf of the Company or Oriel that would, or is intended to, permit a public offer of the Shares in any country or jurisdiction where any such action for that purpose is required;
- (dd) acknowledges that it is an institution that has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Shares. It further acknowledges that it is experienced in investing in securities of this nature and in this sector and is aware that it may be required to bear, and it, and any accounts for which it may be acting, are able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its associates taken as a whole, and the terms of the Placing, including the merits and risks involved;
- (ee) acknowledges that its commitment to subscribe for Shares on the terms set out herein and in the trade confirmation or contract note will continue notwithstanding any amendment that may in future be made to the terms of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's conduct of the Placing;
- (ff) acknowledges that Oriel or any of its affiliates acting as an investor for its own account may take up shares in the Company and in that capacity may retain, purchase or sell for its own account such shares and may offer or sell such shares other than in connection with the Placing;
- (gg) represents and warrants that, if it is a pension fund or investment company, its purchase of Shares is in full compliance with all applicable laws and regulation; and
- (hh) to the fullest extent permitted by law, it acknowledges and agrees to the disclaimers contained in the Prospectus including this Part 7.

10.2 The representations, warranties, acknowledgments and undertakings contained in this Part 7 are given to Oriel and the Company and are irrevocable and shall not be capable of termination in any circumstances.

10.3 The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Shares in question. Such agreement assumes that the Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Shares into a clearance service. If

there are any such arrangements, or the settlement relates to any other subsequent dealing in the Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor Oriel will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and Oriel in the event that any of the Company and/or Oriel has incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify Oriel accordingly.

- 10.4 In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription by them of any Shares or the agreement by them to subscribe for any Shares.
- 10.5 Each Placee, and any person acting on behalf of the Placee, acknowledges that Oriel does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing and Offer Agreement.
- 10.6 Each Placee and any person acting on behalf of the Placee acknowledges and agrees that Oriel or any of its affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Shares.
- 10.7 When a Placee or person acting on behalf of the Placee is dealing with Oriel, any money held in an account with Oriel on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FCA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from Oriel's money in accordance with the client money rules and will be used by Oriel in the course of its own business and the Placee will rank only as a general creditor of Oriel.
- 10.8 All times and dates in this Prospectus may be subject to amendment. Oriel shall notify the Placees and any person acting on behalf of the Placees of any changes.
- 10.9 Past performance is no guide to future performance and persons needing advice should consult an appropriately qualified independent financial adviser.
- 10.10 Oriel is entitled, at its discretion and out of its own resources, at any time to rebate to some or all of its investors, or to other parties, part or all of its fees relating to the Issue.

## PART 8

### TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

#### 1. Introduction

- 1.1 The Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme.
- 1.2 In the case of a joint Application, references to you in these terms and conditions of Application are to each of you, and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the Application Form.

#### 2. Offer to acquire shares

##### 2.1 *The Terms and Conditions*

- (a) The contract created by the acceptance of an Subscription Application under the Offer for Subscription will be conditional on:
- (i) the Admission Condition becoming satisfied by not later than 8 a.m. (London time) on or around 3 March 2015 (or such later date as may be provided for in accordance with the terms of the Placing and Offer Agreement referred to in paragraph 9.1 of Part 10 of this Prospectus);
  - (ii) the Placing and Offer Agreement referred to in paragraphs 9.1 of Part 10 of this Prospectus becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective; and
  - (iii) satisfaction of the conditions set out in paragraph 8 of Part 6 of this Prospectus.
- (b) The Company reserves the right to present all cheques and banker's drafts for payment on receipt and to retain application monies and refrain from delivering an Applicant's Shares into CREST, pending clearance of the successful Applicant's cheques or banker's drafts. The Company also reserves the right to reject in whole or part, or to scale down or limit, any Application. The Company may treat Applications as valid and binding if made in accordance with the prescribed instructions and the Company may, at its discretion, accept an Application in respect of which payment is not received by the Company prior to the closing of the Offer for Subscription. If any Application is not accepted in full or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance thereof will be returned (without interest) by returning each relevant Applicant's cheque or banker's draft or by crossed cheque in favour of the first Applicant through the post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.
- 2.2 To ensure compliance with the Money Laundering Regulations, the Company (or any of its agents) may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment. If the Application Form is submitted by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Company (or any of its agents).
- 2.3 The person lodging the Application Form with payment and in accordance with the other terms as described above, including any person who appears to the Company (or any of its agents) to be acting on behalf of some other person, accepts the Offer for Subscription in respect of such number of offered Shares as is referred to therein and shall thereby be deemed to agree to provide the Company

(or any of its agents) with such information and other evidence as the Company (or any of its agents) may require to satisfy the verification of identity requirements.

- 2.4 If the Company (or any of its agents) determines that the verification of identity requirements apply to any Application, the relevant Shares (notwithstanding any other term of the Offer for Subscription) will not be issued to the relevant Applicant unless and until the verification of identity requirements have been satisfied in respect of that Applicant (or any beneficial holder) or Application. The Company (or any of its agents) is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any Application and whether such requirements have been satisfied, and neither the Company nor any agent of it will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.
- 2.5 If the verification of identity requirements applies, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity, the Company (or any of its agents) has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant Application as invalid, in which event the monies payable on acceptance of the Offer for Subscription will be returned (at the Applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.
- 2.6 Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Administrator and the Receiving Agent from the Applicant that the Money Laundering Regulations will not be breached by application of such remittance. The verification of identity requirements will not usually apply:
- (a) if the Applicant is an organisation required to comply with the Money Laundering Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; or
  - (b) if the Applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
  - (c) if the aggregate subscription price for the offered Shares is less than the lower of £10,000 or €15,000.
- 2.7 In other cases the verification of identity requirements may apply. If the Application Form is lodged with payment by a regulated financial services firm (being a person or institution) (the "**Firm**") which is located in Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Guernsey, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, the Republic of South Africa, Spain, Sweden, Switzerland, the UK and the United States of America, the Firm should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to the Company (or any of its agents). If the Firm is not such an organisation, it should contact the Receiving Agent. To confirm the acceptability of any written assurance referred to above, or in any other case, the Applicant should call the Shareholder Helpline on 0870 707 4040 (calls to this number are charged at ten pence per minute from a BT Landline, other network providers' costs may vary) or +44 870 707 4040 if calling from outside the United Kingdom. Calls to the helpline from outside the United Kingdom will be charged at applicable international rates. Lines are open 9 a.m. to 5.30 p.m. (London time) Monday to Friday. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored for security and training purposes. The helpline cannot provide advice on the merits of any proposals to invest in the Company nor give any financial, legal or tax advice.

- 2.8 If the Application Form(s) is/are in respect of Shares with an aggregate subscription price of more than the higher of £10,000 or €15,000 and is/are lodged by hand by the Applicant in person, or if the Application Form(s) in respect of Shares is/are lodged by hand by the Applicant and the accompanying payment is not the Applicant's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.
- 2.9 If, within a reasonable period of time following a request for verification of identity, and in any case by 1:00 p.m. on 24 February 2015, the Receiving Agent has not received evidence satisfactory to it as aforesaid, Receiving Agent may, as agent of the Company and upon instruction from the Company, reject the relevant Application, in which event the monies submitted in respect of that Application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).
- 2.10 All payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or a building society which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by those companies or committees: cheques and banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to CIS PLC RE: "Sequoia Economic Infrastructure Income Fund Limited – Offer for Subscription A/C" in respect of an Application and crossed "A/C Payee Only". Cheques should be for the full amount payable on Application. Post-dated cheques and payment via CHAPS, BACS or electronic transfer will not be accepted.
- 2.11 Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the Application Form.
- 2.12 The following is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting the Receiving Agent's right to require verification of identity as indicated above) Applicants should make payment by a cheque drawn on an account in their own name and write their name and address on the back of the banker's draft or cheque and, in the case of an individual, record his date of birth against his name; banker's drafts should be duly endorsed by the bank or building society on the reverse of the cheque as described above.
- 2.13 By completing and delivering an Application Form you, as the Applicant (and, if you sign the Application Form on behalf of somebody else or a corporation, that person or corporation, except as referred to in paragraph (j) below):
- (a) agree to subscribe for the number of Shares specified in your Application Form (or such lesser number for which your Application is accepted) on the terms of and subject to this Prospectus, including these terms and conditions, and subject to the Articles of the Company;
  - (b) agree that, in consideration of the Company agreeing to process your Application, your Application cannot be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or (in the case of delivery by hand during normal business hours only) on receipt by, the Receiving Agent of your Application Form;

- (c) agree and warrant that your cheque or banker's draft may be presented for payment on receipt and will be honoured on first presentation and agree that if it is not so honoured you will not be entitled to receive the Shares until you make payment in cleared funds for the Shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that you indemnify it, and the Receiving Agent, against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and you agree that, at any time prior to the unconditional acceptance by the Company of such late payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe for such Shares and may issue or allot such Shares to some other person, in which case you will not be entitled to any payment in respect of such Shares other than the refund to you at your risk of the proceeds (if any) of the cheque or banker's draft accompanying your Application, without interest;
- (d) agree that (i) any monies returnable to you may be retained pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations; and (ii) monies pending allocation will be retained in a separate account and that such monies will not bear interest;
- (e) undertake to provide satisfactory evidence of your identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Receiving Agent) to ensure compliance with the Money Laundering Regulations;
- (f) agree that, in respect of those Shares for which your Application has been received and is not rejected, acceptance of your Application shall be constituted, at the election of the Company, either (i) by notification to the UK Listing Authority and the London Stock Exchange of the basis of allocation (in which case acceptance shall be on that basis) or (ii) by notification of acceptance thereof to the Receiving Agent;
- (g) authorise the Receiving Agent to procure that your name (together with the name(s) of any other joint Applicant(s)) is/are placed on the register of members of the Company in respect of such Shares and to send a crossed cheque for any monies returnable by post without interest, at the risk of the persons entitled thereto, to the address of the person (or in the case of joint holders the first-named person) named as an Applicant in the Application Form;
- (h) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Receiving Agent, or any of their affiliates or any other person;
- (i) warrant that you are not a Guernsey resident, or if you are resident in Guernsey, you understand that the Shares may not be offered directly to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by persons appropriately licensed under the POI Law;
- (j) warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed to have given the confirmations, warranties and undertakings contained herein and undertake to enclose your power of attorney, or a copy thereof duly certified by a solicitor or bank, with the Application Form;
- (k) agree that all Applications, acceptances of Applications and contracts resulting from such acceptances shall be governed by, and construed in accordance with, English law, and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such Applications, acceptances of Applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;



- (l) confirm that in making such Application, neither you nor any person on whose behalf you are applying are relying on any information or representation in relation to the Company other than the information contained in this Prospectus and, accordingly, you agree that no person (responsible solely or jointly for this Prospectus or any part thereof or involved in the preparation thereof) shall have any liability for any such information or representation;
  - (m) confirm that your Application is made solely on the terms of this Prospectus and subject to the Articles;
  - (n) irrevocably authorise the Company or any person authorised by it to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such Shares has been transferred and authorise any representative of the Company to execute any document required therefor;
  - (o) agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the Shares contained therein;
  - (p) confirm that you have reviewed the restrictions contained in these terms and conditions;
  - (q) warrant that, if you are an individual, you are not under the age of 18;
  - (r) agree that all documents and cheques sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at the risk of the person(s) entitled thereto;
  - (s) warrant that in connection with your Application you have observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company or any person responsible solely or jointly for the prospectus or any part of its or involved in the preparation thereof acting in breach of the regulatory or legal requirements of any territory (including in particular FSMA) in connection with the Offer for Subscription or your Application;
  - (t) save where you have satisfied the Company that an appropriate exemption applies so as to permit you to subscribe, represent and agree that you are not a US Person or a resident of Australia, Canada, Japan, New Zealand or the Republic of South Africa; and
  - (u) agree, on request by the Company or the Receiving Agent on behalf of the Company, to disclose promptly in writing to the Company or the Receiving Agent any information which the Company or the Receiving Agent may reasonably request in connection with your Application, and authorise the Company or the Receiving Agent on behalf of the Company to disclose any information relating to your Application as it considers appropriate.
- 2.14 If you are applying on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to issue) any document or information in connection with the Issue, or make any announcement or comment (whether in writing or otherwise) which states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for this Prospectus or any part thereof or involved in the preparation thereof or which contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statements therein not misleading.
- 2.15 No person receiving a copy of this Prospectus and/or an Application Form in any territory other than the UK may treat the same as constituting an invitation or an offer to him; nor should he in any event use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or the Application Form could lawfully be used without contravention of any, or in

compliance with, any unfulfilled registration or other legal or regulatory requirements. It is the responsibility of any person outside the UK wishing to apply for Shares under the Offer for Subscription to satisfy himself as to full observance of the laws of any relevant territory in connection with any such Application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in any such territory and paying any issue, transfer or other taxes required to be paid in any such territory.

- 2.16 The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and may not be offered or sold directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons. The Company has not been and will not be registered as an “investment company” under the U.S. Investment Company Act nor will either the Investment Manager or the Investment Adviser be registered as an investment adviser under the U.S. Investment Advisers Act. Consequently, investors will not be entitled to the benefits and protections of the U.S. Investment Company Act or the U.S. Investment Advisers Act. In addition, relevant clearances have not been, and will not be, obtained from the securities commission (or equivalent) of any province of Australia, Canada, Japan, New Zealand or the Republic of South Africa and, accordingly, unless an exemption under any relevant legislation or regulations is applicable, none of the Shares may be offered, sold, renounced, transferred or delivered, directly or indirectly, in Australia, Canada, Japan, New Zealand or the Republic of South Africa. Unless the Company has expressly agreed otherwise in writing, you represent and warrant to the Company that you are not a U.S. Person or a resident of Australia, Canada, Japan, New Zealand or the Republic of South Africa and that you are not subscribing for such Shares for the account or benefit of any U.S. Person or resident of Australia, Canada, Japan, New Zealand or the Republic of South Africa and that you will not offer, sell, renounce, transfer or deliver, directly or indirectly, Shares subscribed for by you in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or to or for the account or benefit of any U.S. Person or resident of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, no Application will be accepted if it bears an address in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa unless an appropriate exemption is available as referred to above.
- 2.17 Pursuant to the Data Protection Act 1998 and the Data Protection (Bailiwick of Guernsey) Law 2001 (the “**DP Law**”), the Company, the Investment Manager, the Investment Adviser, the Administrator and/or the Registrar may hold personal data (as defined in the DP Law) relating to past and present Shareholders. Such personal data processed by the Company, the Investment Manager, the Investment Adviser, the Administrator or the Registrar may be used for such purposes in connection with the Company which may include, without limitation, processing personal data for the purposes of providing services in connection with the Company and its Shareholders, carrying out money laundering checks or conflict checks, maintaining the Company’s register of Shareholders and mailing lists, effecting the payment of dividends to Shareholders and the payment of commissions to third parties and filing returns of Shareholders and their respective transactions in Shares and otherwise complying with any legal or regulatory obligations. This may include sharing such data with third parties in one or more countries mentioned in paragraph 2.18 below. Personal data may be retained on record for a period exceeding six years after it is no longer used.
- 2.18 The countries referred to in paragraph 2.17 above include, but need not be limited to, those in the EEA and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Guernsey, Hong Kong, India, Japan, New Zealand, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland and the United States.
- 2.19 By becoming registered as a holder of Shares in the Company, a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company, the Investment Manager, the Investment Adviser, the Administrator and/or the Registrar of any personal data relating to them in the manner described above.

