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This document comprises a prospectus relating to SQN Asset Finance Income Fund Limited, prepared in accordance with the Prospectus Rules, has been approved by the FCA and has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules.

The distribution of this document into a jurisdiction other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdictions. In particular, subject to certain exceptions, this document should not be distributed, forwarded to or transmitted in or into any Restricted Jurisdiction.

Application will be made to the U.K. Listing Authority and the London Stock Exchange for all of the C Shares now being offered to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the C Shares will commence on 12 December 2016.

SQN Asset Finance Income Fund Limited

*(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended,
with registered number 58519 and registered as a Registered Closed-ended Collective Investment Scheme with the
Guernsey Financial Services Commission)*

Placing, Open Offer and Offer for Subscription for a target issue of 150 million C Shares at 100 pence per C Share¹ and Notice of Extraordinary General Meeting

SQN Capital Management, LLC
U.S. Investment Manager

SQN Capital Management (U.K.) Limited
U.K. Investment Manager

Winterflood Securities Limited
Sponsor, Financial Adviser and Placing Agent

The Directors, whose names appear on page 33 of this document, and the Company 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.

You should read the whole of this document. In particular, your attention is drawn to the “Risk Factors” section of this document for a description of certain important factors, risks and uncertainties that may affect the Company’s business and the C Shares and which should be taken into account when considering whether to invest in the C Shares.

The C Shares are only suitable for investors who understand, or who have been advised of, the potential risk of capital loss from an investment in the C Shares and the limited liquidity both in the C Shares and in the underlying investments of the Company, and for whom an investment in the C Shares is part of a diversified investment portfolio and who fully understand and are willing to assume the risks involved with such an investment.

Winterflood, which is authorised and regulated in the U.K. by the FCA, is acting through its division, Winterflood Investment Trusts, exclusively for the Company and for no-one else in connection with the Issue and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in connection with the Issue or any other matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Winterflood by the FSMA or the regulatory regime established thereunder, Winterflood does not accept any responsibility whatsoever or make any representation or warranty, express or implied, in respect of the contents of this document, including its accuracy, completeness or verification, in respect of any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the C Shares, the Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Winterflood accordingly disclaims all and any liability, whether arising in tort, contract or otherwise, which it might otherwise be found to have in respect of this document or any such statement.

¹ The Directors have reserved the right, in consultation with Winterflood, to increase the size of the Issue to up to 180 million C Shares if overall demand exceeds 150 million C Shares, with any such increase being announced through a Regulatory Information Service.

In considering whether to apply for C Shares, you should rely only on information contained in this document. Recipients of this document acknowledge that: (i) they have not relied on the Company or Winterflood or any person affiliated with either of them in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied only on the information contained in this document and that no person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or Winterflood. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and paragraph 3.4 of the Prospectus Rules, neither the delivery of this document nor any subscription of C Shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since, or that the information contained in this document is correct at any time subsequent to, the date of this document. No statement in this document is intended as a profit forecast.

The C Shares have not been approved or disapproved by the SEC, any U.S. state securities commission or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the C Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The C Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The C Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be taken up, offered, sold, resold, transferred, delivered or distributed, directly or indirectly, within, into or from any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. There will be no public offer in the United States or any other Restricted Jurisdiction.

The C Shares are being offered and sold either (i) outside the United States in offshore transactions within the meaning of and in accordance with the safe harbour from the registration requirements in Regulation S under the Securities Act or (ii) in the United States in private placement transactions not involving any public offering in reliance on the exemption from the registration requirements of Section 5 of the Securities Act provided by Section 4(2) under the Securities Act or another applicable exemption therefrom.

The Company is a registered closed-ended collective investment scheme pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Schemes Rules 2015 issued by the Commission. The Commission, in granting registration, has not reviewed this document but has relied upon specific warranties provided by BNP Paribas Securities Services S.C.A., Guernsey Branch, the Company's designated administrator. The Commission takes no responsibility for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

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

Without limitation, neither the contents of the Company's websites (or any other website) nor the content of any website accessible from hyperlinks on any of the Company's websites (or any other website) is incorporated into, or forms part of this document.

Capitalised terms have the meanings ascribed to them in Part 14 (*Definitions*) of this document.

