

**THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, solicitor, accountant or other independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000 ("FSMA") who specialises in advising on the acquisition of shares and other securities.**

A copy of this document, which comprises a Prospectus with regard to ICG-Longbow Senior Secured UK Property Debt Investments Limited (the "Company"), prepared in accordance with the Prospectus Rules made pursuant to section 73A of FSMA, has been approved by and filed with the Financial Services Authority and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

The Company and the Directors, whose names appear on page 29 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Investment Manager, Longbow Real Estate Capital LLP (which trades as ICG-Longbow), accepts responsibility for the information contained in this document attributed to it. To the best of the knowledge of the Investment Manager (which has taken all reasonable care to ensure that such is the case), the information contained in this document attributed to it is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Shares are only suitable for institutional investors, professional investors, high net worth investors and advised individual investors (i) who understand the potential risk of capital loss and that there may be limited liquidity in the Shares as well as in the underlying investments of the Company; (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme.

Applications have been made to the Financial Services Authority for the Shares to be issued in connection with the Placing to be admitted to the premium listing segment of the Official List of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc for admission of the Shares to trading on the London Stock Exchange's Main Market for listed securities ("Admission"). It is expected that Admission will become effective and that unconditional dealings in the Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 5 February 2013.

**Prospective investors should read this entire document and in particular the attention of potential investors is drawn to the Risk Factors set out on pages 12 to 23 of this document.**

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# ICG-Longbow Senior Secured UK Property Debt Investments Limited

*(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, as a non-cellular company limited by shares with registered number 55917 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)*

**Placing of 104,619,250 million ordinary shares at a Placing Price of £1.00**

**Admission to the Official List and to trading on the  
Main Market of the London Stock Exchange**

Sponsor

**Investec**

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Investec Bank plc ("Investec"), which is regulated by the Financial Services Authority, is acting exclusively for the Company and no-one else in connection with Admission and Investec will not regard any other person as its customer or be responsible to any other person for providing the protection afforded to its customers, nor for providing advice in relation to the contents of this document or any transaction, arrangement or other matter detailed in this document. Investec is not responsible for the contents of this document. This does not exclude or limit any responsibility which Investec may have under FSMA or the regulatory regime established thereunder.

The Company is a registered closed-ended collective investment scheme incorporated as a non-cellular company limited by shares in Guernsey. The Company is 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 (the "RCIS Rules") issued by the Guernsey Financial Services Commission (the "GFSC"). The GFSC, in granting registration, has not reviewed this Prospectus but has relied upon specific warranties provided by Heritage International Fund Managers Limited, the Company's "designated manager" for the purposes of the POI Law and the RCIS Rules. Neither the GFSC nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

This document 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 or the Investment Manager. The offer and sale of Shares have not been and will not be registered under the applicable securities laws of the United States, Australia, Canada, the Republic of South Africa or Japan. Subject to certain exceptions, the Shares may not be offered or sold within the United States, Australia, Canada, the Republic of South Africa or Japan or to any national, resident or citizen of the United States, Australia, Canada or Japan.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, and no regulatory authority has passed comment upon or endorsed the merits of the Placing or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act.

The attention of Overseas Persons and other recipients of this document who are residents or citizens of any country outside the United Kingdom is drawn to the section entitled "Overseas Persons" on page 25 of this document and to the section entitled "Important Notices" on pages 24 to 28 of this document. Potential investors should inform themselves as to (a) the possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements, which they might encounter under the laws of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription for, holding or disposal of Shares.

Dated: 31 January 2013

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## SUMMARY INFORMATION

### SUMMARY

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

#### Section A – Introduction and Warnings

A.1	<b>Introduction</b>	This summary should be read as an introduction to the Prospectus; any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor; where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and 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 if 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.
A.2	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable. There is no subsequent resale or final placement of securities by any financial intermediary.

#### Section B – Issuer

B-33, B1	<b>Legal and commercial name</b>	ICG-Longbow Senior Secured UK Property Debt Investments Limited. The Company has no other commercial name other than its registered name.
B-33, B2	<b>Domicile/Legal Form/ Legislation/ Country of Incorporation</b>	The Company is a registered closed-ended collective investment scheme incorporated as a non-cellular company limited by shares in Guernsey on 29 November 2012 under The Companies (Guernsey) Law, 2008, as amended. The Company is 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 (the "RCIS Rules") issued by the Guernsey Financial Services Commission ("GFSC"). The liability of the members of the Company is limited. The registered office of the Company is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY. The Company's principal place of business is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY.

B-33, B.5	<b>Description of Group</b>	The Company intends to establish one or more wholly-owned Luxembourg subsidiaries, including LuxCo, for efficient portfolio management but has no subsidiaries as at the date of this document.																								
B-33, B.6	<b>Interests in shares/voting rights/ controllers</b>	<p>As at the date of this document, insofar as is known to the Company, except as disclosed in the table below, no person is or will be, immediately following the Placing, directly or indirectly interested in 5% or more of the Company's capital or voting rights. All holders of Shares will have the same voting rights.</p> <table border="1"> <thead> <tr> <th><i>Name</i></th> <th><i>Number of Shares</i></th> <th><i>Percentage of issued Share capital immediately following Admission</i></th> </tr> </thead> <tbody> <tr> <td>SG Hambros Bank Limited</td> <td>10,087,000</td> <td>9.64</td> </tr> <tr> <td>Henderson Global Investors Limited</td> <td>10,000,000</td> <td>9.56</td> </tr> <tr> <td>ICG</td> <td>10,000,000</td> <td>9.56</td> </tr> <tr> <td>Schroder &amp; Co Bank AG</td> <td>8,325,000</td> <td>7.96</td> </tr> <tr> <td>Investec Wealth &amp; Investment Limited</td> <td>8,023,050</td> <td>7.67</td> </tr> <tr> <td>Premier Fund Managers Limited</td> <td>7,550,000</td> <td>7.22</td> </tr> <tr> <td>Arbuthnot Latham &amp; Co Limited</td> <td>7,535,600</td> <td>7.20</td> </tr> </tbody> </table> <p>As at 30 January 2013, being the last practicable date prior to the publication of this document and save as set out above, the Company is not aware of any person who will or could, directly or indirectly, jointly or severally, exercise, or immediately following the Placing could exercise, control over the Company and is not aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.</p>	<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of issued Share capital immediately following Admission</i>	SG Hambros Bank Limited	10,087,000	9.64	Henderson Global Investors Limited	10,000,000	9.56	ICG	10,000,000	9.56	Schroder & Co Bank AG	8,325,000	7.96	Investec Wealth & Investment Limited	8,023,050	7.67	Premier Fund Managers Limited	7,550,000	7.22	Arbuthnot Latham & Co Limited	7,535,600	7.20
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Arbuthnot Latham & Co Limited	7,535,600	7.20																								
B-33, B.7	<b>Selected historical key financial information</b>	Not applicable. The Company was incorporated on 29 November 2012, has not yet commenced operations and accordingly has no historical financial statements.																								
B-33, B.8	<b>Selected key pro forma financial information</b>	Not applicable. No pro forma financial information is included in the Prospectus.																								
B-33, B.9	<b>Profit forecast/ estimate</b>	Not applicable. No profit forecast is included in the Prospectus.																								
B-33, B.10	<b>Qualifications on audit report</b>	Not applicable. The Company has no historical financial statements and accordingly no audit reports have been issued.																								
B.11	<b>Qualifications on working capital</b>	Not applicable. The Company is of the opinion, taking into account the Net Proceeds, being £102,526,865 million, that the working capital available to the Group is sufficient for its present requirements (that is, for at least the next 12 months from the date of this Prospectus).																								
B.34	<b>Investment objective and policy</b>	The investment objective of the Company is to construct a portfolio of good quality, defensive, senior debt investments secured by first ranking fixed charges predominantly against UK commercial property investments, providing target dividends of circa 6% pa, paid quarterly, with an underlying target portfolio IRR of 8% pa (the "Portfolio"). The Portfolio will be constructed to seek:																								

		<ul style="list-style-type: none"> <li>● low risk of capital or income loss;</li> <li>● high degree of control over the underlying investments;</li> <li>● highly predictable quarterly income distributions; and</li> <li>● attractive pricing through capitalising on the pricing power available in the market.</li> </ul> <p>The Company aims to be fully invested within six to nine months from the date of Admission.</p> <p>The Company's investment policy is to invest in a loan portfolio comprised of senior loans to property investors secured on UK commercial property with some potential exposure to UK investment residential property. The individual loans that will comprise the Portfolio are expected to be between £10 million and £40 million with four to six year terms. The Portfolio will target a 6.5% to 7.5% per annum loan coupon (paid quarterly) with arrangement and exit fees, each of approximately 2% paid by the borrower. All costs directly associated with entering into the loan transaction will be paid for by the borrower.</p> <p>The Company will only invest in loans that:</p> <ul style="list-style-type: none"> <li>● are originated by ICG-Longbow;</li> <li>● benefit from a first ranking fixed charge over the relevant properties, including in respect of any receivable income;</li> <li>● are bilateral, non-syndicated and senior and which have no subordinated debt;</li> <li>● have a maximum LTV of 65%; and</li> <li>● benefit from loan covenants structured to ensure that a material decrease in the income or value from the underlying property will trigger an event of default, providing control to the lender and the opportunity to: (i) decrease the risk through the introduction of new borrower equity; and/or (ii) capture additional pricing.</li> </ul> <p>The following investment restrictions apply to the Portfolio, in each case measured at the time an investment is made:</p> <ul style="list-style-type: none"> <li>● the maximum percentage of the Company's gross assets allocated to a single loan shall be 10%, provided that the limit may be increased to 20% for loans benefitting from diversified and/or Investment Grade Tenants (as determined by MIS and/or S&amp;P, being credit rating agencies registered in accordance with Regulation (EC) No 1060/2009);</li> <li>● the maximum percentage of the Company's gross assets allocated to a single borrower (together with its parents, subsidiaries and/or affiliates) shall be 20%;</li> <li>● following the Investment Period, the maximum exposure of the gross rents receivable on all investments to a single underlying tenant shall be 10%, except: <ul style="list-style-type: none"> <li>– in the case of an Investment Grade Tenant (as determined by MIS and/or S&amp;P, being credit rating agencies registered in accordance with Regulation (EC) No 1060/2009), the maximum exposure shall be 20%; and</li> <li>– in the case of the UK Government (including any of its ministries, departments and/or executive agencies), the maximum exposure shall be 50%;</li> </ul> </li> <li>● the maximum exposure to a Property Sector shall be 50% of the Company's gross assets, on the basis that:</li> </ul>
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		<ul style="list-style-type: none"> <li>– where 60% or more of the value of a loan's collateral real estate assets falls in a Single Property Sector, 100% of the value of the relevant loan will be attributed to that Single Property Sector; and</li> <li>– where less than 60% of the value of a loan's collateral real estate assets falls in any Single Property Sector, then the value of the relevant loan will be attributed to the Mixed Portfolio Property Sector; and</li> <li>● the maximum exposure to residential property shall be 15% of the Company's gross assets and any such exposure shall be restricted to multi-family investment properties.</li> </ul>
B.35	<b>Borrowing/ leverage limits</b>	The Company will not employ gearing or invest in derivatives for investment purposes. However, the Company may enter into hedging transactions for the purposes of efficient portfolio management.
B.36	<b>Regulatory status</b>	The Company is regulated in Guernsey by the GFSC as a registered closed-ended collective investment scheme pursuant to the POI Law and the RCIS Rules issued by the GFSC.
B.37	<b>Typical investor</b>	<p>Institutional investors, professional investors, high net worth investors and advised individual investors:</p> <ul style="list-style-type: none"> <li>(i) who understand the potential risk of capital loss and that there may be limited liquidity in the Shares as well as the underlying investments of the Company;</li> <li>(ii) for whom an investment in the Shares is part of a diversified investment programme; and</li> <li>(iii) who fully understand and are willing to assume the risks involved in such an investment programme.</li> </ul>
B.38	<b>Concentration of gross assets (20%)</b>	Not applicable. More than 20% of the gross assets may not be invested in a single investment or exposed to any one counter-party.
B.39	<b>Concentration of gross assets (40%)</b>	Not applicable. More than 40% of the gross assets may not be invested in any single undertaking.
B.40	<b>Service providers</b>	<p><b>Investment Manager</b></p> <p>The Company and the Investment Manager have entered into the Investment Management Agreement, dated 31 January 2013, pursuant to which the Investment Manager has been given overall responsibility for the discretionary management of the Company's (and any of the Company's subsidiaries) assets (including uninvested cash) in accordance with the Company's investment policies, restrictions and guidelines.</p> <p>Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee at a rate equivalent to 1% per annum of the Net Asset Value paid quarterly in arrears based on the average Net Asset Value as at the last business day of each month in each relevant quarter. The Investment Manager is also entitled to certain expenses incurred in carrying out its duties under the Investment Management Agreement (including travel and accommodation necessarily incurred in connection with attendance at meetings of the Board or of committees of the Board or of the Company or any subsidiary of the Company), as well as legal, accounting, consultancy and other professional fees and expenses.</p>

		<p><b>Administrator</b></p> <p>Under the terms of the Administration Agreement, the Administrator is entitled to a fixed fee of £90,000 per annum for services such as administration, corporate secretarial services, corporate governance, regulatory compliance and stock exchange continuing obligations provided both to the Company and some limited administration services to LuxCo in conjunction with the Luxembourg Administrator. The Administrator will also be entitled to an accounting fee charged on a time spent basis with a minimum of £40,000 per annum which is capped at £80,000 for the first two years in relation to accounting services provided to the Company.</p> <p><b>Registrar</b></p> <p>Under the terms of the Registrar Agreement, the Registrar will be entitled to an annual fee from the Company equal to £2 per Shareholder per annum or part thereof, subject to a minimum of £7,500 per annum. Other registrar activities will be charged for in accordance with the Registrar's normal tariff as published from time to time.</p> <p><b>Directors</b></p> <p>The Directors will be remunerated for their services at an annual fee of £25,000, with Patrick Firth receiving an additional annual fee of £5,000 for acting as chairman of the audit and risk management committee. The Chairman will receive an annual fee of £37,500. Further information in relation to the remuneration of the Directors is set out in paragraph 6 of Part VII (Additional Information) of this document.</p> <p><b>Auditor</b></p> <p>The Auditor will be entitled to an annual fee from the Company, which fee will be agreed each year in advance of the Auditor commencing audit work.</p>
B.41	<b>Investment manager/ investment adviser/ custodian/ trustee or fiduciary</b>	Longbow Real Estate Capital LLP, which trades as ICG-Longbow
B.42	<b>Net asset value</b>	<p>The Company intends to publish its estimate of the NAV per Share following Admission on a quarterly basis, as calculated by the process described below. Such NAV per Share will be published by a RIS announcement and be available on the website of the Company.</p> <p>The value of investments will be based on amortised cost, less impairment, on the relevant NAV calculation date.</p> <p>Impairment provisions in respect of performing investments will be assessed by reference to the LTV based on the most recent property valuation carried out pursuant to the lender's rights in the underlying loan documentation, or to the extent that such a valuation is not available, greater than a year old or where market conditions have changed substantially, a new valuation by a third party valuer will be commissioned by the Company.</p> <p>The value of any cash in hand or on deposit, bills, demand notes, overnight financing transactions, receivables and payables will be deemed to be the full amount thereof; provided, however, that if such cash, bills, demand notes, overnight financing transactions, receivables and payables are unlikely, in the opinion of the Board, to be paid or</p>

		<p>received in full, then the value will be equal to the full amount thereof adjusted as is considered appropriate to reflect the true value thereof.</p> <p>All assets and liabilities will be valued in Sterling.</p> <p>The Directors may at any time, but will not be obliged to, temporarily suspend the calculation of the NAV of the Shares during:</p> <p>(a) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Directors, the disposal or valuation of a substantial part of the investments is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders or if, in the opinion of the Directors, the NAV cannot be fairly calculated; or</p> <p>(b) any breakdown in the means of communication normally employed in determining the value of the investments.</p> <p>In the event that the calculation of the NAV of the Shares is suspended as described above, an announcement will be made by a RIS.</p>
B.43	<b>Cross-liability</b>	Not applicable. The Company is not an umbrella collective investment undertaking.
B-44, B.7	<b>No financial statements</b>	As at 30 January 2013, being the last practicable date prior to the date of this document, the Company has not commenced operations and no financial statements have been made.
B.45	<b>Portfolio</b>	Not applicable. As at 30 January 2013, being the last practicable date prior to the date of this document, the Company has not commenced operations and accordingly does not have any assets.
B.46	<b>Net asset value per security</b>	The expected opening NAV per Share is £0.98.

### Section C – Securities

C.1	<b>Description of securities</b>	Redeemable ordinary shares of no par value in the capital of the Company (the “Shares”). When admitted to trading on the London Stock Exchange, the Shares will be registered with ISIN GG00B8C23S81 and SEDOL number B8C23S8.
C.2	<b>Currency of the securities issue</b>	The Placing Price is in Sterling, the lawful currency of the United Kingdom.
C.3	<b>Number of shares/whether fully paid/par value</b>	As at the date of this document, there is one Share in issue, which is credited as fully paid. Pursuant to the Placing, 104,619,250 Placing Shares will be issued, each of which will be credited as fully paid. The Shares do not have a par (or nominal) value.
C.4	<b>Rights attached to the securities</b>	Each Shareholder shall have one vote for each Share held by it. Shareholders are entitled to participate in the assets of the Company attributable to their Shares.
C.5	<b>Restrictions on free transferability</b>	Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.  The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form or (to the



		<p>extent permitted by the CREST Guernsey Requirements) uncertificated form, subject to the Articles, which is not fully paid or on which the Company has a lien provided that, in the case of a listed Share, this would not prevent dealings in the Shares of that class from taking place on an open and proper basis on the relevant stock exchange.</p> <p>The Board may refuse to register a transfer of Shares if in the case of certificated Shares: (a) it is in respect of more than one class of share; (b) it is in favour of more than four joint transferees; (c) it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require; or (d) the transfer is in favour of any Non-Qualified Holder.</p> <p>The Board of Directors may decline to register a transfer of an uncertificated Share which is traded through CREST in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Shares are to be transferred exceeds four.</p>
C.6	<b>Admission to trading on regulated market</b>	<p>Application will be made for the Placing Shares to be admitted to the premium listing segment of the Official List of the FSA and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective, and that unconditional dealings will commence in the Shares on the London Stock Exchange, at 8.00 a.m. (London time) on 5 February 2013.</p>
C.7	<b>Dividend policy</b>	<p>In any financial year, the Company will have the discretion to pay dividends to Shareholders subject to the solvency test prescribed by Guernsey law. It is expected that a distribution will be made by way of a dividend with respect to each calendar quarter.</p> <p>The Articles also permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to Shareholders when a cash dividend is declared from time to time. In the event a scrip dividend is offered in the future, an electing Shareholder would be issued new, fully paid up Shares (or Shares reissued from treasury) pursuant to the scrip dividend alternative, calculated by reference to the higher of: (i) the volume-weighted average mid-market quotation of the shares of the relevant class as shown on the Daily Official List of the London Stock Exchange for the day on which such Shares are first quoted "ex" the relevant dividend and the four subsequent dealing days; or (ii) the NAV per share of the relevant class, at the relevant time. The scrip dividend alternative would be available only to those Shareholders to whom Shares might lawfully be marketed by the Company.</p> <p>The Directors' intention is not to offer a scrip dividend at any time when the Shares are trading at a material discount to the NAV per Share.</p>

#### Section D – Risks

D.1	<b>Key risks specific to the issuer or its industry</b>	<p>The Company will only invest in senior loans secured predominantly on UK commercial real estate. There is a risk that such loans may become non-performing. Non receipt of interest from such loans will reduce the Company's ability to pay a dividend until such time as the arrears of interest can be collected.</p> <p>Borrowers under the loans in which the Company invests may not fulfil their payment obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loans. Any such failure may impact the Company's ability to pay a dividend and may cause the</p>
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		<p>Company to seek to recover the outstanding principal amount of the relevant loan, which could prolong the period for which the Company's ability to pay a dividend is reduced and adversely impact the value of the Portfolio and, consequently, the Shares.</p> <p>In the event of a default under a loan, the outstanding amount of the Company's investment in a loan may exceed the value of recovery possible under the collateral or security arrangements that support the loan. Any capital loss in such circumstances may reduce the Net Asset Value and, consequently, the value of the Shares.</p> <p>The Company's assets will be secured primarily on UK commercial real estate. The Company's investments are indirectly exposed to the performance of the underlying real estate market, which could impact the refinaneability or realisable value of the security in the case of a defaulting loan.</p> <p>The Company's performance is dependent on the Investment Manager and, in particular, on the Senior Investment Team. The Investment Manager will select all of the Company's investments and be responsible for selecting investments which are structured to deliver the target levels of income via payments of dividends and maintenance of its Net Asset Value through the realisation of investments.</p> <p>There may be adverse changes in the tax position of the Company which could reduce its income and therefore its ability to pay dividends.</p> <p>There may be adverse changes in the regulatory position of the Company which could increase costs and/or limit the Company's ability to pursue its investment strategy.</p>
D.3	<b>Key risks specific to the securities</b>	<p>The value of the Shares may decrease as well as increase.</p> <p>The Shares may trade at a discount to Net Asset Value.</p> <p>The Company's Net Asset Value may not reflect the fair market value of the Portfolio.</p> <p>There are no guarantees that the Company will pay dividends or the level of any such dividends.</p> <p>There is no guarantee that an active trading market in the Shares will develop.</p> <p>Shareholders have no right to have their Shares redeemed by the Company.</p>

### Section E – Placing

E.1	<b>Total net proceeds/ estimate of the total expenses of the Placing/ estimated expenses charged to the investor</b>	<p>The Net Proceeds will be £102,526,865 million. The costs and expenses of the Placing will be borne by the Company in full and will equal 2% of the gross proceeds of the Placing. No expenses will be directly charged to investors.</p>
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E.2a	<b>Reasons for the Placing, use of proceeds, estimated net amount of the proceeds</b>	The Company will use the proceeds of the Placing (net of the formation and initial expenses of the Group and the Company's working capital requirements) to make investments and hold assets in a manner consistent with the Company's investment policy. The net proceeds of the Placing will be £102,526,865 million.
E.3	<b>Terms and conditions of the Placing</b>	<p>Pursuant to the Placing, the Company will place 104,619,250 Placing Shares. All Placing Shares will be placed at the Placing Price of £1.00 per Placing Share.</p> <p>The Placing commenced on 30 January 2013. The latest time for the receipt of applications for Shares in the Placing was 12.00 p.m. (London time) on 30 January 2013.</p> <p>The Placing is conditional upon, <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>(a) Admission occurring;</li> <li>(b) the Placing Agreement not having been terminated in accordance with its terms before Admission; and</li> <li>(c) the Minimum Net Proceeds being raised.</li> </ul> <p>If any of these conditions are not met, the Placing will not proceed. In the event that the Placing does proceed, the Company will not issue any further Shares during the period of 180 days from Admission except with the consent of Investec.</p>
E.4	<b>Material/conflicting interests</b>	Not applicable. There are no interests material to the Placing.
E.5	<b>Name of the person or entity offering to sell the security</b>	Not applicable. Other than in respect of the Existing Share, which will be transferred to a Placee, there are no selling shareholders.
E.6	<b>Lock-up agreements: the parties involved; and indication of the period of the lock up</b>	Not applicable. There are no lock-up agreements.
E.6	<b>Dilution</b>	Not applicable. The Placing is an initial offering.
E.7	<b>Estimated expenses charged to the investor</b>	Not applicable. The costs and expenses of the Placing, which will not exceed 2% of the Gross Proceeds, will be borne by the Company in full.

## RISK FACTORS

**Potential investors should carefully consider all the information in this document, including the risks described below, before deciding to invest in the Company. The Directors have identified these risks as the material risks relating to the Company and to an investment in the Shares of which they are aware as at the date of this document. Additional risks and uncertainties not presently known to the Directors, or that the Directors consider immaterial, may also adversely affect the Company's business, results of operations or financial condition. If any or a combination of the following risks or any other risks materialise, the Company's business, financial condition, operational performance and the Share price could be materially adversely affected. In that case, the trading price of the Shares could decline and investors could lose some or all of their investment in the Company.** <sup>1.4</sup>

Any investment objectives of the Company are targets only and should not be treated as assurances or guarantees of performance. It should be remembered that the price of securities and the income from them can go down as well as up.

### Risks relating to the Company

*The Company is newly incorporated and has no operating history*

The Company was incorporated on 29 November 2012. The Company has no operating history and no historical financial statements or other meaningful operating or financial data upon which prospective investors may base an evaluation of the likely performance of the Company. An investment in the Company is therefore subject to all the risks and uncertainties associated with a new business, including the risk that the Company will not achieve its investment objective and that the value of an investment in the Company could decline substantially as a consequence. The past performance of other investments managed or advised by the Investment Manager cannot be relied upon as an indicator of the future performance of the Company.

*No assurance that target returns will be achieved*

The Company's target yield to investors to be paid as a quarterly dividend as set out in this document is a target only (and, for the avoidance of doubt, is not a profit forecast). There can be no assurance that the Company will meet this targeted return, or any other level of return. The existence of the target returns should not be considered as an assurance or guarantee that can or will be met by the Company, and actual returns may vary from the target returns and these variations may be material. Failure to achieve target returns could, among other things, have a material adverse effect on the price of the Shares.

Potential investors should decide for themselves whether or not the target returns are reasonable or achievable in deciding whether to invest in the Company.

*Investor returns will be dependent upon the performance of the Portfolio*

Investors contemplating an investment in the Shares should recognise that their market value can fluctuate and may not always reflect their underlying Net Asset Value. Returns achieved are reliant upon the performance of the Portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their investment in the Shares.

Investor returns will be dependent upon the Company successfully pursuing its investment policy. The success of the Company will depend on the Investment Manager's ability to identify, acquire and realise investments in accordance with the Company's investment policy. This, in turn, will depend on the ability of the Investment Manager to apply its investment processes in a way which is capable of identifying suitable investments for the Company to invest in. There can be no assurance that the Investment Manager will be able to do so or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

The ability to invest the assets of the Company in appropriate investments may be constrained by lack of capacity in targeted investments, or in the market generally. The growth in interest in, and demand for, investment in senior loans secured predominantly against UK commercial real estate may result in greater

competition in the market and may reduce the opportunities available to the Investment Manager to invest the Company's assets. A reduction of the opportunities available to the Investment Manager to invest the Company's assets may impair the ability of the Company to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

*The Company's estimated Net Asset Value may not reflect the fair market value of the Portfolio*

Investments will be included in the Net Asset Value at amortised cost less impairment under IFRS using the effective interest method. Although the Investment Manager will monitor the investments on an on-going basis and will review relevant information received (including periodic collateral and performance data) to determine if any impairment should be reported in the Net Asset Value, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of all such information and data. As such it may take some time for the Investment Manager to receive sufficient information to propose to the Board that it assign an impairment to the asset. Further, the amortised cost value of the investments may not be representative of their fair value. The fair value of loans can be influenced by credit events and market investment events which are not reflected in the amortised cost less impairment basis used in the Company's financial statements.

An estimate of the fair value of the loans will be disclosed in the Company's annual report and accounts in accordance with IFRS. However, as valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, these may fluctuate over short periods of time and may be based on estimates. Determinations of fair value may differ materially from the values that would have resulted if a ready market in those investments had existed. Even if market quotations are available for certain of the Company's investments, such quotations may not reflect the value that would actually be realised because of various factors, including the illiquidity of the investments held in the Portfolio, future price volatility or the potential for a future loss in value based on poor industry or economic conditions or overall company and management performance.

Consequently, the value at which investments in the Portfolio can be liquidated may differ, sometimes significantly, from any interim valuations arrived at by the Company. The fair value will not constitute a guarantee of value and may not necessarily reflect the prices at which such assets could be, or could have been, purchased or sold at any given time, which may be subject to significant volatility and uncertainty and depend on various factors beyond the control of the Company and the Investment Manager. There can therefore be no guarantee that the Company's investments could ultimately be realised at the Company's valuation of such investments.

*The Company may experience fluctuations in its operating results*

The Company may experience fluctuations in its operating results from period to period due to a number of factors, including changes in the values of investments made by the Company, changes in the amount of distributions, dividends or interest paid in respect of investments in the Portfolio, changes in the Company's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Company encounters competition and general economic and market conditions. Such variability may lead to volatility in the market price of the Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

*The Company has no employees and is reliant on the performance of third party service providers*

The Company has no employees and all the Directors have been appointed on a non-executive basis. The Company is therefore reliant upon the performance of third party service providers for its executive function. In particular, the Company does not have any operations infrastructure of its own and so will rely entirely on the Administrator for all necessary infrastructure, such as physical facilities, IT systems and office support. The Investment Manager and the Registrar will also be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy.