2.20 The basis of allocation will be determined by the Oriel (following consultation with the Company and the Investment Adviser), at their absolute discretion. The right is reserved to reject in whole or in part and/or scale down and/or ballot any Application or any part thereof. The right is reserved to treat as valid any Application not in all respects completed in accordance with the instructions relating to the Application Form, including if the accompanying cheque or banker's draft is for the wrong amount.

# PART 9

## TAXATION

### 1. General

**The statements on taxation below are intended to be a general summary of certain tax consequences that may arise in relation to the Company and Shareholders. This is not a comprehensive summary of all technical aspects of the structure and is not intended to constitute legal or tax advice to investors. Potential investors should familiarise themselves with, and where appropriate should consult their own professional advisers on, the overall tax consequences of investing in the Company.** The statements relate to investors acquiring and holding Shares for investment purposes only, and not for the purposes of any trade. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The tax consequences for each investor of investing in the Company may depend upon the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

### 2. Guernsey Taxation

The following summary of the anticipated treatment of the Company and holders of its Shares is based on Guernsey taxation law and practice as it is understood to apply at the date of this document. It does not constitute legal or tax advice and does not address all aspects of Guernsey tax law and practice (including such tax law and practice as it applies to any land or building situated in Guernsey). Potential investors in the Shares should consult their professional advisers on the implications of acquiring, buying, selling or otherwise disposing of Shares in the Company under the laws of any jurisdiction in which they may be liable to taxation.

#### 2.1 *Taxation of the Company*

The Company is eligible for exemption from income tax in Guernsey under the provisions of the Ordinance. Under the provisions of the Ordinance, exemption is granted by the States of Guernsey Treasury and Resources Department (the "**Treasury Department**") annually provided the Company continues to comply with the requirements of the Ordinance and upon the payment of an annual fee which is currently fixed at £1,200. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it retains such exempt status.

#### 2.2 *Holders of Shares*

Payments made by the Company to non-Guernsey resident Shareholders, whether made during the life of the Company or by distribution on the liquidation of the Company, will not be subject to Guernsey income tax and will therefore be paid gross. Whilst exempt, the Company is not required to deduct Guernsey income tax from distributions paid on any Share to Guernsey residents, however the Company is required annually to furnish certain particulars to the Treasury Department and also make a return when renewing the Company's exempt tax status of the names, addresses and gross amounts of distributions paid to Guernsey resident Shareholders during the previous year.

#### 2.3 *Goods and Services Tax*

Guernsey does not currently levy taxes upon goods and services.

#### 2.4 *Stamp Duty*

No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of Shares.

#### 2.5 *European Union Directive on the Taxation of Savings Income*

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into bilateral agreements with EU Member States on the taxation of savings

income. Paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU Member States which falls within the scope of the EU Savings Directive as applied in Guernsey. However, whilst such interest payments may include distributions from the proceeds of shares or units in certain collective investment schemes which are, or are equivalent to, UCITS, in accordance with guidance notes issued by the States of Guernsey on the implementation of the bilateral agreements, the Company should not be regarded as, or as equivalent to, a UCITS. Accordingly, any payments made by the Company to Shareholders will not be subject to reporting obligations pursuant to the agreements between Guernsey and EU Member States to implement the EU Savings Directive in Guernsey.

The operation of the EU Savings Directive is currently under review by the European Commission and a number of changes have been outlined which, if agreed, will significantly widen its scope. These changes could lead to the Company being required to comply with the EU Savings Directive in the future.

#### **2.6 *U.S.-Guernsey Intergovernmental Agreement***

On 13 December 2013, the governments of the U.S. and Guernsey announced that they had entered into an intergovernmental agreement (the “**U.S.-Guernsey IGA**”) related to implementing the Foreign Account Tax Compliance Act. The U.S. Guernsey IGA has been implemented through Guernsey’s domestic legislation, in accordance with regulations and guidance (such guidance has yet to be published in finalised form). Accordingly, the full impact of the U.S.-Guernsey IGA on the Company and the Company’s reporting responsibilities pursuant to the U.S.-Guernsey IGA as implemented in Guernsey is currently uncertain.

#### **2.7 *United Kingdom-Guernsey Intergovernmental Agreement***

On 22 October 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the UK (“**UK-Guernsey IGA**”) under which certain disclosure requirements will be imposed in respect of certain investors in the Company who are resident in the UK or which are entities that are controlled by one or more residents of the UK. The UK-Guernsey IGA has been implemented through Guernsey’s domestic legislation, in accordance with regulations and guidance (such guidance has yet to be published in finalised form). Accordingly, the full impact of the UK-Guernsey IGA on the Company and its reporting responsibilities pursuant to the UK-Guernsey IGA is currently uncertain.

#### **2.8 *Request for Information***

The Company reserves the right to request from any investor or potential investor such information as the Company deems necessary to comply with FATCA, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the U.S.-Guernsey IGA and the UK-Guernsey IGA.

### **3. *United Kingdom***

The statements below relate to the UK tax implications of a UK resident and domiciled individual investing in the Company (unless expressly stated otherwise). The tax consequences may differ for investors who are not resident in the UK or who are not domiciled in the UK for tax purposes. Investors and potential investors should seek their own professional advice as to this, as well as to any other relevant laws and regulations in the jurisdiction in which they are resident or domiciled for tax purposes that may affect the tax treatment of their investment. The statements are based on current tax legislation and HMRC practice, both of which are subject to change at any time, possibly with retrospective effect.

#### **3.1 *UK taxation of the Company***

The Directors intend to conduct the affairs of the Company in such a manner as to minimise, so far as they consider reasonably practicable, taxation suffered by the Company. This will include conducting the affairs of the Company to seek to ensure that it does not become resident in the UK for income tax, corporation tax and capital gains tax purposes. Accordingly, and provided the Company

does not carry on a trade in the UK (whether or not through a permanent establishment situated therein) and is not resident in the UK for income tax, corporation tax or capital gains purposes, the Company should not be subject to UK income tax or corporation tax other than on UK source income.

### 3.2 *UK taxation of individuals*

This paragraph provides general guidance for individual investors who are UK resident and ordinarily resident for UK tax purposes and who hold Shares (as applicable) as investments and not as trading stock.

Individual investors who are resident and domiciled in the UK will be liable to UK tax at their applicable marginal rates on dividends paid by the Company, and on any gain arising from a disposal or part disposal of the Shares in the Company. Investors who are UK tax resident, or are “eligible non-UK residents” within the meaning of Chapter 3 Part 4 of the Income Tax (Trading and Other Income) Act 2005, and who hold a minority interest in the Company, being less than 10 per cent. of the issued share capital, should be entitled to a non-refundable tax credit in respect of the dividend equal to one ninth of the dividend received, subject to their personal circumstances.

The Directors consider that the Company should not constitute an “offshore fund” for the purposes of Part 8 TIOPA, as the Company is closed-ended with an unlimited life. The Directors will use reasonable endeavours (but without liability) to monitor the Company’s status in this regard. If the Company were to be treated as an offshore fund, disposals of Shares (as applicable) would give rise to an offshore income gain taxable as income (rather than capital) unless the Company were to apply to be a “reporting fund” in accordance with the Offshore Funds (Tax) Regulations 2009, as amended.

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

Investors who are resident in the UK should be aware of the provisions of Chapter 2, Part 13 of the Income Tax Act 2007, which may in certain circumstances, and subject to certain exceptions, render them liable to UK income tax in respect of undistributed income and profits of the Company.

Individual investors who are resident in the UK should be aware that, subject to certain exceptions, if they hold or are treated as holding alone or together with “persons connected with them” (as defined in the relevant legislation) more than a 25 per cent. interest in the Company and the Company would be treated as a “close” company if it were resident in the UK, gains which are capital gains for the purposes of UK tax accruing to the Company may be attributed to them if such gains are not distributed, pursuant to section 13 of TCGA.

### 3.3 *UK taxation of UK companies*

Investors who hold Shares (as applicable) that are companies resident in the UK for UK taxation purposes may be able to rely on legislation in Chapter 3, Part 9A of the Corporation Tax Act 2009 which exempts certain dividends from the charge to UK corporation tax where certain conditions are met. Such UK companies will, however, be subject to UK corporation tax on chargeable gains in respect of any gains arising on a disposal of Shares (as applicable).

UK resident companies should note that where they (or they together with their connected persons) have a sufficient interest in the Company (generally 25 per cent. or more), then the controlled foreign company rules in Part 9A TIOPA could apply. Under these rules, a UK resident company with a sufficient interest in the Company may be liable to UK corporation tax in respect of its share of the relevant company’s undistributed profits. These provisions will only apply if the Company is controlled by UK tax residents. The controlled foreign company rules contain a number of exemptions and safe harbours. However, the Directors cannot guarantee that any of these will apply. Accordingly, any UK resident company directly or indirectly acquiring a sufficient interest (as described above) in the Company may be affected by the rules.

The provisions of Part 8 of TIOPA and section 13 of TCGA as set out above apply equally to investors that are subject to UK corporation tax as they do to UK resident individuals. As stated above, the Directors do not consider the Company to constitute an “offshore fund”.

#### 3.4 ***Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

The following comments are intended as a guide to the current general stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules apply.

No UK stamp duty or SDRT will be payable on the issue of the Shares.

UK stamp duty (at the rate of 0.5 per cent. of the amount of the value of the consideration for the transfer rounded up where necessary to the nearest £5) is payable on any instrument of transfer of Shares executed within, or in certain cases brought into, the UK. As the Company’s Registrar is based in Guernsey, the Shares will not be registered in any register of the Company kept in the UK, and therefore, any agreement to transfer Shares should not be subject to UK stamp duty or SDRT.

#### 3.5 ***ISAs and SSAS/SIPPs***

ISAs and SSAS/SIPPs Investors resident in the United Kingdom who are considering acquiring Shares are recommended to consult their own tax and/or investment advisers in relation to the eligibility of the Shares for ISAs and SSAS/SIPPs. Shares acquired pursuant to the Placing will not be eligible for inclusion in a stocks and shares ISA whereas Shares acquired pursuant to the Offer for Subscription should be eligible for inclusion, subject to applicable subscription limits. On admission to the Main Market of the London Stock Exchange, Shares acquired by purchase in the market should be eligible for inclusion in a stocks and shares ISA, subject to applicable subscription limits. The Shares should be eligible for inclusion in a SSAS or SIPP, subject to the discretion of the trustees of the SSAS or SIPP, as the case may be.

## PART 10

### ADDITIONAL INFORMATION ON THE COMPANY

#### 1. Incorporation and Status of the Company

- 1.1 The Company is a non-cellular company which was incorporated in Guernsey on 30 December 2014 under the provisions of Guernsey Companies Law with registered number 59596 with the name Sequoia Economic Infrastructure Income Fund Limited.
- 1.2 The principal legislation under which the Company operates, and under which the Shares have been created, is the Guernsey Companies Law.
- 1.3 The Company's legal and commercial name is Sequoia Economic Infrastructure Income Fund Limited.
- 1.4 The registered and head office and the principal place of business of the Company is at Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR. The Company is domiciled in Guernsey. The telephone number of the Company's registered office is +44 (0) 1481 737 600.
- 1.5 The Company's accounting period ends on 31 March of each year, with the first such financial period commencing on incorporation of the Company and ending on 31 March 2016.
- 1.6 The Company's accounts will be prepared following the conclusion of the accounting period in accordance with IFRS accounting standards. The Directors anticipate that these accounts will be published and available to Shareholders on or around 30 June 2016.
- 1.7 The functional currency is expected to be denominated in, and dividends are expected to be paid in Sterling on the basis that (i) a number of the investments together with fund expenses are expected to be in Sterling; and (ii) the majority of the investors are expected to invest and therefore receive dividends in Sterling.
- 1.8 The Company is registered with the GFSC as a registered closed-ended collective investment scheme. The Company is not regulated by any other regulator.

#### 2. Share Capital of the Company

- 2.1 As at the date of incorporation of the Company, the issued share capital of the Company was £1 divided into one ordinary share of no par value, which was held by IASL Nominees Limited. The Company does not have an authorised share capital. The Company may issue an unlimited number of shares which, upon issue the Directors, may designate as Shares or shares of such other class or classes (and denominated in any currency or currencies) as the Directors may determine. The Directors are expected to resolve to allot, shortly prior to Admission, in respect of the Shares to be issued pursuant to the Issue.
- 2.2 As at 28 January 2015 (being the latest practicable date prior to the date of this document), there was one Share in issue.
- 2.3 The Company currently anticipates that the first dividend payment to Shareholders will be paid in respect of the quarter ended 30 June 2015.
- 2.4 As at 28 January 2015 (being the latest practicable date prior to the date of this document), the Company did not hold any Treasury Shares and no Shares are held by, or on behalf of, the Company itself or by subsidiaries of the Company.
- 2.5 Other than the issue of Shares pursuant to the Issue and the Investment Advisory Agreement, the Company has no present intention to issue any additional shares in the capital of the Company.



- 2.6 Other than IASL Nominees Limited, the sole Shareholder of the Company as at the date of this Prospectus, as at 28 January 2015 (being the latest practicable date prior to the date of this document), the Company is not aware of any Shareholders who were at such time interested, directly or indirectly, in three per cent. or more of the Company's issued share capital.
- 2.7 The Company does not have in issue any securities not representing share capital.
- 2.8 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises or with a time limit after which entitlement to a dividend lapses and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 2.9 Save as disclosed in this paragraph 2, there has been no issue of share or loan capital of the Company since the Company's incorporation.
- 2.10 Except pursuant to the Placing and Offer Agreement, no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any share or loan capital of the Company.
- 2.11 Save for the Shares to be issued pursuant to the Investment Advisory Agreement, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option, nor will any such share or loan capital be under option or agreed, conditionally or unconditionally, to be put under option at Admission.
- 2.12 Other than pursuant to the Issue, no shares of the Company have been sold or are available, in whole or in part, to the public in conjunction with the application for the Shares to be admitted to the Official List.
- 2.13 The Shares are in registered form. No temporary documents of title will be issued and, prior to the issue of definitive certificates, transfers will be certified against the register. It is expected that definitive share certificates for the Shares not to be held through CREST will be posted to allottees on or around 17 March 2015. The Shares to be held through CREST will be credited to CREST accounts on Admission.
- 2.14 No convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.15 No person has voting rights that differ from those of other Shareholders.
- 2.16 The directors of the Investment Adviser intend to subscribe for, at least 600,000 Shares pursuant to the Issue. These Shares will be subject to the lockin provisions contained in the Placing and Offer Agreement described in paragraph 9.1 below.

### **3. Memorandum and Articles of Incorporation**

- 3.1 The Articles contain, *inter alia*, the following material provisions. In this paragraph 3, references to the Directors and the Board are to the directors of the Company and the board of directors of the Company from time to time. Under the Memorandum the objects of the Company are unrestricted. The following is a brief summary of certain provisions of the Articles and Memorandum:

(a) ***Shares***

(i) ***Dividends***

Holders of Shares are entitled to participate in any dividends and other distributions of the Company other than in relation to assets attributable to any class of C Share.