This Prospectus is dated 8 November 2016.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. The Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for these types 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 these types 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	Introduction	This summary should be read as an introduction to this prospectus only. Any decision to invest in the C Shares should be based on consideration of the prospectus as a whole. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the C Shares.
A.2	Consent for intermediaries	Not applicable. The Company has not given consent to the use of this prospectus for subsequent resale or final placement of the C Shares by financial intermediaries.
Section B – Issuer and any guarantor		
B.1	Legal and commercial name	SQN Asset Finance Income Fund Limited (the “ Company ”).
B.2	Domicile and legal form, applicable legislation and country of incorporation	The Company was incorporated and registered in Guernsey on 28 May 2014 with registered number 58519. The principal legislation under which the Company operates, and under which its securities have been created (and under which the C Shares will be created), is the Law.
B.5	Description of the group and the Company’s position therein	The Company has five wholly-owned subsidiaries: <ul style="list-style-type: none"> (a) SQN Asset Finance (Guernsey) Limited, a limited liability company incorporated in Guernsey on 5 June 2014 with registered number 58559; (b) SQN AFIF (AMBER) Limited, a limited liability company incorporated in Guernsey on 6 February 2015 with registered number 59800; (c) SQN AFIF (BRONZE) Limited, a limited liability company incorporated in Guernsey on 4 March 2015 with registered number 59959; (d) SQN AFIF (Cobalt) Limited, a limited liability company incorporated in Guernsey on 16 March 2016 with registered number 61742; and (e) SQN AFIF (Diamond) Limited, a limited liability company incorporated in Guernsey on 16 March 2016 with registered number 61743.

B.6	Notifiable interests in the voting rights	<p>As at the date of this prospectus, insofar as is known to the Company, the following parties were known to have a notifiable interest in the Company's capital or voting rights:</p> <table data-bbox="571 264 1437 548"> <thead> <tr> <th></th> <th style="text-align: right;">Number of Shares</th> <th style="text-align: right;">% of issued share capital</th> </tr> </thead> <tbody> <tr> <td>Investec Wealth & Investment</td> <td style="text-align: right;">45,362,598</td> <td style="text-align: right;">12.68</td> </tr> <tr> <td>Old Mutual Global Investors</td> <td style="text-align: right;">38,687,988</td> <td style="text-align: right;">10.82</td> </tr> <tr> <td>Cazenove Capital Management</td> <td style="text-align: right;">37,956,973</td> <td style="text-align: right;">10.61</td> </tr> <tr> <td>Sarasin & Partners</td> <td style="text-align: right;">21,176,635</td> <td style="text-align: right;">5.92</td> </tr> <tr> <td>BMO Global Asset Management</td> <td style="text-align: right;">16,035,890</td> <td style="text-align: right;">4.48</td> </tr> <tr> <td>Rathbone Investment Management</td> <td style="text-align: right;">15,204,420</td> <td style="text-align: right;">4.25</td> </tr> <tr> <td>CCLA Investment Management</td> <td style="text-align: right;">13,252,953</td> <td style="text-align: right;">3.70</td> </tr> </tbody> </table> <p>All Shareholders have the same voting rights in respect of the share capital of the Company.</p>		Number of Shares	% of issued share capital	Investec Wealth & Investment	45,362,598	12.68	Old Mutual Global Investors	38,687,988	10.82	Cazenove Capital Management	37,956,973	10.61	Sarasin & Partners	21,176,635	5.92	BMO Global Asset Management	16,035,890	4.48	Rathbone Investment Management	15,204,420	4.25	CCLA Investment Management	13,252,953	3.70
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B.7	Selected historical key financial information and significant change to the Company's financial condition and operating results	<table data-bbox="571 667 1437 1019"> <thead> <tr> <th></th> <th style="text-align: right;">2015 Annual Report and Accounts (Audited)</th> <th style="text-align: right;">2016 Annual Report and Accounts (Audited)</th> </tr> </thead> <tbody> <tr> <td>Total assets (£)</td> <td style="text-align: right;">179,422,646</td> <td style="text-align: right;">370,838,313</td> </tr> <tr> <td>Total liabilities (£)</td> <td style="text-align: right;">(567,403)</td> <td style="text-align: right;">(16,008,395)</td> </tr> <tr> <td>Net assets (£)</td> <td style="text-align: right;">178,855,243</td> <td style="text-align: right;">354,829,918</td> </tr> <tr> <td>Net assets per Ordinary Share (p)</td> <td style="text-align: right;">99.93</td> <td style="text-align: right;">99.45</td> </tr> <tr> <td>Earnings per Ordinary Share (p)</td> <td style="text-align: right;">4.47</td> <td style="text-align: right;">6.64</td> </tr> <tr> <td>Net assets per C Share (p)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">98.24</td> </tr> <tr> <td>Earnings per C Share (p)</td> <td style="text-align: right;">—</td> <td style="text-align: right;">0.66</td> </tr> </tbody> </table> <p>There has been no significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical financial information.</p>		2015 Annual Report and Accounts (Audited)	2016 Annual Report and Accounts (Audited)	Total assets (£)	179,422,646	370,838,313	Total liabilities (£)	(567,403)	(16,008,395)	Net assets (£)	178,855,243	354,829,918	Net assets per Ordinary Share (p)	99.93	99.45	Earnings per Ordinary Share (p)	4.47	6.64	Net assets per C Share (p)	—	98.24	Earnings per C Share (p)	—	0.66
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B.8	Key <i>pro forma</i> financial information	Not applicable. No pro-forma financial information is included in this prospectus.																								
B.9	Profit forecast	Not applicable. The Company has not published any profit forecasts or estimates. No profit forecast or estimate is included in this prospectus.																								
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit reports on the historical financial information contained within this document are not qualified.																								
B.11	Explanation in respect of insufficient working capital	Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this document.																								
B.34	Investment objective, policy and investment restrictions	<p><i>Investment objective</i></p> <p>The Company's investment objective is to provide its Shareholders with regular, sustainable dividends and to generate capital appreciation through investment, directly or indirectly, in business-essential, revenue-producing (or cost-saving) equipment and other assets including financing arrangements for business-essential services or licenses.</p>																								