## **Risks relating to the nature and characteristics of the Company's investments**

### *Risks of real estate loan non-performance*

Real estate loans made by the Company may, after funding, become non-performing for a wide variety of reasons, including non-payment of principal or interest, as well as covenant violations by the borrower in respect of the underlying loan documents. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, substantial irrecoverable costs, a substantial reduction in the interest rate, a substantial write-down of the principal of such loan and/or a substantial change in the terms, conditions and covenants with respect to such defaulted loan. However, even if a restructuring were successfully accomplished, there is risk that, upon maturity of such real estate loan, replacement "take-out" financing will not be available.

It is possible that the Company may find it necessary or desirable to foreclose on collateral securing one or more real estate loans made by the Company. The foreclosure process can be lengthy and expensive, which could have a material negative effect on the Company's anticipated return on the foreclosed loan. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This could substantially reduce the Company's anticipated return on the foreclosed loan.

Borrowers often resist foreclosure actions through various means, even when the grounds for their resistance may have no basis in fact, in an effort to prolong the foreclosure action. In some cases, foreclosure actions can take up to several years to conclude. At any time during the foreclosure proceedings, the borrower may file for protection under bankruptcy or other similar law, which would have the effect of staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may disrupt ongoing leasing and management of the property. In addition, it is likely that any such economic downturn could adversely affect the ability of the participants of such loans to repay principal and interest thereon and increase the incidence of default for such loans.

The level of defaults in the Portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions. The liquidity in defaulted loans may also be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon, which would adversely affect the value of the Portfolio and, consequently, the Shares.

### *In the event of a default under a loan, the value of the Company's investment in a loan may exceed the value of recovery possible under the collateral or security arrangements that support the loan*

If a default were to occur in relation to a loan in which the Company has invested, and the Company exercises its rights to enforce the collateral or security arrangements that support the loan, the value of recoveries under those arrangements may be smaller than the value of the Company's investment in the loan, (whether due to an adjustment in the valuation – see "Property valuation is inherently subjective", below – or due to external factors such as changes in the market for the assets to which the security or collateral relates, general economic conditions or otherwise – see "The Company's investments are exposed to the performance of the underlying real estate market", below). This may have a material adverse effect on the value of the Company's Portfolio and, consequently, the Shares.

### *Borrowers under the loans in which the Company invests may not fulfil their payment obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loans*

There are a variety of factors which could adversely affect the ability of counterparties to fulfil their payment obligations or which may cause other events of default. These include changes in financial and other market conditions, trading performance, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances. The Company anticipates that the recent economic crisis may result in a rise in the number of borrower defaults in the loan market over the coming years.

A borrower under a loan in which the Company has invested may not fulfil its payment or other obligations under the loan in full, or at all, and/or may cause, or fail to rectify, other events of default under the loan. The Company may, in these circumstances, suffer from reduced income and therefore have a reduced

ability to pay out dividends as well as be required to exercise any contractual rights of enforcement that it has against the borrower in order to attempt to recover its investment. As such, there is no guarantee that the Company will be able to recover all or any of its investment made in a borrower who has defaulted under its loan. This may have a material adverse effect on the Net Asset Value and, consequently, the value of the Shares.

*The Company's investments are exposed to the performance of the underlying real estate market*

The Company's investments will be secured primarily on UK commercial real estate and so are indirectly exposed to the performance of the underlying real estate market. Rental receipts from the subject properties will form the primary source of interest payment by the borrower, impact the value of the property and ultimately determine the ability of the borrower to repay the loan at maturity either through "take-out" refinance or disposal.

General and local economic conditions and the nature and financial condition of tenants occupying the underlying real estate will impact the ability of those tenants to continue to pay rent due under their leases and so will affect the borrower's ability to meet interest demands under the terms of the Company's loan. The location and condition of the property and changes in supply of or demand for competing properties in the area (as a result, for instance, of overbuilding) will also help determine the demand for the property and so the rental levels it can command.

Further, indirect, factors and risks will also influence the demand for a property, and therefore its value, such as energy and supply shortages, various uninsured and uninsurable risks, natural disasters, government regulations (such as rent control), changes in real property taxes, changes in interest rates and availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks and war and other factors which are beyond the control of the Investment Manager.

Adverse changes in any of these factors may have a negative impact on the value of collateral that supports loans and/or the ability of borrowers to fulfil their payment obligations (see "In the event of a default under a loan, the value of the Company's investment in a loan may exceed the value of recovery possible under the collateral or security arrangements that support the loan" and "Borrowers under the loans in which the Company invests may not fulfil their payment obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loans", above).

*Property valuation is inherently subjective*

Valuations of property and property-related assets are inherently subjective due to the individual nature of each property. As a result, valuations are subject to uncertainty and, in determining market value, valuers are required to make certain assumptions and such assumptions may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited real estate transactional data against which property valuations can be benchmarked. There can also be no assurance that these valuations will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and annual rental income will prove to be attainable. If the market value of real estate assets underlying the Company's investments is found to be materially lower than that stated at the time of the Company's investment, this may adversely impact the Company's ability to recover the value of its investments in the event of a borrower default. This may materially and negatively impact the value of the Portfolio and, consequently, the Shares.

*Collateral property is a relatively illiquid asset*

Investments in property are relatively illiquid and investors may be reluctant to purchase or sell property in the current market. Investor appetite for commercial and investment residential real estate may be dampened by the ongoing dislocation of the global financial markets and the limited availability of financing (see "Market conditions" below) and any resulting decrease in the value of the property assets underlying the Company's investments. The resulting lack of liquidity in real estate may, in the event of a borrower default and a foreclosure, inhibit the Company's ability to dispose of collateral property in a timely manner and any such disposal may be at a considerably lower price than prevailing indicative market prices.

### *Market conditions*

The Company's investment strategy relies in part upon local credit market conditions. No assurance can be given that current market conditions will continue to be conducive to senior debt investments, since this will depend, in part, upon events and factors outside the control of the Investment Manager.

More generally, the performance of the Company may be affected by general economic conditions to the extent that these impact the performance of investments held by the Company. Such conditions might include changes to interest rates, credit spreads, equity risk premium, corporate failure rates, changes in laws or regulations and national and international political circumstances. These risks are particularly acute given the extreme volatility of the capital and credit markets of the last four years, and the Investment Manager may be unable to predict whether, or to what extent or for how long, such conditions may reoccur and affect the operation of the Company.

### *Absence of prepayment protection or early repayment by a borrower may affect the value of the Portfolio*

Senior loans generally have maturities ranging from four to six years and, wherever possible, the Investment Manager will seek to negotiate prepayment income protection or structure exit fees to deter early prepayment. Given that loans may be repaid early, the actual maturity of senior loans may be shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally voluntary prepayments are permitted and the timing of prepayments cannot be predicted with any accuracy. The degree to which borrowers prepay senior loans, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the borrower's financial condition and competitive conditions among lenders. If the Company has not contractually agreed prepayment protection with a borrower, such prepayment may result in a loss of income until such time as the capital is reinvested and therefore lower returns on the Portfolio and the Shares. Furthermore, if the Company has contractually agreed prepayment protection with a borrower, the Company may not be able to replace a prepaid loan before the end of the prepayment protection period and such prepayment may therefore result in a subsequent loss of income and therefore lower returns on the Portfolio and the Shares.

Prepayments may be prompted by increasing availability of senior debt from the capital markets and increased price competition amongst lenders, or as a result of an increase in the value of the secured properties making the subject properties a more financeable proposition to those lenders who are active at the relevant time. This may lead to the Company replacing prepaid loans with lower-yielding investments, leading to lower returns on the Portfolio and the Shares.

### *It may take time to invest the Company's capital fully*

The Company cannot predict accurately how long it will take to deploy capital in such investments or at all. Timing will depend, among other things, on the availability of suitable investment opportunities, negotiations with counter-parties and investment structuring considerations. In addition, the opportunity to make a sufficient number of investments so as to implement the Company's business strategy is based upon, among other assumptions, the number and size of future investment opportunities being consistent with the Investment Manager's recent historical experience. Until such time as the Company's assets are fully invested and drawn down, the assets of the Company will be held in cash or cash equivalents that will have materially lower returns than the target dividend yield of the Company.

### *The collateral and security arrangements under a loan in which the Company has invested may not have been properly created or perfected, or may be subject to other legal or regulatory restrictions*

Whilst the Company will invest in senior secured loans, the collateral and security arrangements in relation to such loans will be subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by a borrower under a loan, such as, for example, thin capitalisation, over-indebtedness, financial assistance and corporate benefit requirements. If the loans in which the Company invests do not benefit from the expected collateral or security arrangements this may affect the value of the investments made by the Company.



*The due diligence process that the Investment Manager plans to undertake in evaluating specific investment opportunities for the Company may not reveal all facts that may be relevant in connection with such investment opportunities and any corporate mismanagement, fraud or accounting irregularities may materially affect the integrity of the Investment Manager's due diligence on investment opportunities*

When conducting due diligence and making an assessment regarding an investment, the Investment Manager will be required to rely on resources available to it, including internal sources of information as well as information provided by existing and potential borrowers, any equity sponsor(s), lenders and other independent sources. The due diligence process may at times be required to rely on limited or incomplete information particularly with respect to newly established companies for which only limited information may be available.

In addition, the Investment Manager will select investments for the Company in part on the basis of information and data relating to potential investments filed with various government regulators and information and data that is publicly available or made directly available to the Investment Manager by such issuers or third parties. Although the Investment Manager will seek to evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, the Investment Manager will not be in a position to confirm the completeness, genuineness or accuracy of all such information and data. The Investment Manager is dependent upon the integrity of the management of the entities filing such information and of such third parties as well as the financial reporting process in general. In the event of corporate mismanagement, fraud and accounting irregularities on the part of borrowers and third parties, information and data which the Investment Manager relies upon for the purposes of its investment analysis may be materially inaccurate which may result in material losses which will ultimately be borne by investors.

In addition, investment analyses and decisions by the Investment Manager may be undertaken on an expedited basis in order to make it possible for the Company to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete. Furthermore, the Investment Manager may not have sufficient time to evaluate fully such information even if it is available.

Accordingly, due to a number of factors, the Company cannot guarantee that the due diligence investigation it carries out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by the Company to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on the Company's business, financial condition, results of operations or the value of the Shares.

*The value of the investments made by the Company in loans may be affected by fraud or misrepresentation or omission*

The value of the investments made by the Company in loans may be affected by fraud, misrepresentation or omission on the part of the borrower to which the loan relates, by parties related to the borrower or by other parties to the loan (or related collateral and security arrangements). Such fraud, misrepresentation or omission may adversely affect the value of the collateral underlying the loan in question or may adversely affect the Company's ability to enforce its contractual rights under the loan or for the borrower of the loan to repay the loan or interest on it or its other debts.

## **Risks associated with the Investment Manager**

*The Company's performance is dependent on the Investment Manager*

All decisions with respect to the investment of the Company's resources and the management of the Portfolio will be undertaken by the Investment Manager. The growth of the Portfolio is substantially dependent upon the effective performance by the Investment Manager, and the Company's ability to achieve its investment objectives and strategy depends on the skills and expertise of the Investment Manager in selecting appropriate investments and implementing the various aspects of the Company's investment strategy.

Any failure by the Investment Manager to manage the Company's future growth or to implement the Company's investment strategy effectively could have a material adverse effect on the performance of, and returns to, the Company.

*The Company's performance is dependent on the Investment Manager's investment professionals and the Company cannot assure Shareholders that it will have continued access to them*

The Company will depend on the diligence, skill and business contacts of the Investment Manager and its investment professionals, and the information and deal flow they generate during the normal course of their activities and the Company's future success will depend on the continued service of these individuals, who are not obliged to remain employed with the Investment Manager. The departure of any of the Investment Manager's investment professionals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on the Company's ability to achieve its investment objective.

Additionally, as management services for the Company are provided by the Investment Manager, the Company is therefore exposed to the risk that the Investment Manager could cease to provide the management services to the Company, whether because of insolvency of the Investment Manager or otherwise, and this could adversely affect the returns to the Company and the Company's performance.

*Investment Manager conflicts of interest*

The interests of the Investment Manager may conflict in various ways with the interests of the Shareholders. The Investment Manager manages multiple other funds and, while such other funds have differentiated investment objectives and strategies from those of the Company, there may be individual investment opportunities which fit the investment criteria of both the Company and those other funds.

Further, and with the consent of the Board as set out under the terms of the Investment Management Agreement, the Investment Manager may sell assets from the Company's portfolio to other funds for which the Investment Manager has management responsibilities. Under the terms of the Investment Management Agreement, the Investment Manager shall ensure that such transactions are effected on terms that are not materially less favourable to the Company than if the conflict or potential conflict had not existed. The Directors are required by the RCIS Rules to take all reasonable steps to ensure that there is no breach of the conflicts of interest requirements of those rules.

*Historical returns may not be indicative of future performance*

There can be no assurances that future performance will generate similar returns to managed accounts or funds previously managed or advised by the principals of the Investment Manager. Past performance may not be an accurate predictor of future performance or returns, nor is there any guarantee that future market conditions will allow for similar performance.

## **Risks relating to an investment in the Shares**

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

The Shares may trade at a discount to NAV per Share for a variety of reasons, including market and liquidity concerns, the actual or expected performance of the Company, and concerns that regulatory and legislative attitudes to such funds may alter in such a way as to adversely affect the Company. There can be no guarantee that any measures put in place by the Company to mitigate any such discount will be successful or that the use of discount control mechanisms will be possible or advisable.

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

The Company has been established as a listed closed-ended vehicle. Accordingly, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Shares in the manner described in this Prospectus, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors so to act. Shareholders wishing to realise their investment in the Company prior to the final liquidation of the Company will therefore be required to dispose of their Shares in the market.

Accordingly, Shareholders' ability to realise their investment at Net Asset Value or at all is dependent on the existence of a liquid market in the Shares.

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

### *Adverse changes in the tax position of the Company*

The structure which the Company proposes to adopt to hold its investments (including through LuxCo) is based on the Directors' understanding of the current tax law and the practice of the tax authorities of the UK, Luxembourg and Guernsey (where the Company is incorporated). Such law (including applicable rates of taxation) and/or tax authority practice is subject to change, possibly with retrospective effect. Any change in the Group's tax position or status or in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates could adversely affect the value of investments held by the Company or affect the Company's ability to achieve its investment objective and/or deliver returns to Shareholders. Any such change could adversely affect the net amount of any distributions payable to Shareholders or the tax treatment of distributions received by Shareholders. Furthermore, the Company may incur costs in taking steps to mitigate this effect. As a result, any such change may have a material adverse effect on the Company's performance, financial condition or prospects.

Whilst this document focuses on tax risks in the UK, as a more general matter, if the Company were to be considered to be resident for taxation purposes in any jurisdiction other than Guernsey or otherwise subject to taxation in another jurisdiction, its total income or capital gains or those attributable to or effectively connected with such other jurisdiction may be subject to tax in that other jurisdiction and this could have a material adverse effect on the Company's results of operations, financial condition or business prospects.

### *Non UK tax residence or non-trading status of the Company and/or the LuxCo could be challenged or transactions could be taxed under certain UK anti-avoidance rules*

It is intended that the Company will be exempt from tax in Guernsey. The Company intends to conduct its operations in a manner that ensures that it is not treated as being tax resident or as having a taxable presence outside Guernsey.

In order to maintain their non-UK tax residence status, the Company and LuxCo are required to be centrally managed and controlled outside the UK. It is intended that the affairs of the Company and LuxCo will be conducted so that the central management and control of each of the Company and LuxCo are not exercised in the UK and, consequently, so that neither the Company nor LuxCo are UK tax resident. However, it cannot be guaranteed that HMRC will not challenge this position. The composition of the boards of directors of the Company and of LuxCo, the manner in which the boards of directors of the Company and of LuxCo conduct their business and the locations in which the boards of directors of the Company and of LuxCo make decisions will be important in determining and maintaining the non-UK tax residence of the Company and of LuxCo. While the Company is incorporated and administered in Guernsey and a majority of its directors are resident outside the UK, the manner in which the business of the Company is conducted could result in HMRC questioning its non-UK tax residence status. Likewise, while it is intended that LuxCo will be incorporated and administered in Luxembourg and that a majority of its directors will be resident outside the UK, the manner in which the business of LuxCo is conducted could result in HMRC questioning its non-UK tax residence status.

There is a risk that management errors could potentially lead to the Company and/or LuxCo being considered UK tax resident. If so, this would result in the Company and/or LuxCo paying more UK tax than is anticipated, which would negatively affect their financial and operating results and accordingly reduce returns (including dividends) payable to Shareholders.

In addition, even where a company maintains its non-UK tax residence status, it will potentially be subject to UK corporation tax if it is carrying on a trade through a permanent establishment in the UK or to UK income tax if it is carrying on a trade wholly or partly in the UK other than through a permanent establishment in the UK, in which case the relevant company will be subject to UK income or corporation tax on the income profits and capital gains attributable to its UK trade. It is intended that the Company will not undertake any trading activities. It cannot be guaranteed that HMRC will not seek to contend that the Company has acquired one or more of its assets as trading stock and, consequently, is carrying on a trade

wholly or partly in the UK or in the UK through a permanent establishment in the UK. If any such contention were correct, this is likely to result in the Company paying more UK tax than is anticipated, which would negatively affect its financial results and returns to Shareholders.

#### *Withholding Tax*

It is anticipated that interest payments on loans that are secured on UK real estate and provided to UK resident borrowers, will have a UK source for UK tax purposes. Typically, payments of UK source interest to non-resident lenders must be made subject to deduction of basic rate income tax. Although it is intended that transactions will be structured so that any such interest payments can be made free of any deductions or withholdings, it cannot be guaranteed that HMRC will not challenge any such structuring or that the Company will have obtained appropriate clearances from HMRC within any applicable timeframe, with the result that the level of interest returns from borrowers could, in certain circumstances, be reduced.

#### *Changes in tax legislation could result in the imposition of additional and material tax liabilities on Shareholders*

References in this document (in particular in Part VI (Taxation)) to tax law and tax authority practice and the rates of tax reflect the position as at the date of this document (or as at the date specified in the relevant paragraphs of Part VI (Taxation), as appropriate). Such law (including applicable rates of taxation) and tax authority practice are subject to change possibly with retrospective effect. Any change in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, or tax rates in Guernsey, Luxembourg or the United Kingdom or any jurisdiction in which borrowers are held to be resident, or in the Company's or LuxCo's tax treatment (for example, due to the disposal of equity accepted in settlement for debt) may affect the value of the investments held by the Company or LuxCo or the Company's or LuxCo's ability successfully to pursue and achieve its investment objective, and/or adversely affect the after tax returns to Shareholders from their investment in the Company. This is particularly important as some of the aspects of this guidance deal with tax law which is currently in the process of being amended or is being consulted on by the UK government. There can be no guarantee that the rates or bases of taxation described in Part VI (Taxation) of this document will necessarily be those which apply to Shareholders so far as their return from the Company is concerned over the life of their holding Shares.

The UK government has made changes to the rules relating to the offshore funds regime, which came into force on 1 December 2009. Were the Company to be classified as an "offshore fund", UK holders of Shares may be taxed on the gains realised on the disposal of their Shares as income (resulting in the payment of income tax or corporation tax on income) rather than as a capital gain (resulting in the payment of capital gains tax or corporation tax on chargeable gains). This may have a material adverse impact on the after tax returns received by Shareholders.

Whilst the Company has been advised that it should not be classified as an "offshore fund" within the meaning of the offshore funds legislation, the law remains subject to regulatory change at HMRC's discretion (subject to UK parliamentary approval). In addition, there is a risk that if HMRC's interpretation of the new legislation on which they have published guidance should change, then the advice obtained by the Company may be subject to revision.

If it became likely that the Company would be classified as an "offshore fund", options that the Company could consider include seeking to become a "reporting fund" for UK tax purposes. In this event, there would be a risk that UK tax resident investors may be subject to UK taxation on the Company's income profits whether or not those profits were distributed. This may also have a material and adverse impact on the after tax returns received by Shareholders.

#### *Greater regulation of the fund management industry and financial services industry may impose additional restrictions on the Company and the Investment Manager*

There are currently a number of initiatives in the EU, the United States and elsewhere which may result in greater regulation of, or may otherwise affect, the fund management industry and the financial services industry, including in respect of "shadow banking". There can be no assurance that future regulatory action will not result in additional market dislocation. It is difficult to predict the nature, timing and scope of future changes in laws and regulations applicable to the Company, the Investment Manager, the markets in which they trade and invest or the counterparties with which they do business. Any such changes in laws and

regulations may have a material adverse effect on the ability of the Company successfully to carry out its business, to pursue its investment policy and to realise its profit potential, and may include a requirement of increased transparency as to the identity of investors in the Company. Any such event may materially adversely affect the investment returns of the Company.

*The AIFM Directive may result in additional burdens being placed on the Investment Manager and the Company*

EEA States are required to implement the AIFM Directive into local Member State law by 22 July 2013. The AIFM Directive will impose new requirements in relation to funds managed or established in the EU and in certain circumstances to other funds which are marketed in the EU. The AIFM Directive seeks to regulate EU-based alternative investment fund managers (in this paragraph, "EU AIFM") and prohibits such managers from managing any alternative investment fund (in this paragraph, "AIF") or marketing shares in such funds to EU investors unless authorisation is granted to the EU AIFM. In order to obtain such authorisation, and to be able to manage the AIF, an EU AIFM will need to comply with various obligations prescribed under the AIFM Directive, which may create significant additional compliance costs that may be passed on to investors in the AIF.

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

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

*Individual Shareholders may have conflicting investment, tax and other interests with respect to their investments in the Company*

Shareholders are expected to include taxable and tax-exempt entities and persons or entities organised and residing in various jurisdictions who may have conflicting investment, tax and other interests with respect to their investments in the Company. The conflicting interests of individual Shareholders may relate to or arise from, among other things, the nature of investments made by the Company, the structuring of the acquisition of investments, the timing of disposal of investments and the manner in which income and capital generated by the Company is distributed to Shareholders. The structuring of investments and distributions may result in different returns being realised by different Shareholders. As a consequence, conflicts of interest may arise in connection with decisions made by the Investment Manager, including the selection of borrowers in whose debt obligations the Company will invest, which may be more beneficial for one investor than for another investor, especially with respect to investors' individual situations. In selecting and structuring investments appropriate for the Company and in determining the manner in which distributions shall be made to Shareholders, the Investment Manager and the Directors, respectively, will consider the investment and tax objectives of the Company and Shareholders as a whole, not the investment, tax or other objectives of any Shareholder individually, which may adversely affect the investment returns of individual Shareholders.

*The Company could be subject to FATCA*

The Company is subject to regulations imposed by overseas regulators. In March 2010, the United States enacted new disclosure laws, specifically FATCA. FATCA imposes a withholding tax of 30% on certain US source payments, including interest, dividends and gross proceeds from the sale of securities, to persons that fail to meet certain requirements under FATCA. This withholding tax may be imposed on payments to foreign financial institutions (including investment funds such as the Company) if they do not enter into and comply with an agreement with the IRS (in this section, an "IRS Agreement") to obtain and report information with respect to the Shares held by US taxpayers and by certain non-US entities that are wholly or partially owned by US persons. Withholding would be imposed from (a) 1 January 2014 in respect of interest, dividends and certain other US source payments made on or after that date, (b) 1 January 2017 in respect of gross proceeds from the sale of stock, securities and certain other assets that give rise to US source payments, and (c) 1 January 2017 at the earliest in respect of other "pass-through payments" paid

to the foreign financial institution. Accordingly, the entity through which the Shares are held will affect the determination of whether such withholding is required. Similarly, dividends in respect of the Shares held by an investor that is a non-financial, non-US entity will be subject to withholding at a rate of 30% on such investor's share of US source income as described above, unless such entity either (i) certifies that such entity does not have any "substantial United States owners" or (ii) provides certain information regarding the entity's "substantial United States owners" which the Company will in turn provide to the Secretary of the Treasury of the United States. Investors are encouraged to consult their tax advisers regarding the possible implications of FATCA on their investment in the Shares.

While the final rules on implementation of FATCA are yet to be finalised, it is expected that such implementation would require foreign financial institutions to develop system capabilities and processes to effect such identification and reporting. Developing these capabilities is likely to be a complex process and any failure to meet the requirements of FATCA on this account or otherwise may result in legal and regulatory actions against the Company. If the Company is unable to manage these risks, its business could be adversely affected. The future application of FATCA to the Company is uncertain, and it is not clear at this time what actions, if any, will be required to minimise any adverse impact of FATCA on the Company. The Company may not expect to have sufficient US source income to warrant the administrative burdens of it entering into an IRS Agreement. If the Company does not enter into an IRS Agreement or fails to comply with an IRS Agreement, and is therefore subject to the 30% withholding tax on some or all of its US source income, the return to investors may be reduced. If the Company does enter into an IRS Agreement, withholding may be imposed on investors (both US and non-US) that do not provide certain information to the Company. FATCA is particularly complex and its application to investment funds generally, the Company and Shareholders is uncertain at this time.

Further to the joint statement between the United States, France, Germany, Italy, Spain and the United Kingdom announcing an intergovernmental approach to implementing FATCA (the 'Model I' approach), the UK and the US have entered into an Intergovernmental Agreement, which establishes the framework for reporting by financial institutions to their respective tax authorities, followed by automatic exchange of information under existing bilateral tax treaties or tax information exchange agreements. In addition, the Governments of Jersey, Guernsey and the Isle of Man have announced their intention to negotiate 'Model I' intergovernmental agreements with the US in relation to FATCA; these agreements are expected to be similar to the Intergovernmental Agreement between the UK and the US.

Prospective Investors should therefore consult their tax advisers with regard to US federal, state, local and non-US tax reporting and certification requirements associated with an investment in the Company.

#### *ERISA considerations*

The purchase of Shares by an employee benefit plan subject to ERISA, or Section 4975 of the US Code, or by an entity whose assets are treated as assets of any such plan, could result in the assets of the Company being considered plan assets for the purposes of ERISA, and/or Section 4975 of the US Code and regulations made thereunder. In such circumstances, the Company and also the fiduciaries of such an employee benefit plan could be liable for any ERISA violations by the Company and for other adverse consequences under ERISA. Each purchaser and transferee of any Share will be deemed to have represented by its purchase and/or receipt of the Share, and throughout the period that it holds the Share, that it is not an employee benefit plan subject to ERISA or Section 4975 of the US Code or an entity whose assets are treated as assets of any such employee benefit plan. In order to avoid the assets of the Company being considered plan assets, the Company has implemented restrictions on the ownership and transfer of Shares, which may materially affect an investor's ability to hold or transfer Shares and may in certain circumstances require the investor to forfeit its Shares.

#### *The Company is not, and does not intend to become, regulated as an investment company under the Investment Company Act and related rules*

The Company has not been and does not intend to become registered with the US Securities and Exchange Commission as an "investment company" under the Investment Company Act and related rules which provide certain protections to investors and impose certain restrictions on companies that are registered as investment companies. Accordingly, unlike registered funds, the Company will not be subject to the vast majority of the provisions of the Investment Company Act, including provisions that: (i) require the oversight of independent directors; (ii) prohibit or proscribe transactions between the Company and its

affiliates (e.g., the purchase and sale of securities and other assets between the Company, on the one hand, and the Investment Manager or its affiliates, on the other); (iii) impose qualifications as to who may serve as custodian for the Company's assets; and (iv) limit the ability of the Investment Manager to utilise leverage in connection with effecting purchases and sales of the Company's assets. However, if the Company were to become subject to the Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the Investment Company Act, and the substantial costs and burdens of compliance therewith, could adversely affect the operating results and financial performance of the Company. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity. In addition, in order to ensure compliance with exemptions that permit the Company to avoid being required to register as an investment company under the Investment Company Act and related rules, the Company has implemented restrictions on the ownership and transfer of Shares, which may materially affect an investor's ability to hold or transfer Shares and may in certain circumstances require the investor to forfeit its Shares.

**The foregoing risks are not exhaustive and do not purport to be a complete explanation of all the risks and significant considerations involved in investing in the Company. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company's business, operation, results and financial condition.**

## IMPORTANT NOTICES

**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT THEN YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER FINANCIAL ADVISER AUTHORISED TO PROVIDE INDEPENDENT ADVICE ON THE ACQUISITION OF SHARES UNDER THE APPLICABLE LOCAL LAW, IN THE UNITED KINGDOM BEING THE FINANCIAL SERVICES AND MARKETS ACT 2000.**

**Before making an investment decision with respect to the Shares, prospective investors should carefully consider all of the information set out in this document as well as their personal circumstances. Prospective investors should have regard to, among other matters, the statements and considerations described under the heading “Risk Factors”.**

**Investment in the Shares will involve significant risks due to the inherent illiquidity of the underlying assets and should be viewed as a long-term investment. Prospective investors should carefully consider in the light of their financial resources whether investing in the Company is suitable for them. An investment in the Shares is only suitable for institutional investors, sophisticated private investors or any other investors who have been professionally advised, and 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 arise (which may be equal to the whole amount invested).**

No person has been authorised by the Company to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this document may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

Potential investors should not treat the contents of this document as advice relating to legal, taxation or investment matters. Potential investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares. 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.