(ii) ***Winding up***

In the event of a winding up of the Company the surplus assets of the Company available for distribution to holders after payment of all other debts and liabilities of the Company shall be applied in the following manner and order of priority:

- (A) first, in paying to each holder of Shares in respect of each Share of which it is the holder a sum equal to the amount paid up or credited as paid up thereon; and
- (B) second, the balance of such assets (if any) shall be distributed amongst the holders of the Shares (in proportion to the number of Shares held by them).

(iii) *Voting*

Holders of Shares shall have the right to receive notice of and to attend, speak and vote at general meetings of the Company and each holder being present in person or by proxy shall upon a show of hands have one vote and upon a poll one vote in respect of every Share held by him.

(b) *C Shares*

The Articles contain provisions that permit the Directors to issue C Shares from time to time. C Shares are shares which convert into Shares when a specified proportion of the net proceeds of issuing such C Shares have been invested in accordance with the Company's investment policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the Shares). A C Share issue would therefore permit the Board to raise further capital for the Company whilst limiting any dilution of investment returns for existing Shareholders which may otherwise result.

(c) *Share Capital*

- (i) The Company may issue an unlimited number of shares of par value and/or no value or a combination of both. Shares may be denominated in any currency and different classes of shares may be denominated in different currencies (or no currency in the case of shares of no par value).
- (ii) Subject to the provisions of the Guernsey Companies Law and without prejudice to any rights attached to any existing shares or class of shares or to the provisions of the Articles, any share may be issued with such preferred deferred conversion or other rights or restrictions as the Company may by ordinary resolution direct or, subject to or in default of any such direction, as the Directors may determine.
- (iii) The Company may issue fractions of shares and any such fractional shares shall rank *pari passu* in all respects with the other shares of the same class issued by the Company.
- (iv) The Company may from time to time hold its own shares as Treasury Shares.
- (v) The Company may acquire its own shares. Any such shares acquired by the Company may be cancelled or may be held as Treasury Shares, subject to and in accordance with the Guernsey Companies Law.
- (vi) Subject to the provisions of the Guernsey Companies Law, the Company and any of its subsidiary companies, may give financial assistance, as defined in the Guernsey Companies Law, directly or indirectly for the purposes of, or in connection with the acquisition of its shares.
- (vii) The Company may issue shares which are, or at the option of the Company or the holder are, liable to be redeemed and convert all or any class of its shares into redeemable shares.
- (viii) The Company may issue shares which do not entitle the holder to voting rights in any general meeting or entitle the holder to restricted voting rights in any general meeting.
- (ix) Whenever the capital of the Company is divided into different classes of shares the rights attached to any class may (subject to the terms of issue of the shares of that class) be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up:

- (A) with the consent in writing of the holders of at least 75 per cent. of the issued shares of that class; or
  - (B) with the sanction of a Special Resolution passed at a separate meeting of the holders of the shares of that class (excluding Treasury Shares).
- (x) All the provisions of the Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply to every such separate meeting except that, in accordance with the Guernsey Companies Law:
- (A) the necessary quorum shall be two persons present holding or representing by proxy at least one-third of the voting rights of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, one person present holding shares of the relevant class shall be a quorum) provided always that where the class has only one member, that member shall constitute the necessary quorum;
  - (B) any holder of shares of the class in question may demand a poll.
- (xi) The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the terms of issue of such shares) be deemed not to be varied by the creation or issue of further shares ranking *pari passu* therewith and, for the avoidance of doubt, the issue of C Shares shall not be treated as varying the rights attaching to Shares and the issue of Shares shall not be treated as varying the rights attaching to C Shares or by the exercise of any power under the disclosure provisions requiring holders of shares to disclose an interest in the Company's shares pursuant to the Articles as summarised below.
- (xii) Subject to the provisions of the Guernsey Companies Law, the Articles, and any resolution of the Company, the Directors have general and unconditional authority:
- (A) to allot, issue (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of unissued shares of the Company or rights to subscribe or convert any security into shares; or
  - (B) to sell, transfer or cancel any Treasury Shares held by the Company,
- in any such case to such persons, at such times and on such terms and conditions as the Directors may decide. Without limiting this article, the Directors may designate the unissued shares upon issue as Shares or C Shares or such other class or classes of shares (and denominated in any currency or currencies as the Directors may determine) or as shares with special or other rights as the Directors may then determine.
- (xiii) Subject to the provisions of the Guernsey Companies Law, the authority of the Directors to issue shares or grant rights to subscribe for or convert any security into shares shall be unlimited; but to the extent that the authority of the Directors to issue shares is at any time limited by the Guernsey Companies Law, the Directors are generally and unconditionally authorised to exercise all powers of the Company to issue up to (or grant rights to subscribe for or convert any security into) a maximum aggregate amount of £1,000,000,000 shares including, without limitation, Shares and C Shares) or such other amount as may from time to time be authorised by the Company and such authority shall remain in force for a period of five years from the date of adoption of the Articles in force on Admission but may be revoked, varied or renewed from time to time by the Company in accordance with the Guernsey Companies Law provided always that the Company, before the authority expires, may make an offer or agreement which would or might require shares to be issued (or rights to subscribe for, or convert any security into, to be granted) after it expires and the Directors may issue (or grant rights to subscribe for, or convert any security into) such shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

- (xiv) The Company may exercise the powers of paying commissions and in such an amount or at such a percentage rate as the Directors may determine. Subject to the provisions of the Guernsey Companies Law any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.
  - (xv) Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except as otherwise provided by the Articles or by law) the Company shall not be bound by or recognise (even when having notice thereof) any interest in any share except an absolute right to the entirety thereof in the holder.
  - (xvi) Subject to sub paragraph (xvii), the Company shall not issue equity securities, nor sell them from treasury, for cash on any terms to a person unless it has made an offer to each person who is a holder of equity securities of the same class in the Company to issue to him on the same or more favourable terms a proportion of those equity securities which is as nearly as practicable equal to the proportion in value held by him of the shares of that class then in issue. The foregoing pre-emption rights can be dis-applied by a authority of a Special Resolution either generally, or in respect of a specific issue or sale from treasury.
  - (xvii) The pre-emption rights in sub-paragraph (xvi) above shall not apply in relation to the issue of:
    - (A) bonus shares, shares issued in lieu of dividend or distribution, nor to a particular issue of equity securities if they are, or are to be, wholly or partially paid otherwise than in cash; or
    - (B) equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of shares or a class of shares at such record date as the Directors may determine where the securities attributable to the interests of holders of shares of a class are proportionate (as near as may be practicable) to the respective numbers of shares of that class held by them on such record date, subject to such conditions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of any jurisdiction or the requirements of any regulatory body or stock exchange or any other matter whatsoever.
- (d) ***Disclosure Notice***
- (i) The Company may, by notice in writing (a “**Disclosure Notice**”) require a person whom the Company knows to be or has reasonable cause to believe is or, at any time during the three years immediately preceding the date on which the Disclosure Notice is issued, to have been interested in any shares:
    - (A) to confirm that fact or (as the case may be) to indicate whether or not it is the case; and
    - (B) to give such further information as may be required in accordance with the Articles, as summarised in sub-paragraph (d)(ii) below.
  - (ii) A Disclosure Notice may (without limitation) require the person to whom it is addressed:
    - (A) to give particulars of the person’s status (including whether such person constitutes or is acting on behalf of or for the benefit of an ERISA Plan or is a U.S. Person), domicile, nationality and residency;
    - (B) to give particulars of his own past or present interest in any shares (held by him at any time during the three year period specified in the Articles, as summarised in sub-paragraph (d)(i) above) and the nature of such interest;
    - (C) to disclose the identity of any other person who has a present interest in the shares held by him (held by him at any time during the three year period specified in the Articles);

- (D) where the interest is a present interest and any other interest in any shares subsisted during that three year period at any time when his own interest subsisted, to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required by the Disclosure Notice; and
  - (E) where his interest is a past interest to give (so far as is within his knowledge) like particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.
- (iii) Any Disclosure Notice shall require any information in response to such notice to be given within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25 per cent. or more in number of the issued shares of the relevant class) or such other reasonable period as the Directors may determine.
  - (iv) If any member is in default in supplying to the Company the information required by the Company within the prescribed period or such other reasonable period as the Directors determine, the Directors in their absolute discretion may serve a direction notice on the member. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the “**Default Shares**”) the member shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. in number of the class of shares concerned, the direction notice may additionally direct that dividends on such shares will be retained by the Company (without interest) and that no transfer of the Default Shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified. Subject always to the rules of the CREST UK system, any other relevant system from which transfers of shares are settled, the requirements of the UK Listing Authority, the London Stock Exchange in respect of the Default Shares, where the Directors have any grounds to believe that such Default Shares, are held by or for the benefit of or by persons acting on behalf of an ERISA Plan or U.S. Persons, the Directors may at their discretion deem the Default Shares to be held by, or on behalf of or for the benefit of, an ERISA Plan or a U.S. Person (as the Directors may determine) and that the provisions of the Articles, as summarised in sub-paragraph (f)(vi) below, should apply to such Default Shares.

(e) ***Untraced Shareholders***

The Company may sell the share of a member or of a person entitled by transmission at the best price reasonably obtainable at the time of sale if, in accordance with the terms of the Articles, that person has not claimed or accepted dividends declared over a period of time and has not responded to advertisements of the Company.

(f) ***Transfer of Shares***

- (i) Subject to the terms of the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. An instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Directors may, without assigning any reasons therefor, refuse to register the transfer of a certificated share (whether fully paid or not) unless the instrument of transfer is lodged at the office or at such other place as the Directors may appoint and is accompanied by any certificates for the shares to which it relates and such other evidence as the Directors may require to show the right of the transferor to make the transfer.
- (ii) Subject to the terms of the Articles, any member may transfer all or any of his uncertificated shares by means of a relevant system authorised by the Directors in such manner provided for, and subject as provided, in the Regulations or such as may otherwise from time to time be adopted by the Directors on behalf of the Company and the rules of any relevant system and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or

the production of a certificate for the shares to be transferred. The Directors may decline to register a transfer of an uncertificated share in the circumstances set out in the Regulations or such as may otherwise from time to time be adopted by the Directors on behalf of the Company or the rules of any relevant system, or where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

- (iii) The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST UK system.
- (iv) Subject to the CREST Guernsey Requirements and/or the rules of any other relevant system, the registration of transfers may be suspended by giving such notices as may be required by the rules of any relevant system at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.
- (v) No fee shall be charged for the registration of any instrument of transfer or, subject as otherwise provided in the Articles, any other document relating to or affecting the title to any share.
- (vi) If it shall come to the notice of the Directors that any shares:
  - (A) are or may be owned or held directly or beneficially by any person whose ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Directors to be relevant) might in the reasonable opinion of the Directors cause or be likely to cause the assets of the Company to be considered plan assets for the purposes of ERISA or the United States Internal Revenue Code of 1986 (as amended); or
  - (B) are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the Directors:
    - (aa) cause the Company to be required to register as an investment company under the U.S. Investment Company Act (including because the holder of the shares in the Company is not a “qualified purchaser” as defined in the U.S. Investment Company Act) or to lose an exemption or status thereunder to which it might otherwise be entitled;
    - (bb) cause the Company to have to register under the U.S. Exchange Act or any similar legislation;
    - (cc) cause the Company not to be considered as “foreign private issuer” as such term is defined in rule 3b-4(c) under the U.S. Exchange Act;
    - (dd) result in a person holding shares in the Company in violation of the transfer restrictions set forth in any offering memorandum or prospectus published by the Company from time to time; or
    - (ee) otherwise result in the Company incurring a liability to taxation or suffering any pecuniary, fiscal, administrative or regulatory or similar disadvantage,

the Directors may (i) refuse to register a transfer of shares which would result in those shares being subject to the provisions of the Articles summarised in sub-paragraphs (f)(vi)(A) or (f)(vi)(B) above and/or (ii) serve a notice (a “**Transfer Notice**”) upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the “**Vendor**”) of any of the shares concerned (the “**Relevant Shares**”) requiring the Vendor within twenty-one days (or such extended time as in all the circumstances the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Directors, would not fall within the provisions of the Articles summarised in sub-paragraphs (f)(vi)(A) or (f)(vi)(B)

above (such a person being hereinafter called an “**Eligible Transferee**”). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this sub-paragraph or sub-paragraph (f)(vii) below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

- (vii) If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Directors, the Company may sell the Relevant Shares on behalf of the holder of them by instructing a member of the London Stock Exchange to sell them on arm’s length terms to any Eligible Transferee or Eligible Transferees. For this purpose, the Directors may authorise in writing any officer or employee of the Company or any officer or employee of the secretary of the Company or of any manager that may be appointed to transfer the Relevant Shares on behalf of the holder of them to the purchaser or purchasers and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser will not be bound to see the application of the purchase monies nor will its title to the Relevant Shares be affected by an irregularity or invalidity in the proceedings relating to the sale or by the price at which the Relevant Shares are sold. The net proceeds of the sale of the Relevant Shares will be received by the Company, whose receipt will be a good discharge for the purchase moneys, and will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the Relevant Shares for an amount equal to the net proceeds of transfer upon surrender by it or them, in the case of certificated Shares, of the certificate for the Relevant Shares which the Vendor shall immediately be obliged to deliver to the Company. No trust will be created in respect of the debt and no interest will be payable in respect of it. The Company will pay to the Vendor at its discretion or on demand by the Vendor the proceeds of transferring the Relevant Shares (less costs and expenses) but otherwise the Company will not be required to account for any money secured from the net proceeds of transfer which may be employed in the business of the Company or as it thinks fit. The Company may register the transferee as holder or holders of the Relevant Shares at which time the transferee will become absolutely entitled to them.
- (viii) A person who becomes aware that it falls within either the provisions of the Articles summarised in sub-paragraphs (f)(vi)(A) or (f)(vi)(B) above shall forthwith, unless it has already received a Transfer Notice pursuant to the provisions of the Articles summarised in sub-paragraph (f)(vi) above either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with the provisions of the Articles summarised in sub-paragraph (f)(vi) above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.
- (ix) Subject to the provisions of the Articles, the Directors will, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Directors to serve a Transfer Notice in respect thereof. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than twenty-one days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any share held by such a holder or joint holders as being held in such a way as to entitle them to serve a Transfer Notice in respect of such share.
- (x) The Directors will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions of the Articles summarised in sub-paragraphs (f)(vi) and/or (f)(vii)

and/or (f)(viii) and/or (f)(ix) above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Directors at the relevant date provided that the said powers have been exercised in good faith.

- (xi) Uncertificated shares of a class are not to be regarded as forming a separate class from certificated shares of that class.

(g) ***Alteration of Capital***

The Company may, by Ordinary Resolution, alter its share capital, including, inter alia, consolidating share capital, sub-dividing shares, cancelling untaken shares, converting shares into shares of a different currency and denominating or redenominating the currency of share capital.