Investment policy

The Company will seek to invest in business-essential, revenue-producing (or cost-saving) equipment and other assets or arrangements with high in-place value and long economic life relative to the investment term.

The Company provides asset financing primarily by way of equipment leases, loans, hire-purchase agreements, construction finance, and residual participations. The Company will also make investments by way of financing services agreements and software licenses which either supplement business-essential assets or are themselves business-essential assets. It is intended that each investment made by the Company will generate returns either through cash flow over the investment term or through the residual value of the equipment or other assets at the end of the investment term. When available, the Company targets investments in the specialist segment of the leasing market where assets provide cash flow during the base term of the leases as well as offering the potential for additional proceeds through lease extensions or sales at the end of the lease. The Company generally does not intend to invest in the large single asset segment of the leasing market, such as wide-body commercial aircraft leasing, which is heavily reliant on residual value to meet its return targets, or the high volume, low margin segment of the leasing market, such as photocopier and automobile leasing, although it may do so, from time to time, if appropriate opportunities are identified in these segments.

The Company may invest in assets in any industry. The Company, however, generally expects to be invested in such industries where the Investment Managers see the potential to make the most attractive risk-adjusted returns which currently include, but are not limited to: Agriculture, Energy, Environmental, Manufacturing, Material Handling, Medical, Modular Accommodation, Technology and Transportation.

The Investment Managers will target transaction sizes below £30 million but, generally, the average transaction size is expected to be £3 million to £8 million, although it may fluctuate based on the market opportunities and portfolio composition that the Investment Managers believe will best achieve the Company's investment objectives. Whilst there is no minimum lease term, it is typical for the initial lease term to be 3 to 10 years depending on the asset. Where appropriate, however, the term of the lease may vary significantly from this range reflecting the opportunities available and the needs of the lessee.

It is intended that the Company and/or its subsidiaries will primarily acquire assets directly and function as the lessor under equipment lease contracts or other secured arrangements. In such situations, the Company will own all rights, title, and interest in and to the assets and will lease them, or otherwise make them available, to the end-user. In other situations, the Company may own assets and enter into hire-purchase agreements where the Company will own the assets until all payments are made under the agreement and a pre-agreed nominal purchase price is paid to the Company.

The assets held by the Company will generally be leased to a third party and will be subject to either a direct finance (cash flow) lease or an operating lease. The Company intends to balance the portfolio between direct finance leases, to provide regular cash flow, and operating leases, to provide capital appreciation opportunities. Some investments may be structured to provide return of capital and interest during the lease term with an opportunity for additional realisation from the residual value after the initial lease term. In certain circumstances, direct finance leases will be structured as loans and provide the same advantages to the Company.

The Investment Managers will generally seek to acquire investments and/or enter into lease arrangements that require the lessee or other counterparty to bear all tax, maintenance, insurance, and other costs related to the lease or the operation of the underlying asset(s). Generally, as a result, the Company will not be required to undertake maintenance on assets but reserves the right to do so on an exceptional basis.

Whilst the Company and/or its subsidiaries will typically seek direct ownership of the assets under lease, the Company may also obtain exposure to investments through holding securities that have exposure to an underlying asset or assets that meet the Company's investment criteria where it is more advantageous for the Company to do so or a direct investment is not possible. This includes, but is not limited to, holding or entering into debt securities, loan agreements, equity securities, participation agreements, hybrid instruments, or other securities, whilst maintaining the desired economic exposure and level of security.