Statements made in this document are based on the law and practice currently in force in England and Wales and Guernsey as at the date of this document and are subject to changes therein.

### **Data Protection**

The information that a prospective investor in the Company provides in documents in relation to a subscription for Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“personal data”) will be held and processed by the Company (and any third party in Guernsey to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of Guernsey. Each prospective investor acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;



- contacting the prospective investor with information about other products and services provided by the Investment Manager, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in Guernsey or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each prospective investor acknowledges and consents that where appropriate it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the EEA States to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as Guernsey.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

Prospective investors are responsible for informing any third party individual (to whom the personal data relates) to the disclosure and use of such data in accordance with these provisions.

### ***Forward-looking Statements***

Certain statements in this document are, or may be deemed to be, forward-looking statements. These include statements relating to the target annual net total return referred to in this document. In some cases these statements can be identified by the use of forward-looking terminology, such as “anticipates”, “forecasts”, “plans”, “prepares”, “believes”, “could”, “estimate”, “expects”, “targets”, “intends”, “may” or “will” or the negative of those terms or comparable terms. Forward-looking statements are based on the Company’s present beliefs, expectations, intentions and projections regarding its future performance, anticipated events or trends and other matters that are not historical facts. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such forward looking statements.

Prospective investors are advised to read the sections entitled “Risk Factors” and “Information on the Company” for a discussion of additional factors that could cause actual results to differ materially from those expressed or implied by forward or future-looking statements.

Given these risks and uncertainties, prospective investors are cautioned not to place any reliance on forward-looking statements. Forward-looking statements speak only as at the date of this document. Except as required by applicable law (including the Prospectus Rules, Listing Rules, and Disclosure Rules and Transparency Rules), the Company does not undertake, and expressly disclaims, any obligation to update or revise publicly any forward looking statements in this document, whether as a result of new information, future events or otherwise.

### ***Overseas Persons***

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in the following paragraphs which relate to the jurisdictions listed below. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to subscribe for or buy any of the Shares to any person in any jurisdiction to whom it is unlawful to make any such offer or solicitation in any such jurisdiction.

### ***Notice to potential investors in the European Economic Area***

In relation to each EEA State (other than the UK) that has implemented the Prospectus Directive (as defined below) (in this section, each a “relevant member state”), an offer to the public of the Shares may not be made in that relevant member state except pursuant to the following exemptions under the Prospectus Directive, if they have been implemented in that relevant member state:

- (a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or
- (b) to any legal entity that has two or more of: (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than EUR43 million; and (iii) an annual net turnover of more than EUR50 million, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances falling within article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to article 3 of the Prospectus Directive.

Each purchaser of Shares located within a relevant member state 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 Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Placing and the Shares to be offered so as to enable a potential 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 and includes any relevant implementing measure in each relevant member state.

In the case of any Shares being offered to a financial intermediary as that term is used in article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, warranted to and agreed with the Company that: (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 relevant member state other than qualified investors, or in circumstances in which the prior consent of the Company has been obtained to each such proposed offer or resale; or (ii) where Shares have been acquired by it or on behalf of persons in any relevant member state 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. The Company will rely upon the truth and accuracy of the foregoing representation, warranty and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Company of such fact in writing may, with the consent of the Company, be permitted to subscribe for or purchase Shares.

### ***Australia***

The offer or invitation contained in this document is only made to persons who are “Wholesale Clients” within the meaning of section 761G(4) of the Corporations Act 2001 (Cth) (in this paragraph, “Corporations Act”). Therefore, this document is not a product disclosure statement or similar document required under Chapter 7 of the Corporations Act nor is it a prospectus or other disclosure document required to be lodged with the Australian Securities and Investments Commission under Chapter 6D of the Corporations Act. Accordingly, this document does not contain the information which would be contained in a product disclosure statement, prospectus or other disclosure document prepared under the Corporations Act and does not purport to contain all of the information that may be necessary or desirable to enable a potential investor to properly evaluate and consider an investment in the Shares.

### ***Finland***

This document does not constitute a prospectus under the Finnish Securities Markets Act 1989/495 (as amended) or a fund prospectus under the Finnish Act on Mutual Funds of 1999/48 (as amended), nor has it been filed with or approved by the Finnish Financial Supervisory Authority. Shares may be offered in Finland only in circumstances which do not require the publication of a prospectus under the Finnish Securities Markets Act, the Finnish Act on Mutual Funds or the European Council Directive 2003/71/EC.

## **France**

NOTICE TO RESIDENTS OF FRANCE: The Company has not been authorised to conduct a public offering (offre au public) in France within the meaning of Article L. 411-1 of the Code monétaire et financier (in this paragraph, the “Code”) in relation to the offering or placement of Shares. Shares may not lawfully be offered or sold to persons in France nor may offering material be distributed in connection therewith except by authorised persons (i) to qualified investors (investisseurs qualifiés) and/or a restricted circle of investors (cercle restreint d’investisseurs) investing for their own account and/or to persons carrying out the activity of portfolio management on behalf of third parties (gestion de portefeuille pour compte de tiers) in compliance with the provisions of Articles L. 411-2, II, D. 411-1 and D. 411-4 of the Code and all related provisions of the General Regulations of the Autorité des marchés financiers (in this paragraph, the “AMF”) (Règlement général de l’AMF) or (ii) in the circumstances set forth in Article L. 411-2 I of the Code and all related provisions of the General Regulations of the AMF. Neither this document nor any other offering document has been or will be submitted to the approval of the AMF. Any subsequent transfer of Shares will be subject to applicable restrictions relating to public offers of securities in France.

## **Germany**

The Shares shall not be offered or advertised publicly or offered similarly under § 135 of the Investmentgesetz (Investment Act) or § 8f of the Wertpapier-Verkaufsprospektgesetz (Securities Sales Act). This document is addressed to the named recipient only and does not constitute an offer or advertisement to the public. The named recipient or any other person shall not pass it on or make it available to any third party. Each potential investor is strongly advised to consider possible tax consequences of a potential application of the Investmentsteuergesetz (Investment Tax Act) and is strongly advised to consult his own tax counsel.

## **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.

## **The Netherlands**

The offer of Shares is made solely by way of this document. This document and the offer of Shares contained therein is neither addressed to nor intended for any individual or legal entity residing or incorporated in The Netherlands, except for individuals or legal entities who or which qualify as qualified investors (gekwalfificeerde beleggers) within the meaning of the Dutch Financial Supervision Act (Wet op het financieel toezicht) (in this paragraph, “Qualified Investors”), which include:

- (a) legal entities and companies which are licensed or otherwise regulated to be active on the financial markets;
- (b) legal entities and companies which are not licensed nor otherwise regulated to be active on the financial markets having as their sole corporate purpose investing in securities;
- (c) national or regional public bodies, central banks, international or supranational financial organisations and other similar international institutions;
- (d) legal entities and enterprises with a corporate seat in The Netherlands which:
  - (i) are considered to be a small enterprise, being a legal entity or company which according to its most recent annual accounts or consolidated annual accounts meets at least two of the following three criteria: (x) an average number of less than 250 employees during the financial year; (y) a balance sheet total of not more than EUR43 million; and (z) an annual net turnover of not more than EUR50 million; and
  - (ii) at their own request are registered as qualified investors with The Netherlands Authority for the Financial Markets (“Autoriteit Financiële Markten”);
- (e) legal entities and companies, which are not considered a small enterprise referred to under paragraph (d)(i) above;
- (f) individuals residing in The Netherlands who at their own request are registered as qualified investors with the Dutch Authority for the Financial Markets and who meet at least two of the following three criteria: (i) each such individual has carried out at least 10 sizeable transactions on the financial markets in each of the preceding four calendar quarters; (ii) each such individual has a securities

portfolio of more than EUR500,000; and (iii) each such individual works or has worked for at least a year in the financial sector in a professional position which requires knowledge of investment in securities; and

- (g) individuals or enterprises who or which are considered qualified investors, as set out in Article 2.1(e)(iv)-(v) of the EU Prospectus Directive, in any other relevant member state.

The Shares may not be offered, as part of their initial distribution or any time thereafter, to any individual or legal entity residing or incorporated in The Netherlands other than to Qualified Investors.

### **Norway**

The Company is not an investment fund as defined in the Norwegian Investment Funds Act 1981 and has neither been registered with nor approved by the Norwegian authorities as an investment fund, nor has this document been prepared so as to comply with the provisions of the public offer rules in the Norwegian Securities Trading Act 2007. The recipient of this document must not copy or in any other way transmit its contents to any other person.

### **Sweden**

This document has not and will not be registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the Shares offered hereunder be marketed and offered for sale in Sweden, other than under circumstances which are deemed not to be an offer to the public in Sweden under the Swedish Financial Instruments Trading Act (1991:980) or the Swedish Investment Funds Act (2004:46). This offer will only be made to qualified investors in Sweden.

### **Switzerland**

This document does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder.

The Shares will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange.

The documentation of the Company has not been and will not be approved, and may not be able to be approved, by the Swiss Financial Market Supervisory Authority (in this section, "FINMA") under the Swiss Collective Investment Schemes Act (in this section, "CISA"). Therefore, investors do not benefit from protection under the CISA or supervision by the FINMA.

The Shares may not be offered, distributed or sold directly or indirectly, to the public in or from Switzerland (as such term is defined in art. 3 of the CISA) except to qualified investors as defined in art. 10 par. 3 of the CISA and in its implementing ordinance CISO.

This document does not constitute investment advice. It may only be used by those persons to whom it has been delivered by the issuer and may neither be copied nor directly or indirectly distributed or made available to other persons without the express consent of the issuer.

### **United States**

The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with an applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States.

The Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act.

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

## DIRECTORY

<b>Directors</b>	John (Jack) Perry ( <i>Chairman</i> ) Stuart Beevor Patrick Firth Mark Huntley Paul Meader
<b>Registered office and business address</b>	Heritage Hall, PO Box 225, Le Marchant Street St Peter Port Guernsey GY1 4HY
<b>Investment Manager</b>	Longbow Real Estate Capital LLP, which trades as ICG-Longbow 42 Wigmore Street London W1U 2RY
<b>Administrator, Designated Manager and Company Secretary</b>	Heritage International Fund Managers Limited Heritage Hall, PO Box 225, Le Marchant Street St Peter Port Guernsey GY1 4HY
<b>Luxembourg Administrator</b>	MAS Luxembourg S.à r.l. BP 294 L-2012 Luxembourg Luxembourg
<b>Sponsor and Placing Agent</b>	Investec Bank plc 2 Gresham Street London EC2V 7QP
<b>Solicitors to the Company</b> ( <i>as to English law</i> )	SJ Berwin LLP 10 Queen Street Place London EC4R 1BE
<b>Advocates to the Company</b> ( <i>as to Guernsey law</i> )	Carey Olsen P.O. Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ
<b>Solicitors to the Sponsor</b> ( <i>as to English law</i> )	Maclay Murray & Spens LLP One London Wall London EC2Y 5AB
<b>Reporting Accountants and Auditors to the Company</b>	Deloitte LLP Regency Court Gategny Esplanade St Peter Port Guernsey GY1 3HW

**Principal Banker**

The Royal Bank of Scotland International Limited  
PO Box 62  
Royal Bank Place  
1 Glatigny Esplanade  
St Peter Port  
Guernsey GY1 4BQ

**Registrar**

Capita Registrars (Guernsey) Limited  
Mont Crevelt House  
Bulwer Avenue  
St Sampson  
Guernsey  
GY2 4LH

## EXPECTED TIMETABLE

Each of the times and dates set out below and mentioned elsewhere in this Prospectus may be adjusted by the Company, in which event details of the new times and dates will be notified to the FSA and the London Stock Exchange. References to a time of day are to London time.

Announcement of the results of the Placing	31 January 2013
Admission effective and dealings commence on the Main Market	5 February 2013
CREST accounts credited	5 February 2013
Despatch of definitive share certificates for Placing Shares (where applicable) by	20 February 2013

## PLACING STATISTICS

Placing Price per Share	£1.00
Number of Shares in issue following the Placing	104,619,250
Market capitalisation of the Company at the Placing Price	£104,619,250
Net proceeds of the Placing to be received by the Company	£102,526,865
Initial NAV per Share (unaudited)	£0.98

## DEALING CODES

The dealing codes for the Shares will be as follows:

ISIN	GG00B8C23S81
SEDOL	B8C23S8
Ticker	LBOW

## PART I

### THE COMPANY

#### Introduction

ICG-Longbow Senior Secured UK Property Debt Investments Limited (the “Company”) is a non-cellular company limited by shares incorporated in Guernsey under the Companies Law on 29 November 2012, with registration number 55917 and is a registered closed-ended collective investment scheme registered pursuant to the POI Law and the RCIS Rules issued by the GFSC. The Company is regulated by the GFSC. Investec has undertaken, as agent for the Company, to use its reasonable endeavours to place an aggregate of no fewer than 100 million and up to 250 million Shares at the Placing Price. The Company will have a single class of share which will be admitted to the premium segment of the Official List and to trading on the London Stock Exchange’s Main Market.

The Company is to be externally managed by Longbow Real Estate Capital LLP (“ICG-Longbow”) with a board of independent non-executive Directors. ICG-Longbow, a 51% owned subsidiary of Intermediate Capital Group plc (“ICG”), is an FSA-authorized investment manager focused on the UK commercial property debt markets. Through its client funds, ICG-Longbow currently structures and provides senior, mezzanine and whole loans to the UK’s commercial property sector. The Directors of the Company will have overall supervision of, and will continually monitor the activities of, the Investment Manager.

#### Investment Highlights

The Company believes its investments will offer predictable returns with lower risks due to the following factors:

- **Senior secured position:** The Company’s underlying security pool will offer first-ranking security over the underlying property collateral and each loan will have an exposure no greater than 65% of the relevant property’s market value.
- **UK focus:** The Company will invest in loans secured predominantly by UK commercial property and, by doing so, will benefit from the ICG-Longbow investment team’s experience and focus in the market, together with the strong legal framework which will underpin each loan.
- **ICG-Longbow network:** As senior lenders continue to withdraw from the commercial real estate debt market, ICG-Longbow’s investment team will be able to access strong deal flow of attractive senior debt financing opportunities through its longstanding network of borrowers and advisers.
- **Portfolio selection:** Through careful asset selection and by lending to some of the UK’s most experienced property companies against properties with value enhancement potential, a portfolio of loans will be constructed that is expected to provide attractive, predictable returns whilst also de-risking the loan position over time. ICG-Longbow’s track record demonstrates the effectiveness of this approach.

Combined with historically attractive fees and interest income, these factors offer the prospect of predictable yet attractive income returns with low risks.

#### The Placing

The Placing comprises a placing for subscription of Shares at £1.00 per share. The Shares give Shareholders the entitlement to all of the capital growth (if any) in the Company’s assets and to all of the income from the Company that is resolved to be distributed. The Shares will be in registered form and traded on the London Stock Exchange’s Main Market.

ICG has, in principle, committed to invest £10 million in the Company.

Details of the Placing are set out in Part V of this document.



## Investment Rationale

The Company believes that the current UK market characteristics, highlighted below, present an unprecedented opportunity from which the Company will benefit through:

**Supply/demand imbalance:** £141 billion of existing UK commercial real estate loans are expected to mature between 2012 and 2014 with severely reduced liquidity from financial institutions. The consequential refinancing gap (the difference between the existing senior debt balance and the senior debt available to replace it) is estimated at £44 billion<sup>1</sup> after allowing for supply of capital from new market entrants.

**Attractive credit fundamentals:** A 35% correction in underlying property values from peak of the market in July 2007 to 30 June 2012<sup>1</sup>, together with reduced market loan to value ratios and increased interest coverage ratios have enhanced income and capital protection available to investors in the asset class.

**Predictable returns:** The UK's favourable legal framework (from a lender perspective), combined with market-wide value adjustment and reduced leverage result in a highly defensive capital position and predictable contracted income returns.

**Attractive risk positioning:** The senior secured nature of the primary originated loans ensures investors are at the top of the capital structure, with a first call on assets and with LTV capped at 65% for each loan.

The Company believes that ICG-Longbow's local presence and focus on the UK commercial real estate debt market should enable it to fully capitalise on the market opportunity to the benefit of the Company.

## Market Opportunity

The Company believes that the substantial requirement for capital to refinance existing debt and the senior funding gap in the UK commercial property debt market described above, combined with sound credit fundamentals presents an exceptional opportunity for new providers of senior debt to enter the market.

Lenders can now benefit from strong capital and income protection, together with highly attractive returns, the combination of which is unprecedented in the careers of ICG-Longbow's Senior Investment Team.

Furthermore, the Company anticipates that, by backing the acquisition or refinancing of properties and borrowers that are not backed by the mainstream lenders, attractive risk-adjusted returns can be delivered. Given the non-commoditised nature of the UK property debt market, the Company believes that ICG-Longbow's deep knowledge of the UK commercial property market and its sub-markets, thorough engagement with each borrower's business plan, as well as strong underwriting skills, will enable the Company to identify, invest in and extract value from defensive commercial real estate debt investment opportunities.

For further details on the UK market, please refer to Part II (Market Overview) of this document.

## Investment Objective and Policy

The investment objective of the Company is to construct a portfolio of good quality, defensive, senior debt investments secured by first ranking fixed charges predominantly against UK commercial property investments, providing **dividends of circa 6% pa**, paid quarterly, with an underlying target portfolio IRR of 8% pa. The Portfolio will be constructed to offer:

- low risk of capital or income loss;
- high degree of control over the underlying investments;
- highly predictable quarterly income distributions; and
- attractive pricing through capitalising on the pricing power available in the market.

The Company aims to be fully invested within six to nine months from the date of Admission.

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<sup>1</sup> Source: The UK Commercial Property Lending Market: Year-end 2011 (De Montfort University)

The Company's investment policy is to invest in a loan portfolio comprised of senior loans to property investors secured on UK commercial property with some potential exposure to UK investment residential property. The individual loans that will comprise the Portfolio are expected to be between £10 million and £40 million with four to six year terms. The Portfolio will target a 6.5% to 7.5% per annum loan coupon (paid quarterly) with arrangement and exit fees, each of approximately 2% paid by the borrower. All costs directly associated with entering into the loan transaction will be paid for by the borrower.

The Company will only invest in loans that:

- are originated by ICG-Longbow;
- benefit from a first ranking fixed charge over the relevant properties, including in respect of any receivable income;
- are bilateral, non-syndicated and senior and which have no subordinated debt;
- have a maximum LTV of 65%; and
- benefit from loan covenants structured to ensure that a material decrease in the income or value from the underlying property will trigger an event of default, providing control to the lender and the opportunity to: (1) decrease the risk through the introduction of new borrower equity; and/or (2) capture additional pricing.

The following investment restrictions apply to the Portfolio, in each case measured at the time an investment is made:

- the maximum percentage of the Company's gross assets allocated to a single loan shall be 10%, provided that the limit may be increased to 20% for loans benefitting from diversified and/or Investment Grade Tenants (as determined by MIS and/or S&P, being credit rating agencies registered in accordance with Regulation (EC) No 1060/2009);
- the maximum percentage of the Company's gross assets allocated to a single borrower (together with its parents, subsidiaries and/or affiliates) shall be 20%;
- following the Initial Investment Period, the maximum exposure of the gross rents receivable on all investments to a single underlying tenant shall be 10%, except:
  - in the case of an Investment Grade Tenant (as determined by MIS and/or S&P, being credit rating agencies registered in accordance with Regulation (EC) No 1060/2009), the maximum exposure shall be 20%; and
  - in the case of the UK Government (including any of its ministries, departments and/or executive agencies), the maximum exposure shall be 50%;
- the maximum exposure to a Property Sector shall be 50% of the Company's gross assets, on the basis that:
  - where 60% or more of the value of a loan's collateral real estate assets falls in a Single Property Sector, 100% of the value of the relevant loan will be attributed to that Single Property Sector; and
  - where less than 60% of the value of a loan's collateral real estate assets falls in any Single Property Sector, then the value of the relevant loan will be attributed to the Mixed Portfolio Property Sector; and
- the maximum exposure to residential property shall be 15% of the Company's gross assets and any such exposure shall be restricted to multi-family investment properties.

For the purposes of the investment restrictions, a "Property Sector" is defined as any of the Single Property Sectors and the Mixed Portfolio Property Sector. "Single Property Sectors" comprise the office, retail or industrial/warehousing sectors as well as the Other Sector, being all other real estate sectors. A "Mixed Portfolio Property Sector" denotes the situation where less than 60% of the value of a loan's collateral real estate assets falls in any Single Property Sector.

The Company will not employ gearing or invest in derivatives for investment purposes. However, the Company may enter into hedging transactions for the purposes of efficient portfolio management.

Any material change in the Company's published investment policy will only be made with the prior approval of Shareholders by ordinary resolution.

### **Dividend Policy**

In any financial year, the Company will have the discretion to pay dividends to Shareholders subject to the solvency test prescribed by Guernsey law. It is expected that a distribution will be made by way of a dividend with respect to each calendar quarter.

The Articles also permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to Shareholders when a cash dividend is declared from time to time. In the event a scrip dividend is offered in the future, an electing Shareholder would be issued new, fully paid up Shares (or Shares reissued from treasury) pursuant to the scrip dividend alternative, calculated by reference to the higher of: (i) the volume-weighted average mid-market quotation of the shares of the relevant class as shown on the daily Official List of the London Stock Exchange for the day on which such Shares are first quoted "ex" the relevant dividend and the four subsequent dealing days; or (ii) the NAV per Share, at the relevant time. The scrip dividend alternative would be available only to those Shareholders to whom Shares might lawfully be marketed by the Company.

The Directors' intention is not to offer a scrip dividend at any time when the Shares are trading at a material discount to the NAV per Share.

### **Target Dividend Yield and Target Total Return**

On the basis of current market conditions as at the date of this Prospectus, the Company and Investment Manager will target:

- a dividend yield of circa 4% to 5% on the Placing Price in the first full year of investment, payable quarterly, with the first dividend payment to be made for the quarter ending 31 July 2013; and
- a total return on investment (net of fees and expenses) of between 6% and 8% annualised over the longer term.

### **Life of the Company**

The Company has an unlimited life. An ordinary resolution for the Company to continue in its current form will be proposed at the annual general meeting following the fourth anniversary of Admission and, if such resolution is passed, an ordinary resolution for the Company to continue in its current form will be proposed at the annual general meeting every year thereafter. If any such resolution is not passed the Directors will then, as soon as reasonably practicable, put proposals for the reconstruction or reorganisation of the Company to the Shareholders for their approval. These proposals may or may not involve affording an opportunity for those Shareholders who so wish to realise their investment in the Company (whether by liquidation, share redemptions, share repurchases or otherwise), and so failure to pass any such resolution for the continuation of the Company in its current form will not necessarily result in the winding-up of the Company or Shareholders realising their investment in the Company.

### **Discount Management**

The Directors may seek to address any significant imbalance between the supply of and demand for Shares in the secondary market and to manage the discount to Net Asset Value at which its Shares may be trading from time to time by purchasing Shares in the market under its general buy-back authorities.

### ***Buy-backs of Shares by the Company***

The Directors believe that the most effective means of minimising any discount to Net Asset Value which may arise on the Company's share price, is to deliver strong, consistent performance from the Company's investment portfolio in both absolute and relative terms. However, the Board recognises that wider market conditions and other considerations will affect the rating of the Shares in the short term and the Board may seek to limit the level and volatility of any discount to Net Asset Value at which the Shares may trade. The means by which this might be done could include the Company repurchasing Shares. Therefore, subject to the requirements of the Listing Rules, the Companies Law, the Articles and other applicable legislation,

the Company may purchase Shares in the market in order to address any imbalance between the supply of and demand for Shares or to enhance the Net Asset Value of Shares.

In deciding whether to make any such purchases the Directors will have regard to what they believe to be in the best interests of Shareholders and to the applicable Guernsey legal requirements which require the Directors to be satisfied on reasonable grounds that the Company will, immediately after any such repurchase, satisfy a solvency test prescribed by the Companies Law and any other requirements in its memorandum and articles of incorporation. The Directors do not currently have any intention to repurchase any Shares. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of the Shareholders. Any such repurchases would only be made through the market for cash at a discount to Net Asset Value.

The subscriber to the Company's memorandum of incorporation has passed a written resolution granting the Directors general authority to purchase in the market up to 14.99% of the Shares in issue immediately following Admission at a price not exceeding the higher of (i) 5% above the average mid-market values of Shares for the five Business Days before the purchase is made or (ii) the higher of the last independent trade or the highest current independent bid for Shares. The Directors intend to seek renewal of this authority from the Shareholders at each annual general meeting.

Pursuant to this authority, and subject to the Companies Law and the discretion of the Directors, the Company may purchase Shares in the market on an on-going basis with a view to addressing any imbalance between the supply of and demand for Shares.

Shares purchased by the Company may be cancelled or held as treasury shares.

The Company may borrow and/or realise investments in order to finance such Share purchases.

### ***Treasury Shares***

The Company may hold any Shares repurchased by it "in treasury", meaning that the Shares remain in issue owned by the Company rather than being cancelled. Shares held in treasury will not be entitled to receive any dividend declared by the Company or to exercise voting rights. The number of Shares held in treasury may not at any time exceed 10% of the total number of issued Shares at that time and any repurchased Shares in excess of such amount will be cancelled.

Shares held in treasury may be subsequently cancelled or sold for cash. Whilst the Company currently has authority to sell shares out of treasury for cash on a non-pre-emptive basis, the Directors do not intend to sell any Shares out of treasury at a price which represents a discount to the then prevailing NAV per Share. Shares being held in treasury should give the Company the ability to sell such Shares quickly and cost efficiently and should provide the Company with additional flexibility in the management of its capital base. In addition, the Board believes that the effective use of treasury Shares could assist the Company in improving liquidity in the Shares and managing any imbalance between supply and demand.

The Company's treasury share policy will be subject to review at least once a year by the Board. The Board will have regard to current market practice for the reissue of treasury shares by London-listed closed ended investment companies and the recommendations of its broker and the Investment Manager. Any material change to the Company's treasury share policy will be announced by the Company through RIS.

### **Further issue of shares**

The Directors will have authority to allot and issue further Shares in the share capital of the Company following Admission. Further issues of Shares would only be made if the Directors determine such issues to be in the best interests of Shareholders and the Company as a whole. Relevant factors in making such determination include Net Asset Value performance, share price and perceived investor demand. In the case of further issues of Shares, such Shares will only be issued at prices which are not less than the then prevailing NAV per Share.

The Articles contain provisions that permit the Directors to issue C Shares from time to time. C Shares are shares which convert into Shares only 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.

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment and issue of Shares. The Articles, however, contain pre-emption rights in relation to allotments and issues of Shares for cash. Pursuant to a written extraordinary resolution of the subscriber to the Company's memorandum of incorporation, it was resolved to disapply such pre-emption rights in relation to a number of Shares equal to 9.99% of the number of Shares in issue immediately following Admission for a period concluding immediately prior to the first annual general meeting of the Company and in the case of the C Shares it was resolved to disapply pre-emption rights in respect of 100 million C Shares, for a period concluding immediately prior to the first annual general meeting of the Company. The Directors intend to request that the authority to allot Shares and C Shares for cash on a non-pre-emptive basis is renewed at each subsequent annual general meeting of the Company.

## PART II

### MARKET OVERVIEW

#### Overview of the UK market

The UK represents the largest commercial property market in Europe and is financed by the largest commercial real estate debt market in Europe. Since 2007 the UK has undergone one of the deepest property and financial market corrections in Europe. As a result, UK property market yields of 7.4%<sup>2</sup> offer a more than 5% premium to 10 year UK gilts.

#### UK economic environment

The UK is the eighth largest economy in the world and second largest in Europe, after Germany, with a GDP of over \$2.3 trillion. With a population of 62.3 million in June 2010, the UK is one of the most densely populated regions in Europe<sup>3</sup>. Although the UK economy slipped back into recession in Q1 2012, latest preliminary estimates from the Office of National Statistics suggest that the UK has now come out of recession, reporting GDP growth of 1% in Q3 2012<sup>4</sup>. A modest overall economic contraction is expected in 2012 (-0.3%) followed by a return to growth (1.2%) in 2013, leading in turn to an increase in consumer spending<sup>5</sup>.

#### UK commercial property market

The total value of the UK commercial property market is estimated at £537 billion<sup>6</sup>, down from £651 billion at its peak in 2007<sup>7</sup>, and it is the largest individual property market in Europe (accounting for 18% of total invested stock)<sup>8</sup>.