(h) ***Notice of General Meetings***

Any general meeting shall be called by at least ten days' notice. A general meeting may be deemed to have been duly called by shorter notice if it is so agreed by all the members entitled to attend and vote thereat. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

(i) ***Votes of Members***

- (i) Subject to any rights or restrictions attached to any shares, on a show of hands every member present in person or by proxy (or in the case of corporations, present by a duly authorised representative) shall have one vote and on a poll every member present in person or by proxy (or in the case of corporations, present by a duly authorised representative) shall have one vote for every share of which he is the holder.
- (ii) Unless the Board otherwise decides, no member shall be entitled to vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all calls and other sums presently payable by him in respect of that share have been paid.
- (iii) No person shall be entitled to vote in respect of any shares that he has acquired unless he has been registered in the register as their holder.
- (iv) No member of the Company shall, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a Disclosure Notice within 14 days, in a case where the shares in question represent at least 0.25 per cent. of their class, or within 28 days, in any other case, from the date of such Disclosure Notice. These restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

(j) ***Powers of Directors***

Subject as hereinafter provided, the Directors may exercise all the powers of the Company to borrow or raise money (including the power to borrow for the purpose of redeeming shares) and secure any debt or obligation of or binding on the Company in any manner including by the issue of debentures (perpetual or otherwise) and to secure the repayment of any money borrowed raised or owing by mortgage charge pledge or lien upon the whole or any part of the Company's undertaking property or assets (whether present or future) and also by a similar mortgage charge pledge or lien to secure and guarantee the performance of any obligation or liability undertaken by the Company or any third party.



(k) ***Appointment and Retirement of Directors***

- (i) Subject to the Guernsey Companies Law and the Articles, the Directors shall have power at any time, and from time to time, without sanction of the Company in general meeting, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-appointment. Subject to the Guernsey Companies Law and the Articles, the Company may by Ordinary Resolution appoint any person as a Director; and remove any person from office as a Director.
- (ii) A Director may resign from office as a Director by giving notice in writing to that effect to the Company at its office, which notice shall be effective upon such date as may be specified in the notice, failing which upon delivery to the registered office.
- (iii) Unless there is only one Director appointed, at each annual general meeting two Directors, or such other number as may be determined in accordance with any policy adopted by the Board from time to time, shall retire from office. Such Directors may be reappointed.

(l) ***Disqualification and Removal of Directors***

- (i) A Director shall not be required to hold any qualification shares.
- (ii) The office of a Director shall be vacated if he ceases to be a Director by virtue of any provision of the Guernsey Companies Law or he ceases to be eligible to be a Director in accordance with the Guernsey Companies Law; or he has his affairs declared *en désastre*, becomes bankrupt or makes any arrangement or composition with his creditors generally or otherwise has any judgment executed on any of his assets; or he becomes of unsound mind or incapable or an order is made by a court having jurisdiction (whether in Guernsey or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator or other person to exercise powers with respect to his property or affairs; or he shall have absented himself from meetings of the Directors for a consecutive period of 12 months and the Directors resolve that his office shall be vacated; or he dies; or he resigns his office by notice to the Company; or the Company so resolves by Ordinary Resolution; or where there are more than two Directors, all the other Directors request him to resign in writing.

(m) ***Remuneration of Directors***

Unless otherwise determined by the Company by Ordinary Resolution, the Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed the annual equivalent of £250,000 per annum (or such sum as the Company in general meeting shall from time to time determine).

(n) ***Directors' Appointments and Interests***

- (i) Subject to the provisions of the Guernsey Companies Law, the Directors may appoint one or more of their number to the office of managing Director or to any other executive office upon such terms as they determine.
- (ii) Subject to and in accordance with the Guernsey Companies Law, a Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose that fact to the Directors.
- (iii) For the purposes of the article summarised in sub-paragraph (n)(ii) a general disclosure given to the Directors to the effect that a Director has an interest (as Director, officer, employee, member or otherwise) in a party and is to be regarded as interested in any transaction which may after the date of the disclosure be entered into with that party shall be deemed to be sufficient disclosure of his interest in any such transaction or arrangement.

- (iv) The requirement summarised in sub-paragraph (n)(ii) above does not apply if the transaction proposed is between a Director and the Company, or if the Company is entering into the transaction in the ordinary course of business on usual terms.
- (v) A Director may not vote or be counted in the quorum on a resolution of the Board or committee of the Board concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company) but, in the absence of some other material interest than is mentioned below, this prohibition does not apply to a resolution concerning any of the following matters:
  - (A) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
  - (B) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity by the giving of security;
  - (C) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
  - (D) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including any subsidiary of the Company) in which he (and any persons connected with him) is interested and whether as an officer, shareholder, creditor or otherwise, if he (and any persons connected with him) does not to his knowledge hold an interest in shares representing one per cent. or more of either class of the equity share capital of or the voting rights in the relevant company (or of any other company through which his interest is derived);
  - (E) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries which only awards him a privilege or benefit generally accorded to the employees to whom it relates; and
  - (F) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.
- (vi) For the purposes of this article, a person shall be treated as being connected with a Director if that person is:
  - (A) a spouse, child (under the age of 18) or step child (under the age of 18) of the Director; or
  - (B) an associated body corporate which is a company in which the Director alone, or with connected persons, is directly or indirectly beneficially interested in 20 per cent. or more of the value of the equity share capital or is entitled (alone or with connected persons) to exercise or control the exercise of more than 20 per cent. of the voting power at general meetings; or
  - (C) a trustee (acting in that capacity) of any trust, the beneficiaries of which include the Director or persons falling within paragraphs (A) and (B) above excluding trustees of an employees' share scheme or pension scheme; or

- (D) a partner (acting in that capacity) of the Director or persons in paragraphs (A) to (C) above.
- (vii) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company, or whereat the terms of any such appointment are arranged or whereat any contract between the Director and the Company are considered, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof. Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment or its termination) of two or more Directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these provisions) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (viii) A Director may hold any other office or place of profit under the Company (other than the Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such office or place of profit or as vendor purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director so contracting or being so interested be liable to account to the Company for any profits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- (ix) Any Director may act by himself or his firm in a professional capacity for the Company (other than Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (x) Any Director may continue to be or become a Director, managing Director, manager or other officer or member of any company promoted by the Company or in which the Company may be interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him as Director, managing Director, manager or other officer or member of any such company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as Directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them Directors, managing Directors, managers or other officers of such company, or voting or providing for the payment of remuneration to themselves as Directors, managing Directors, managers or other officers of such company) and any Director of the Company may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be or be about to be appointed a Director, managing Director, manager or other officer of such company, and as such is or may become interested in the exercise of such voting rights in manner aforesaid.
- (xi) If a question arises at a meeting as to the materiality of a Director's interest (other than the interest of the chairman of the meeting) or as to the entitlement of a Director (other than the chairman) to vote or to be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be referred to the chairman and his ruling in relation to the Director concerned is conclusive and binding on all concerned.
- (xii) If a question arises at a meeting as to the materiality of the interest of the chairman of the meeting or as to the entitlement of the chairman to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be decided by resolution of the Directors or committee members

present at the meeting (excluding the chairman) whose majority vote is conclusive and binding on all concerned.

(o) ***Dividends and Distributions***

- (i) The Company may reduce its share capital by way of distribution of amounts standing to any capital account of the Company or otherwise as the Directors may determine.
- (ii) Subject to the provisions of the Guernsey Companies Law and the Articles, the Company may by Ordinary Resolution declare dividends and/or make distributions in accordance with the respective rights of the members and subject to provisions of the Articles summarised in subparagraph (o)(iv) below and to any special rights to dividends or other relevant rights or remedies set out in the terms of issue of any class of shares.
- (iii) No dividend or other distribution shall exceed the amount recommended by the Directors.
- (iv) Subject to the provisions of the Guernsey Companies Law, and the Articles, the Directors may from time to time pay interim dividends and/or distributions if it appears to them that they are justified by the assets of the Company.
- (v) Except as otherwise provided by the rights attached to shares, all dividends or other distributions shall be declared and paid according to the amounts paid up on shares on which the dividend or other distribution is paid. All dividends or other distributions shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend or other distribution is paid, but, if any share is issued on terms providing that it shall rank for dividend or other distribution as from a particular date, that share shall rank for dividend or other distribution accordingly. Any resolution declaring a dividend or a distribution on a share, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the person registered as the holders of the shares at the close of business on a particular date notwithstanding that it may be a date prior to that on which the resolution is passed and thereupon the dividend or distribution shall be payable to such persons in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend or distribution of transferors and transferees of any such shares.
- (vi) A general meeting declaring a dividend or other distribution may, upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the Directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.
- (vii) The Directors may deduct from any dividend or other distribution, or other moneys payable to any member on or in respect of a share, all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
- (viii) All unclaimed dividends or other distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. Any dividend or other distribution which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company. No dividend or other distribution or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- (ix) The Directors are empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to divide.

(p) **Winding Up**

- (i) Upon a winding up of the Company, the assets available for distribution to members, shall subject to the rights attaching to any class of shares and the provisions of the Articles, be distributed according to the number of shares held by that member.
- (ii) Within 18 months of Admission and within every three years thereafter, the Directors must propose an Ordinary Resolution that the Company continues its business as a closed-ended investment company (the “**Continuation Resolution**”). If a Continuation Resolution is not passed, the Directors must put forward proposals to the Shareholders of the Company within six months thereof for the reconstruction or reorganisation of the Company. Such proposals may or may not involve winding up the Company.

(q) **Certain U.S. and U.S.-related Tax Matters**

- (i) The Company is authorised to take any action it determines is desirable to comply with certain US tax provisions colloquially referred to as the Foreign Account Tax Compliance Act and any other law of any other jurisdiction relating thereto including laws promulgated pursuant to an intergovernmental agreement relating thereto (together, FATCA), and may enter into an agreement with the U.S. Internal Revenue Service or the taxing and revenue services of any other country. The Company shall not pay any additional amounts to any person in respect of any withholding of taxes, including those relating to FATCA.
- (ii) The Company is not required to make available the information necessary for any person to make a so-called “qualified electing fund” election under US tax law.

**4. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Company has applied for the Shares to be admitted to CREST. It is expected that the Shares will be so admitted, and accordingly enabled for settlement in CREST, as soon as practicable after Admission has occurred.

**5. Directors’ Interests**

5.1 The following table sets out details of all companies and partnerships of which the Directors have been directors or partners in the last five years (disregarding any subsidiaries of companies listed).

<b>Name</b>	<b>Name of company/partnership</b>	<b>Position still held (Y/N)</b>
<b>Robert Jennings</b>	Crossrail Limited	Y
	Safeguard Finance Limited	Y
	Southern Water Services Limited	Y
	Greensands Holdings Limited	Y
	Friends of Brook Green	Y
<b>Jan Pethick</b>	Troy Asset Management	Y
	Merrill Lynch International	N
	Luthy Baillie Pethick	N
	Trustee Merrill Lynch Pension Fund	N
	London School of Hygiene and Tropical Medicine	Y
	Opera Novella Ltd	Y
	Chariot Innovations Limited	N
	Salus Limited	Y
	London Youth Support Trust	Y
	Childhood First	N
	Moody’s Investors Service Limited	Y

<b>Name</b>	<b>Name of company/partnership</b>	<b>Position still held (Y/N)</b>	
<b>Jonathan Bridel</b>	AnaCap Credit Opportunities GP II Limited	Y	
	AnaCap Credit Opportunities II Limited	Y	
	Altus Global Gold Limited	Y	
	Alcentra European Floating Rate Income Fund Limited	Y	
	BWE GP Limited	Y	
	Starwood European Real Estate Finance Limited	Y	
	Starfin Public GP Limited	Y	
	Aurora Russia Limited	Y	
	The Renewables Infrastructure Group Limited	Y	
	DP Aircraft I Limited	Y	
	DP Aircraft Guernsey I Limited	Y	
	DP Aircraft Guernsey II Limited	Y	
	Vision Capital Management Limited	Y	
	Fair Oaks Income Fund Limited	Y	
	RBC Investment Solutions (CI) Limited	N	
	RBC Offshore Fund Managers Limited	N	
	RBC Fund Services (Jersey) Limited	N	
	RBC Investment Services Limited	N	
	RBC Regent Fund Managers Limited	N	
	FTSE UK Commercial Property Index Fund Limited	N	
	GLF (GP) Limited	N	
	Rhodium Stone PCC Limited	N	
	Perpetual Global Limited	N	
	Impax Renewable Power Infrastructure Limited	N	
	MGI (Guernsey) Limited	N	
	Palio Capital Management Guernsey Limited	N	
	Palio Capital Founding Partners Limited	N	
	<b>Sandra Platts</b>	Investec Bank (Channel Islands) Limited	Y
		NB Global Floating Rate Income Fund	Y
		Starfin GP Limited	Y
		Starwood European Finance Partners Limited	Y
		Tamar European Industrial Fund Limited	Y
		UK Commercial Property Trust	Y
Kleinwort Benson (CI) Ltd		N	
Kleinwort Benson (Channel Islands) Trustees Limited		N	
Kleinwort Benson (Channel Islands) Fund Services Limited		N	

- 5.2 The business address of all of the Directors is the registered office of the Company: Sarnia House, Le Truchot, St Peter Port.
- 5.3 Save as disclosed above, none of the Directors has at any time within the last five years preceding the date of this document:
- (a) been a member of the administrative, management or supervisory bodies or a partner of any company or partnership;
  - (b) had any convictions (whether spent or unspent) in relation to offences involving fraud or dishonesty;
  - (c) been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
  - (d) been a director or senior manager of a company which has been put into receivership, compulsory liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors; or
  - (e) been the subject of any bankruptcy or been subject to an individual voluntary arrangement or a bankruptcy restrictions order.
- 5.4 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Director was selected.
- 5.5 There are no restrictions agreed by any Director on the disposal within a certain period of time of his holdings in the Company's securities.
- 5.6 There are no outstanding loans or guarantees provided by the Company for the benefit of any of the Directors nor are there any loans or any guarantees provided by any of the Directors for the Company.
- 5.7 No Director or principal has any potential conflicts of interests between any duties the Directors or principal owes to the Company and any private interests and/or other duties.
- 5.8 The Company will maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company to the extent that the Company is able to obtain such insurance.
- 5.9 Each of the Directors intends to apply £7,500 of his fees in subscribing for 7,500 Shares pursuant to the Issue. Mr Bridel intends to hold any Shares issued pursuant to this paragraph 5.9 jointly with his wife. In addition, (i) Mr Jennings and his family intend to invest at least a further £92,500 in subscribing for at least 92,500 Shares pursuant to the Issue; and (ii) Mr Pethick intends to invest at least a further £100,000 in subscribing for at least 100,000 Shares pursuant to the Issue.