In June 2012 UK commercial property values were 35%<sup>9</sup> below peak values recorded in July 2007. UK commercial property capital values grew by 17.8% between the lows recorded in July 2009 and October 2011, with initial yields contracting by 1.9% to 7.2%<sup>10</sup>. UK property capital values have declined since October 2011, falling 2.5%.

However, the overall Investment Property Databank (“IPD”) numbers mask a divergence in performance by geography and sector, together with a divergence between prime and other property. This difference between prime and other property is an aspect tracked by The Jones Lang LaSalle UK Property Index which showed prime property capital values decreasing moderately over the year to Q2 2012 by 1.4%, whilst secondary property has declined by 6.6%.

The Company believes that the key reason for the divergence in performance between prime/London and secondary/rest of UK property is that there is strong demand for prime/London properties from cash funded UK and international investors, whilst the typical purchasers for the latter categories tend to be debt funded. The lack of availability of debt, discussed below, has materially reduced demand for the secondary/rest of UK properties and has significantly lowered the price at which such purchasers are willing to buy.

Capital values are projected to fall by 4.7% in 2012 and stabilise during 2013 (-1.1%) before recovering in 2014 to 2015 and returning to 2011 levels by 2016<sup>11</sup>. Over the period 2012 to 2016, property total returns are forecast to average 6.1%.

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<sup>2</sup> Source: Investment Property Databank (IPD)/DTZ, July 2012

<sup>3</sup> Source: IMF, 2011

<sup>4</sup> Source ONS GDP and the Labour Market, 2012 Q2, ONS GDP Preliminary Estimate Q3 2012

<sup>5</sup> Source: CBI survey 30-08-12

<sup>6</sup> Source: DTZ

<sup>7</sup> Source: DTZ “Money Into Property” 2009

<sup>8</sup> Source: DTZ “Money Into Property” 2012

<sup>9</sup> Source: IPD

<sup>10</sup> Source: DTZ “Money into Property” 2012

<sup>11</sup> Source: IPF UK consensus survey

In ICG-Longbow's opinion, as evidenced by recent transactions which it has financed in Q4 2011 and throughout 2012, the level at which actual sale and purchase transactions have been completed outside of London already factors in the projected valuation declines discussed above. Whilst underlying transactional clearing prices have yet to be fully reflected in market valuations due to the low volume of underlying transactions against which to benchmark, this feature of the market is now becoming more widely acknowledged as evidenced by the last few months of IPD and Jones Lang LaSalle data.

A continuing feature of the market is the low level of underlying transaction volumes, with only £29.6 billion<sup>12</sup> of transactions recorded in the twelve months to May 2012 (turnover of c.3% of total commercial property stock), down from £34.5 billion<sup>13</sup> a year previously and from £67 billion at the peak of the market<sup>14</sup>.

However, banks have become more active in seeking solutions for non-performing or underwater loans through foreclosures and enforcement proceedings against borrowers in response to the increasing volume of covenant breaches. According to De Montfort University research, the number of loans in breach of covenants has increased from c.1,000 loans in 2006 to over 8,000 loans in 2010<sup>15</sup>.

The Company believes that transaction volumes should increase from current lows, as banks are expected to step up their property realisation activities linked to impaired loans, driven by their own capital considerations, together with a narrowing of the gap between actual property clearing prices and valuations (which in turn drive the provisions made by banks against individual loans).

Transaction volume growth is also expected to come through the traditional sources of institutional investor turnover from portfolio balancing and investment fund maturities. From ICG-Longbow's prior investment experience, it expects that the increase in supply of properties for sale will be taken up by private investors, property companies and funds re-entering the market to take advantage of the current yield premium over gilts.

### **UK commercial real estate debt market**

At approximately £299 billion, the UK is the largest commercial real estate debt market in Europe, accounting for 37.5% of the approximate £800 billion commercial real estate debt across Europe<sup>16</sup>, a disproportionately large market share given that the UK accounts for 18% of the European property investment market. £212 billion<sup>17</sup> of UK commercial real estate debt consists of outstanding debt on banks' balance sheets and the remainder comprises either CMBS or the nationalised exposures of former UK and Irish banks held by UK Asset Recovery ("UKAR") and the Irish National Asset Management Agency ("NAMA"), respectively.

The more stringent capital ratios typically required of the banking sector are now leading to a reduced risk appetite, focusing those banks that are active in the market to concentrate on lending to prime properties and highly capitalised sponsors such as Real Estate Investment Trusts and large property funds. Consequently, this has left a significant part of the UK commercial property lending market uncovered by banks in any material way – most notably for loans secured on properties where the underwriting is dependent on the analysis of property fundamentals such as re-letting risk or loans to borrowers who buy properties with value add business plans. In turn, the Company believes that this narrowing in banks' lending appetite has been a key factor in the widening of the prime/secondary property valuation gap highlighted above. Additionally, based on ICG-Longbow's experience in the market, those banks which are active tend to favour shorter (three years or less) loan terms as, other things being equal, with shorter loan terms, banks are required to allocate less of their own capital behind a loan. This has compounded the shortage in supply of debt finance for medium term debt requirements.

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<sup>12</sup> Source: DTZ Investment Market Update UK 2012

<sup>13</sup> Source: DTZ Investment Market Update UK 2011

<sup>14</sup> Source: Lambert Smith Hampton UK Investment Transactions 2007

<sup>15</sup> Source: The UK Commercial Property Lending Market: Year-end 2011 (De Montfort University)

<sup>16</sup> Source: DTZ Investment Market Update Europe 2012

<sup>17</sup> Source: The UK Commercial Property Lending Market: Year-end 2011 (De Montfort University)

## Supply and demand imbalance

£141 billion of existing debt is expected to mature during the period 2012 to 2014<sup>18</sup>.

Refinancing of this debt over the period is not likely to prove straightforward as a result of:

- increasing pressure on banks' balance sheets as a result of regulatory requirements such as Basel III and the European Banking Authority's 9% Tier 1 capital requirement;
- complete withdrawal of some lenders from the market place (eg. Nationwide Building Society, Eurohypo and Clydesdale);
- the continued effective shut-down of the CMBS market for all but the lowest risk transactions;
- the transfer of UK and Irish banks' assets to UKAR and NAMA, respectively, which should be wound down over time;
- the formation of significant "non-core" divisions within Royal Bank of Scotland and Lloyds Banking Group, which are expected to be wound down over time; and
- the significant decrease in risk appetite from active lenders due to capital constraints and recent credit losses.

The Company estimates that the aggregate lending of those institutions holding existing balances but which are no longer active participants in the UK commercial real estate debt market accounts for approximately 50% of the total commercial real estate debt outstanding. Whilst new lenders have entered, and are expected to continue entering the market (in particular insurance companies and debt funds), the supply of new capital from these lenders to the UK market is estimated to be c. £17 billion over the Initial Investment Period<sup>19</sup>, with £11 billion targeting senior lending and the £6 billion balance targeting the junior debt or mezzanine market.

It is therefore anticipated that this should lead to a shortfall in the supply of capital to the UK commercial real estate debt market. The Company estimates that this senior funding gap (the difference between the existing debt balance and the senior debt available to replace it) could amount to £44 billion over the period 2012 – 2014<sup>20</sup>.

## Risk and return

The significant increase in property yields, coupled with the decrease in banks' risk appetite due to credit losses and other factors identified previously, has resulted in materially improved credit fundamentals, arising from the combination of the following factors:

- a 35% correction in underlying property values from the peak of the market to 30 June 2012<sup>21</sup>; and
- market LTVs falling sharply from an average of 76% at the peak in 2006 to 59% at the end of 2011<sup>22</sup> and market interest cover ratios have also increased, from 1.23x at the peak in 2005 to 1.875x in 2011, offering almost 4x the income buffer<sup>23</sup>.

The improvement in the credit fundamentals noted above has resulted in substantially improved income and capital protection for providers of new debt.

## Increased Pricing

As a result of the factors discussed above, namely the shortfall in the provision of debt to the market, decreased risk appetite and regulatory changes, market interest margins for secondary office, retail and industrial properties have nearly tripled over the period 2006 to 2012 from 1.2% per annum to 3.4% per annum<sup>24</sup>, together with a more than doubling of arrangement fees.

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<sup>18</sup> Source: The UK Commercial Property Lending Market: Year-end 2011 (De Montfort University)

<sup>19</sup> Source: DTZ

<sup>20</sup> Source: The UK Commercial Property Lending Market: Year-end 2011 (De Montfort University)

<sup>21</sup> Source: Investment Property Databank (IPD)

<sup>22</sup> Source: IPD

<sup>23</sup> Source: IPD

<sup>24</sup> Source: The UK Commercial Property Lending Market: Year-end 2011 (De Montfort University)



**A strong legal framework**

Relative to other European countries, the Company believes the UK presents a lender friendly legal environment as their rights under loan agreements are readily enforceable over property via the lender's fixed charge on the direct property asset (which is an interest in land) via the appointment of a receiver under the Law of Property Act 1925, leading to a relatively quick and efficient realisation process without the requirement for court intervention or public auction following such appointment of a receiver.

The recovery process, supported by legislation dating back to the Law of Property Act 1925, ensures that the timeline and outcome following enforcement of security is highly predictable and results in a strong negotiating position in any contentious discussions with borrowers during the life of a loan. Under this legal environment, and when overlaid with the landlord protections offered by the Landlord and Tenant Act 1954, investors in UK property debt expect to benefit from strong capital protection and highly predictable outcomes.

## PART III

### THE INVESTMENT MANAGER AND INVESTMENT PROCESS

#### Investment Manager Background

The Investment Manager of the Company is ICG-Longbow. ICG-Longbow was established in 2006 by Martin Wheeler and Kevin Cooper (the “Founders”), who have worked together since 1998 in the UK commercial property debt market. Together, the Founders established GMAC Commercial Mortgage Europe’s (“GMAC”) UK lending business, where they provided over 70 senior and mezzanine commercial real estate loans between 2002 and 2006, making aggregate advances in excess of £4 billion. ICG-Longbow launched its first fund (Longbow Capital S.à r.l.) in November 2006, having acquired a £33 million portfolio of seven loans from GMAC. Since 2006, ICG-Longbow has invested and managed approximately £350 million in property debt funds, managed accounts, joint ventures and single strategy mandates investing in senior debt, CMBS, mezzanine loans and whole loans.

ICG-Longbow has a multi-disciplinary team of 12 which is focused on raising, investing and managing funds in UK commercial real estate debt. The team includes nine investment professionals and two partners with specific responsibility for credit risk management and fund operations. ICG-Longbow’s Senior Investment Team each have more than 21 years’ of experience in UK commercial real estate or finance markets.

In March 2011, ICG acquired a 51% stake in Longbow Real Estate Capital LLP, having identified it as a strategic partner with a proven track record in being able to raise and manage third party capital in commercial real estate debt, an investment strategy which was complementary to its own.

Founded in 1989, ICG is one of Europe’s longest established and largest independent providers of sub-investment grade corporate credit with, as at 30 September 2012, approximately €12 billion of assets under management in proprietary capital and third party funds. ICG is listed on the London Stock Exchange and has a market capitalisation in excess of £1.1 billion, and is authorised and regulated by the FSA. In June 2012, Longbow Real Estate Capital LLP rebranded and began trading as “ICG-Longbow”, reflecting the ownership interest and support of its majority owner, ICG.

ICG and ICG-Longbow share a common credit philosophy and ICG acquired its stake in ICG-Longbow to extend its product offering and to enable ICG, its institutional clients and its shareholders to benefit from ICG-Longbow’s deep knowledge and expertise in origination and execution in order to capitalise on the significant under-supply of commercial real estate finance in the UK. ICG supports ICG-Longbow by providing access to ICG’s international marketing platform and corporate infrastructure. Members of the ICG-Longbow management team who have been with ICG-Longbow since before the acquisition own the remaining 49% of ICG-Longbow.

ICG-Longbow, which is authorised and regulated by the FSA, is managed day to day by its executive partners, Martin Wheeler, Kevin Cooper and Graeme Troll, and is overseen by the ICG-Longbow board, which is chaired by David Hunter, an experienced property investor and fund manager with almost 30 years’ investment experience. In addition to the Chairman, the board comprises the three executive partners of ICG-Longbow together with three representatives of ICG.

ICG-Longbow had commitments and assets under management of £242 million as at 31 August 2012. It is currently in the process of raising a new private fund with a differentiated investment policy and strategy from that of the Company. ICG-Longbow shall not provide services to another investment vehicle (including, *inter alia*, investment companies, funds, listed vehicles and managed accounts) in relation to an investment strategy substantially similar to that of the Company until such time as the Company has invested 80% of its gross assets or the Initial Investment Period has come to an end.

#### Investment Strategy & Activities

The Company will invest in primary senior loans, secured predominantly against UK commercial property and also some UK investment residential property. The Company’s senior loan investment strategy will be implemented by its Investment Manager maintaining the following criteria:

- Provide senior debt to support UK commercial property acquisitions and refinancing opportunities;

- Bilateral (non-syndicated) lending programme to maintain full control over exposures and documentation;
- Individual loan sizes in the range of £10 million to £40 million;
- c. 6.5% to 7.5% per annum, fixed rate, loan coupon;
- c. 2% arrangement and exit fees paid by borrower;
- Four to six year loan terms;
- Maximum LTV of 65% for each loan;
- No junior debt/mezzanine debt or other subordinated interest as part of the structure; and
- Utilize a selective approach to target portfolio diversity across sectors, tenants, lease maturities and geography.

ICG-Longbow intends to capitalise on its key strengths, as outlined below, to deliver the Company's investment strategy:

- **Independent commercial real estate debt specialist:** ICG-Longbow is an independent partnership focused on UK commercial real estate debt and benefits from flexibility in accessing and executing investment opportunities across the market without potential conflicts arising in relation to other parts of the organisation operating in the direct real estate market.
- **Superior deal sourcing from ICG-Longbow's local market presence:** The ICG-Longbow team is based in London and Leeds which allows ICG-Longbow investment professionals to establish and maintain connections in ICG-Longbow's target markets across the UK. The Company believes that ICG-Longbow's regional presence and the relationships of its Senior Investment Team with leading property companies, agents and advisers should provide valuable local market insight and equip ICG-Longbow with the resources to access, execute and actively manage investments. Such relationships are key drivers, in particular, in being able to source off-market transactions in a non-commoditised private treaty market, whilst avoiding the necessity to price transactions in a bid process.
- **Experienced investment selection and structuring underpinned by rigorous credit analysis:** ICG-Longbow's broad combination of skill sets, including in-house property, finance, banking, credit and risk management expertise underpinned by deep local market knowledge and experience, represents a key value driver in pricing, structuring and managing commercial real estate debt investments.

ICG-Longbow's proven investment process seeks to capitalise on the combined experience and skill sets of the ICG-Longbow team in assessing the property and credit fundamentals of each investment opportunity. The process requires assessment of the underlying real estate assets, borrower track record, business plan and cash flow supported by direct property market knowledge instead of traditional backward looking valuations.

ICG-Longbow's centralised investment process helps facilitate rapid decision making, enabling it to maximise its ability to identify and capture attractive opportunities in the target markets.

All loans will be originated by ICG-Longbow, ensuring control over terms, structuring and documentation at the point of lending, whilst capturing full value from the underlying loan transaction. Additionally, all loans will also be bi-lateral/non-syndicated, ensuring that ICG-Longbow can implement the Company's investment policy and manage the loan portfolio without other lenders having any influence on the outcome of a loan transaction.

Through ICG-Longbow, the Company will apply a highly selective approach to the sourcing of transactions and, in particular, it will seek to create a portfolio according to the following selection criteria:

- seek diversity at loan level, at tenant level (i.e. multi-let properties) and/or property level (i.e. multi property portfolios);
- avoid specific risk and wasting assets (i.e. single tenant transactions unless there is a high quality tenant with circa 10 years unexpired lease term at loan expiry);
- majority of target return taken through quarterly coupon payments;

- underwriting focused on establishing robustness of underlying property cash flow and capacity to service debt after applying material stress tests;
- loans to be secured by property security with strong fundamental qualities, including:
  - suitability for target occupier market;
  - sustainability of cash flow;
  - conservative valuation of a £ per square foot analysis; and
  - liquidity of underlying property;
- loans to be secured primarily by mainstream commercial properties – predominantly office, retail, industrial/warehousing; and
- specialist properties will be avoided such as nursing homes, data centres or hospitals.

Loans will be originated through direct and often long established relationships between ICG-Longbow's investment team and the borrower. Consequently, the Company's borrowers will usually be well known to ICG-Longbow and are expected to have the following characteristics:

- Small/medium in size;
- Privately owned, public companies and property funds;
- Sector and/or regional specialists.

### **Team**

ICG-Longbow's Senior Investment Team, comprising Martin Wheeler, Kevin Cooper, Graham Emmett, Ralph Charwood and Julian Naylor, each have over 21 years' experience in property, credit and/or lending. Collectively, they are able to utilise their market knowledge and property sector relationships, gained in diverse property/finance based backgrounds, to generate direct deal flow. Their extensive experience, gained in lending or investing businesses with a 'hold-to-maturity' approach, has combined to produce ICG-Longbow's investment philosophy which aims to deliver investment selection and pricing of risk based on property fundamentals and rigorous, cash flow based credit analysis.

ICG-Longbow's Senior Professional Team also includes two partners, Philip Archer and Graeme Troll, who are experienced in credit/restructuring and finance/operations, respectively, each having over 25 years' relevant experience, thereby ensuring a balanced approach to risk management and portfolio selection. Collectively, the Senior Professional Team delivers effective portfolio management and possess the necessary skills and experience to optimise returns through actively managing investments.

ICG-Longbow's Senior Investment Team is supported by four analysts, each with over five years of experience in real estate or property finance.

Investment decisions are the responsibility of ICG-Longbow's Investment Committee which, in addition to the Senior Professional Team, includes ICG-Longbow's non-executive chairman and an ICG representative member.

### **ICG-Longbow's track record**

The Founders have over 15 years' experience each investing in UK commercial real estate debt and have worked together since 1998 when they were founder members of Halifax Bank plc's UK structured property finance team. Between November 2002 and August 2012, ICG-Longbow and its Founders have invested in 97 UK commercial property debt transactions making gross advances of over £4 billion through a number of economic cycles. Of these transactions over 55 were senior loans, totalling over £3.6 billion, which have been realised and have generated a gross IRR of 7.5% per annum.

<i>Investment Area</i>	<i>Investment period</i>	<i>Lending volume</i>	<i>Transactions</i>	<i>Gross IRR</i>	<i>Status</i>
GMAC senior loans	2002 – 2006	£3,644m	55	7.5%	Realised
Mezzanine/ whole loans	2002 – 2009	£537m	36	11.2%	Realised
Fund II	2011 – 2012	£230m	15	17.1%	Unrealised

ICG-Longbow's second fund, Longbow UK Real Estate Debt Investment II S.à r.l., which closed to new investors in 2011, is substantially invested and as of 31 August 2012 had an aggregate gross underwritten IRR of 17.1% with a weighted average loan coupon receivable of 10%.

The Company believes that ICG-Longbow's strong track record, sustained through multiple and varied economic cycles, is attributable to its careful asset and borrower selection processes based on detailed analysis of the property portfolio, cashflow based underwriting and its extensive knowledge of the UK commercial real estate debt industry.

### **Key Individuals**

The members of ICG-Longbow's Senior Investment Team responsible for the implementation of the Company's Investment Strategy are Martin Wheeler, Kevin Cooper and Graham Emmett. Philip Archer, a member of the Senior Management Team, will be responsible for overseeing risk management within the Company's investment portfolio. Collectively, Martin Wheeler, Kevin Cooper, Graham Emmett and Philip Archer are the key individuals with responsibility for delivering the investment strategy of the Company (the "Key Individuals"), each having over 21 years' experience in property, credit and/or lending.

The Key Individuals will be supported by the full resources of ICG-Longbow. Further details of the Key Individuals are set out below:

#### **Key individuals**

##### **Martin Wheeler – Joint Managing Partner**

Martin is a co-founder of ICG-Longbow and member of its board and Investment Committee.

Jointly with Kevin Cooper, Martin will be responsible for the overall implementation of the Company's Investment Strategy. Martin will also be responsible for overseeing the investment process, portfolio construction and investor relations.

Martin started his career in 1990 with Legal & General Investment Management where he worked in a number of different roles gaining experience across the main commercial property sectors throughout the UK, before joining the Property Finance department of HSBC. In 1998, with Kevin Cooper, Martin was a founder member of the Structured Property Finance business for Halifax. In 2002, Martin joined GMAC, with Kevin Cooper, and was appointed Executive Director to lead the market entry and growth of its UK Real Estate Finance business. Martin is a member of the Royal Institution of Chartered Surveyors and holds an Honours Degree in Property Valuation and Finance from City University.

##### **Kevin Cooper – Joint Managing Partner**

Kevin is a co-founder of ICG-Longbow and member of its board and Investment Committee.

Jointly with Martin Wheeler, Kevin will be responsible for the overall implementation of the Company's Investment Strategy. Kevin will also be responsible for overseeing the investment process and maintaining key borrower relationships

Kevin has built his career in UK focused debt institutions commencing with Barclays Bank in 1987. In 1998, with Martin Wheeler, Kevin was a founder member of the Structured Property Finance business for Halifax. The Halifax business grew organically to a strongly performing on balance sheet book of c.£2 billion by 2002. In 2002, Kevin, with Martin Wheeler, joined GMAC, where he was appointed Managing Director, to lead the market entry and expansion of its UK real estate finance business. Kevin is a qualified Banker and holds a Masters in Business Administration from Cranfield School of Management.

**Graham Emmett – Partner**

Graham is a member of ICG-Longbow's Investment Committee

Graham will have overall responsibility for sourcing investments and implementing the Company's Investment Strategy.

Graham joined ICG-Longbow in September 2012, and was previously Head of Lending and Corporate Finance at NAMA. After various banking and credit roles, Graham began his property finance career at Robert Fleming & Co in 1989 where he worked for ten years becoming head of the Property Finance Division and a Board Director. Graham joined Delancey Estates in 1999 as Finance and Operations Director and has also worked at Goldman Sachs in Real Estate lending roles. Graham has a BSc (Hons) in Banking and Finance from Loughborough University.

**Phillip Archer – Partner/Chief Credit Officer**

Phillip is a member of ICG-Longbow's Investment Committee.

Phillip will be responsible for overseeing the due diligence, documentation execution and management of the Company's investments and monitoring of investment performance.

Phillip has spent most of his career with HSBC, where he was involved in credit related roles and led the Corporate Recovery Department between 1989 and 1997. His caseload included the high profile restructuring of the Broadgate development in the City of London. Phillip has also performed Credit Manager and/or restructuring roles for Halifax, Credit Lyonnais and Natixis. Phillip is a qualified banker and holds an Honours Degree in History from Bristol University.

Investment opportunities will also be introduced by other members of the Senior Investment Team. In the underwriting, execution, monitoring and management of investments, the Key Individuals will be supported by a team of four associates each of whom have over five years relevant real estate and/or property finance experience.

**Other Senior Professional Team Members**

The Key Individuals will also be supported in the implementation of the Company's investment strategy by calling upon the experience of the other members of the Senior Professional Team in their capacity as members of ICG-Longbow's Investment Committee, which will be responsible for reviewing and approving all investment proposals prior to their presentation to the Company.

**Ralph Charlwood – Partner**

Ralph is a Partner at ICG-Longbow and member of the Investment Committee responsible for sourcing and executing investments. Ralph started his career at Jones Lang LaSalle where he worked in various departments (including Leasing, Fund Management and Investment Agency) before joining Regus Group plc. In 2003, Ralph was recruited by Kevin and Martin into GMAC where he started his career in property finance and became a Senior Originator. Ralph is a member of the Royal Institution of Chartered Surveyors and holds an Honours Degree in Land Management from De Montfort University and a Masters in Business Administration from Open University Business School. Ralph is also a member of the Investment Property Forum and the Association of Property Lenders.

**Julian Naylor – Partner**

Julian is a Partner at ICG-Longbow and member of the Investment Committee responsible for sourcing and executing investment opportunities from borrowers based in the North of England and Scotland. Prior to joining ICG-Longbow, Julian was the Regional Director of Anglo Irish Bank for Yorkshire and the North East. He has over 30 years banking experience and has specialised in commercial property finance since 1993. Julian previously worked in senior lending positions at Hypo Real Estate, Halifax (where he was a colleague of Kevin Cooper and Martin Wheeler), County NatWest and HSBC Bank. Julian is a qualified banker.

**Graeme Troll – Partner/Chief Financial Officer**

Graeme is a Partner and Chief Financial Officer and a member of ICG-Longbow's board and the Investment Committee. Graeme is responsible for financial reporting and operations. Prior to joining ICG-Longbow,

Graeme held various finance, board and FSA approved persons' roles at Williams de Broë and Daiwa Securities, where he gained experience in the design and implementation of operating platforms and control frameworks. Graeme has also worked for 10 years in the alternative fund industry as a service provider and as a member on the Board of Management of Trustee companies in Ireland, New Jersey and Grand Cayman. Graeme is an Associate Chartered Management Accountant and holds an Honours Degree in Mathematics from Reading University.

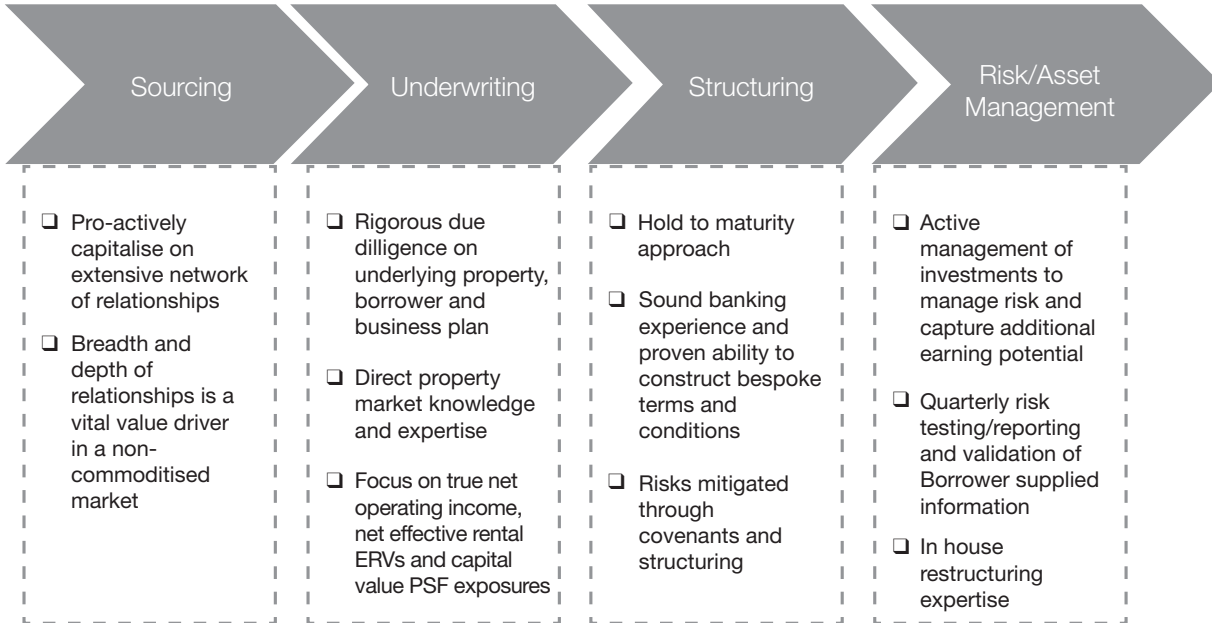
**Investment Committee**

The nine members of the Investment Committee have an average of 21 years of investment experience. The ICG-Longbow Investment Committee is chaired by Graeme Troll, CFO and is comprised of members representing the Senior Investment Team and credit and risk functions of ICG-Longbow. The Investment Committee meets once a week and ad hoc, as required. Approval requires a quorum of three members excluding the originator responsible for the transaction. The Investment Committee is responsible for reviewing all investment proposals and asset management decisions relating to ICG-Longbow's commercial real estate debt funds. The Investment Committee also reviews and manages potential conflicts of interest, quarterly performance reports of investments and co-ordinated management plans for individual assets, as necessary.

**Investment Process**

ICG-Longbow has a centralised investment process which allows the Senior Investment Team to apply its extensive experience gained in diverse property and finance backgrounds through multiple economic cycles to identify, execute and manage attractive debt investments across the UK commercial real estate debt markets, as summarised in Figure 1 below. ICG-Longbow's centralised investment process facilitates rapid decision making, maximising ICG-Longbow's ability to identify and capture attractive opportunities in the target markets.

**Fig 1. ICG-Longbow's proven value creation process**



- **Investment sourcing:** The ICG-Longbow Investment Team is based in London and Leeds which allows its investment professionals to establish and maintain connections in ICG-Longbow's target markets, whilst providing valuable local market insight. ICG-Longbow's local presence and the relationships that its Senior Investment Team have built up over 21 years operating in the UK real estate and finance markets with leading property companies, agents and advisers positions ICG-Longbow to access, execute and actively manage investments in ICG-Longbow funds. These relationships are expected to provide ICG-Longbow with access to deal flow that ICG-Longbow considers would not be available to investors without such deep and long-standing relationships whilst avoiding the necessity to price transactions in a bid process.

- **Investment underwriting, structuring and selection:** The Senior Professional Team’s average 21 years’ experience, deep property market knowledge and combination of skill sets, including in-house property, finance, banking, credit and risk management expertise, has combined to produce ICG-Longbow’s risk averse investment philosophy. ICG-Longbow’s investment process seeks to utilise the combined experience and skill sets of the ICG-Longbow team in assessing the property and credit fundamentals of each investment opportunity, supported by direct property market knowledge instead of traditional backward looking valuations. ICG-Longbow’s rigorous underwriting, structuring and approval process requires assessment of the underlying real estate assets, borrower track record, business plan and cash flow and credit analysis, thereby informing investment selection and pricing of risk.
- **Investment Approval Process:** ICG-Longbow’s internal investment approval process is iterative and involves the Investment Committee approval at various stages, summarised below:
  - (i) “heads up” review of suitability against the Company’s investment criteria;
  - (ii) issue of indicative terms;
  - (iii) final Investment Committee approval; and
  - (iv) issue of binding documentation, with any material changes being referred back to the Investment Committee.

The execution of its investments following the issuance of binding terms will be subject to the satisfaction of all outstanding due diligence items and conditions precedent. ICG-Longbow intends to underwrite its investments with a hold to maturity approach.

### **Post-investment monitoring**

After the funding of an investment, ICG-Longbow will proactively monitor the investments, applying its in-depth understanding of both the borrower’s business plan and the underlying property, and advise the Company in order to mitigate potential risks and capture value creation opportunities that may emerge over the lifecycle of the investments. In particular, ICG-Longbow will:

- carry out a review of each investment, at least on a quarterly basis, to monitor the performance of the underlying property, including execution of the property asset management plans;
- undertake inspections on properties on which investments are secured at least annually and request borrower meetings at appropriate intervals;
- monitor the impact of underlying property performance including compliance with loan covenants;
- identify and monitor key tenants’ risk; and
- recommend the Company take appropriate action, for instance through re-pricing or restructuring of a loan, in the event that the borrower has not met its obligations in respect of a breach of covenant to ensure that the investors are being appropriately protected.

### **Loss Experience**

Of the 97 loan transactions originated by the Founders at GMAC between 2002 and 2006 and the ICG-Longbow team since 2006, credit or trading losses have only been experienced in two investments. Both of these were originated in 2006 with an aggregate value of £13.45 million, with one loan experiencing a partial trading loss, whilst the other, although still unrealised, having been written down to zero due to the low probability of recovery. Both of these investments are included in the ICG-Longbow realised track record.

Both facilities featured full interest roll-up reflecting the high LTV and development/refurbishment nature of the business plans and were impacted by the general fall in UK property valuations in 2008/9. Neither investment would satisfy the investment criteria of the Company.

ICG-Longbow continues to take an active role with the administrators in seeking recovery for the unrealised position, and its participation is led by Phillip Archer (ICG-Longbow’s Chief Credit Officer) who has over 25 years’ experience in credit and work-outs having led the HSBC work-out team in 1989.



## PART IV

### FURTHER INFORMATION ABOUT THE COMPANY

#### **The Board**

The Board is responsible for the determination of the Company's investment objective as specified in this document and has overall responsibility for its activities, for supervising the Investment Manager's performance in relation to the Company and for compliance with the Listing Rules, Prospectus Rules and the Disclosure Rules and Transparency Rules. The Directors, all of whom are non-executive, are as follows:

#### **John (Jack) Perry CBE** – *Non-executive Chairman*

Jack was Chief Executive Officer of Scottish Enterprise between 2004 and 2009. He is a chartered accountant and became an office managing partner in 1995 with Ernst & Young and a regional industry leader for the firm in 1999. Jack was a member of the council of CBI Scotland between 1996 and 2001 before being appointed Chairman, a position he held for two years. Since leaving Scottish Enterprise in 2009, Jack has been pursuing a career as a non-executive director and adviser to a variety of public and private companies.

#### **Stuart Beevor** – *Non-executive Director*

Stuart is a non-executive director at Unite Group Plc and an Independent Consultant with various roles advising clients in real estate fund management, investment, development and asset management. From 2002 to 2011, he was Managing Director of Grosvenor Fund Management Limited and a member of the Board of Grosvenor Group Limited, the international property group. Prior to joining Grosvenor, he was Managing Director at Legal and General Property Limited, having previously held a number of roles at Norwich Union (now Aviva). Stuart is a Chartered Surveyor with over 30 years' experience in real estate both in the UK and overseas.

#### **Patrick Firth** – *Non-executive Director*

Patrick qualified as a chartered accountant with KPMG in 1991 before building a career in fund administration with roles at Rothschild Asset Management (C.I.) Limited, BISYS where he became Managing Director of BISYS Fund Services (Guernsey) Limited, before joining Bank of Butterfield in 2002. Patrick left Butterfield Fulcrum in 2009 and has since taken on a number of non-executive positions on listed and private companies. Patrick is a former Chairman of the Guernsey Investment Fund Association, a position he held for two years to March 2012, and a member of the AIC Offshore Funds Committee.

#### **Paul Meader** – *Non-executive Director*

Paul is an independent director of investment and insurance funds and companies. Until the autumn of 2012, he was Head of Portfolio Management for Collins Stewart based in Guernsey, prior to which he was Chief Executive of Corazon Capital. He has 26 years' experience in financial markets in London, Dublin and Guernsey holding senior positions in portfolio management and trading, with particular expertise in fixed income investments. Prior to joining Corazon he was Managing Director of Rothschild's Swiss private-banking subsidiary in Guernsey.

Paul is a Chartered Fellow of the Chartered Institute of Securities & Investments and is past Chairman of the Guernsey International Business Association, The International Bankers' Association and of the Guernsey Investment Managers' & Stockbrokers' Association. He is a graduate of Hertford College, Oxford.

#### **Mark Huntley** – *Non-executive Director*

Mark has over 30 years' experience in the fund and fiduciary sector and much of his involvement in the fund and private asset sectors has involved real estate and private equity investments. He holds a number of board appointments on listed and private funds and property advisory boards, and has been actively

involved in real estate investment in the UK and internationally. He also has experience of a number of debt structures. He is a founding director of the Channel Island Stock Exchange LBG.

Mark is an associate of the Institute of Financial Services (Trustee Diploma). He is the Head of the Financial Services Group of one of the largest independently owned financial services businesses in Guernsey. He is managing director of the Administrator.

Prior to establishing the Administrator, Mark spent 19 years with Baring Financial Services Group, including 10 years involved with specialist funds at a senior level. He was a member of the Baring Financial Services Group Executive Committee and Group Head of Business Development and Communications. Prior to his time with Barings, Mark worked for the First National Bank of Chicago (CI) Limited, where his responsibilities included the real estate portfolios for international clients, and he began his career with National Westminster Guernsey Trust Company Limited.

### **Corporate governance**

The Company will be subject to the GFSC Finance Sector Code of Corporate Governance, which applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes. The Company will be deemed to comply with the GFSC Finance Sector Code of Corporate Governance published by the Commission by virtue of reporting in compliance with the AIC Code. All of the Directors are independent from the Investment Manager.

The Board has resolved to comply with the AIC Code with effect from Admission and, in accordance with that code and as confirmed by the UK Financial Reporting Council in its letter of endorsement to the AIC dated 30 September 2010, the Company will meet its obligations in relation to the UK Corporate Governance Code and associated disclosure requirements in Paragraph LR 9.8.6 of the Listing Rules by reporting against the AIC 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) describe its internal credit 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 along with an explanation of the reasons for such non-compliance 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 and no senior independent director which is not in accordance with provision A.4.1 of the UK Corporate Governance Code. As an investment company, the Company has no employees and therefore considers it has no requirement for a chief executive or a senior independent director.

The Company will be a member of the AIC on Admission and it is expected it will be classified as a Specialist Debt Company by the AIC.

### **Directors' Share dealings**

The Directors have adopted the Model Code for directors' dealings contained in the Listing Rules (in this paragraph, the “Model Code”). The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code.

### **Audit and risk management committee**

The Company's audit and risk management committee (in this paragraph, the "Audit Committee") will meet formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts, interim reports and interim management statements. 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. The Audit Committee comprises all the Directors. Patrick Firth will act as chairman of the Audit Committee. The principal duties of the Audit Committee will be to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers with a particular focus on risk management. The Audit Committee will also review any relevant reports from the internal auditor of the Administrator and/or the auditor of any subsidiary from time to time.

### **Nomination Committee**

The Company has established a nomination committee (in this paragraph, the "Nomination Committee"), which comprises all the Directors. The Chairman will act as chairman of the Nomination Committee. The Nomination Committee will meet not less than once a year and will: (i) identify 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) determine director nominees for each committee of the Board; and (iii) consider the appropriate composition of the Board and its committees. In addition, the chairmanship of the Audit Committee and each Director's performance will be reviewed annually by the Chairman and the chairmanship of the Nomination Committee and the Management Engagement Committee (as defined below) and the performance of the Chairman will be assessed by the remaining Directors.

### **Management Engagement Committee**

The Company has established a management engagement committee (in this paragraph, the "Management Engagement Committee") which comprises all the Directors except for Mark Huntley (as he is the managing director of, and is remunerated by, the Administrator). The Chairman will act as chairman of the Management Engagement Committee. The Management Engagement Committee will meet at least 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 (including effective and active monitoring and supervision of the activities of the Investment Manager) in its role as investment manager to the Company as well as the performance of any other service providers to the Company (except for the Company's auditors).

### **Administrator**

The Administrator, Heritage International Fund Managers Limited, has been appointed as administrator and secretary of the Company pursuant to the Administration Agreement (further details of which are set out in paragraph 16.3 of Part VII of this document). The Administrator will be responsible for the Company's general administrative requirements such as the calculation of the Net Asset Value and NAV per Share and maintenance of the Company's accounting and statutory records and the safekeeping of any share certificates or other documents of title relating to investments made for or on behalf of the Company.

The Administrator is licensed by the GFSC under the POI Law as amended, to act as "designated manager" under the POI Law and the RCIS Rules and provide administrative services to closed-ended investment funds and collective investment schemes.

Shareholders should note that it is not possible for the Administrator to provide any investment advice to Shareholders.

## **Registrar**

The Registrar, Capita Registrars (Guernsey) Limited, will act as the Company's registrar pursuant to the Registrar Agreement (further details of which are set out at paragraph 16.4 of Part VII of this document). The Registrar is responsible for providing registration services to the Company and maintaining the necessary books and records (such as the Company's register of Shareholders). The Registrar is licensed by the GFSC under the POI Law to provide registrar services to collective investment schemes.

Shareholders should note that it is not possible for the Registrar to provide any investment advice to Shareholders.

## **Principal Banker**

The Company has appointed The Royal Bank of Scotland International Limited as its Principal Banker. The Principal Banker will provide general banking facilities.

## **Formation and initial expenses**

The formation and initial expenses of the Company are those which are necessary for the incorporation of the Company and the Placing. Except as provided below, these expenses will be met by the Company and paid on or around Admission out of the proceeds of the Placing. The formation and initial expenses are 2% of the Gross Proceeds. These will be written off immediately against the initial Net Asset Value of the Shares either as a direct expense to the income statement or as a deduction from Shareholders' funds where the expenses qualify to be deducted directly from the proceeds of the Placing. These expenses include the reasonable expenses of the Investment Manager incurred in the formation and marketing of the Company prior to Admission, the commissions, fees and expenses of the Placing Agent, the Administrator, the fees of the London Stock Exchange and UK Listing Authority, legal and accounting fees, promotion, printing, advertising and distribution costs.

## **Operating Expenses**

The Company will bear its on-going operational expenses which are expected in aggregate to be approximately 1.55% of its Gross Asset Value per annum. These expenses will include the following:

(i) *Administration*

Under the terms of the Administration Agreement, the Administrator is entitled to a fixed fee of £90,000 per annum for services such as administration, corporate secretarial services, corporate governance, regulatory compliance and stock exchange continuing obligations provided to the Company. The Administrator will also be entitled to an accounting fee charged on a time spent basis with a minimum of £40,000 per annum which is capped at £80,000 for the first two years in relation to accounting services provided to the Company. Furthermore, once established, LuxCo, and any other subsidiary incorporated in Luxembourg, will appoint the Luxembourg Administrator on terms yet to be agreed.

(ii) *Registrar*

Under the terms of the Registrar Agreement, the Registrar will be entitled to an annual fee from the Company equal to £2 per Shareholder per annum or part thereof, subject to a minimum of £7,500 per annum. Other registrar activities will be charged for in accordance with the Registrar's normal tariff as published from time to time.

(iii) *Directors*

The Directors will be remunerated for their services at an annual fee of £25,000, with Patrick Firth receiving an additional annual fee of £5,000 for acting as chairman of the audit and risk management committee. The Chairman will receive an annual fee of £37,500. Further information in relation to the remuneration of the Directors is set out in paragraph 6 of Part VII (Additional Information) of this document.

(iv) *Investment Manager*

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee at a rate equivalent to 1% per annum of the Net Asset Value paid quarterly in arrears based on the average Net Asset Value as at the last business day of each quarter ending 31 January, 20 April, 31 July and 31 October. The Investment Manager is also entitled to certain expenses incurred in carrying out its duties under the Investment Management Agreement (including travel and accommodation necessarily incurred in connection with attendance at meetings of the Board or of committees of the Board or of the Company or any subsidiary of the Company), as well as legal, accounting, consultancy and other professional fees and expenses.

(v) *Other operational expenses*

Legal and other fees in connection with the making and holding of investments, audit costs, expenses of publishing reports, notices and proxy materials to Shareholders, expenses of convening and holding meetings of the Board and of the Shareholders, costs of preparing, printing and/or filing all reports and other documents relating to the Company, expenses of making any capital distributions, insurance premium in respect of directors and officers liability insurance for members of the Board, expenses in relation to LuxCo and any other subsidiary from time to time, fees of the Commission, London Stock Exchange fees and associated fees of listing.

### **Regulatory Status**

The Company is registered as a registered closed-ended collective investment scheme with the GFSC pursuant to the POI Law and is required to comply with the RCIS Rules. The GFSC, in granting registration, has not reviewed this document but has relied upon specific warranties provided by the Administrator.

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

The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

The Company is regulated by the GFSC but is not regulated or authorised by the FSA or any other regulator.

### **Valuations and net asset calculations**

#### *Publication of Net Asset Value*

The Company intends to publish its estimate of the NAV per Share following Admission on a quarterly basis, as calculated by the process described below. Such NAV per Share will be published by a RIS announcement and be available on the website of the Company.

At any time when the Company has more than one class of share in issue, in order to calculate the NAV of each class of share, a separate class account will be established in the books of the Company in respect of each class of share. An amount equal to the proceeds of issue of Shares of each class will be credited to the relevant class account. Any increase or decrease in the Net Asset Value of the Company arising from the issue, redemption or repurchase of Shares of a particular class or conversions from or into Shares of such class will be credited or debited (as the case may be) to the relevant class account. Any increase or decrease in the Net Asset Value of the Portfolio which is attributable to the Shares (disregarding for these purposes any increases or decreases in Net Asset Value arising from issues, repurchases or redemptions of Shares or conversions of Shares from one class into the other class or any designated adjustments (as defined below)) will be allocated to the relevant class account based on the previous relative NAV of each such class account (measured in Sterling terms). There will then be allocated to each class account the "designated adjustments", being those costs, pre-paid expenses, losses, profits, gains and income which the Directors determine relate to a single separate class.

#### *Valuation of the assets held in the Portfolio*

The loans will be classified as “Held to Maturity” under IAS39 with a view to having amortised cost treatment when IFRS9 is applied. Loans will be held at amortised cost less impairment using the effective interest method. This method allocates interest income over the relevant period by applying the 'effective interest rate' to the carrying amount of the asset. The effective interest method is also applied in determining the interest recognised on an interest-bearing asset.

The effective interest rate is defined as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity estimates cash flows considering all contractual terms of the financial instrument (e.g. prepayment, call and similar options).

Under IAS 39 (and, when adopted, IFRS 9) each asset must be assessed for impairment and the amortised cost of the asset adjusted for any such impairment. Under IAS 39 impairment losses are recognised when a loss event occurs; under IFRS 9 an expected loss approach is required which may result in losses being recognised more quickly. Although the Investment Manager will monitor the investments on an on-going basis and will review relevant information received (including periodic collateral and performance data) to determine if any impairment should be reported in the NAV, the Investment Manager is not in a position to confirm the completeness, genuineness or accuracy of all such information and data. As such it may take some time for the Investment Manager to receive sufficient information to propose to the Board that it assign an impairment provision to the asset.

Impairment provisions in respect of performing investments will be assessed by reference to the LTV based on the most recent property valuation carried out pursuant to the lender's rights in the underlying loan documentation, or to the extent that such a valuation is not available, is greater than a year old or where market conditions have changed substantially, a new valuation by a third party valuer will be commissioned by the Company.

The estimated NAV per Share may not be representative of the fair value of the loans and any difference between the fair value of the loans and amortised cost of the loans used to calculate the estimated NAV will be disclosed in the Company's annual report and accounts and unaudited half-yearly interim reports.

The value of any cash in hand or on deposit, bills, demand notes, overnight financing transactions, receivables and payables will be deemed to be the full amount thereof; provided, however, that if such cash, bills, demand notes, overnight financing transactions, receivables and payables are unlikely, in the opinion of the Board, to be paid or received in full, then the value will be equal to the full amount thereof adjusted as is considered appropriate to reflect the true value thereof.

All assets and liabilities will be valued in Sterling.

#### *Suspension of the calculation of Net Asset Value*

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

- (a) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Directors, disposal or valuation of a substantial part of the investments 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 cannot be fairly calculated; or
- (b) any breakdown in the means of communication normally employed in determining the value of the investments.

In the event that the calculation of the Net Asset Value of the Shares is suspended as described above, an announcement will be made by an RIS, and trading in the Shares on the Main Market and the listing of the Shares on the Official List may also be suspended.

## **Material relationships and Conflicts of interest**

There are certain potential and actual conflicts of interest between the Company and the Investment Manager, the Administrator and certain of the directors, members and officers of the Investment Manager and the Administrator. Certain of these relationships are described below.

The Investment Manager and the Administrator will provide services to the Company on a non-exclusive basis. The Investment Manager and the Administrator are involved in other financial, investment and professional activities and accordingly will not necessarily devote their full time and attention to the affairs of the Company. The Investment Management Agreement and the Administration Agreement generally do not limit or restrict the Investment Manager's or the Administrator's ability to engage in any business or manage any other investment, subject to certain restrictions contained in those documents.

Please see the risk factor entitled "Investment Manager Conflicts of Interest" on page 18 of this document for further information regarding potential conflicts of interest applicable to the Investment Manager.

As described in paragraph 15 of Part VII (Additional Information) of this document, pursuant to the terms of the Placing Agreement, Investec will receive certain compensation from the Company in connection with the subscription for Shares by placees.

The Directors are required by the RCIS Rules issued by the GFSC to take all reasonable steps to ensure that there is no breach of the conflicts of interest requirements of those rules.

## **Allocation of investment opportunities by the Investment Manager**

Whilst the Investment Manager does currently manage and intends to manage other funds, the investment objectives and strategies of such other funds are or will be differentiated from the investment objectives and strategies pursued by the Company. However, on an exceptional basis, there may be individual investment opportunities which fit the investment criteria of both the Company and other funds (whether current or future) managed by the Investment Manager and, as such, both the Company and such other funds may be eligible to invest in the same investment opportunities.

In such circumstances, it is the policy of the Investment Manager to allocate investment opportunities fairly and equitably among the Company and other funds that it manages to the extent possible over a period of time. The Investment Manager, however, will have no obligation to originate, sell or exchange any investment for the Company which the Investment Manager may originate, purchase, sell or exchange for one or more other funds if the Investment Manager believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for the Company.

In allocating investment opportunities, the Investment Manager will take into consideration a number of factors such as the investment programmes and restrictions of the Company and any relevant other funds, tax consequences, legal or regulatory restrictions, the participation of other accounts in the investment, the amounts of investable cash available in the Company relative to other funds and such other factors considered relevant by the Investment Manager.

## **Meetings, accounts and reports to Shareholders**

The Company's financial statements will be prepared in Sterling and in compliance with IFRS and reported in Sterling.

The Company's first accounting period will be for the period from 29 November 2012 (being the date of its incorporation) to 31 January 2014. Thereafter, accounting periods will end on 31 January in each year. Copies of the annual audited financial statements will be sent to each Shareholder (other than those Shareholders who have agreed to receive communications in electronic form) within four months of the end of the relevant accounting period.

Semi-annual unaudited interim reports will be prepared as at 31 July in each year, with the first such interim report being prepared as at 31 July 2013. In addition, copies of the annual audited financial statements and the semi-annual unaudited interim reports will be made available for inspection at and may be obtained upon request from the registered office of the Company shortly thereafter. These financial statements and reports

will contain information as to the Company's Net Asset Value as at their dates. Shareholders who have agreed to receive communications in electronic form will be notified electronically (if an email address has been provided to the Company) or otherwise by post when annual and semi-annual reports are posted to the Company's website (<http://www.ICG-Longbow-SSUP.com>). The Company is required to send copies of its annual report and accounts to the GFSC as soon as reasonably practicable after their publication.

It is intended that the first annual general meeting of the Company will be held in May 2014. Thereafter, it is intended that the annual general meeting of the Company will normally be held in May of each year. General meetings of the Company will be held in Guernsey or such other place (not being in the UK) as may be determined by the Board.

### **Taxation**

Information concerning the tax status of the Company and the tax treatment of Shareholders is contained in Part VI (Taxation) of this document. A potential investor should seek advice from his or her own independent professional adviser as to the taxation consequences of acquiring, holding or disposing of Shares.



## **PART V**

### **THE PLACING**

#### **The Placing**

The Company will raise £104,619,250, before expenses, through a placing undertaken by Investec as agent for the Company at a Placing Price of £1.00 per Share. The net proceeds from the Placing, after deduction of expenses, will be £102,526,865 on the assumption that the Gross Proceeds amount to £104,619,250 and the Company's estimated unaudited NAV per Share will be £0.98.

The Placing is not being underwritten and is proceeding on the basis aggregate subscriptions have been received which represent a minimum of £100 million.

The Placing commenced on 30 January 2013 and the latest time for receipt of applications under the Placing was 12.00 p.m. on 30 January 2013.

Applications under the Placing were for a minimum subscription amount of £10,000.

The Placing is conditional upon, *inter alia*:

- (a) Admission occurring;
- (b) the Placing Agreement not having been terminated in accordance with its terms before Admission; and
- (c) the Minimum Net Proceeds being raised.

If any of these conditions are not met and save as set out in the paragraph below, the Placing will not proceed.

If the Minimum Net Proceeds are not raised, the Placing may only proceed where a supplementary prospectus (including a working capital statement based on a revised minimum net proceeds figure) has been prepared in relation to the Company and approved by the UK Listing Authority. In the absence of a supplementary prospectus in such circumstances, the Placing will not proceed and application monies received under the Placing will be returned to applicants without interest at the applicant's risk.

The obligations of Investec under the Placing Agreement in respect of the Placing are conditional, among other things, upon Admission of the Shares under the Placing taking place by 8.00 a.m. on 5 February 2013 (or such later date, being not later than 8.00 a.m. on 8 February 2013, as may be agreed by the Company and Investec). The Placing Agreement contains provisions entitling Investec to terminate the Placing Agreement in certain circumstances at any time prior to Admission.

Further details of the Placing Agreement are set out in paragraph 15 of Part VII (Additional Information) of this document.

#### **General**

All applications for Shares will be payable in full in cash. No commissions will be paid by the Company to any applicants under the Placing. Definitive certificates in respect of Shares in certificated form are expected to be dispatched by post by 20 February 2013. Temporary documents of title will not be issued.

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, the Company and its agents and/or the Investment Manager and/or Administrator will require evidence of the identity of each prospective investor in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued. Failure to provide necessary evidence of identity may result in an investor's application being rejected or the dispatch of documents being delayed.

## **CREST**

Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST. Shares issued pursuant to the Placing will be issued to placees through CREST.

It is expected that the Company will arrange for Euroclear to be instructed on 5 February 2013 to credit the appropriate CREST stock accounts of the Placees concerned or their nominees with their respective entitlements to Shares under the Placing.

The names of Placees or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

## **Dealings**

Application will be made to the London Stock Exchange for the Shares issued pursuant to the Placing to be admitted to listing and trading on the premium listing segment of the Official List and the Main Market, respectively.

It is expected that dealings in the Shares issued under the Placing will commence on the Main Market at 8.00 a.m. on 5 February 2013.

Any dealings in Shares in advance of the crediting of the relevant stock account will be at the risk of the person concerned.

The ISIN number and SEDOL code for the Shares are GG00B8C23S81 and B8C23S8 respectively.

## **Settlement**

Payment for Shares should be made through Investec, in accordance with settlement instructions to be notified to placees by Investec. To the extent that any application is rejected in whole or in part, monies received will be returned without interest at the risk of the applicant.

## **Transfer of Shares**

The transfer of Shares outside of CREST following the Placing should be arranged directly through CREST. However, an investor's beneficial holding held through CREST may be exchanged, in whole or in part, upon the specific request of a beneficial owner 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 despatched either to them or their nominated agent (at their 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.

## **Overseas Persons**

The attention of potential investors who are not resident in, or who are not citizens of, the United Kingdom is drawn to the paragraphs below.

The offer of Shares under the Placing to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Shares under the Placing. It is the responsibility of all Overseas Persons receiving this Prospectus and/or wishing to subscribe for Shares under the Placing to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this Prospectus in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to them, unless in the relevant territory such an offer can lawfully be made to them without compliance with any further registration or other legal requirements.

## **United States transfer restrictions**

The Company has elected to impose the restrictions described below on the Placing 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, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Shares to trade such securities. Due to the restrictions described below, potential investors in the United States and U.S. Persons are advised to consult legal counsel prior to attempting to acquire any interest in the Shares or otherwise becoming involved in any offer, resale, exercise, pledge or other transfer of the Shares. 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.

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

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. There will be no public offer of the Shares in the United States. The Shares are being offered and sold only outside the United States in “offshore transactions” to persons who are not U.S. Persons in accordance with and in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. 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. The Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

### *Subscribers warranties*

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

- (a) 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;
- (b) it is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S;
- (c) it acknowledges that 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, 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;
- (d) it acknowledges that the Company has not registered and will not register under the U.S. Investment Company Act;
- (e) 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” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the U.S. Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the U.S. Tax Code. In addition, if it is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local, non-U.S. or other law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Tax Code, its purchase, holding, and disposition of the Shares does not constitute and will not constitute or result in a non-exempt violation of any such substantially similar law;
- (f) that if any Shares are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

**“ICG-LONGBOW SENIOR SECURED UK PROPERTY DEBT INVESTMENTS LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, RESOLD, DELIVERED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, INTO OR WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT.”;**

- (g) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in an “offshore transaction” in accordance with Regulation S under the U.S. Securities Act (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (h) it is purchasing the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- (i) 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 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 violate or require registration under the U.S. securities laws to transfer such Shares or interests in accordance with the Articles;
- (j) 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, the Investment Manager or Investec, or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing or its acceptance of participation in the Placing;
- (k) it has received (outside the United States), carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (or any part thereof) or any other presentation or offering materials concerning the Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- (l) if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make, and does make, such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account;
- (m) at the time the Shares are acquired, it is not an Affiliate of the Company or a person acting on behalf of such an Affiliate, and it is not acquiring the Shares for the account or benefit of an Affiliate of the Company or of a person acting on behalf of such an Affiliate; and
- (n) the Company, the Investment Manager, Investec and their respective Directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

## **PART VI**

### **TAXATION**

*The following statements are by way of a general guide to potential Shareholders only and do not constitute legal or tax advice. Potential Shareholders are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile. Prospective investors should be aware that the relevant law and practice on their interpretation may change, possibly with retrospective effect. The following summary of the anticipated tax treatment is not a guarantee to any Shareholder of the tax consequences from investing in the Company.*

#### **Guernsey**

The following summary of the anticipated tax treatment in Guernsey of the Company is based on Guernsey taxation law and practice in force at the date of this document and does not constitute legal or tax advice. Prospective investors should consult their professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Shares under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that tax rules and practice and their interpretation may change, possibly retrospectively.

#### **The Company**

The Company has applied for and has been granted exempt status for Guernsey tax purposes. The Directors of the Company intend that the Company will apply for and be granted exempt status for Guernsey tax purposes annually. A fee, currently £600, is payable on each application.