## **6. Directors' remuneration and service agreements**

- 6.1 All of the Directors are non-executive directors.
- 6.2 Each of the Directors has entered into a letter of appointment with the Company dated 6 January 2015, which is, in respect of (i) Jan Pethick, Jon Bridel and Sandra Platts, terminable on two months' notice served by either party; and (i) Robert Jennings, terminable on four months' notice by either party. The annual base remuneration payable to each Director is as follows:

Name	Remuneration (£)
Robert Jennings	£45,000 £7,500 as a listing fee payable subject to Admission which will be applied in subscribing for Shares in accordance with paragraph 5.9
Jan Pethick	£30,000 £5,000 for role as Management and Engagement Committee Chairman £7,500 as a listing fee payable subject to Admission which will be applied in subscribing for Shares in accordance with paragraph 5.9
Jonathan Bridel	£30,000 £5,000 for role as Risk Committee Chairman £7,500 as a listing fee payable subject to Admission which will be applied in subscribing for Shares in accordance with paragraph 5.9
Sandra Platts	£30,000 £5,000 for role as Audit and Remuneration Committee Chairman £7,500 as a listing fee payable subject to Admission which will be applied in subscribing for Shares in accordance with paragraph 5.9

6.3 In addition to the Directors' base annual fees as set out in paragraph 6.2 above, the Company has agreed to pay the following special remuneration:

- (a) If following Admission, the Company issues a new prospectus (not being a supplementary prospectus) in connection with the issue of further new shares in the Company, each Director shall be entitled to a further fee of £5,000 gross or an alternative fee as approved by the Remuneration and Nomination Committees that reflects market rates.
- (b) If exceptional or unusual situations require (i) any of Jan Pethick, Jon Bridel or Sandra Platts to devote more than 18 Business Days per year; or (ii) Robert Jennings to devote more than 20 Business Days per year, (in each case calculated on the basis of an eight hour day) to their role, the Company will in good faith negotiate an additional fee or per diem allowance reflecting the additional commitment of time.

6.4 None of the Directors is entitled to any pension, retirement or similar benefits.

## 7. The City Code

The City Code applies to all takeover and merger transactions in relation to the Company and operates principally to ensure that shareholders are treated fairly, are not denied an opportunity to decide on the merits of a takeover and to ensure that shareholders of the same class are afforded equivalent treatment.

The City Code provides an orderly framework within which takeovers are conducted and the Panel on Takeovers and Mergers has now been placed on a statutory footing.

The City Code is based upon a number of general principles which are essentially statements of standards of commercial behaviour. General Principle One states that all holders of securities of an offeree company of the same class must be afforded equivalent treatment and if a person acquires control of a company, the



other holders of securities must be protected. This is reinforced by Rule 9 of the City Code which requires a person, together with persons acting in concert with him, who acquires shares carrying voting rights which amount to 30 per cent. or more of the voting rights to make a general offer. "Voting rights" for these purposes means all the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting. A general offer will also be required where a person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights, acquires additional shares which increase his percentage of the voting rights. Unless the Panel consents, the offer must be made to all other shareholders, be in cash (or have a cash alternative) and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the voting rights.

Shares may be subject to compulsory acquisition in the event of a takeover offer which satisfies the requirements of Part XVIII of the Guernsey Companies Law or, in the event of a scheme of arrangement, under Part VIII of the Guernsey Companies Law.

In order for a takeover offer to satisfy the requirements of Part XVIII of the Guernsey Companies Law, the prospective purchaser must prepare a scheme or contract (in this paragraph, the "**Offer**") relating to the acquisition of the Shares and make the Offer to some or all of the Shareholders. If, at the end of a four month period following the making of the Offer, the Offer has been accepted by Shareholders holding 90 per cent. in value of the Shares affected by the Offer, the purchaser has a further two months during which it can give a notice (in this paragraph, a "**Notice to Acquire**") to any Shareholder to whom the Offer was made but who has not accepted the Offer (in this paragraph, the "**Dissenting Shareholders**") explaining the purchaser's intention to acquire their Shares on the same terms. The Dissenting Shareholders have a period of one month from the Notice to Acquire in which to apply to the court for the cancellation of the Notice to Acquire.

Unless, prior to the end of that one month period, the court has cancelled the Notice to Acquire or granted an order preventing the purchaser from enforcing the Notice to Acquire, the purchaser may acquire the Shares belonging to the Dissenting Shareholders by paying the consideration payable under the Offer to the Company, which it will hold on trust for the Dissenting Shareholders.

A scheme of arrangement is a proposal made to the court by the Company in order to effect an "arrangement" or reconstruction, which may include a corporate takeover in which the Shares are acquired in consideration for cash or shares in another company. A scheme of arrangement is subject to the approval of a majority in number representing at least 75 per cent. (in value) of the members (or any class of them) present and voting in person or by proxy at a meeting convened by the court and subject to the approval of the court. If approved, the scheme of arrangement is binding on all Shareholders.

In addition, the Guernsey Companies Law permits the Company to effect an amalgamation, in which the Company amalgamates with another company to form one combined entity. The Company's Shares would then be shares in the capital of the combined entity.

## **8. Principal Subsidiaries**

The Company holds 100 per cent. of the entire issued share capital of Sequoia IDF Asset Holdings S.A., a société anonyme incorporated on 12 December 2011 under the laws of the Grand Duchy of Luxembourg and having its registered office at 46A Avenue J.F. Kennedy, L-1855, Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies. As an unregulated securitisation entity, the Subsidiary is subject to the Securitisation Act 2004.

## **9. Material Contracts**

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Group or which are expected to be entered into prior to Admission and which are, or may be, material to the Group:

## 9.1 *Placing and Offer Agreement*

The Company, the Directors, the Investment Adviser and Oriel have entered into a Placing and Offer Agreement dated 28 January 2015 pursuant to which, subject to certain conditions, Oriel has agreed to use reasonable endeavours to procure subscribers for the Shares to be issued pursuant to the Placing. The Placing is not being underwritten by Oriel.

The Placing and Offer Agreement is conditional upon, amongst other things, Admission occurring by 8.00 a.m. on 3 March 2015 (or such later date, not being later 8.30 a.m. on 1 April 2015, as the Company and Oriel may agree) and the Issue raising the Minimum Net Proceeds.

In consideration for its services under the Placing and Offer Agreement, Oriel will receive fees and commissions of two per cent. of the Gross Issue Proceeds less certain agreed expenses paid or payable by the Company in connection with the Issue and Admission.

Oriel is entitled under the Placing and Offer Agreement to retain agents and may pay commission in respect of the Placing to any or all of these agents out of its own resources.

The Company, the Directors and the Investment Adviser have, in the Placing and Offer Agreement, given customary warranties and undertakings to Oriel and the Company has agreed to provide customary indemnities to Oriel.

Under certain circumstances, including for material breach of a warranty, Oriel may terminate the Placing and Offer Agreement (and any related arrangements) prior to Admission.

The Directors and the Investment Adviser have undertaken that they will not dispose of any Shares other than with the prior consent of Oriel, until the date falling 12 months after Admission and thereafter for a further period of 12 months only to dispose of Shares in accordance with the requirements of Oriel in order to maintain an orderly market in the Shares. In addition, the Investment Adviser has undertaken to Oriel to comply with the rolling lock-up provisions in respect of Shares subsequently subscribed for under the Investment Advisory Agreement.

## 9.2 *The Investment Management Agreement*

The Company and the Investment Manager have entered into an Investment Management Agreement, under which the Investment Manager has been given overall responsibility for the discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment objectives and policy.

### (a) *Powers and duties*

The Investment Manager is responsible for portfolio management of the Company, including the following services: (i) identifying potential Group investments and facilitating the acquisition and sale of investments by the Group; (ii) carrying out due diligence in the selection of the Group's investments and selecting counterparties, in accordance with Investment Manager's due diligence policies and procedures; (iii) ensuring investment decisions are carried out in connection with the Company's objectives, investment strategy, investment eligibility criteria, Investment Concentration Limits and other applicable risk limits; (iv) carrying out ongoing monitoring of the Group's assets under management; (v) carrying out prompt and expeditious execution of orders in accordance with the Investment Manager's policy for best execution; (vi) exercising all rights and remedies of the Company or the Subsidiary in its capacity as holder of, or the person beneficially entitled to any investments in the Portfolio, including attending or voting at any meeting of the holders of investments in the Portfolio and giving consents or waivers in relation to investments on behalf of the Company or the Subsidiary; (vii) assisting the Board with a hedging strategy to mitigate currency risk in respect of the Portfolio and implementing appropriate hedging transactions in accordance with the hedging strategy; (viii) arranging for any borrowings by the Company (subject to the Company's Borrowing Limit) and calculating the Company's exposures and leverage; (ix) submitting marketing notifications to relevant competent regulatory authorities in

accordance with Article 42 of the AIFMD; and (x) arranging for uninvested cash balances to be invested in appropriate short-term investments.

The Investment Manager has delegated all of its powers and obligations in relation to the provision of portfolio management services to the Investment Adviser pursuant to the Investment Advisory Agreement.

Under the terms of the Investment Management Agreement, the Investment Manager is required to provide risk management services to the Company, including (i) assisting the Board with the establishment of a risk reporting framework; (ii) monitoring the Company's compliance with investment eligibility criteria, Investment Concentration and other risk limits in accordance with the Investment Manager's risk management policies and procedures and providing regular updates to the Board; (iii) carrying out a risk analysis of the Company's exposures, leverage, counterparty and concentration risk; and (iv) analysing market risk and liquidity risk in relation to the Portfolio.

The Investment Manager will be required to record details of executed Portfolio transactions, carry out reporting obligations to the FCA and other applicable AIFMD reporting obligations and prepare investor reports.

In addition, the Investment Manager will be required to assist the Board in establishing, maintaining and reviewing valuation policies for calculating NAV.

(b) *Fees*

The Investment Manager is entitled to receive a management fee which shall be calculated and accrue monthly at a rate equivalent to 0.064 per cent. of NAV per annum for the period ending on 1 May 2016 and 0.075 per cent. of NAV per annum thereafter, in each case subject to an annualised minimum of £80,000 applied on a monthly basis. The management fees are calculated without regard to VAT. If there is any VAT payable on the fees then this shall be added to the fee amount. The minimum investment management fee will be subject to an annual review on 1 May of each year, the first review commencing in 2016. The investment management fees are payable quarterly in arrears. The Investment Manager will also receive ongoing fees in relation to services offered for the provision of AIFM services, corporate services and company secretarial services. These fees are expected to be approximately £95,000 in the first year following the Company's formation and £110,000 subsequently.

(c) *Term and Termination*

The Investment Management Agreement will be for an initial term of 18 months and thereafter will be terminable by either party on not less than six months' notice in writing.

The Investment Management Agreement may be terminated earlier by the Company with immediate effect if (i) an order has been made or an effective resolution passed for the liquidation of the Investment Manager; (ii) the Investment Manager ceases or threatens to cease to carry on its business; (iii) the Investment Manager commits a material breach of the Investment Management Agreement and fails to remedy such breach within 30 days of receiving notice requiring it to do so; (iv) the Investment Manager has committed a breach of its obligation to ensure that its obligations under the Investment Management Agreement are carried out by a team of appropriately qualified, trained and experienced professionals reasonably acceptable to the Board who have experience of managing a portfolio of comparable size, nature and complexity to the Portfolio (which obligation may be satisfied by delegating to a third party such as the Investment Adviser) and such breach is not remedied within 90 days of receipt of notice requiring it to do so; (v) the Investment Manager ceases to hold any required authorisation to carry out its services under the Investment Management Agreement; (vi) the Investment Manager breaches any provision of the Investment Management Agreement and such breach results in listing or trading of the Shares in the Official List and on the Main Market being suspended or terminated; (vii) a representation or

warranty given by the Investment Manager fails to be correct in any material respect where such failure (a) has a material adverse effect of the Company and (b) is not corrected within 30 days (viii) an act occurs constituting fraud or criminal activity by the Investment Manager or its affiliates in the performance of its obligations under the Investment Management Agreement or any of its senior officers being indicted for a criminal offence in the performance of his or her investment management duties; (viii) the Investment Manager breaches any provision of the Investment Management Agreement and such breach results in listing or trading of the Shares on the Official List and on the Main Market of the London Stock Exchange being suspended or terminated; or (ix) the Company is required to do so by a competent regulatory authority or the Investment Manager ceases to be a person permitted by applicable laws to act as such.

The Investment Management Agreement may be terminated by the Investment Manager with immediate effect if (a) an order has been made or an effective resolution passed for the winding-up of the Company; or (b) a resolution is proposed by the Board or passed by shareholders which would make changes to the Company's investment policy such that the Investment Manager in its reasonable opinion can no longer meet the service standard requirements.

In addition, upon the Investment Advisor's appointment under the Investment Advisory Agreement being terminated, the Investment Manager may terminate the Investment Management Agreement, subject to a 60 day "handover period", during which no Investments shall be acquired or disposed of by the Investment Manager on behalf of the Company and no other portfolio management shall be undertaken by the Investment Manager save to the extent required by applicable law or regulation.

(d) *Standard of Care*

In managing the Portfolio, the Investment Manager has agreed to act in good faith in the best interests of the Company and its investors, and in a manner consistent with practices and procedures generally followed by prudent institutional asset managers of international standing managing assets of the nature and character of the Portfolio.

(e) *Indemnities*

The Investment Manager has the benefit of an indemnity from the Company in relation to liabilities incurred by the Investment Manager in the discharge of its duties other than those arising by reason of gross negligence, wilful misconduct or fraud of or by the Investment Manager.

(f) *Delegation*

The Investment Manager has delegated its portfolio management responsibilities under the Investment Management Agreement to the Investment Adviser pursuant to the Investment Advisory Agreement. Delegation of these responsibilities does not relieve the Investment Manager of any of its duties or liabilities under the Investment Management Agreement.

(g) *Conflicts of interest*

Whenever conflicts of interest arise in relation to the activities of the Investment Manager, including with regard to the allocation of investment opportunities to different clients, the Investment Manager will endeavour to ensure that such conflicts are identified, managed, resolved and any relevant investment opportunities allocated, fairly, in accordance with the Investment Manager's conflict of interest policy.

(h) *Governing Law*

The Investment Management Agreement is governed by English law.

### 9.3 *The Investment Advisory Agreement*

The Investment Manager, the Company, the Subsidiary and the Investment Adviser have entered into an Investment Advisory Agreement, under which the Investment Manager has delegated its portfolio management duties under the Investment Management Agreement to the Investment Adviser, subject to the terms and conditions set out in the Investment Advisory Agreement.

(a) *Delegation of portfolio management to the Investment Adviser*

The Investment Adviser is also required to provide the Investment Manager with monthly reports in respect of the Portfolio and its management, including reports on (i) executed Portfolio transactions (ii) the current composition of the Portfolio and compliance with risk limits; (iii) hedging transactions and counterparties; (iv) drawings and redemptions under the note issuance facility between the Company and the Subsidiary; (v) borrowings by the Company; and (vi) investment of cash balances.

In addition, the Investment Adviser shall advise the Investment Manager in relation to valuation policies for calculating NAV and on the appropriateness of any hedging strategy proposed by advisers to the Company or the Investment Manager and shall assist where required in providing input for investor reports.

The Investment Manager shall have the right to instruct the Investment Adviser how to implement the Company's investment policy and to monitor how the Investment Adviser complies with it on an ongoing basis as described above.