If exempt status is granted, the Company will be treated as not being resident in Guernsey for Guernsey tax purposes. Under current law and practice in Guernsey, a company that has exempt status for Guernsey tax purposes is liable to tax in Guernsey in respect of income arising or accruing in Guernsey other than from a relevant bank deposit. It is anticipated that no income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax.

The Directors expect the Company to be able to continue to apply for and be granted Guernsey tax exempt status.

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

No stamp duty or other taxes are chargeable in Guernsey on the issue, transfer, disposal, conversion or redemption of Shares.

#### **Shareholders**

Shareholders who are not resident in Guernsey for tax purposes may receive dividends without deduction of Guernsey income tax. Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm) will incur Guernsey income tax at the applicable rate on any dividends paid on Shares owned by them but will suffer no deduction of tax by the Company from any such dividends paid by the Company where the Company is granted exempt status. The Company is required to provide to the Director of Income Tax in Guernsey such particulars relating to any distribution paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment. The Director of Income Tax can require the Company to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in Shares in the Company, with details of the interest.

Although not a Member State of the European Union, Guernsey, in common with certain other jurisdictions, entered into agreements with EU Member States on the taxation of savings income. From 1 July 2011 paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU Member States which falls within the scope of the EU Savings Directive (2003/48/EC) (the “**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 EC Directive 85/611/EEC (as recast by EC Directive 2009/65/EC (recast)) and 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 having to comply with the EU Savings Directive in the future.

## **United Kingdom**

The following summary is intended only as a general guide to certain aspects of current UK tax law and HMRC practice as at 29 November 2012 and applies only to certain Shareholders resident, ordinarily resident and domiciled for tax purposes in the UK (save where express reference is made to persons resident outside the UK) and who hold their Shares beneficially and as an investment. This summary does not constitute legal or tax advice. It does not apply to particular classes of Shareholder, such as: (i) Shareholders who are taxable in the UK on a remittance basis; (ii) Shareholders who are subject to special tax rules such as banks, financial institutions, broker-dealers, insurance companies, trustees of certain trusts and investment companies; (iii) Shareholders subject to mark-to-market treatment; (iv) Shareholders who hold Shares in connection with a trade, profession or vocation carried out in the UK (whether through a branch, agency or otherwise); (v) Shareholders who hold Shares as part of hedging or commercial transactions; (vi) Shareholders who receive their Shares by exercising employee share options or otherwise as compensation or persons who have acquired or who are deemed to have acquired their Shares by virtue of any office or employment; or (vii) Shareholders who are not resident, ordinarily resident and domiciled in the UK for tax purposes.

**This summary does not purport to be a complete analysis or listing of all the potential UK tax consequences of holding Shares. In particular, future legislative, judicial or administrative changes or interpretations could alter or modify the tax treatment set forth below and these changes or interpretations could be retroactive and could affect the tax consequences of the Placing or the treatment of any acquisition, holding or disposal of Shares for Shareholders. Prospective investors are advised to consult their own professional advisers on the implications of the acquisition, ownership and disposition of Shares both under UK law and under the laws of any other jurisdictions in which they may be liable to taxation.**

## **The Company**

The Directors intend that the Company will be managed and controlled in such a way that it should not be regarded as resident in the UK for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a branch, agency or permanent establishment situated therein) and is not centrally managed and controlled in the UK, the Company should not be subject to UK income tax or corporation tax other than in respect of any UK source income. The Company should not be required to deduct or withhold any amount in respect of UK tax from any dividends or other distributions it makes.

## **Shareholders**

### *UK Offshore Funds Rules*

The tax treatment of UK investors will be affected by whether the Company is an ‘offshore fund’. A company will be an offshore fund if, under the terms of the arrangements, a reasonable investor participating in the arrangements would expect to be able to realise all or part of an investment in the

arrangements on a basis calculated entirely, or almost entirely, by reference to the net asset value of the property that is the subject of the arrangement. There are a number of exceptions in the relevant legislation which can, however, enable a company to fall outside the definition of an offshore fund. One of these may apply as it requires the fund not to have a limited life.

The Directors have been advised that, under current law in force at the date of this document, the Company should not, and any separate class of share should not, be an “offshore fund” for the purposes of UK taxation and that the legislation contained in Part 8 of the Taxation (International and Other Provisions) Act 2010 should not apply.

If the Company were to be an offshore fund then, unless the Company were to elect to become a ‘reporting fund’, investors resident in the UK would be subject to tax as income on making a disposal or part disposal of their interests, whereas if it were not an offshore fund a disposal will result in a charge to tax as capital gains. However, if the Company were to be a reporting fund, UK resident investors will be taxed on income as it arises (whether or not it is distributed). If HMRC’s interpretation of the offshore funds legislation should change, then the advice obtained by the Company may be subject to revision.

### *Dividends*

An individual Shareholder who is resident, ordinarily resident and domiciled in the UK for tax purposes will be liable to UK income tax in respect of dividends or other income distributions of the Company. Such a Shareholder will generally be entitled to a notional tax credit in respect of any dividend received, currently at the rate of one ninth of the cash dividend paid (or 10% of the aggregate of the net dividend and the related tax credit) provided that he does not hold 10% or more of the Company’s issued share capital or any class of share in respect of which the distribution is made. UK resident individuals who are subject to tax at the higher rate are subject to tax on dividends at the dividend upper rate (currently 32.5%) but are entitled to offset the 10% tax credit against such liability (which has the effect of lowering the effective rate of income tax on qualifying dividends to 25% for higher rate taxpayers). UK resident individuals who receive taxable income in excess of £150,000 are subject to tax on dividends at the dividend additional rate (currently 42.5%), but are entitled to offset the 10% tax credit against such liability (which has the effect of lowering the effective rate of income tax on qualifying dividends to 36.11% for additional rate taxpayers). It was announced in the 21 March 2012 Budget that the additional rate of tax will reduce to 37.5% from 6 April 2013, giving an effective rate of income tax of 30.6% when account is taken of the notional tax credit. For this purpose dividends are treated as the top slice of an individual’s income. No repayment of the dividend tax credit in respect of dividends paid by the Company can be claimed by UK resident Shareholders (including pension funds and charities).

Shareholders that are bodies corporate resident in the UK for tax purposes may be able to rely on the exemptions for certain classes of dividends in Part 9A of the Corporation Tax Act 2009.

If the Company were ever deemed to constitute an offshore fund for the purposes of UK taxation, then dividends and/or other income distributions paid by the Company would be taxed as if they were interest. Individual Shareholders would therefore not benefit from any notional tax credit and would pay tax at a rate of 20% for basic rate taxpayers, 40% for higher rate taxpayers and 50% for additional rate taxpayers (reducing to 45% from 6 April 2013). Corporate Shareholders would be subject to corporation tax in respect of their shareholdings in the Company as if there were a loan relationship.

### *Tax on Chargeable Gains*

Broadly, Shareholders who are not resident or ordinarily resident for tax purposes in the UK will not be liable for UK tax on capital gains realised on the disposal of their Shares unless such Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency or for the purpose of such branch or agency (or, in the case of a non-UK resident company where the company is carrying on a trade through a permanent establishment). Such Shareholders may be subject under local law to foreign taxation on any gain.

A disposal or deemed disposal of Shares (which will include a redemption) by a Shareholder who is resident or, in the case of an individual, also ordinarily resident in the UK for UK tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains, depending on the Shareholder’s circumstances and subject to any available exemption or relief.

For individual Shareholders, capital gains tax at the rate of 18% (for basic rate taxpayers) or 28% (for higher or additional rate taxpayers) will generally be payable on any gain. Individuals may, however, benefit from certain reliefs and allowances (including a personal annual exemption allowance of £10,600 in 2012 to 2013) depending on their circumstances.

An individual Shareholder who becomes temporarily non-UK resident or ordinarily resident for tax purposes in the UK for a period of less than five complete tax years, and who disposes of the Shares during that period of non-residence, may also be liable to UK taxation on the disposal (subject to any available exemption or relief). Any capital gains made in that five year intervening period will be taxed in such Shareholder's year of return to the UK.

Shareholders that are subject to UK corporation tax will generally be subject to UK corporation tax on a chargeable gain arising from a disposal, subject to any available reliefs (such as any indexation allowance in respect of the period of ownership of their Shares).

#### *Stamp Duty and Stamp Duty Reserve Tax (in this section "SDRT")*

UK stamp duty (at the rate of 0.5%, rounded up where necessary to the nearest £5 of the amount of consideration for the transfer) is generally payable on transfers of non-UK incorporated companies if the instruments of transfer are executed in the UK or relate to any matter or thing done or to be done in the UK.

However, chargeable securities for SDRT purposes do not include securities which are issued or raised by a body corporate not incorporated in the UK, unless they are kept on a register maintained in the UK, are paired with shares issued by a UK incorporated company or the securities are issued or raised by a European Company and the Societas Europaea has its registered office in the UK at the time the charge arises. Furthermore, no stamp duty will be payable in connection with any transfer of Shares provided that any instrument of transfer is executed and retained outside the United Kingdom and does not relate to any matter or thing done, or to be done, in the UK.

#### *ISAs and SSAS/SIPPs*

Investors resident in the UK 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 an ISA. However, on Admission, Shares acquired in the market should be eligible for inclusion in an ISA, subject to applicable subscription limits.

The annual ISA investment allowance is £11,280 for the tax year 2012 to 2013. Up to £5,640 of that allowance can be invested as cash with one provider and the balance can be invested in stocks and shares with either the same or a different provider.

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.

#### *Other UK Tax Considerations*

UK resident corporate Shareholders who would alone or together with connected persons be entitled to 25% or more of the Company's profits for an accounting period may be liable to UK corporation tax in respect of their share of the Company's undistributed profits in accordance with the provisions of Chapter IV of Part XVII of the Income and Corporation Taxes Act 1988 relating to controlled foreign companies ("CFCs"). These provisions would only apply if a majority of the Shares are owned, or the Company is otherwise controlled, by UK resident Shareholders. Substantial reforms contained in Part 9A of the Taxation (International and Other Provisions) Act 2010 have been made to the CFC rules. These will apply for accounting periods of CFCs beginning on or after 1 January 2013. Investors who consider that they may be affected by these rules should take their own advice. In addition, the CFC rules may, in relation to EU resident companies, be limited by EU law on the freedom of establishment.

Individuals ordinarily resident in the UK are advised that Chapter II of Part XIII of the Income Tax Act 2007, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer



of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company.

The attention of Shareholders resident or ordinarily resident in the UK is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, chargeable gains made by the Company or any subsidiary of the Company may be attributed to a Shareholder (in proportion to his holding) who holds, alone or together with associated persons, Shares which entitle him to more than 10% of any such gains.

Shareholders should be aware that anti-avoidance legislation in Chapter 1, Part XIII of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 could apply to Shareholders in certain prescribed circumstances if they are seeking to obtain a tax advantage in respect of any transaction in their Shares.

Investors should also be aware that the United States and the UK (along with France, Germany, Italy and Spain) have agreed to a common approach (the 'Model I' approach) to implementation of the Foreign Account Tax Compliance provisions of the US Hiring Incentives to Restore Employment Act 2010, which implemented sections 1471-1474 of the US Internal Revenue Code of 1986, as amended ("FATCA"), through domestic reporting and reciprocal automatic exchange of information. The UK and the US have entered into an Intergovernmental Agreement, which establishes the framework for reporting by financial institutions to their respective tax authorities, followed by automatic exchange of information under existing bilateral tax treaties or tax information exchange agreements. The 'Model I' approach under the Intergovernmental Agreement is intended to operate as a potential alternative to the mainstream FATCA rules.

In addition, the Governments of Jersey, Guernsey and the Isle of Man have announced their intention to negotiate 'Model I' intergovernmental agreements with the US in relation to FATCA; these agreements are expected to be similar to the Intergovernmental Agreement between the UK and the US.

The UK government has announced that draft implementing legislation will be published in the latter part of 2012 and it is envisaged that the UK (as well as other jurisdictions), may introduce its own legislation similar to FATCA. Different and potentially obligatory disclosure and withholding tax requirements may be imposed on Shareholders in the Company and their beneficial owners as a result of either local implementing legislation and/or domestic legislation similar to FATCA. It is not clear yet whether (or how) FATCA and the 'Model I' approach under the Intergovernmental Agreement might apply to the Company or any LuxCo. Each prospective investor should consult its own tax advisers regarding the requirements under FATCA, any domestic legislation implementing the Intergovernmental Agreement and any other similar legislation with respect to its own situation.

## PART VII

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names and functions appear on page 49 of this document, and the Company, whose registered office appears on page 29 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Company

- 2.1 The Company was incorporated as a non-cellular company limited by shares in Guernsey under the Companies Law on 29 November 2012 with registration number 55917. The Company has been registered with the GFSC as a registered closed-ended collective investment scheme pursuant to the POI Law and the RCIS Rules issued by the GFSC. The registered office and principal place of business of the Company is Heritage Hall, P.O. Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY, Channel Islands with telephone number +44 (0)1481 716000. The statutory records of the Company will be kept at this address. The Company operates under the Companies Law and ordinances and regulations made thereunder. The Company is not regulated by the FSA or by any other regulator other than the GFSC.
- 2.2 The Company's accounting period will end on 31 January of each year, with the first year end on 31 January 2014.
- 2.3 The annual report and accounts, as well as the financial information contained in the interim management statements, will be prepared according to IFRS.
- 2.4 There has been no significant change in the financial or trading position of the Company since incorporation.
- 2.5 The Company has no employees.
- 2.6 The principal legislation under which the Company operates (and under which the Shares have been created) is the Companies Law. As a company listed on the Official List, the Company will be subject to the Listing Rules and the Disclosure Rules and Transparency Rules. The liability of the Company's members is limited.
- 2.7 The Company intends to establish one or more wholly-owned Luxembourg subsidiaries, including LuxCo, for efficient portfolio management but has no subsidiaries as at the date of this document.

#### 3. Share Capital

- 3.1 The Company has the power to issue an unlimited number of shares with or without a par value which, upon issue, the Directors may designate as: (a) Shares; (b) B Shares; or (c) C Shares, in each case of such classes and denominated in such currencies as the Directors may determine.
- 3.2 At incorporation, one Share was subscribed for by the subscriber to the memorandum of incorporation. The issued share capital of the Company (all of which will be fully paid) immediately following Admission will be 104,619,250 million Shares. The Existing Share will be transferred to an applicant under the Placing.
- 3.3 Subject to the exceptions set out in paragraph 4.2(j) of this Part VII of the document, Shares and C Shares are freely transferable and Shareholders are entitled to participate (in accordance with the rights specified in the Articles) in the assets of the Company attributable to their Shares or C Shares in a winding-up of the Company or a winding-up of the business of the Company.

- 3.4 All of the Shares and C Shares will be in registered form and eligible for settlement in CREST. Temporary documents of title will not be issued.
- 3.5 No changes to the share capital of the Company have taken place since incorporation.
- 3.6 The Directors have authority to allot and issue the Placing Shares under the Articles and are expected to resolve to do so shortly prior to Admission in respect of the Placing Shares.
- 3.7 The legislation under which the New Shares will be created is the Companies Law.
- 3.8 As at the date of this document:
- (a) the Company does not hold any treasury shares and no Shares are held by, or on behalf of, the Company;
  - (b) no Shares have been issued otherwise than fully paid;
  - (c) the Company had no outstanding convertible securities, exchangeable securities or securities with warrants;
  - (d) there are no acquisition rights and/or obligations over the unissued share capital of the Company and the Company has given no undertaking to issue Shares other than in accordance with the Articles and this document; and
  - (e) no capital of the Company is under option or is agreed, conditionally or unconditionally, to be put under option.

#### **4. Articles of Incorporation**

- 4.1 The Company's objects are unrestricted. The Articles are available for inspection at the Company's registered office address and at the offices of SJ Berwin LLP, as set out on page 29 of this document.
- 4.2 The Articles contain (among other things) provisions to the following effect.
- (a) *Share rights*

Subject to the Articles and the terms and rights attaching to shares already in issue, shares may be issued with or have attached such rights and restrictions as the Board may from time to time determine in accordance with the Companies Law.
  - (b) *Issue of shares*

Subject to the provisions of the Articles, the unallotted and unissued shares of the Company shall be at the disposal of the Board which may dispose of them to such persons and in such manner and on such terms as the Board may determine from time to time. Without prejudice to the authority conferred on the Directors pursuant to the Articles, the Directors are generally and unconditionally authorised to exercise all powers of the Company to allot and issue, grant rights to subscribe for, or to convert any securities into, an unlimited number of shares of each class in the Company, which authority shall expire on the date which is five years from the date of incorporation of the Company (unless previously renewed, revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted and issued after such expiry and the Directors may allot and issue shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
  - (c) *Dividends and other distributions*
    - (i) The Directors may from time to time authorise dividends and distributions to be paid to Shareholders on a class by class basis in accordance with the procedure set out in the Companies Law and subject to any Shareholder's rights attaching to their shares. The amount of such dividends or distributions paid in respect of one class may be different from that of another class.

- (ii) All dividends and distributions declared in respect of a class of share shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares of the relevant class during any portion or portions of the period in respect of which the dividend or distribution is paid; but if any share of a particular class is issued on terms providing that it shall rank for dividend or distribution as from a particular date such share shall rank for dividend or distribution accordingly.
  - (iii) The Directors may, in relation to any dividend or distribution, direct that the dividend or distribution shall be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares, debentures, or other securities of any other company, and where any difficulty arises in regard to the dividend or distribution the Directors may settle it as they think expedient, and in particular may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for dividend and distribution purposes of any assets or any part thereof and may determine that cash shall be paid to any Members upon the footing of the value so fixed in order to secure equality of dividend or distribution and may vest any assets the subject of a dividend or distribution in trustees as may seem expedient to the Directors.
  - (iv) All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted as trustee in respect thereof. All dividends unclaimed on the earlier of (i) a period of seven years after the date when it first became due for payment and (ii) the date on which the Company is wound-up, shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.
- (d) *Voting*
- (i) Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares, Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company:
    - (A) each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a general meeting shall upon a show of hands have one vote and upon a poll each such Shareholder present in person or by proxy or by a duly authorised representative (if a corporation) shall, in the case of a separate class meeting, have one vote in respect of each share of such class held by him and, in the case of a general meeting of all Shareholders, have one vote in respect of each share held by him; and
    - (B) in respect of a share denominated in any currency other than Sterling held by him, such number of votes as shall be determined by the Directors in their absolute discretion upon the issue for the first time of Shares of the relevant class.
  - (ii) B Shares and, save in certain limited circumstances, C Shares will not carry the right to attend and receive notice of any general meetings of the Company, nor will they carry the right to vote at such meetings.
- (e) *Capital*
- (i) As to a return of capital or a winding-up of the Company (other than by way of a repurchase or redemption of Shares (except a compulsory redemption of B Shares in accordance with paragraph (e)(iii) below) in accordance with the provisions of the Articles and the Companies Law), the surplus assets attributable to a class of shares (as determined by the Directors) and available for distribution shall be paid to holders of shares of each class pro rata to the relative Net Asset Value of each of the classes of shares calculated in accordance with the Articles and within each such class such assets shall be divided *pari passu* among the holders of Shares of that class in proportion to the number of Shares of such class held by them.

- (ii) The manner in which distributions of capital proceeds realised from investments (net of fees, costs and expenses) (“**Capital Proceeds**”) attributable to the Shares shall be effected shall, subject to compliance with the Companies Law, be determined by the Directors in their absolute discretion and, once determined, shall be notified to Shareholders by way of a RIS announcement.
  - (iii) Without restricting the discretion of the Directors described in sub-paragraph (e)(ii) above, the Directors may effect distributions of Capital Proceeds by issuing B Shares of a particular class to holders of Shares of a particular class pro rata to their holdings of Shares of such class (such B Shares to be fully paid-up out of Capital Proceeds attributable to the relevant class of share), which such B Shares shall be compulsorily redeemed, and the redemption proceeds (being equal to the amount paid-up on such B Shares) paid to the holders of such B Shares, on such terms and in such manner as the Directors may determine.
- (f) *C Shares*
- The Articles permit the Directors to issue C Shares on the following terms. Defined terms used in this paragraph are set out at the end of the paragraph:
- (i) The Directors are authorised to issue C Shares of such classes (and denominated in such currencies) as they may determine in accordance with the Articles and with C Shares of each such class being convertible into shares of such class as the Directors may determine at the time of issue of such C Shares (such class of share being the “**Correspondent Shares**”).
  - (ii) The Directors shall, on the issue of each class of C Shares, be entitled to effect any amendments to the definition of Conversion Ratio attributable to such class. The Directors may, in their absolute discretion change the Correspondent Shares for any class of C Shares to reflect any change in the currency classes of the Company’s Shares by notice to the holders of such class of C Shares.
  - (iii) Subject to the terms of the Articles, the new Correspondent Shares arising on Conversion of any class of C Shares shall rank *pari passu* with all other Correspondent Shares of the same class.
  - (iv) No dividend or other distribution shall be made or paid by the Company on any class of Correspondent Shares between the Calculation Time and the Conversion Time (both dates inclusive) and no dividend shall be declared with a record date falling between the Calculation Time and the Conversion Time (both dates inclusive).
  - (v) The capital and assets of the Company shall on a winding up or on a return of capital (other than by way of a repurchase or redemption of shares by the Company) prior, in each case, to Conversion be applied as follows:
    - (A) the Correspondent Share Surplus shall be divided amongst the holders of the relevant Correspondent Shares pro rata to their holdings of Correspondent Shares as if the Correspondent Share Surplus comprised the assets of the Company available for distribution; and
    - (B) the C Share Surplus attributable to each class of each class of C Share shall be divided amongst the C Shareholders of such class pro rata according to their holdings of C Shares of that class.
  - (vi) C Shares shall be transferable in the same manner as the Correspondent Shares.
  - (vii) The holders of any class of C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to such class of C Shares (as determined by the Directors).
  - (viii) Subject to the terms of the Articles, the C Shares shall not carry any right to attend or vote at any general meeting of the Company.
  - (ix) Without prejudice to the generality of the Articles, until Conversion the consent of the C Shareholders as a class (irrespective of whichever class they may hold) shall be

required for, and accordingly the special rights attached to any class of C Shares shall be deemed to be varied, *inter alia*, by:

- (A) any alteration to the Memorandum of Incorporation or the Articles; or
  - (B) the passing of any resolution to wind up the Company.
- (x) The C Shares are issued on the terms that each class of C Shares shall be redeemable by the Company in accordance with the Articles.
  - (xi) At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares of a particular class then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facility and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holder(s) of the relevant class of C Shares.
  - (xii) Until Conversion and without prejudice to its obligations under the Companies Law, the Company shall in relation to each class of C Shares establish a separate class account for that class in accordance with the Articles and, subject thereto:
    - (A) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the C Shares of the relevant class can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of the relevant class; and
    - (B) allocate to the assets attributable to the C Shares of the relevant class such proportion of the income, expenses or liabilities of the Company incurred or accrued between the Issue Date and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares of the relevant class; and
    - (C) give appropriate instructions to the Administrator and/or Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.
  - (xiii) Each class of C Shares shall be converted into new Correspondent Shares at the Conversion Time in accordance with the provisions of paragraphs (xiv) to (xx).
  - (xiv) The Directors shall procure that within 20 Business Days after the Calculation Time:
    - (A) the Administrator or, failing which, an independent accountant selected for the purpose by the Board, shall be requested to calculate the Conversion Ratio as at the Calculation Time and the number of new Correspondent Shares which each holder of C Shares of the relevant class shall be entitled on Conversion; and
    - (B) the Auditors may, if the Directors consider it appropriate, be requested to certify that such calculations have been performed in accordance with the Articles and are arithmetically accurate;

whereupon, subject to the proviso in the definition of "Conversion Ratio", such calculations shall become final and binding on the Company and all Shareholders. If the Auditors are unable to confirm the calculations of the Administrator or the independent accountant, as described above, the Conversion shall not proceed.

- (xv) The Directors shall procure that, as soon as practicable following such certification (if any), a RIS announcement is made advising holders of C Shares of that class of the Conversion Time, the Conversion Ratio and the aggregate numbers of new Correspondent Shares to which holders of C Shares of that class are entitled on Conversion.
- (xvi) Conversion of each class of C Shares shall take place at the Conversion Time designated by the Directors for that class of C Shares. On Conversion the issued C

Shares of the relevant class shall automatically convert (by re-designation or otherwise as appropriate) into such number of new Correspondent Shares as equals the aggregate number of C Shares of the relevant class in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole new Correspondent Share) and if, as a result of the Conversion, the C Shareholder concerned is entitled to:

- (A) more shares of the relevant class of Correspondent Shares than the number of original C Shares of the relevant class, additional Correspondent Shares of the relevant class shall be allotted and issued accordingly; or
  - (B) fewer shares of the relevant class of Correspondent Shares than the number of original C Shares of the relevant class, the appropriate number of original C Shares shall be cancelled accordingly.
- (xvii) Notwithstanding the provisions of paragraph (xvi), conversion of the original C Shares of the relevant class may be effected in such other manner permitted by applicable legislation as the Directors shall from time to time determine.
- (xviii) The new Correspondent Shares of the relevant class arising upon Conversion shall be divided amongst the former holders of the relevant class of C Shares pro rata according to their respective former holdings of the relevant class of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to the new Shares, including, without prejudice to the generality of the foregoing, selling or redeeming any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former C Shareholders of the relevant class to do any other act or thing as may be required to give effect to the same including, in the case of a share in certificated form, to execute any stock transfer form and, in the case of a share in uncertificated form, to give directions to or on behalf of the former C Shareholder who shall be bound by them.
- (xix) Forthwith upon Conversion, any certificates relating to C Shares of the relevant class shall be cancelled, the register of members of the Company shall be updated and the Company shall issue to each such former C Shareholder new certificates in respect of the shares of the relevant class which have arisen upon Conversion unless such former C Shareholder elects to hold such shares in uncertificated form, and the register of the Company shall be updated accordingly.
- (xx) The Company will use its reasonable endeavours to procure that, upon Conversion, the resulting Shares are admitted to trading on the London Stock Exchange's Main Market for listed securities or such other market as the Directors shall determine at the time that C Shares of such class are first offered.
- (xxi) In connection with the issue of C Shares of any class, the Directors shall state the Specified Conversion Criteria with respect to such class in any relevant disclosure document or prospectus and in a RIS announcement at the time that C Shares of such class are first offered.
- (xxii) The following definitions apply (for the purposes of this Part VI only) in addition to, or (where applicable) in substitution for, the definitions elsewhere in this Prospectus:

<b>“Backstop Date”</b>	such date as determined by the Directors and set out in the Specified Conversion Criteria;
<b>“C Admission”</b>	the admission of that class of C Shares to trading on the London Stock Exchange's Main Market for listed securities (or such other market as the Directors shall determine at the time that C Shares of such class are first offered);
<b>“C Share”</b>	a redeemable ordinary share of no par value in the capital of the Company issued and designated as a C Share of such class, denominated in such currency, and convertible into such Correspondent Shares, as may be determined by the Directors at the time of issue;

<b>“C Share Surplus”</b>	in relation to any class of C Shares, the net assets of the Company attributable to the C Shares of that class as determined by the Directors;
<b>“Calculation Time”</b>	<p>the earliest of:</p> <ul style="list-style-type: none"> <li>(a) the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that they are in contemplation;</li> <li>(b) the close of business on such date as the Directors may decide is necessary to enable the Company to comply with its obligations in respect of the Conversion of that class of C Shares;</li> <li>(c) the close of business on the Back Stop Date for the relevant class of C Shares; and</li> <li>(d) the close of business on such date as the Directors may determine, in the event that the Directors, provided that the Directors shall, in their discretion, have resolved that the Early Investment Condition for the relevant class of C Shares has been satisfied and that the relevant class of C Shares shall be converted;</li> </ul>
<b>“Class Account”</b>	a separate class account (in such currency as the Directors may determine) in the books of the Company for each class of share;
<b>“Conversion”</b>	in relation to any class of C Shares, conversion of that class of C Shares in accordance with the Articles;
<b>“Conversion Ratio”</b>	<p>in relation to each class of C Shares, A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:</p> $A = \frac{C - D}{E}$ <p>and</p> $B = \frac{F - G}{H}$ <p>and where:</p> <p>“C” is the aggregate value of all assets and investments of the Company attributable to the relevant class of C Shares (as determined by the Directors) at the relevant Calculation Time calculated in accordance with the accounting principles adopted by the Directors from time to time;</p> <p>“D” is the amount which (to the extent not otherwise deducted in the calculation of C) in the Directors’ opinion fairly reflects as at the relevant Calculation Time the amount of the liabilities and expenses of the Company attributable to the C Shares of the relevant class (as determined by the Directors);</p> <p>“E” is the number of the C Shares in issue as at the relevant Calculation Time;</p> <p>“F” is the aggregate value of all assets and investments attributable to the relevant class of Correspondent Shares (as determined by Directors) at the relevant Calculation Time</p>



calculated in accordance with the accounting principles adopted by the Directors from time to time;

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

“H” is the number of Correspondent Shares in issue as at the relevant Calculation Time,

provided always that:

- (a) the Directors shall be entitled to make such adjustments to the value or amount of A and/or B as they believe to be appropriate having regard to, among other things, the assets of the Company immediately prior to the Issue Date or the Calculation Time or to the reasons for the issue of the C Shares of the relevant class;
- (b) in relation to any class of C Shares, the Directors may, as part of the terms of issue of such class, amend the definition of Conversion Ratio in relation to that class;

**“Conversion Time”**

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

**“Correspondent Shares”**

the Shares of the relevant class into which C Shares of a particular class are to be converted as determined by the Directors at the time of issue of the relevant class of C Shares, subject as may subsequently be amended by the Directors to reflect any change in the currency classes of the Company’s shares;

**“Correspondent Share Surplus”**

the net assets of the Company attributable to the Correspondent Shares (as determined by the Directors) at the date of winding up or other return of capital;

**“Early Investment Condition”**

any such condition specified in the Specified Conversion Criteria;

**“Force Majeure”**

in relation to any class of C Shares:

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

**“Issue Date”**

in relation to any class of C Shares, the date on which C Admission becomes effective or, if later, the day on which

the Company receives the net proceeds of the issue of the relevant class of C Shares;

**“Specified Conversion Criteria”**

in respect of any issue of C Shares, such criteria as determined by the Directors and announced by the Company through a RIS, setting out, among other matters, the Back Stop Date and the Early Investment Condition.

(g) *Pre-emption rights*

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment and issue of the Shares. However, the Articles provide that the Company is not permitted to grant or allot and issue (wholly for cash) equity securities (including Shares or C Shares or rights to subscribe for, or convert securities into, Shares or C Shares) or sell (wholly for cash) any equity securities held in treasury, unless, subject to certain exceptions, it shall first have offered to grant, allot and issue to each existing holder of equity securities, as applicable, on the same or more favourable terms a proportion of those equity securities the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the total Net Asset Value of the Company represented by the equity securities held by such Shareholder. These pre-emption rights may be excluded and disapplied or modified by extraordinary resolution of the Shareholders.

(h) *Variation of rights*

(i) If at any time the shares of the Company are divided into different classes, all or any of the rights for the time being attached to any share or class of share may be varied or abrogated (and notwithstanding that the Company may or may be about to go into liquidation) in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either:

(A) with the consent in writing of the holders of more than two thirds in number of the issued shares of that class; or

(B) with the consent of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

(ii) The necessary quorum (other than in the case of an adjourned meeting) shall be two persons present holding or representing by proxy at least one third of the voting rights of that class (excluding any shares of that class held as treasury shares). If any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be one holder entitled to vote and present in person holding shares of that class or his proxy, provided always that where the class has only one member, that member shall constitute the necessary quorum and any holder of shares of that class in question may demand a poll.

(iii) The rights conferred upon the holders of the shares of any class issued with preferred, deferred or other rights (including, without limitation, Shares, B Shares and C Shares, as the case may be) shall not (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by (a) the creation or issue of further shares or classes of shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith or having rights to participate only in a separate pool of assets of the Company provided in any event that such shares do not rank in any respect in priority to any existing class of shares or (b) the purchase or redemption by the Company of any of its own shares (or the holding of such shares as treasury shares).

(i) *Disclosure of interests in Shares*

(i) The Directors shall have power by notice in writing (a “**Disclosure Notice**”) to require a Shareholder to disclose to the Company the identity of any person other than the Shareholder (an “**interested party**”) who has any interest (whether direct or indirect) in the shares held by the Shareholder and the nature of such interest or who has been so interested at any time during the three years immediately preceding the date on which the Disclosure Notice is issued. Any such Disclosure Notice shall require any

information in response to such Disclosure Notice to be given in writing to the Company within 28 days of the date of service.

- (ii) If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25% or more in number of the issued shares of the relevant class), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the Shareholder (a “**Direction Notice**”). The Direction Notice may direct that in respect of the shares in respect of which the default has occurred (the “**Default Shares**”) the Shareholder shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25% in number of the class of share 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.
  - (iii) The Directors may be required to exercise their power to require disclosure of interested parties on a requisition of Shareholders holding not less than one tenth of the total voting rights attaching to the Shares in issue at the relevant time.
- (j) *Transfer of Shares*
- (i) Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.
  - (ii) A transfer of a certificated Share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated Share shall be signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.
  - (iii) The Articles provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for any class of share to be admitted to settlement by means of the CREST. If the Board implements any such arrangements, no provision of the Articles will apply or have effect to the extent that it is in any respect inconsistent with:
    - (A) the holding of shares of the relevant class in uncertificated form;
    - (B) the transfer of title to shares of the relevant class by means of CREST; or
    - (C) the CREST Guernsey Requirements.
  - (iv) Where any class of share is, for the time being, admitted to settlement by means of CREST, such securities may be issued in uncertificated form in accordance with and subject to the CREST Guernsey Requirements. Unless the Board otherwise determines, Shares held by the same holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Shares may be changed from uncertificated to certificated form and from certificated to uncertificated form, in accordance with and subject to the CREST Guernsey Requirements. Title to such of the Shares as are recorded on the register as being held in uncertificated form may be transferred only by means of CREST.
  - (v) The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form or (to the extent permitted by the CREST Guernsey Requirements) uncertificated form, subject to the Articles, which is not fully paid or on which the Company has a lien provided that, in the case of a listed Share, this would not prevent dealings in the Shares of that class from taking place on an open and proper basis on the relevant stock exchange.

- (vi) In addition, the Board may refuse to register a transfer of Shares if in the case of certificated Shares: (a) it is in respect of more than one class of share; (b) it is in favour of more than four joint transferees; (c) it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require; or (d) the transfer is in favour of any Non-Qualified Holder.
  - (vii) If any Shares are owned directly or beneficially by a person believed by the Board to be a Non-Qualified Holder, the Board may give notice to such person requiring him either (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder or (ii) to sell or transfer his Shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board 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 his Shares. If the Board in its absolute discretion so determines, to the extent permitted by the CREST Guernsey Requirements, the Company may dispose of the Shares at the best price reasonably obtainable and pay the net proceeds of such disposal to any other person so that the Shares will cease to be held by a Non-Qualified Holder.
  - (viii) The Board of Directors may decline to register a transfer of an uncertificated Share which is traded through the CREST in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Shares are to be transferred exceeds four.
- (k) *General meetings*
- (i) The first annual general meeting of the Company shall be held within 18 months of the date of the Company's incorporation and thereafter annual general meetings shall be held at least once in each calendar year and in any event, no more than 15 months may elapse since the last annual general meeting. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. Extraordinary general meetings and annual general meetings shall be held in Guernsey or such other place outside the United Kingdom as may be determined by the Board from time to time.
  - (ii) The notice must specify the date, time and place of any general meeting and the text of any proposed special, extraordinary and ordinary resolution. Any general meeting shall be called by at least 10 clear 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 such notice shall not invalidate the proceedings at the meeting.
  - (iii) The Shareholders may require the Board to call an extraordinary general meeting in accordance with the Companies Law.
- (l) *Restrictions on voting*
- Unless the Board otherwise decides, no member shall be entitled to be present in person or take part in any proceeding or vote, either in person 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 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. 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 (see sub-

paragraph (i)(i) above) within 14 days, in a case where the Shares in question represent at least 0.25% 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.

(m) *Appointment, retirement and disqualification of Directors*

- (i) Unless otherwise determined by the Shareholders by ordinary resolution, the number of Directors shall not be less than two and there shall be no maximum number. At no time shall a majority of the Board be resident in the UK for UK tax purposes.
- (ii) A Director need not be a Shareholder. A Director who is not a Shareholder shall nevertheless be entitled to attend and speak at Shareholders' meetings.
- (iii) Subject to the Articles, Directors may be appointed by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office (or, if an electronic address has been specified by the Company for such purposes, sent to the Company's electronic address) notice in writing signed by a Shareholder who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected, specifying his tax residency status and containing a declaration that he is not ineligible to be a Director in accordance with the Companies Law.
- (iv) No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age.
- (v) Subject to the Articles, at each annual general meeting of the Company (i) any Director who has been appointed by the Board since the last annual general meeting, (ii) any Director who held office at the time of the two preceding annual general meetings and who did not retire at either of them, (iii) any Director who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, and (iv) such further Directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one third of the number of Directors in office at the date of the notice of the meeting (or, if their number is not a multiple of three, the number nearest to but not greater than one third), shall retire or retire by rotation (as the case maybe) from office and may offer himself for election or re-election by the Shareholders.
- (vi) Subject to the provisions relating to retirement by rotation at sub-paragraph (m)(iv) above, a Director who retires at an annual general meeting may, if willing to continue to act, be elected or re-elected at that meeting. If he is elected or re-elected he is treated as continuing in office throughout. If he is not elected or re-elected, he shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.
- (vii) The office of a Director shall be vacated: (i) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by one month's written notice signed by him and sent to or deposited at the Company's registered office; (ii) if he dies; (iii) if the Company requests that he resigns his office by giving one month's written notice; (iv) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of six months and the Board resolves that his office shall be vacated; (v) if he becomes bankrupt or makes any arrangements or composition with his creditors

generally; (vi) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment; (vii) if he is requested to resign by written notice signed by a majority of his co-Directors (being not less than two in number); (viii) if the Company by ordinary resolution shall declare that he shall cease to be a Director; (ix) if he becomes resident in the United Kingdom for UK tax purposes and, as a result thereof, half or more in number of the Directors would, if he were to remain a Director, be resident in the United Kingdom for tax purposes; or (x) if he becomes ineligible to be a Director in accordance with the Companies Law.

(viii) Any Director may, by notice in writing, appoint any other person (subject to the provisions in sub-paragraph (m)(ix) below), who is willing to act as his alternate and may remove him from that office.

(ix) Each alternate Director shall be either (i) resident for tax purposes in the same jurisdiction as his appointor, or (ii) resident outside the UK for UK tax purposes, in each case for the duration of the appointment of that alternate Director and in either case shall also be eligible to be a Director under the Companies Law and shall sign a written consent to act. Every appointment or removal of an alternate Director shall be by notice in writing signed by the appointor and deposited at the Company's registered office or delivered at a meeting of the Board.

(n) *Proceedings of the Board*

(i) The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two provided that only a meeting at which a majority of the Directors present are not resident in the United Kingdom for UK tax purposes shall be declared quorate. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretion exercisable by the Board.

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

(iii) The Board may elect one of their number as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

(iv) Questions arising at any meeting shall be determined by a majority of votes.

(v) The Board may delegate any of its powers to committees consisting of one or more Directors as they think fit with a majority of such Directors being resident outside of the United Kingdom for United Kingdom tax purposes. Committees shall only meet outside the United Kingdom. Any committee so formed shall be subject to the supervision of the Board and shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board and (subject to such regulations) by the provisions of the Articles that apply to meetings of the Board.

(o) *Remuneration of Directors*

The Directors shall be entitled to receive fees for their services, such sums not to exceed in aggregate £250,000 in any financial year (or such higher sum as the Company in general meeting shall from time to time determine by ordinary resolution). The Directors shall be entitled to be re-paid all reasonable travelling, hotel and other expenses properly incurred by them in attending board or committee meetings or general meetings, and all reasonable expenses properly incurred by them in seeking independent professional advice on any

matter that concerns them in the furtherance of their duties as a Director. Any fees payable in this manner shall be distinct from any salary, remuneration or other amounts payable to a Director under other provisions of the Articles and shall accrue from day to day. The Board may grant special remuneration to any Director who performs any special or extra services to, or at the request of, the Company.

(p) *Interests of Directors*

- (i) Subject to and in accordance with the 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 (including, if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest, or if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest).
- (ii) Subject to the provisions of the Companies Law, and provided that he has disclosed to the Directors the nature and extent of any interests of his, a Director notwithstanding his office:
  - (A) may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;
  - (B) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (C) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company, or with which the Company has entered into any transaction, arrangement or agreement, or in which the Company is otherwise interested;
  - (D) shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit;
  - (E) may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as though he were not a director of the Company; and
  - (F) may be counted in the quorum present at any meeting in relation to any resolution in respect of which he has declared an interest and he may vote thereon.
- (iii) A Director may continue to be or become a director, managing director, manager or other officer, employee or member of any company promoted by the Company or in which the Company may be interested or with which the Company has entered into any transaction, arrangement or agreement, and no such Director shall be accountable for any remuneration or other benefits received by him as a director, managing director, manager, or other officer or member of any such other company. 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 the directors, managing directors, managers or other officers of such company).
- (iv) Any Director who, by virtue of office held or employment with any other body corporate, may from time to time receive information that is confidential to that other body corporate (or in respect of which he owes duties of secrecy or confidentiality to that other body corporate) shall be under no duty to the Company by reason of his

being a Director to pass such information to the Company or to use that information for the benefit of the Company, in either case where the same would amount to breach of confidence or other duty owed to that other body corporate.

- (q) *Winding-up*
- (i) On a winding up, the surplus assets remaining after payment of all creditors shall be divided amongst the classes of shares then in issue (if more than one) in accordance with the rights of such classes of shares as set out in the Articles.
  - (ii) If the Company shall be wound up, the Company may, with the sanction of an extraordinary resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the members in specie and the liquidator or, where there is no liquidator, the Directors may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members and, with the like sanction, may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he or they may determine, but no member shall be compelled to accept any assets upon which there is any outstanding liability.
  - (iii) Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company, the liquidator may, with the sanction of an ordinary resolution, receive in compensation shares, policies or other like interests for distribution or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.
- (r) *Borrowing powers*
- The Directors may exercise all the powers of the Company to borrow money, to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property (present or future) or assets or uncalled capital and to issue debentures and other securities whether outright, or as collateral security for any debt, liability or obligation of the Company or of any third party.
- (s) *Indemnity of Directors and other officers*
- Subject to applicable law, the Company may indemnify any Director or a Director who has been appointed as a director of any subsidiary undertaking (in this paragraph, a "Subsidiary Director") against any liability except such (if any) as they shall incur by or through their own breach of trust, breach of duty or negligence and may purchase and maintain for any Director or any Subsidiary Director insurance against any liability.

## 5. Directors' and Other Interests

- 5.1 As at the date of this document and immediately following Admission, the interests (all of which are beneficial unless otherwise stated), whether direct or indirect, of the Directors and their families in the issued share capital of the Company and the existence of which is known to or could, with reasonable diligence, be ascertained by that Director, are as follows:

<i>Director</i>	<i>Number of Shares subscribed for</i>	<i>Percentage of issued Share capital immediately following Admission</i>
Jack Perry	20,000	0.02
Stuart Beevor	20,000	0.02
Patrick Firth	10,000	0.01
Mark Huntley	10,000	0.01
Paul Meader	10,000	0.01

- 5.2 Save as disclosed above, none of the Directors nor any member of their respective immediate families, nor any person connected with the Directors, has or will immediately following Admission have any interest, whether beneficial or non-beneficial, in the share capital of the Company.



- 5.3 The following have conditionally agreed to subscribe under the Placing, as detailed below, which would result in their being interested in 5% or more of the share capital of the Company immediately following Admission.

<i>Name</i>	<i>Number of Shares</i>	<i>Percentage of issued Share capital immediately following Admission</i>
SG Hambros Bank Limited	10,087,000	9.64
Henderson Global Investors Limited	10,000,000	9.56
ICG	10,000,000	9.56
Schroder & Co Bank AG	8,325,000	7.96
Investec Wealth & Investment Limited	8,023,050	7.67
Premier Fund Managers Limited	7,550,000	7.22
Arbuthnot Latham & Co Limited	7,535,600	7.20

- 5.4 Save as disclosed in paragraph 5.3 above, the Company is not aware of any person, who at the close of business on 30 January 2013 was interested, directly or indirectly, in 5% or more of the issued share capital of the Company or would be so interested immediately following Admission aside from the holder of the Existing Share, which Share shall be transferred to an applicant under the Placing.
- 5.5 The Company and the Directors are not aware of (i) any persons who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company, nor (ii) any arrangements the operation of which may at a subsequent date result in a change in control of the Company.
- 5.6 All Shareholders have the same voting rights in respect of the share capital of the Company.
- 5.7 No loan has been granted by the Company to any Director nor are there any guarantees provided by the Company for the benefit of any Director.
- 5.8 In addition to their directorships of the Company, the Directors hold the following directorships and are partners in the following partnerships and have held the following directorships and been partners in the following partnerships within the five years prior to the date of this document:

*Current directorships/partnerships*

**Jack Perry**

Capital for Enterprise Ltd  
 Capital for Enterprise Fund Managers Ltd  
 Hospice Developments Limited  
 Perry-Net Limited

*Previous directorships/partnerships*

Craigholme School Limited  
 Craigholme Foundation  
 Scottish Enterprise  
 Translational Medicine Research Institute (TMRI) Limited  
 Robert Wiseman Dairies plc

**Stuart Beevor**

Beevor Consulting Limited  
 Metropolitan Housing Trust Limited  
 The UNITE Group Plc

10 Grosvenor Street Limited  
 110 Park Street Limited  
 125 Wood Street Limited  
 40 Grosvenor Place Limited  
 Almack House Limited  
 Belgrave House Investment Limited  
 CL Moorgate Limited  
 Cooper Square (No.2) Limited  
 Cooper Square Limited  
 Forge Glasgow Limited  
 Freshney Place (No.1) Limited  
 Freshney Place (No.2) Limited  
 GFM Hong Kong Ltd

*Current directorships/partnerships*

**Stuart Beevor** (continued)

*Previous directorships/partnerships*

Grosvenor Asia Holdings Limited  
Grosvenor Basingstoke Management Limited  
Grosvenor Basingstoke Properties Limited  
Grosvenor Continental Europe Holdings Limited  
Grosvenor Continental Europe SAS  
Grosvenor Estate Holdings  
Grosvenor Estate International Developments  
Grosvenor Estate International Properties  
Grosvenor Estate Investment Management Limited  
Grosvenor European Properties Limited  
Grosvenor Fund Management (USA) Inc  
Grosvenor Fund Management Continental Europe S.A.  
Grosvenor Fund Management Japan Ltd  
Grosvenor Fund Management Limited  
Grosvenor Fund Management UK Limited  
Grosvenor Garden Leisure Limited  
Grosvenor Group Holdings Limited  
Grosvenor Group Limited  
Grosvenor International Fund Management Limited  
Grosvenor International Investments Limited  
Grosvenor Investment Management Inc.  
Grosvenor Investment Management Limited  
Grosvenor Land Property Fund Ltd  
Grosvenor Liverpool Limited  
Grosvenor Management Limited  
Grosvenor Residential GP Limited  
Grosvenor Sports Club Limited  
Grosvenor Strategic Developments Limited  
Grosvenor UK Properties Limited  
Grosvenor Westminster Holdings Limited  
Moorgate A Limited  
Moorgate B Limited  
Moorgate GP Limited  
Moorgate Investments Limited  
Poundsbridge (Moorgate) Limited  
Prince Bishops Limited  
Talbot General Partner Limited  
Victoria Investments (London) Limited

**Patrick Firth**

Asset Management Investment Company Limited  
(formerly Asset Management Investment Company PLC)  
Associated Partners GP Limited  
BH Credit Catalysts Limited  
Celtic Pharma Holdings GP III Limited  
Celtic Pharma Holdings GP Limited  
CPH II LP Limited  
Distribution II Unitholder 2 Limited)  
DWM Inclusive Finance Income Fund  
EuroDekania Limited  
FF&P Alternative Strategy Income Subsidiary Limited

Butterfield Fulcrum Corporate Nominees Limited  
Butterfield Fulcrum Group (Guernsey) Limited  
(Formerly Butterfield Fund Services (Guernsey) Limited  
CLL Hedge Portfolio Ltd (formerly Cardona Lloyd Hedge Portfolio Limited)  
CLL Management Ltd (formerly Cardona Lloyd Limited)  
Deephaven Event Fund Ltd  
Deephaven Global Convertibles Select Opportunities Fund Ltd  
Deephaven Global Multi Strategy Fund D Ltd

*Current directorships/partnerships*

**Patrick Firth** (continued)

FF&P Asset Management (Guernsey) Limited  
FF&P Enhanced Opportunities PCC Limited  
FF&P Venture Funds Subsidiary Limited  
FP Holdings Limited  
Greenwich Loan Income Fund Limited  
GLIF BMS Holdings Limited  
Guernsey Portfolios PCC Limited  
Inflexion (2010) General Partner Limited  
Ingenious International Asset Management Limited  
JZ Capital Partners Limited  
L&S Distribution II Limited  
L&S Distribution III Limited (formerly L&S)  
L&S Distribution IV Limited  
L&S Distribution V Limited  
London & Stamford Property Limited  
London & Stamford Property Subsidiary Limited  
London & Stamford Offices Limited  
London & Stamford Offices Unitholder 2 Limited  
LSP Cavendish Management Limited)  
LSP Green Park Distribution Holdings Limited  
LSP Green Park Logistics Holdings Limited  
LSP Green Park Management Limited (formerly  
LSP Green Park Offices Holdings Limited  
LSP Leatherhead Limited (formerly LSP  
Green Park Leatherhead Limited)  
LSP London Residential Investments Limited  
LSP London Residential Holdings Limited  
LSP Marlow Limited (formerly LSP Green Park  
Marlow Limited)  
LSP Moore House (Ground Rents) Limited  
LSP RI Moore House Limited  
LSP RI Wandsworth Limited  
MRIF Guernsey GP Limited  
Patria Brazil Fund Limited  
Pera Capital Partners GP Limited  
Prosperity Quest II Unlisted Limited  
Rufford & Ralston PCC Limited (formerly King  
Saltus (Channel Islands) Limited  
Sierra GP Limited  
Street Fund PCC Limited (The))  
Victoria Capital PCC Limited

**Mark Huntley**

AAC Capital NEBO Carry GP Limited  
AAC Capital NEBO Feeder GP Limited  
Aile Limited  
Baring Coller Secondaries Fund II Limited  
Baring Coller Secondaries Fund Limited  
BECAP GP Limited  
BECAP12 GP Limited (formerly BECAP11 GP Limited)  
Better Capital PCC Limited (formerly Better  
Capital Limited)  
Channel Islands Stock Exchange LBG  
Collateral 1 Limited

*Previous directorships/partnerships*

Deephaven Global Multi Strategy Fund Ltd  
(formerly Deephaven Market Neutral Fund Ltd)  
EISER Infrastructure II Limited  
FF&P Alternative Strategy Income Subsidiary  
No.2 Limited  
FF&P Russia Real Estate Adviser Holdings  
Limited  
Global Industrial Investments Limited  
Global Partners Fund Limited  
Grosvenor Short Selling Fund, Ltd  
Grosvenor U.S Hedged Equity Specialists  
Fund Ltd  
Grosvenor Venture Firms Ltd  
Grosvenor Venture Fund Ltd  
Halsfield Limited  
JAH Read Estate Funds SPC  
JPMorgan Global Convertibles Investment  
Company Limited  
JPMorgan Progressive Multi-Strategy Fund  
Limited  
L&S Battersea Limited  
L&S Business Space II Limited  
L&S Business Space Limited  
L&S Distribution Limited  
L&S Highbury Limited  
L&S Leeds Limited  
Linesey Limited (in liquidation)  
London & Stamford (Anglesea) II Limited  
London & Stamford Offices II Limited  
London & Stamford Retail Limited (in  
liquidation)  
Mango Tree India Fund Limited  
Maple Leaf Canada Fund Limited  
Moneda Latin American Fund PCC Limited  
MQ HELIX GP Limited  
Olivant Limited  
Peak Asia Properties Limited  
Porton Capital Technology Funds  
Professional Investor Fund PCC Limited (The)  
Rosebank Management Limited  
Star Asia Finance, Limited  
Stratos Ventures General Partner 1 Limited  
Suningdale Alpha Fund Limited  
Waveland Partners, Ltd

BC Partners Holdings Limited  
BC Partners Investment Holdings Limited  
Bream Limited  
Cannonball Limited  
Celadon Management Limited  
China Growth Fund Limited (previously  
London Asia Chinese Private Equity Fund  
CIE Holdings Limited  
CIE Management Holdings Limited  
CIE Management II Limited  
CIE Management IX Limited

*Current directorships/partnerships*

**Mark Huntley** (continued)

Collateral 2 Limited  
Collateral 3 Limited  
Collingwood Holdings Limited  
Crystal Amber Asset Management  
(Guernsey) Limited  
Devco Property Advisors Limited  
DF Investments Limited  
Enigmatic Investments Limited  
Fund Capital Limited  
Genesis Taihei Investments, LLC  
Guernsey Sailing Trust LBG  
Healthcare Investments Limited  
Heritage Administration Services Limited  
Heritage Corporate Services (Malta) Limited  
Heritage Corporate Services Limited  
Heritage Corporate Trustees Limited  
Heritage Group Limited  
Heritage International Fund Managers  
(Malta) Limited  
Heritage International Fund Managers Limited  
Heritage Management Holdings Limited  
Heritage Partners GP Limited  
Heritage Partners Limited  
Hologram Holdings Limited  
International Hospitals Network (GP) Limited  
Macau Sniper Fund Limited  
Mediterra Capital Management Limited  
NB PEP GP Limited  
NEBO I Carry GP Limited  
NEBO I GP Limited  
P25 (GP) Limited  
P25 Investments Limited  
Pietersen Holdings Limited  
Plein Limited  
SM EBC South Africa Development Financing Limited  
Stirling Mortimer (Channel Islands) Limited  
Stirling Mortimer (Guernsey) Limited  
Stirling Mortimer (St Peter Port) Limited  
Stirling Mortimer Global Property Fund PCC Limited  
Stirling Mortimer No. 8 Fund UK Land Limited  
Stirling Mortimer No.9 Fund UK Land 2 Limited  
Stirling Mortimer Property Fund PCC Limited  
The Coratina Fund Limited  
Trilantic Capital Management GP (Guernsey) Limited  
Trilantic Capital Partners Management Limited  
Yucatan Devco 2 Limited  
Yucatan Devco Limited

**Paul Meader**

Allez Property Limited  
Corazon Absolute Return Fund Limited  
Bluecrest AllBlue Fund Limited  
Corazon Capital Accumulation Fund IC Limited  
Guaranteed Investment Products 1 PCC Limited  
International Investments ICC Limited  
International P&I Reinsurance Company Limited  
Milroy & Meader Holdings Limited

*Previous directorships/partnerships*

Civet Limited  
Crystal Amber Fund Limited  
DCB Investments Limited  
Eidos Investments (Guernsey) Limited  
Falcon Carry (GP) Limited  
Genesis Administration Limited  
GLC Limited  
GTU Limited  
HAT Limited  
Heritage Management Holdings Limited  
HFL Limited  
IMP Limited  
Japan Leisure Hotels Limited  
Lehman Brothers Merchant Banking Europe  
Capital Partners Management Limited (in  
voluntary Liquidation)  
MPOF (10A) Limited  
MPOF (10B) Limited  
MPOF (6A) Limited  
MPOF (6B) Limited  
MPOF (7A) Limited  
MPOF (7B) Limited  
MPOF (8A) Limited  
MPOF (8B) Limited  
MPOF (9A) Limited  
MPOF (9B) Limited  
MPOF (Antonio) Limited  
MPOF (Domingos) Limited  
MPOF (Guia) Limited  
MPOF (Jose) Limited  
MPOF (Monte) Limited  
MPOF (Paulo) Limited  
MPOF (Penha) Limited  
MPOF (Senado) Limited  
MPOF (Sun) Limited  
MPOF (Taipa) Limited  
MPOF Mainland Company 1 Limited  
Phoenix Logistics (Guernsey) Limited  
Praetorian Capital GP Limited  
RMSQUARED (Guernsey) Limited  
SM EBC JVCO Limited  
Stirling Mortimer Bond Issue Company  
Limited (in liquidation)  
Therium Holdings Limited  
Therium Litigation Funding Limited  
  
British Real Estate Accumulation Fund Limited  
British Real Estate Fund Limited  
British Real Estate Investments Limited  
Corazon Capital (Suisse) S.A.  
Albion Investments Holdings Limited  
Corazon Capital Group Limited  
Corazon Capital Limited  
Corazon Fund Management Limited

*Current directorships/partnerships*

**Paul Meader** (continued)

*Previous directorships/partnerships*

Corazon Capital (Jersey) Limited  
Glanmore Investments Limited  
Glanmore Property Accumulation Fund Limited  
Glanmore Property Company Limited  
Glanmore Property Dollar Fund Limited  
Glanmore Property Euro Fund Limited  
Glanmore Property Fund Limited  
Guernsey Finance LBG  
Lucas House Limited  
Talisman Guernsey Management Limited

- 5.9 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or which has been effected by the Company since its incorporation.
- 5.10 None of the Directors has any conflict of interests between any duties to the Company and his private interests or any other duties. Mark Huntley is not a member of the Board's management engagement committee and will stand for re-election annually.
- 5.11 No Director has for at least the five years immediately prior to the date of this document:
- (a) any convictions in relation to fraudulent offences;
  - (b) been a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company at the time of any bankruptcy, receivership or liquidation proceedings;
  - (c) been associated with any bankruptcy, receivership or liquidation in which such person acted in the capacity of a member of an administrative, management or supervisory body or senior manager; or
  - (d) been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.
- 5.12 The Company will maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 5.13 Pursuant to an instrument of indemnity entered into between the Company and each Director, the Company has undertaken, subject to the Companies Law and certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against him in connection with the performance of his duties as a Director of the Company.