(b) *Fees*

Under the Investment Advisory Agreement the Investment Adviser will be entitled to receive from the Company a base fee of (a) 0.5 per cent. per annum of the value of listed bonds owned by the Group; plus (b) 0.9 per cent. per annum of the value of the Group's other investments (other than cash holdings, in relation to which no fees are payable to the Investment Adviser), payable quarterly. One quarter of the Investment Adviser's fee will be applied in subscribing for Shares which will be held with a three-year rolling lock-up (such that those Shares may not be sold or otherwise disposed of by the Investment Adviser without the prior consent of the Company before the third anniversary of the date of issue of the relevant Shares). If the Company raises further capital or otherwise grows its Net Asset Value, the Investment Adviser will be entitled to a reduced percentage fee, as summarised in the table set out in paragraph 15.2 in Part 2 of this Prospectus.

(c) *Term and termination*

The Investment Adviser's appointment will be for an initial term equal to the initial term of the Investment Manager's appointment. Thereafter the Investment Adviser's appointment will be automatically terminated upon the termination of the Investment Manager's appointment under the Investment Management Agreement, such termination to take effect at the end of the Investment Manager's appointment under the Investment Management Agreement. The current intention of the Company and the Investment Adviser is for the Investment Adviser to obtain the necessary regulatory approvals to act as the investment manager of the Company in the future. The Company has agreed with the Investment Adviser that, on the expiry or earlier termination of the appointment of the Investment Manager under the Investment Management Agreement, the Company will appoint the Investment Adviser as replacement investment manager, provided that the Investment Adviser (i) has the required regulatory approvals to act as investment manager of the Company; and (ii) enters into an investment management agreement with the Company on equivalent terms to those set out in the Investment Management Agreement.

The Investment Advisory Agreement may only be terminated earlier by the Investment Manager with immediate effect, if (i) an order has been made or an effective resolution passed for the liquidation of the Investment Adviser (ii) the Investment Adviser ceases or threatens to

cease to carry on its business; (iii) the Investment Adviser commits a material breach of the Investment Advisory Agreement and fails to remedy such breach within 21 days of receiving written notice requiring it to do so; (iv) the Investment Adviser has committed a breach of its obligation to ensure that its obligations under the Investment Advisory Agreement are carried out by a team of appropriately qualified, trained and experienced professionals reasonably acceptable to the Investment Manager who have experience of managing a portfolio of comparable size, nature and complexity to the Portfolio and such breach is not remedied within 21 days of receipt of notice requiring it to do so; (v) the Investment Adviser breaches any provision of the Investment Advisory Agreement and such breach results in listing or trading of the Shares on the Official List and on the Main Market of the London Stock Exchange being suspended or terminated and such suspension or termination is not remedied within 21 days; (vi) the Investment Adviser ceases to hold any required authorisation to carry out its services under the Investment Advisory Agreement; (vii) the Investment Manager is required to do so by a competent regulatory authority; or (viii) the Investment Manager reasonably determines that such termination is in the best interests of investors in the Company.

The Investment Advisory Agreement may be terminated by the Investment Adviser (i) at any time by not less than 90 days prior written notice to the Investment Manager; or (ii) with immediate effect if (a) an order has been made or an effective resolution passed for the winding-up of the Investment Manager; or (b) a resolution is proposed by the Board or passed by shareholders which would make changes to the Company's Investment Policies such that the Investment Adviser in its reasonable opinion can no longer meet the service standard requirements.

(d) *Fees and expenses on termination*

If notice to terminate the Investment Advisory Agreement is served by the Investment Manager on the Investment Adviser at any time during the 18 month period from Admission, the Investment Adviser shall be entitled to be paid by the Company an amount equal to any costs and expenses incurred by the Investment Manager in connection with the issue that are borne by the Investment Adviser.

In addition, if the appointment of the Investment Adviser is terminated without cause (including where the Investment Manager's appointment is terminated by the Investment Manager as described under paragraph (viii) above under "Term and Termination" or if the Investment Manager's appointment is terminated under the Investment Management Agreement and the Investment Adviser is not retained by the Company to provide portfolio management services on equivalent terms to those set out in the Investment Advisory Agreement), the Company will be required to pay to the Investment Adviser a termination fee in an amount equal to (a) 0.5 per cent. per annum of the value of listed bonds owned by the Group; plus (b) 0.9 per cent. of the value of the Group's other investments (other than cash holdings), as such percentage fee may be reduced in accordance with the table set out in paragraph 15.2 in Part 2.

(e) *Standard of Care*

In managing the Portfolio, the Investment Adviser has agreed to act in the best interests of the Company and its investors, and in a manner consistent with practices and procedures generally followed by institutional asset managers of international standing managing assets of the nature and character of the Portfolio.

(f) *Indemnities*

The Investment Adviser has the benefit of an indemnity from the Company in relation to liabilities incurred by the Investment Adviser in the discharge of its duties other than those arising by reason of gross negligence, wilful misconduct, fraud or breach of agreement of or

by the Investment Adviser or any party to whom it has delegated any of its functions under the Investment Advisory Agreement.

(g) *Sub-delegation*

Sub-delegation may only take place with the prior written consent of the Investment Manager. Sub-delegation will not relieve the Investment Adviser of any of its duties or liabilities under the Investment Advisory Agreement.

(h) *Conflicts of Interest*

The Investment Adviser is required to implement a conflicts of interest policy to address potential conflicts of interest.

(i) *Governing Law*

The Investment Advisory Agreement is governed by English law.

#### 9.4 ***The Administration Agreement***

The Administrator has been appointed, pursuant to the Administration Agreement between the Company and the Administrator, to provide accounting, company secretarial and administration services to the Group.

Under the terms of the Administration Agreement, the Administrator will receive an annual fee which will initially be charged at 0.07 per cent. of NAV (discounted to 0.06 per cent. of NAV for the one year period from the date of the Company's inaugural board meeting). The administration fee may be varied by agreement between the parties and will be subject to a minimum annual fee of £65,000 and a fee for company secretarial services based on time-costs.

The Administration Agreement contains provisions whereby the Company indemnifies and holds harmless the Administrator from and against any and all "Claims" (as defined in the Administration Agreement) against the Administrator resulting or arising from the Company's breach of the Administration Agreement and, in addition, any third party Claims relating to or arising from or in connection with the Administration Agreement or the services contemplated therein except to the extent that any such Claims have resulted from the negligence, fraud or wilful default of the Administrator. Further, the liability of the Administrator to the Company under the Administration Agreement is limited (in the absence of fraud) to an amount equal to one times the annual fee paid to the Administrator thereunder.

The Administration Agreement is terminable, inter alia, (a) upon six months' written notice; or (b) immediately upon the occurrence of certain events including the insolvency of the Company or the Administrator, the Administrator becoming resident in the UK for tax purposes or a party committing a material breach of the Administration Agreement (where such breach has not been remedied within thirty days of written notice being given).

#### 9.5 ***The Share Registration Services Agreement***

The Registrar (a company incorporated in Guernsey with registered number 50855) has been appointed pursuant to the Share Registration Services Agreement to provide certain share registration and online services to the Company. The Share Registration Services Agreement provides for the payment by the Company of the fees and charges of the Registrar.

Under the Share Registration Services Agreement, the Registrar is entitled to receive a minimum agreed fee of £6,000 per annum in respect of basic registration, together with any additional registrar activity not included in such basic registration services.

The Share Registration Services Agreement contains provisions whereby the Company indemnifies the Registrar, its affiliates and their directors, officers, employees and agents from and against any and all losses, damages, liabilities, professional fees (including but not limited to legal fees), court costs

and expenses resulting or arising from the Company's breach of the Share Registration Services Agreement. In addition, any third-party claims, actions, proceedings, investigations or litigation relating to or arising from or in connection with the Share Registration Services Agreement or the services contemplated therein are included, except to the extent such losses as set out in this paragraph are determined to have resulted solely from the negligence, fraud or wilful default of the indemnified party seeking the indemnity.

The Share Registration Services Agreement is terminable, inter alia, (a) upon three months' written notice in the event of a disagreement over fees; (b) upon service of written notice if the other party commits a material breach of its obligations under the Share Registration Services Agreement which that party has failed to remedy within 45 days of receipt of a written notice to do so from the first party; or (c) upon service of written notice if a resolution is passed or an order made for the winding up, dissolution or administration of the other party.

#### 9.6 *The Receiving Agent Agreement*

The Receiving Agent (a company incorporated under the laws of England and Wales with registered number 03498808) has been appointed pursuant to the Receiving Agent Agreement to provide certain share registration and online services to the Company.

The Receiving Agent Agreement provides for the payment by the Company of the fees and charges of the Receiving Agent.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to fees including, (1) for the Offer for Subscription: (a) management fee of £5,500; and (b) out of pocket expenses at cost including overtime for work outside business hours at a rate of £120 per person per hour on weekdays and £160 per person per hour on weekends and bank holidays; (2) with regard to the tender offers: (a) a project fee of £4,500 for the initial tender offer and £3,250; and (b) various other fees for services concerning Shareholder administration.

The Receiving Agent Agreement contains provisions whereby the Company indemnifies the Receiving Agent, its affiliates and their directors, officers, employees and agents from and against any and all losses, damages, liabilities, professional fees (including but not limited to legal fees), court costs and expenses resulting or arising from the Company's breach of the Receiving Agent Agreement. In addition, the Company indemnifies the Receiving Agent against any third-party claims, actions, proceedings, investigations or litigation relating to or arising from or in connection with the Receiving Agent Agreement or the services contemplated therein are included, except to the extent such losses as set out in this paragraph are determined to have resulted solely from the negligence, fraud or wilful default of the indemnified party seeking the indemnity.

#### 9.7 *The Subsidiary Valuation Engagement Letter*

The Valuation Agent has been appointed by the Subsidiary pursuant to the Subsidiary Valuation Engagement Letter. The Valuation Agent is responsible for the following:

- (a) providing a monthly valuation report to the Subsidiary updating the monthly valuation of each class fund's portfolio of investments; and
- (b) valuing assets acquired as at acquisition.

The Valuation Agent will be paid a fee of approximately £55,000 where there are £150,000,000 of assets under management (£30,000 based on £75,000,000 of assets under management) for the first year of services provided.

The Subsidiary Valuation Engagement Letter is terminable by 21 days' notice in writing given by either party.



## 9.8 *Subsidiary Custodian Agreement*

Prior to Admission, the Subsidiary will appoint the Custodian (or another institution of similar standing) pursuant to a portfolio administration and agency agreement to be entered into amongst the Custodian, the Investment Adviser, the Subsidiary and Bank of New York Mellon SA/NV (or such other institution of similar standing) to perform certain portfolio administration and custodian services.

## 10. **Rights of Shareholders**

Absent a direct contractual relationship between a Shareholder and any service provide to the Company, Shareholders will have no direct rights against such service providers.

## 11. **Working Capital**

The Company is of the opinion that, on the basis that Minimum Net Proceeds are raised, the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this document:

## 12. **Capitalisation and indebtedness**

The following table shows the Company's gross indebtedness as at 30 December 2014, being the date of incorporation of the Company:

<b>Total current debt (£)</b>	<b>As at 30 December 2014</b>
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	Nil
<b>Total non-current debt (excluding current portion of long-term debt) (£)</b>	<b>As at 30 December 2014</b>
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	Nil
<b>Shareholders' equity (£)</b>	<b>As at 30 December 2014</b>
Ordinary Share capital	1
Legal reserve	Nil
Other reserves	Nil

## 13. **Property, Plant and Equipment**

The Group has no existing or planned material tangible fixed assets.

## 14. **Litigation**

There are no governmental, legal or arbitrational proceedings (including any such proceedings which are pending or threatened of which the Company is aware), during the 12 month period prior to the date of publication of this document which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability.

## 15. **Related Party Transactions**

Save for the agreements described in paragraph 6 of this Part 10, there are no related party transactions that the Group has entered into from its incorporation to the date of this document.

## 16. **Investment restrictions**

The Company is required to manage and invest its assets in accordance with its investment objective and policy which is set out in paragraph 6 of Part 2 of this Prospectus. Further investment restrictions are set out

in paragraphs 7 and 14.2 of Part 2 of this Prospectus. The Company is not subject to any other investment restrictions.

#### **17. Third party information**

17.1 Where third party information has been referenced in this document, the source of that third party information has been disclosed. The Company and Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

17.2 Both Moody's Investor Services and Standard & Poor's are registered in accordance with Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

#### **18. General**

Other than entering into the material contracts referred to in paragraph 9 above, there has been no significant change in the financial or trading position of the Group since its incorporation.

#### **19. Documents Available For Inspection**

Copies of the following documents will be available for inspection during normal business hours on any day (except Saturdays, Sundays, bank and public holidays) free of charge to the public at the offices of the Company and at the offices of Praxis Fund Services Limited from the date of this document until the first anniversary of Admission:

- (a) Memorandum and the Articles; and
- (b) the material contracts summarised in paragraph 9 of Part 10 of this Prospectus.

## DEFINITIONS

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

“£” and “p”	respectively pounds and pence Sterling
“1991 Law”	Article 1.7 of the Law of 14 July 1991 on consumer protection and trade practices, as modified
“Administration Agreement”	the administration agreement dated 28 January 2015 between the Company and the Administrator, details of which are set out in paragraph 9.4 of Part 10 of this Prospectus
“Administrator”	Praxis Fund Services Limited or such administrator as may be appointed from time to time by the Company
“Admission”	admission of the Shares to be issued pursuant to the Issue to the Premium Listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities
“AIC”	the Association of Investment Companies
“AIC Code”	the AIC’s Code of Corporate Governance, as amended from time to time
“AIF”	an alternative investment fund within the meaning of AIFMD
“AIFM”	an alternative investment fund manager within the meaning of AIFMD
“AIFM Regulations”	the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773)
“AIFMD”	the Alternative Investment Fund Managers Directive 2011/61/EU as implemented in the UK
“Annual Record Date”	the date specified in an Tender Circular as being the date on which the number of Shares then in issue will be recorded for the purposes of determining the Annual Restriction applicable to that Discretionary Tenders in the relevant annual period
“Annual Restriction”	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
“Applicant”	a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Application Form
“Application”	the offer made by an Applicant by completing an Application Form and posting, or delivering it by hand during normal business hours only, it to the Receiving Agent at The Pavilions, Bridgwater Road, Bristol, BS13 8AE, United Kingdom
“Application Form”	the application form forming part of this Prospectus for use in connection with the Offer for Subscription
“Articles of Incorporation” or “Articles”	the articles of incorporation of the Company as amended from time to time
“Auditors”	KPMG Channel Islands Limited or such auditor (who shall be suitably qualified under Guernsey Companies Law) as may be appointed from time to time by the Company