## **6. Directors' Appointments**

- 6.1 Pursuant to their letters of appointment:
- (a) the appointment of the Chairman of the Company and the other Directors will be terminable on not less than three months' notice by each party. Director's appointments may also be terminated in accordance with the provisions of the Articles and will automatically end, without any notice, payment in lieu of notice, or other compensation if a Director is not elected or re-elected (as applicable) by the Shareholders at any annual general meeting at which, pursuant to the Articles, such Director is required to retire and seek election or re-election (as applicable).
  - (b) Notwithstanding the foregoing, the Company may, in its sole and absolute discretion, terminate the appointment of any Director at any time and with immediate effect by paying a sum in lieu of notice equal to the fees (as at the date of termination) which such Director would have been entitled to receive under the letter of appointment during the notice period referred

to in the foregoing (or, if notice has already been given, during the remainder of the notice period) less any appropriate withholdings as prescribed by law. The existence of this discretion in no way entitles a Director to receive payment in lieu of notice nor shall it prevent the Company from terminating the appointment without notice or payment in lieu in accordance with paragraph (c) below;

- (c) notwithstanding the provisions of the above paragraphs, the Company will have the right summarily to terminate a Director's appointment and his right to director's fees without any notice, payment in lieu of notice, or other compensation should he: (i) materially or persistently breach the terms of his appointment; (ii) be required to vacate office for any reason pursuant to any of the provisions of the Articles; or (iii) be removed as a Director or otherwise be required to vacate office under any applicable law; and
  - (d) notwithstanding the above paragraphs, a Director's appointment and his right to director's fees shall be terminated summarily without any notice, payment in lieu of notice, or other compensation should he be removed as a Director by the Shareholders in accordance with the Articles.
- 6.2 The Chairman will receive an annual fee of £37,500 and each of the other Directors will receive an annual fee of £25,000, in each case payable monthly in arrears (subject to the deduction of any appropriate withholdings as prescribed by law) commencing on the date of their appointment. This annual fee will be subject to an annual review by the Board. As chairman of the audit and risk management committee, Patrick Firth will receive an additional annual fee of £5,000.
- 6.3 In addition to these fees, the Company will reimburse Directors for all reasonable and proper out-of-pocket expenses which they incur in performing their duties of office.
- 6.4 None of the Directors provides his services to the Company pursuant to a service contract with the Company. Their appointments are subject to the terms of their letters of appointment and the Articles. In the case of Jack Perry, the appointment letter is between the Company and Perry-Net Limited pursuant to which Perry-Net Limited undertakes to provide the services of Jack Perry.
- 6.5 Other than the payment of benefits during the notice periods set out above, the Directors' letters of appointment provide for no benefits upon termination of their appointment.
- 6.6 There are no arrangements under which any Director has waived or agreed to waive future emoluments nor have there been any such waivers of emoluments during the period immediately preceding the date of this document.
- 6.7 No remuneration or other benefits in kind have been paid by the Company to any Director since the date of incorporation of the Company, nor are any remuneration or benefits in kind payable by the Company to any Director under any arrangement in force at the date of this Prospectus.
- 6.8 The Company has not set aside or accrued amounts to provide pension, retirement or similar benefits for the Directors.

## **7. Related Party Transactions**

Except with respect to the appointment letters entered into between the Company and each director and as set out in paragraph 6 of this Part VII of the Prospectus, the Company has not entered into any related party transaction since incorporation.

## **8. Working Capital**

- 8.1 The Company is of the opinion that, on the basis that the Minimum Net Proceeds are raised, that the working capital available to the Company is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

## **9. Capitalisation and Indebtedness**

9.1 As at the date of this document, the Company:

- (a) does not have any secured, unsecured, or unguaranteed indebtedness, including indirect and contingent;
- (b) has not granted any mortgage or charge over its assets; and
- (c) does not have any contingent liabilities or guarantees.

9.2 As at the date of this document, the Company's issued share capital is one Share of no par value.

## **10. No Significant Change**

Since the date of incorporation of the Company, there has been no significant change in the financial or trading position of the Company.

## **11. Auditors and Accounts**

11.1 Since the date of incorporation of the Company, the Company has not commenced operations and therefore has not prepared any financial statements as at the date of this document. The Company's accounting period will terminate on 31 January of each year, with the first accounting period ending on 31 January 2014. The audited financial statements of the Company will be prepared under IFRS (as modified with the agreement of the auditors from time to time).

11.2 Deloitte LLP has been appointed auditors to the Company and has been its only auditor since its incorporation. Deloitte LLP is a member of the Institute of Chartered Accountants in England and Wales.

## **12. Investment Restrictions**

12.1 In addition to the investment restrictions as set out in the published investment policy and as required under the Listing Rules, the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy and must not conduct any trading activity which is significant in the context of its group as a whole.

12.2 The Company will not invest in other closed ended investment funds listed on the Official List.

## **13. Capital Resources**

The Company's capital resources will derive from the Placing and may be supplemented by further issues of shares.

## **14. Litigation**

Since the Company's incorporation and during the last 12 months, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, a significant effect on its financial position or profitability.

## **15. Placing Agreement**

15.1 In connection with the Placing, the Company, the Investment Manager, the Directors and Investec entered into the Placing Agreement on 31 January 2013. The Placing Agreement is conditional on, *inter alia*, Admission taking place on 5 February 2013 or such later date (not being later than 8.00 a.m. on 8 February January 2013) as the Company and Investec may agree.

15.2 The principal terms of the Placing Agreement are as follows:

- (a) Investec has agreed, as agent of the Company, to use its reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price. The Placing is not being underwritten;
- (b) the Company has, provided the Placing Agreement becomes unconditional, agreed to pay Investec a placing commission on Admission at the rate of 2% of the Gross Proceeds;
- (c) upon Admission, Investec has undertaken to pay on behalf of the Company all of the properly incurred costs and expenses of and incidental to the Placing, Admission and the related arrangements together with any applicable VAT;
- (d) in the event that the Placing Agreement is terminated in accordance with its terms prior to Admission, the Investment Manager has undertaken to pay on behalf of the Company all of the properly incurred costs and expenses of and incidental to the Placing, Admission and the related arrangements together with any applicable VAT;
- (e) the Company, the Investment Manager and the Directors have given certain warranties, undertakings and indemnities to Investec which are typical for an agreement of this nature; and
- (f) Investec may terminate the Placing Agreement before Admission in certain circumstances, including for breach of the warranties referred to above.

## **16. Material Contracts**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company and are material to the Company:

### **16.1 *Placing Agreement***

This is summarised in paragraph 15 above.

### **16.2 *Investment Management Agreement***

The Company and the Investment Manager have entered into the Investment Management Agreement, dated 31 January 2013, pursuant to which the Investment Manager has been given overall responsibility for the non-discretionary management of the Company's (and any of the Company's subsidiaries) assets (including uninvested cash) in accordance with the Company's investment policies, restrictions and guidelines.

#### *Fees*

The fees and expenses due to the Investment Manager under the Investment Management Agreement are set out under the heading "Operating Expenses" in Part IV (Further Information about the Company) of this document.

No performance fee shall be payable by the Company to the Investment Manager.

#### *Termination*

- (a) The Investment Management Agreement is for an initial period of 2 years from Admission and will continue automatically thereafter but shall be terminable at any time by either the Investment Manager or the Company giving to the other not less than 12 months' written notice.
- (b) The Investment Management Agreement may be terminated 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, other than a reconstruction pursuant to a solvent liquidation previously approved by the Company (such approval not to be unreasonably withheld or delayed);



- (ii) the Investment Manager ceases or threatens to cease to carry on its business;
- (iii) the Investment Manager has committed 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 is no longer authorised or regulated by the FSA or is no longer permitted by the FSA to carry on any regulated activity necessary to perform its duties under the Investment Management Agreement.

#### *Fees and Expenses on Termination*

Upon termination, the Investment Manager will be entitled to all fees accrued up to the date of termination along with all expenses reasonably incurred in connection with the making or monitoring of the Company's investments.

#### *Name*

In the event of the termination of the Investment Management Agreement for whatsoever reason, the Company shall be obliged to change its name to a name not including the letters or words "ICG", "Longbow", "ICG-Longbow" or any letters or words confusingly similar thereto.

#### *Exclusivity*

The Investment Manager shall not provide services to another investment vehicle (including, *inter alia*, investment companies, funds, listed vehicles and managed accounts) in relation to an investment strategy substantially similar to that of the Company until such time as the Company has invested 80% of its gross assets or the Initial Investment Period has come to an end.

#### *Conflicts of Interest*

Notwithstanding the paragraph in relation to exclusivity above, the Investment Manager may provide similar services to third parties provided that its ability to provide services to the Company under the Investment Management Agreement is not materially adversely affected. In the event of a conflict of interest arising, the Investment Manager will allocate investment opportunities fairly and equitably among the Company and other funds that it manages, where applicable, to the extent possible over the Initial Investment Period.

The Investment Manager shall allocate investment opportunities to the Company, with regard to its investment policy and to third parties to which it renders similar services, fairly and equitably to the extent possible for the duration of the Initial Investment Period. The Investment Manager shall also disclose all material conflicts of interest to the Board pursuant to applicable law and seek the consent of the Board prior to any purchase from, or sale to, other funds for which the Investment Manager has management responsibilities. The activities of the Investment Manager, in its capacity as the Company's manager, are subject to the overall policies, supervision and review of the Directors. For the purposes of this paragraph, references to the "Investment Manager" includes associates of the Investment Manager.

The Investment Manager is required to comply with the conflicts of interest provisions contained in the RCIS Rules.

#### *Indemnities*

The Company has agreed that the Investment Manager shall not be liable for any loss to the Company or any of its subsidiaries, however arising (including due to trade errors), except to the extent that such loss is due to the Investment Manager's fraud, wilful misconduct, bad faith or gross negligence. The Company has given certain market standard indemnities in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the Investment Management Agreement.

#### *General*

The Investment Management Agreement is governed by the laws of England and Wales.

### 16.3 **Administration Agreement**

The Company is party to an Administration Agreement with Heritage dated 23 January 2013 pursuant to which the Administrator will provide certain administration and secretarial services to the Company which will entail, among other things, the maintenance of the accounts, the dispatching of all circulars, notices of meetings, reports, financial statements and other correspondence, the operating of the bank accounts of the Company, ensuring that the Company complies with all reporting and filing requirements of any regulatory authorities in Guernsey, in particular the Commission, the safekeeping of the Company's documents, the preparation of unaudited half-yearly reports and accounts and the preparation of the annual report and accounts.

For provision of the administration services, the Administrator will be entitled to receive an annual fixed fee of £90,000 per annum. The Administrator will also be entitled to receive an annual accounting fee based on the time spent at the Administrator's hourly rates subject to a minimum of £40,000 per annum capped at £80,000 per annum. In addition, the reasonably incurred out of pocket costs and expenses of the Administrator will be reimbursed.

The Administration Agreement shall continue until either the Company or the Administrator gives notice to the other of not less than 90 days' notice in writing given so as to expire on the last day of any calendar month. The Administration Agreement will be terminated immediately on the occurrence of certain specified events or if either party commits a material breach of its obligations and fails within 30 days of notice served on the party in breach, to remedy such breach.

The Administrator will not in the absence of negligence, fraud, wilful default or breach of the Administration Agreement, be liable for any loss, cost, expense or damage suffered by the Company arising from or incurred in the course of the Administrator's duties. The Company will indemnify the Administrator against all liabilities which may be suffered or incurred by the Administrator in respect of its duties under the Administration Agreement save to the extent that such liabilities result from negligence, fraud, wilful default or breach of the Administration Agreement. The Administration Agreement is governed by Guernsey law.

### 16.4 **Registrar Agreement**

The Company is party to a Registrar Agreement with Capita Registrars (Guernsey) Limited dated 31 January 2013, pursuant to which the Registrar will provide registration services to the Company which will entail, among other things, the Registrar having responsibility for the transfer of shares, maintenance of the share register and acting as transfer agent. For provision of the registrar services, the Registrar is entitled to receive a basic fee based on the number of shareholder accounts subject to an annual minimum charge of £7,500. In addition to this basic fee, the Registrar is entitled to receive additional fees for specific actions. The Registrar Agreement has an initial term of one year, after which the agreement will renew for successive periods of 12 months unless six months' written notice to terminate is given by either party to the other (or three months' written notice if agreement cannot be reached on any increase in fees). The Registrar Agreement may be terminated immediately by either party on the occurrence of certain specified events or if the other party is materially in breach of the Registrar Agreement and fails (in the case of a breach capable of being remedied) to remedy such breach within 45 days of receipt of a written notice from the other party requiring it to do so. The Company has indemnified the Registrar against all and any liabilities which may be suffered or incurred by the Registrar in connection with the performance of its duties under the Registrar Agreement save to the extent that such liabilities may be due to the fraud, wilful default or gross negligence of the Registrar. The liability of the Registrar under the Registrar Agreement is capped at the lesser of £500,000 or an amount equal to seven times the annual fee payable to the Registrar under the Registrar Agreement. The Registrar Agreement is governed by Guernsey law.

## 17. **Consent**

Each of Investec and the Investment Manager has given and not withdrawn its consent to the issue of this document with the inclusion of its name and reference to it in the form and context in which it appears. The Investment Manager accepts responsibility for information attributed to it in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information attributed

to it in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## **18. Mandatory Bids, Squeeze Out and Sell Out Rights Relating to the Shares**

- 18.1 The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Shares were to increase the aggregate holding of the acquirer and its concert parties to Shares carrying 30% or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel, to make a cash offer for the outstanding Shares in the Company at a price not less than the highest price paid for any interests in the Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of Shares by a person holding (together with its concert parties) Shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.
- 18.2 Shares may be subject to compulsory acquisition in the event of a takeover offer which satisfies the requirements of Part XVIII of the Companies Law, or in the event of a scheme of arrangement under Part VIII of the Companies Law.
- 18.3 In order for a takeover offer to satisfy the requirements of Part XVIII of the 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% 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 will hold it on trust for the Dissenting Shareholders.
- 18.4 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% (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.
- 18.5 In addition, the Companies Law permits the Company to effect an amalgamation, in which the Company amalgamates with another company to form one combined entity. The Shares would then be shares in the capital of the combined entity.

## **19. General**

- 19.1 The total costs and expenses of, or incidental to, the Placing and Admission, which are payable by the Company are £2,092,385 (inclusive of VAT). This amount includes the commissions referred to in paragraph 15.2(b) of this Part VII. The expected net proceeds of the Placing, after deduction of such costs and expenses, are £102,526,865 on the basis that 104,619,250 Shares are placed under the Placing. No expenses of the Placing are being specifically charged to subscribers under the Placing.
- 19.2 Save as disclosed in this document, no person (other than the Company's professional advisers named in this document and trade suppliers) has at any time preceding the date of this document received, directly or indirectly, from the Company or entered into any contractual arrangements to

receive, directly or indirectly, from the Company on or after Admission any fees, securities in the Company or any other benefit to the value of £10,000 or more.

- 19.3 The Placing Shares have no par value. The Placing Price is payable in full on application.
- 19.4 Investec, as Sponsor, is independent from the Company and the Investment Manager.
- 19.5 Since the date of its incorporation, the Company has not commenced operations and no financial statements have been prepared as at the date of this document.
- 19.6 Save in connection with the application for Admission, none of the Shares has been admitted to dealings on any recognised investment exchange and no application for such admission has been made and it is not intended to make any other arrangements for dealings in the Shares on any such exchange.
- 19.7 The Administrator is a non-cellular company limited by shares incorporated in Guernsey on 15 February 2006 with registration number 44336 and licensed by the GFSC under the POI Law, to act as “designated manager” under the POI Law and the RCIS Rules and provide administration services to closed-ended investment funds and collective investment schemes.
- 19.8 The Investment Manager may be a promoter of the Company. Save as disclosed in paragraph 16.2 above of this Part VII, no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- 19.9 The Company anticipates that its typical investors will be institutional and other sophisticated or professional investors who are capable themselves of evaluating the merits and risks of the investment and who have sufficient resources both to invest in potentially illiquid securities and to be able to bear any losses (which may equal the whole amount invested) that may result from the investment.
- 19.10 No securities have been sold or are available in whole or in part to the public in connection with the Placing.
- 19.11 The business address of each of the Directors is the registered office of the Company.
- 19.12 The Placing will represent a significant gross asset change for the Company. As at the date of this document, the assets of the Company are £1. The gross assets of the Company will increase by £102,526,865 immediately after Admission.
- 19.13 The Directors of the Company have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects and that there are no other facts the omission of which would make misleading any statement in this document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

## **20. Information Sourced from Third Parties**

Where information detailed in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and so far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **21. Use of Proceeds**

- 21.1 It is expected that the proceeds of the Placing will be received by the Company on or soon after Admission.
- 21.2 The Company will use the net proceeds of the Placing for investment in accordance with its investment policy, and to pay the Company’s on-going operating costs.

## **22. Disclosure Requirements and Notification of Interest in Shares**

- 22.1 Under Chapter 5 of the Disclosure Rules and Transparency Rules, subject to certain limited exceptions, a person must notify the Company (and, at the same time, the FSA) of the percentage of voting rights he holds (within four trading days) if he acquires or disposes of shares in the Company to which voting rights are attached or certain types of financial instruments relating to shares in the Company and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holding of such types of financial instruments (or a combination of such holdings):
- (a) reaches, exceeds or falls below 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%; or
  - (b) reaches, exceeds or falls below an applicable threshold in paragraph (a) as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.
- 22.2 Such notification must be made using the prescribed form TR1 available from the FSA's website at <http://www.fsa.gov.uk>. Under the Disclosure Rules and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.
- 22.3 The FSA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure Rules and Transparency Rules.

## **23. Documents Available for Inspection**

Copies of the following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of SJ Berwin LLP for a period of 1 month from the date of this document:

- (a) the Articles; and
- (b) the Prospectus.

Dated: 31 January 2013

## DEFINITIONS

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

“£” or “GBP” or “Sterling”	pounds sterling, the legal currency of the United Kingdom;
“Administration Agreement”	the administration agreement dated 23 January 2013 between the Company and the Administrator;
“Administrator” or “Heritage”	Heritage International Fund Managers Limited;
“Admission”	the admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange;
“AIC”	the Association of Investment Companies;
“AIC Code”	the Association of Investment Companies Code of Corporate Governance and Corporate Governance Guide for Investment Companies;
“AIFM Directive”	the EU Directive on Alternative Investment Fund Investment Managers (2011/61/EU);
“Articles”	the articles of incorporation of the Company adopted on 23 January 2013, as amended from time to time;
“Auditors”	Deloitte LLP;
“Board”	the directors of the Company from time to time;
“Business Days”	any day (other than a Saturday or a Sunday) on which clearing banks are open for a full range of banking transactions in London and Guernsey;
“certified” or “in certificated form”	a share or other security which is not in uncertificated form (that is not in CREST);
“CMBS”	Commercial Mortgage Backed Securities, being securities backed by loans on commercial real estate;
“Commission” or “GFSC”	the Guernsey Financial Services Commission;
“Companies Law”	the Companies (Guernsey) Law, 2008, as amended;
“Company”	ICG-Longbow Senior Secured UK Property Debt Investments Limited;
“Court”	the Royal Court of Guernsey;
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear;
“CREST Guernsey Requirements”	CREST Rule 8 and such other rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the CREST Manual;
“CREST Manual”	the compendium of documents entitled “CREST Manual” issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service

	Manual, the CREST International Manual, the CREST Rules (including CREST Rule 8), the CCSS Operations Manual and the CREST Glossary of Terms;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time);
“C Shares”	has the meaning given in paragraph 4.2(f) in Part VII of this document;
“Directors” or “Board”	the directors of the Company as at the date of this document whose names are set out on page 29 of this document and “Director” means any one of them;
“Disclosure Rules and Transparency Rules” or “DTRs”	the disclosure rules and transparency rules made by the FSA in exercise of its functions as competent authority pursuant to Part VI of FSMA;
“EEA States”	member states of the European Economic Area;
“ERISA”	the US Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder;
“EU”	the European Union;
“EUR” or “€”	Euros, the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended;
“Euroclear”	Euroclear UK & Ireland Limited;
“Existing Share”	the 1 Share in issue immediately prior to Admission, being the subscriber share of the Company;
“ERISA”	the US Employment Retirement Income Security Act;
“ERV”	estimated rental value;
“FATCA”	the United States Foreign Account Tax Compliance provisions of the US Hiring Incentives to Restore Employment Act 2000, which implemented sections 1471-1474 of the US Internal Revenue Code of 1986, as amended;
“Founders”	Martin Wheeler and Kevin Cooper;
“FSA”	the Financial Services Authority;
“FSA Rules”	the rules or regulations issued or promulgated by the FSA from time to time and for the time being in force (as varied by any waiver or modification granted, or guidance given, by the FSA);
“FSMA”	the Financial Services and Markets Act 2000 (as amended from time to time), including any regulations made pursuant thereto;
“GMAC”	GMAC Commercial Mortgage Europe;
“Gross Asset Value”	the total assets of the Company as determined in accordance with the accounting principles adopted by the Directors;
“GDP”	gross domestic product;

“Gross Proceeds”	the aggregate proceeds received by the Company pursuant to the Placing, being £104,619,250;
“Group”	the Company together with any subsidiaries of the Company from time to time including LuxCo;
“Guernsey”	the Island of Guernsey;
“HMRC”	HM Revenue & Customs;
“ICG”	Intermediate Capital Group plc;
“IFRS”	the International Financial Reporting Standards as adopted by the EU;
“Initial Investment Period”	the period of three years from Admission;
“Investment Committee”	the body that is comprised of the Senior Investment Team, two risk/control partners as well as ICG-Longbow’s non-executive chairman and an ICG representative member;
“Investment Company Act”	the United States Investment Company Act of 1940 (as amended);
“Investment Grade Tenant”	a tenant that is rated Aaa to Baa3 by MIS and/or AAA to BBB- by S&P;
“Investment Management Agreement”	the Investment Management Agreement dated 31 January 2013 between the Company and the Investment Manager;
“Investment Manager” or “ICG-Longbow”	Longbow Real Estate Capital LLP, which trades as ICG-Longbow;
“Investment Team”	the Senior Investment Team, together with Louise Dooly, Adam Hayner, Matthew Main and Fiona Voon;
“IRR”	Internal Rate of Return;
“IRS”	the US Internal Revenue Service;
“ISA”	individual savings account;
“Listing Rules”	the listing rules made by the FSA under Part VI of FSMA;
“London Stock Exchange”	London Stock Exchange plc;
“LTV”	Loan-To-Value ratio;
“LuxCo”	the proposed subsidiary company to be incorporated in Luxembourg as a wholly-owned subsidiary of the Company together with any of its own wholly-owned subsidiaries;
“Luxembourg Administrator”	MAS International S.à r.l. being the proposed administrator of LuxCo;
“mezzanine loan”	an investment in respect of which the relevant indebtedness is subordinate only to a senior indebtedness over the relevant underlying property or other equivalent security interest;
“Minimum Net Proceeds”	the minimum net proceeds of the Placing, being £98 million;



“MIS”	Moody’s Investors Service Ltd, a credit rating agency registered in accordance with Regulation (EC) No 1060/2009 with effect from 31 October 2011;
“Mixed Portfolio Property Sector”	the property sector to which collateral real estate assets are attributed if less than 60% of the value of a loan’s collateral real estate assets falls in any Single Property Sector;
“NAMA”	the Irish National Asset Management Agency;
“NAV” or “Net Asset Value”	the value of the assets of the Company less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board, further details of which are set out in IV (Further Information about the Company) of this document;
“Net Proceeds”	the Gross Proceeds less applicable fees and expenses of incorporation, Admission and the Placing;
“New Shares”	104,619,249 new Shares to be issued by the Company pursuant to the Placing;
“Non-Qualified Holder”	any person, as determined by the Board in its sole discretion, whose interest in shares in the capital of the Company, whether direct, indirect or beneficial, would or might result in the Company being required to register as an “investment company” under the US Investment Company Act, the Company thereby losing any exemptions it may previously have benefited from under the U.S Investment Company Act, or the assets of the Company being deemed to be assets of a Plan Investor;
“Official List”	the official list of the UK Listing Authority;
“Other Sector”	all other real estate sectors that are not the office, retail and industrial/warehousing sectors;
“Overseas Persons”	persons who are not resident in, or who are not citizens of, the United Kingdom and Guernsey;
“Panel”	the Takeover Panel;
“Placee”	an investor to whom Placing Shares are issued pursuant to the Placing;
“Placing”	the conditional placing of the Placing Shares pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 31 January 2013 between Investec, the Company, the Investment Manager and the Directors relating to the Placing, further details of which are set out in paragraph 15 of Part VII (Additional Information) of this document;
“Placing Price”	£1.00 per Placing Share;
“Placing Shares”	the Existing Share and the New Shares;
“Plan Investor”	means: (i) an “employee benefit plan” that is subject to Title I of ERISA, (ii) a plan, individual retirement account or other arrangement that is subject to section 4975 of the US Code, (iii) an entity whose underlying assets are considered to include “plan assets” of any plan, account, or arrangement described in

	preceding clause (i) or (ii), or (iv) any governmental plan, church plan, non-US plan or other investor whose purchase or holding of shares would be subject to any similar law;
“POI Law”	The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended;
“Portfolio”	the portfolio of assets and investments of the Company from time to time;
“Prohibited Shares”	the Shares of (a) any investor whose ownership of Shares will or may result in the Company’s assets being deemed to constitute “plan assets” under the Plan Asset Regulations (as defined in ERISA) or (b) any investor who is a recalcitrant investor for the purposes of FATCA;
“Prospectus”	this document;
“Prospectus Rules”	the prospectus rules of the FSA made pursuant to section 73A of FSMA;
“Property Sector”	any of the Single Property Sectors and the Mixed Portfolio Property Sector;
“PSF”	per square foot;
“RCIS Rules”	The Registered Collective Investment Scheme Rules 2008 issued by the GFSC;
“Registrar”	Capita Registrars (Guernsey) Limited, whose details are set out on page 30;
“Registrar Agreement”	the registrar agreement dated 31 January 2013 between the Company and the Registrar;
“Regulation S”	Regulation S promulgated under the Securities Act;
“RIS”	regulatory information service;
“ROA”	return on assets;
“S&P”	Standard & Poor’s Credit Market Services Europe Limited, a credit rating agency registered in accordance with Regulation (EC) No 1060/2009 with effect from 31 October 2011;
“Securities Act”	the US Securities Act of 1933, as amended;
“Senior Investment Team”	Kevin Cooper, Martin Wheeler, Ralph Charlwood, Graeme Emmett and Julian Naylor;
“Senior Management Team”	the Senior Investment Team together with David Hunter, Graeme Troll and Philip Archer;
“Senior Professional Team”	the Senior Investment Team together with Philip Archer and Graeme Troll;
“Shareholder”	a holder of a Share;
“Share(s)”	redeemable ordinary share(s) of no par value in the capital of the Company having such rights and being subject to such restrictions as contained in the Articles;

“shares”	shares of whatever class in the Company denominated in such currencies as the Directors may determine in accordance with the Articles;
“Single Property Sector”	office, retail, industrial/warehousing and Other Sector;
“SIPP”	self-invested personal pension;
“Sponsor” or “Investec”	Investec Investment Banking, a division of Investec Bank plc;
“SSAS”	small self-administered scheme;
“Takeover Code”	the City Code on Takeovers and Mergers (as amended from time to time);
“uncertificated”	recorded on a register of securities maintained by Euroclear in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UKAR”	UK Asset Recovery;
“UK Listing Authority” or “UKLA”	the FSA in its capacity as the competent authority for the purposes of Part VI of FSMA;
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“US Code”	the US Internal Revenue Code of 1986 as amended;
“USD” or “US Dollar”	US dollars, the legal currency of the United States;
“US Person”	has the meaning given to it in Regulation S;
“VAT”	Value Added Tax; and
“whole loan”	an investment in respect of which the relevant indebtedness is not subject to subordination to any other indebtedness and has an initial LTV ratio of greater than 65% or where the investment benefits from a profit participation in the relevant underlying property.