<b>“Australian Securities and Investments Commission”</b>	the independent Australian government body that acts as Australia’s corporate regulator
<b>“Bahrain”</b>	the United Kingdom of Bahrain
<b>“Basic Entitlement”</b>	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
<b>“Board” or “Board of Directors”</b>	the board of directors of the Company
<b>“Borrower”</b>	has the meaning given in paragraph 6 of Part 2 of this Prospectus
<b>“Borrowing Limit”</b>	a maximum of 20 per cent. of the Company’s Net Asset Value immediately after any draw down of debt
<b>“Business Day”</b>	any day (other than a Saturday or a Sunday) on which commercial banks are open for business in London, Luxembourg and Guernsey
<b>“Central Bank of Bahrain”</b>	the central bank of Bahrain charged with implementing monetary policy and regulating the banking sector in Bahrain
<b>“Central Bank of Ireland”</b>	the central bank of Ireland charged with implementing monetary policy and regulating the banking sector in Ireland
<b>“certificated” or “in certificated form”</b>	in certificated form, that is, not in CREST
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Company”</b>	Sequoia Economic Infrastructure Income Fund Limited
<b>“Company’s Website”</b>	the website of the Company, namely: <a href="http://www.seqifund.com">www.seqifund.com</a>
<b>“Continuation Resolution”</b>	has the meaning given in paragraph 15.4 of Part 2 of this Prospectus
<b>“Contract Notes”</b>	the contract notes to be signed by the Placees in favour of Oriel acknowledging the Placing Terms and Conditions
<b>“Corporate Governance Code”</b>	the UK Corporate Governance Code (for accounting periods commencing on or after 1 October 2014, the UK Corporate Governance Code (September 2014) applies; and for reporting periods beginning on or after 1 October 2012 and before 1 October 2014, the UK Corporate Governance Code (September 2012) applies)
<b>“Corporations Act”</b>	the Corporations Act 2001 (Australia)
<b>“CREST”</b>	the computerised settlement system operated by Euroclear UK and Ireland Limited which facilitates the transfer of title to shares in uncertificated form
<b>“Custodian”</b>	Bank of New York Mellon, London Branch, having its principal* place of business at One Canada Square, London E14 5AL, England
<b>“Default Shares”</b>	has the meaning given in paragraph 3.1(d)(i) of Part 10 of this Prospectus
<b>“Director”</b>	a director of the Company whose name is set out in the section entitled “Directors, Agents and Advisers” of this Prospectus
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the FCA under Part VI of FSMA

\* To be appointed

<b>“Disclosure Notice”</b>	has the meaning given in paragraph 3.1(d)(iv) of Part 10 of this Prospectus
<b>“Discretionary Tender”</b>	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
<b>“Discretionary Tender Size Announcement”</b>	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
<b>“DP Law”</b>	the Data Protection Act 1998 and the Data Protection (Bailiwick of Guernsey) Law 2001
<b>“DTR”</b>	the Disclosure and Transparency Rules (as amended from time to time) made by the UK Listing Authority under Part VI of the FSMA
<b>“EEA”</b>	the European Economic Area being the countries included as such in the Agreement on European Economic Area, dated 1 January 1994, among Iceland, Liechtenstein, Norway, the European Community and the EU Member States, as may be modified, supplemented or replaced
<b>“Eligible Jurisdiction”</b>	has the meaning given in paragraph 2 of Part 1 of this Prospectus
<b>“Eligible Transferee”</b>	has the meaning given in paragraph 3.1(f)(iv)(B) of Part 10 of this Prospectus
<b>“equity securities”</b>	has the meaning given to that expression in the Articles
<b>“ERISA”</b>	the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
<b>“EU”</b>	the European Union
<b>“EU Savings Directive”</b>	EU Savings Directive (2003/48/EC)
<b>“Euro” or “€”</b>	the lawful currency of the EU
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“European Central Bank”</b>	the central bank for the euro charged with administering the monetary policy of the EU
<b>“FATCA”</b>	the U.S. Foreign Account Tax Compliance Act, as amended
<b>“FCA” or “Financial Conduct Authority”</b>	the Financial Conduct Authority of the United Kingdom in its capacity as the competent authority for the purposes of FSMA
<b>“Fitch”</b>	Fitch Ratings Inc.
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom, as amended
<b>“Funding Restriction”</b>	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
<b>“General Meeting”</b>	a meeting of the Shareholders, convened in accordance with the Articles
<b>“GFSC Code”</b>	the Guernsey Financial Services Commission’s Finance Sector Code of Corporate Governance
<b>“Gross Issue Proceeds”</b>	the aggregate value of the Shares issued under the Issue at the Issue Price

<b>“Group”</b>	the Company and the Subsidiary
<b>“Guernsey Companies Law”</b>	the Companies (Guernsey) Law, 2008, as amended, extended or replaced and any ordinance, statutory instrument or regulation thereunder
<b>“Guernsey Financial Services Commission” or “GFSC”</b>	the regulatory body for the finance sector in Guernsey
<b>“HMRC”</b>	HM Revenue & Customs
<b>“IFRS”</b>	the body of pronouncements issued by the International Accounting Standards Board (IASB), including International Financial Reporting Standards and interpretations approved by the IASB, International Accounting Standards and Standing Interpretations Committee interpretations approved by the predecessor International Accounting Standards Committee
<b>“Investment Adviser”</b>	Sequoia Investment Management Company, a limited liability company incorporated in England and Wales (registered number: 05902847) with registered address 11-13 Market Place, London, W1W 8AH
<b>“Investment Advisory Agreement”</b>	the investment advisory agreement dated 28 January 2015, between the Investment Manager, the Company, the subsidiary and the Investment Adviser, details of which are set out in paragraph 9.3 of Part 10 of this Prospectus
<b>“Investment Criteria”</b>	has the meaning given in paragraph 2 of Part 1 of this Prospectus
<b>“Investment Concentration Limits”</b>	has the meaning given in paragraph 3 of Part 1 of this Prospectus
<b>“Investment Management Agreement”</b>	the management agreement dated 28 January 2015 between the Company and the Investment Manager, a summary of which is set out in paragraph 9.2 of Part 10 of this Prospectus
<b>“Investment Manager”</b>	International Fund Management Limited, a limited liability company incorporated in Guernsey (registered number 17484) with registered address Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA
<b>“Investments”</b>	investments made in accordance with the Company’s Investment Policy
<b>“Issue”</b>	the Placing and Offer for Subscription
<b>“Issue Price”</b>	100 pence per Share
<b>“Law of 16 June 2006”</b>	the law of 16 June 2006 relating to Public Offers of Investment Instruments
<b>“KPMG”</b>	KPMG Channel Islands Limited, a Jersey Company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. Registered address 37 Esplanade, St Helier, Jersey, JE4 8WO
<b>“LIBOR”</b>	the London Interbank Offered Rate, being the average rate of interest that leading banks in London charge when lending to other banks
<b>“Listing Rules”</b>	the listing rules made by the UK Listing Authority under section 73A of FSMA

<b>“London Stock Exchange”</b>	London Stock Exchange Plc, the main market of which is a regulated market for the purposes of MiFID
<b>“Main Market”</b>	the London Stock Exchange’s main market for listed securities
<b>“Major Sub-Sector”</b>	has the meaning given in paragraph 3 of the section entitled “Investment Policy” of this Prospectus
<b>“Member State”</b>	a sovereign state which is a member of the European Union
<b>“Memorandum”</b>	the memorandum of incorporation of the Company in force from time to time
<b>“MiFID”</b>	the European Parliament and Council Directive on markets in financial instruments (No. 2004/39/EC)
<b>“Minimum Net Proceeds”</b>	£73,500,000 (or such other amount as the Company and Oriel may determine and notify to investors via publication of an RIS and, provided such amount is less than £73,500,000, a supplementary prospectus)
<b>“Money Laundering Directive”</b>	the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing)
<b>“Money Laundering Regulations”</b>	all applicable anti-money laundering and/or countering terrorism financing laws and regulations, including without limitation, those under the laws of the United Kingdom and Guernsey
<b>“Moody’s”</b>	Moody’s Investors Service
<b>“NAV” or “Net Asset Value”</b>	the value of the assets of the Company less its liabilities as determined in accordance with the procedure set out in paragraph 10 of Part 2 of the Prospectus or such other procedure as may be determined by the Directors from time to time
<b>“NAV Determination Date”</b>	the monthly Valuation Date or such other date as the Directors in their absolute discretion may determine from time to time
<b>“Net Issue Proceeds”</b>	the Gross Issue Proceeds less the costs and expenses associated with the Issue
<b>“NMPIs”</b>	non-mainstream pooled investments
<b>“Non-Qualified Holder”</b>	means any person (a) whose ownership of Shares may cause the Company’s assets to be deemed “plan assets” for the purposes of ERISA or the U.S. Tax Code; (b) whose ownership of the Shares may cause the Company to be required to register as an “investment company” under the U.S. Investment Company Act (including because the holder of the Shares is not a “qualified purchaser” as defined in the U.S. Investment Company Act); (c) whose ownership of Shares may cause the Company to register under the U.S. Exchange Act or any similar legislation; (d) whose ownership of Shares may cause the Company not being considered a “Foreign Private Issuer” as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; (e) whose ownership may result in a person holding Shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time
<b>“non-U.S. Person”</b>	means any person other than a U.S. Person

<b>“Offer for Subscription”</b>	the offer for subscription to the public in the UK of the Shares at the Issue Price on the terms set out in this Prospectus
<b>“Official List”</b>	the official list of the UK Listing Authority
<b>“Ordinance”</b>	Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989
<b>“Ordinary Resolution”</b>	a resolution passed in accordance with Guernsey Companies Law
<b>“Oriel”</b>	Oriel Securities Limited
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“PFI”</b>	private finance initiative
<b>“Placee”</b>	a Relevant Person (including individuals, funds or otherwise) by whom or on whose behalf a commitment to subscribe for Shares has been given
<b>“Placing”</b>	the placing of Shares at the Issue Price, as described in Part 7 of this Prospectus
<b>“Placing and Offer Agreement”</b>	the placing and offer agreement dated 28 January 2015 between the Company, the Directors, the Investment Adviser and Oriel, a summary of which is set out in paragraph 9.1 of Part 10 of this Prospectus
<b>“Placing Terms and Conditions”</b>	the terms and/or conditions incorporated into this Prospectus setting out the terms on which the Placee will subscribe for Shares
<b>“POI Law”</b>	the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
<b>“Portfolio”</b>	at any time, the portfolio of Investments in which the assets of the Group are directly and/or indirectly invested
<b>“Premium Listing”</b>	a listing on the Official List which complies with the requirements of the Listing Rules for a premium listing
<b>“Pro Rata Scaling Back”</b>	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
<b>“project agreement”</b>	the agreement or group of agreements entered into by a Borrower which regulates its rights and obligations with regard to the relevant infrastructure project
<b>“Prospectus”</b>	this document, which constitutes a Prospectus relating to the Company in accordance with the Prospectus Rules
<b>“Prospectus Directive”</b>	Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State
<b>“Prospectus Rules”</b>	the rules made for the purposes of Part VI of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
<b>“Quarter Record Date”</b>	the date specified in an Tender Circular as being the date on which the number of Shares then in issue will be recorded for the purposes of determining the Quarterly Restriction applicable to that Discretionary Tender
<b>“Quarterly Restriction”</b>	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
<b>“Realisation Condition”</b>	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
<b>“Receiving Agent”</b>	Computershare Investor Services PLC



<b>“Receiving Agent Agreement”</b>	the receiving agent agreement dated 28 January 2015 between the Company and the Receiving Agent of the Company, details of which are set out in paragraph 9.6 of Part 10 of this Prospectus
<b>“Registrar”</b>	Computershare Investor Services (Guernsey) Limited or such other person or persons from time to time appointed by the Company
<b>“Regulated Information Service”</b>	a regulated information service approved by the FCA and on the list of Regulatory Information Services maintained by the FCA
<b>“Regulation S”</b>	Regulation S promulgated under the U.S. Securities Act
<b>“Relevant Implementation Date”</b>	the date on which the Prospectus Directive was implemented in a Relevant Member State
<b>“Relevant Member State”</b>	each member state of the EEA that has implemented the Prospectus Directive
<b>“Relevant Person”</b>	has the meaning given in paragraph 1 of Part 7 of this Prospectus
<b>“Relevant Shares”</b>	has the meaning given in paragraph 3.1(f)(iv)(B) of Part 10 of this Prospectus
<b>“Renewables Obligation”</b>	a requirement for electricity suppliers to supply minimum levels of renewable-source electricity or make buy-out payments into a central fund
<b>“Renewables Obligation Certificate” or “ROC”</b>	a certificate evidencing compliance with a Renewables Obligation
<b>“Restricted Shareholders”</b>	Shareholders who are resident in, or citizens of, a Restricted Territory
<b>“Restricted Territory”</b>	the United States, Canada, Ireland, South Africa or Japan, New Zealand and any other jurisdiction where the extension or availability of the Issue would breach applicable law
<b>“Restrictions”</b>	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
<b>“RIS”</b>	a regulatory information service, being any of the regulatory information services set out in Appendix 2 of the Listing Rules
<b>“Scheme Rules”</b>	the Registered Collective Investment Scheme Rules 2008 issued by the GFSC
<b>“S &amp; P”</b>	Standard & Poor’s Financial Services LLC
<b>“Share Registration Services Agreement”</b>	the company share registration services agreement dated 28 January 2015 between the Company and the Registrar, details of which are set out in paragraph 9.5 of Part 10 of this Prospectus
<b>“Shareholder/s”</b>	the holder/s of Shares
<b>“Shares”</b>	ordinary shares of no par value in the capital of the Company having the rights set out in the Articles and as summarised in this Prospectus
<b>“Similar Law”</b>	means any federal, state, local or non-U.S. law that regulates the investments of a non-U.S. plan in a manner similar to ERISA and the U.S. Tax Code
<b>“Special Resolution”</b>	a resolution passed by a majority of not less than 75 per cent. of the Shareholders in accordance with the Guernsey Companies Law

<b>“SPV”</b>	Special Purpose Vehicle
<b>“Sterling”</b>	the lawful currency of the United Kingdom
<b>“Submission Deadline”</b>	the date by which Tender Forms and/or TTE Instructions need to be delivered to the Receiving Agent (together with supporting documentation, as applicable). The relevant Submission Deadline for each quarter will be communicated to Shareholders and market makers via the Tender Circular sent to Shareholders in advance of each annual general meeting and such information will also be available on the Company’s Website at the beginning of the relevant quarter
<b>“Subsidiary”</b>	Sequoia IDF Asset Holdings S.A., a société anonyme incorporated under the laws of the Grand Duchy of Luxembourg and subject to, as an unregulated securitisation entity, the Securitisation Act 2004, having its registered office at 46A Avenue J.F. Kennedy, L-1855, Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies
<b>“Subsidiary Valuation Engagement Letter”</b>	the valuation engagement letter dated 28 January 2015 between the Subsidiary and the Valuation Agent, details of which are set out in paragraph 9.7 of Part 10 of this Prospectus
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers, as amended from time to time
<b>“Takeover Panel”</b>	the UK Panel on Takeovers and Mergers, a regulatory body charged with the administration of the Takeover Code
<b>“TCGA”</b>	the Taxation of Chargeable Gains Act 1992
<b>“Tender Circular”</b>	has the meaning given in paragraph 15.1 of Part 2 of this Prospectus
<b>“Tender Form”</b>	has the meaning given in paragraph 15.3 of Part 2 of this Prospectus
<b>“Tender Price”</b>	has the meaning given in paragraph 15.1 of Part 2 of this Prospectus
<b>“Tender Purchase”</b>	has the meaning given in paragraph 15.1 of Part 2 of this Prospectus
<b>“Tender Request”</b>	has the meaning given in paragraph 15.2 of Part 2 of this Prospectus
<b>“Tender Size Announcement”</b>	has the meaning given in paragraph 15.3 of Part 2 of this Prospectus
<b>“TIOPA”</b>	the Taxation (International and Other Provisions) Act 2010
<b>“TMF”</b>	TMF Luxembourg S.A., is a public limited liability company (société anonyme), incorporated and governed in compliance with the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B-15.302, having its registered office at 46A, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
<b>“Transfer Notice”</b>	has the meaning given in paragraph 3.1(f)(iv)(B) of Part 10 of this Prospectus
<b>“Treasury Department”</b>	has the meaning given in paragraph 2.1 of Part 9 of this Prospectus
<b>“Treasury Shares”</b>	has the meaning given in paragraph 15.1 of Part 2 of this Prospectus
<b>“TTE Instruction”</b>	has the meaning given in paragraph 15.3 of Part 2 of this Prospectus
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code published in June 2010 by the Financial Reporting Council

<b>“UK-Guernsey IGA”</b>	has the meaning given in paragraph 2.7 of Part 9 of this Prospectus
<b>“UK Listing Authority”</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“U.S.” or “United States”</b>	the United States of America, its states, territories and possessions, including the District of Columbia
<b>“U.S. Dollar” or “US\$”</b>	the lawful currency of the United States
<b>“U.S. Exchange Act”</b>	the U.S. Securities Exchange Act of 1934, as amended
<b>“U.S.-Guernsey IGA”</b>	has the meaning given in paragraph 2.6 of Part 9 of this Prospectus
<b>“U.S. Investment Advisers Act”</b>	the U.S. Investment Advisers Act of 1940, as amended
<b>“U.S. Investment Company Act”</b>	the U.S. Investment Company Act of 1940, as amended
<b>“U.S. Person”</b>	has the meaning given in Regulation S
<b>“U.S. Plan”</b>	any plan subject to Title 1 of ERISA or section 4975 of the U.S. Tax Code
<b>“U.S. Plan Asset Regulations”</b>	the regulations promulgated by the U.S. Department of Labour at 29 CFR 2510.3-101, as modified by section 3(42) of ERISA
<b>“U.S. Plan Investor”</b>	means (i) an “employee benefit plan” that is subject to Part 4 of Title I of ERISA; (ii) a “plan” to which Section 4975 of the U.S. Tax Code applies; or (iii) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in the preceding clauses (i) or (ii) in such entity
<b>“U.S. Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“U.S. Tax Code”</b>	the U.S. Internal Revenue Code of 1986, as amended
<b>“Valuation Agent”</b>	Mazars LLP or such valuation agent as may be appointed from time to time by the Company
<b>“Valuation Date”</b>	the last Business Day in each calendar month (or such other day as the Directors may determine)
<b>“VAT”</b>	value added tax or any similar or replacement tax
<b>“Vendor”</b>	has the meaning given in paragraph 3.1(f)(iv)(B) of Part 10 of this Prospectus

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# APPLICATION FORM

## SEQUOIA ECONOMIC INFRASTRUCTURE INCOME FUND LIMITED

(the "Company")

Please send the completed form by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, so as to be received by no later than 1.00 p.m. on 24 February 2015.

**Important – Before completing this form, you should read the accompanying notes set out pages 155 to 156 of this document. All applicants must complete boxes 1 to 4 and box 8 and enclose payment. Box 6 should only be completed if you wish to hold your Shares in uncertificated form. Box 7 should only be completed by joint applicants. If your application is for more than €15,000 (or its Sterling equivalent, being approximately £12,500), section 8.1, 8.2 or 8.3 (as appropriate) must also be completed.**

If you have a query concerning completion of this Application Form please call Computershare Investor Services PLC on 0870 707 4040 from within the UK or on +44 870 707 4040 if calling from outside the UK. *Calls from landline providers typically cost up to 12p per minute. From mobile networks calls cost between 5p and 40p per minute. Calls from outside the UK are chargeable at applicable international rates. Calls may be recorded and randomly monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday (excluding UK public holidays). The helpline cannot provide advice on the merits of the offer nor give any financial, legal or tax advice.*

### 1. Application

I/We, the person(s) detailed in section(s) 3 and, in the case of joint applicants, 7 below offer to subscribe for the number of fully paid Shares specified in the box below at 100 pence per Share subject to the Terms and Conditions of Application under the Offer for Subscription set out in the Prospectus dated 27 January 2015 and subject to the Memorandum and Articles of Incorporation of the Company.

*(Write in figures, the number of Shares that you wish to apply for. The aggregate subscription must not be less than 1,000. Applications in excess of the minimum subscription amount should be in multiples of 1000)*

### 2. Amount payable

I/We attach a cheque or banker's draft for the amount payable of:

£

*(The amount in Box 1 multiplied by the Initial Placing and Offer Price, being 100 pence per Share)*

### 3. Personal details (PLEASE USE BLOCK CAPITALS)

Mr, Mrs, Miss or Title	Forenames (in full)
Surname	
Address (in full)	
Postcode	Daytime telephone no.



**4. Signature**

I/We hereby confirm that I/We have read the Prospectus and make this application on and subject to the Terms and Conditions of Application under the Offer for Subscription set out in Part 8 of the Prospectus.

Signature	Dated 2015
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**5. Form of Payment**

**5.1 Cheque or Banker's Draft**

If you are paying by cheque or banker's draft, please check the box beside this paragraph 5.1 and pin your cheque or banker's draft here. Your cheque or banker's draft must be for the amount in pounds Sterling equal to the number shown in the box in section 2 above, made payable to "Computershare Investor Services PLC re Sequoia Economic Infrastructure Income Fund Limited Offer for Subscription A/C" and crossed "A/C Payee". Your payment must relate solely to this Application Form. No receipt will be issued. The right is reserved to reject any Application Form in respect of which the applicant's cheque or banker's draft has not been cleared on first presentation.

**6. Shares in uncertificated form (CREST)**

Complete this section only if you require your Shares to be credited to a CREST account in the same name as the applicant.

CREST Participant ID: (no more than five characters)						CREST Member Account ID: (no more than eight characters)							
CREST Participant's Name:													

**7. Joint applicants (PLEASE USE BLOCK CAPITALS)**

*(Box 7 must only be completed by joint applicants (see note 7). Where the application is being made jointly by more than one person, the proposed first-named holder should complete sections 2 and 3 above, and all other applicants (subject to a maximum of three) must complete and sign this section 7)*

Mr, Mrs, Miss or Title	Forenames (in full)	Surname	Address	Signature

8. **Verification of Identity** (If the value of the Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500), you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed).

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

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

*Declaration by the professional adviser or intermediary:*

To: Sequoia Economic Infrastructure Income Fund Limited, Computershare Investor Services (Guernsey) Limited, Oriel Securities Limited

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

- 8.1.1 complete anti-money laundering verification of all relevant clients and to inform you of any unsatisfactory conclusion in respect of any such client;
- 8.1.2 keep records to verify the name, identity, place of birth, residential address, occupation and signature of each relevant client; and
- 8.1.3 supply copies of any such records to you as you may require.

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

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

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

(Date)	2015	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		



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

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

*Declaration by the firm*

To: Sequoia Economic Infrastructure Income Fund Limited, Computershare Investor Services (Guernsey) Limited

With reference to the applicant(s) detailed in section(s) 3 and, in the case of joint applicants, 7 above, all persons signing sections 4 and 7 above and the payor identified in section 5.3 above if not also an applicant holder (collectively the “**relevant persons**”), we hereby declare that:

- 8.2.1 we operate in one of the above-mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in Guernsey;
- 8.2.2 we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- 8.2.3 each of the relevant persons is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- 8.2.4 we confirm the accuracy of the names and residential/business address(es) of the applicant(s) named in sections 3 and, in the case of joint applicants, 7 above and, if details of a CREST account are included in section 6 above, that the owner thereof is the applicant named in section 3 above;
- 8.2.5 having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Shares to which this application relates; and
- 8.2.6 where the payor and applicant(s) are different persons we are satisfied as to the relationship between them and the reason for the payor being different to the applicant(s).

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

(Date)	2015	(Official stamp, if any)
(Signature)		
(Full name)		
(Title/position)		



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

(Name of firm, in full)	
(Address, in full)	
	(Post code)
(Contact name)	(Telephone number)
(Full name of firm's regulatory authority)	
(Website address or telephone number of regulatory authority)	(Firm's registered, licence or other official number)

8.3 **Applicant identity information** (Only complete this section 8.3 if your application has a value greater than €15,000 (or its Sterling equivalent, being approximately £12,500) and neither of sections 8.1 and 8.2 can be completed).

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



	Tick here for documents provided				
	Applicant				Payor
	1	2	3	4	
<b>A. For each applicant who is an individual enclose:</b>					
(i)	a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: (a) current passport; (b) Government or Armed Forces identity card; or (c) driving licence; and				
(ii)	certified copies of at least two of the following documents which purport to confirm that the address(es) given in section 3 and, in the case of joint applicants, section 7 is the applicant's residential address: (a) a recent gas, electricity, water or telephone (not mobile) bill; (b) a recent bank statement; (c) a council tax bill; or (d) similar bill issued by a recognised authority; and				
(iii)	if none of the above documents show their date and place of birth, enclose a note of such information; and				
(iv)	details of the name and address of their personal bankers from which the Receiving Agent or the Company may request a reference, if necessary.				
<b>B. For each holder being a company (a "holder company") enclose:</b>					
(i)	a certified copy of the certificate of incorporation of the holder company; and				
(ii)	the name and address of the holder company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and				
(iii)	a statement as to the nature of the holder company's business, signed by a director; and				
(iv)	a list of the names and residential addresses of each director of the holder company; and				
(v)	for each director provide documents and information similar to that mentioned in A above; and				
(vi)	a copy of the authorised signatory list for the holder company; and				
(vii)	a list of the names and residential/registered addresses of each ultimate beneficial owner interested in more than 5% of the issued share capital of the holder company and, where a person is named, also enclose the documents and information referred to in C below and, if another company is named (a "beneficiary company"), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.				
<b>C. For each individual named in B(vii) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(i) to (iv)</b>					
<b>D. For each beneficiary company named in B(vii) as a beneficial owner of a holder company enclose:</b>					
(i)	a certificated copy of the certificate of incorporation of that beneficiary company; and				
(ii)	a statement as to the nature of that beneficiary company's business signed by a director; and				
(iii)	the name and address of the beneficiary company's principal bankers from which the Receiving Agent or the Company may request a reference, if necessary; and				
(iv)	enclose a list of the names and residential/registered address of each beneficial owner owning more than 5% of the issued share capital of that beneficiary company.				
<b>E. If the payor is not an applicant and is not a bank providing its own cheque or banker's payment on the reverse of which is shown details of the account being debited with such payment enclose:</b>					
(i)	if the payor is a person, for that person the documents mentioned in A(i) to (iv); or				
(ii)	if the payor is a company, for that person the documents mentioned in B(i) to (vii); and				
(iii)	an explanation of the relationship between the payor and the applicant(s).				

## NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by 1.00 p.m. on 24 February 2015.

All Applicants should read Notes 1-5. Note 6 should be read by applicants who wish to hold their Shares in uncertificated form. Note 7 should be read by joint applicants.

### 1. Application

Fill in (in figures) the aggregate number for which your application for Shares is made. Your application must be for a minimum of 1,000 Shares or, if for more than 1,000, in multiples of 1000.

### 2. Amount payable

Fill in (in figures) the total amount payable for the Shares for which your application is made which is the amount in Box 1 multiplied by the Initial Placing and Offer Price, being 100 pence per Share.

### 3. Personal details

Fill in (in block capitals) your full name, address and daytime telephone number. If this application is being made jointly with other persons, please read Note 7 before completing Box 3.

If you are making this application on behalf of another person or a corporation, that person's or corporation's details should be filled in (in block capitals) in Box 3.

### 4. Signature

The applicant named in Box 3 must date and sign Box 4.

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

### 5. Cheque/banker's draft details

Attach a cheque or banker's draft for the exact amount shown in Box 2 to your completed Application Form. Your cheque or banker's draft must be made payable to "Computershare Investor Services PLC re: Sequoia Economic Infrastructure Income Fund Limited a/c" and crossed "a/c payee".

Your payment must relate solely to this application. No receipt will be issued. Your cheque or banker's draft must be drawn in Sterling on an account where you have sole or joint title to the funds held at a bank branch in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number.

Applications with a value of €15,000 (or its Sterling equivalent, being approximately £12,500) or greater, which are to be settled by way of a third party payment (e.g. banker's draft or building society cheque) will be subject to the verification of identity requirements which are contained in the Money Laundering Regulations 2007, the Money Laundering Directive (Council Directive No. 91/308/EEC), the Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations 2007 and the Handbook of Financial Services Business (together referred to as the "**Money Laundering Regulations**") (in each case as amended) and any other regulations applicable thereto. This may involve verification of names and addresses (only) through a reputable agency.

If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the Offer for Subscription is extended) by 1.00 p.m. on 24 February 2015, your application may not be accepted.

Certificates, cheques and all other correspondence will be sent to the address in Box 3.

## **6. Shares in uncertificated form (CREST)**

If you wish your Shares to be issued in uncertificated form you should complete Box 6 in addition to the other parts of the Application Form.

## **7. Joint applicants**

If you make a joint application, you will not be able to transfer your Shares into an ISA. If you are interested in transferring your Shares into an ISA, the application should be made by you (or on your behalf) in your name only. If you do wish to apply jointly, you may do so with up to three other persons. Boxes 3 and 4 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 7.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified as true by a solicitor or a bank) must be enclosed for inspection.

Certificates, cheques and all other correspondence will be sent to the address in Box 3.

## **8. Verification of identity**

Section 8 of the Application Form only applies if the aggregate value of the Shares which you are applying for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £12,500). If section 8 applies to your application, you must ensure that section 8.1, 8.2 or 8.3 (as appropriate) is completed.

### **8.1 Professional adviser or intermediary**

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

### **8.2 Reliable introducer**

If you are not a professional adviser or intermediary and the value of your application(s) exceed(s) €15,000 (or its Sterling equivalent, being approximately £12,500), you will be required to provide the verification of identity documents listed in section 8.3 of the Application Form unless you can have the declaration set out in section 8.2 of the Application Form given and signed by a firm acceptable to the Receiving Agent and the Company. Section 8.2 of the Application Form details those firms acceptable to the Receiving Agent and the Company for signing the declaration. In order to ensure their Application Forms are processed timely and efficiently, all applicants who are not professional advisers or intermediaries and to whose applications section 8 of the Application Form applies are strongly advised to have the declaration set out in section 8.2 of the Application Form completed and signed by a suitable firm where possible.

### **8.3 Applicant identity information**

Section 8.3 of the Application Form need only be completed where the aggregate value of the Shares which you are applying for exceeds €15,000 (or its Sterling equivalent, being approximately £12,500) and neither sections 8.1 nor 8.2 of the Application Form can be completed.

Notwithstanding that the declaration set out in section 8.2 of the Application Form has been completed and signed, the Receiving Agent, Oriel Securities and the Company reserve the right to request of you the identity documents listed in section 8.3 of the Application Form and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence.

If satisfactory evidence of identity has not been obtained within a reasonable time, your application might be rejected or revoked.

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

**9. Instructions for delivery of completed Application Forms**

**Completed Application Forms should be returned by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to be received by no later than 1.00 p.m. on 24 February 2015, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow sufficient time for it to be delivered. Application Forms received after this date may be returned.**