The Company may invest in residual interests in assets or equipment. When the Company invests in residual interests, it or its subsidiaries will acquire the rights and/or title to equipment, assets, income or proceeds in respect of the period after the end of the initial lease term or other underlying contract term. Cash flow from the residual interests generally will not commence until all of the obligations under the initial term are satisfied. Once those obligations are satisfied, rights and/or title to the underlying equipment, assets, income or proceeds will be transferred to the Company or its subsidiaries. Furthermore, the Company may elect to sell all or part of the lease receivables to a third party investor or bank and retain its exposure to the asset by retaining ownership of the residual value (in addition to any proportion of the lease receivables retained). Therefore, in relation to certain investments, the Company may be reliant on the residual value to obtain its return on that investment. It is not expected that residual interests would represent more than 35 per cent. of the portfolio at the time of investment.

Investments will primarily be made in the United Kingdom, the United States and Europe which is expected to represent at least 75 per cent. of the portfolio. The Company may also invest in assets and equipment located or subject to law in other countries, regions, or jurisdictions where the Investment Managers believe they can adequately secure the Company's interest in assets and equipment whilst achieving an appropriate risk-adjusted return consistent with the rest of the portfolio.

Diversification

The Company's portfolio will be subject to the diversification policies limiting the maximum amount of capital that can be invested in a single asset, in a single asset class, in assets held by a corporation or group or held by companies in a specific industry, as a percentage of NAV of the portfolio, measured at the time of investment:

Maximum by asset:	15 per cent.
Maximum by asset class:	30 per cent.
Maximum by corporation or group:	15 per cent.
Maximum by industry:	30 per cent.

Borrowings

The Company does not intend to utilise borrowings on a portfolio basis, for investment purposes. However, the Company may, from time to time, utilise borrowings for share buybacks and short term liquidity purposes, but such borrowings will not, in any event, exceed 15 per cent. of the Company's Net Asset Value at the time of investment. This does not prevent the Company from purchasing the equity or subordinated

		participation in a special purpose entity set up to own an asset or a pool of assets or equipment, which itself may be geared.
B.35	Borrowing limits	The Company does not intend to utilise borrowings on a portfolio basis, for investment purposes. However, the Company may, from time to time, utilise borrowings for share buybacks and short term liquidity purposes, but such borrowings will not, in any event, exceed 15 per cent. of the Company's Net Asset Value at the time of investment. This does not prevent the Company from purchasing the equity or subordinated participation in a special purpose entity set up to own an asset or a pool of assets or equipment, which itself may be geared.
B.36	Regulatory status	The Company is regulated in Guernsey by the Commission as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law and is required to comply with the RCIS Rules issued by the Commission.
B.37	Typical investor	The Issue is designed to be suitable for institutional and other sophisticated or professional investors seeking exposure to investments in alternative investments mainly in equipment leases and 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. Such investors may wish to consult an independent financial adviser prior to investing in the C Shares.
B.38	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable. The Company is not permitted to invest more than 15 per cent. of its assets in a single underlying asset or issuer.
B.39	Investment of 40 per cent. or more in single underlying asset or investment company	Not applicable. The Company is not permitted to invest more than 15 per cent. of its assets in a single underlying asset or issuer.
B.40	Service providers	<i>The Investment Managers</i> The Company has appointed SQN Capital Management, LLC and SQN Capital Management (U.K.) Limited (the " Investment Managers ") to manage the Company's portfolio. For their services, the Investment Managers are entitled to a management fee at a rate equivalent to the following schedule (expressed as a percentage of NAV per annum): <ul style="list-style-type: none"> ● 1.0 per cent. for assets lower than or equal to £300,000,000; ● 0.9 per cent. for assets greater than £300,000,000 and lower than or equal to £500,000,000; and ● 0.8 per cent. for assets greater than £500,000,000. The management fee is payable monthly in arrears on the last calendar day of each month. No performance fee is payable by the Company to the Investment Managers. The Company may also incur transaction costs for the purposes of structuring investments for the Company. These costs form part of the overall transaction costs that are capitalised at the point of recognition and are taken into account by the Investment Managers when pricing a transaction. When structuring services are provided by the Investment

		<p>Managers or an affiliate of them, they shall be entitled to charge an additional fee equal to up to 1.0 per cent. of the costs to the Company (ignoring gearing and transaction expenses) of acquiring each investment. This cost will not be charged in respect of assets acquired from the Investment Managers, the funds they manage or where they or their affiliates do not provide such structuring advice.</p> <p>The Investment Managers have agreed to bear all the broken and abortive transaction costs and expenses incurred on behalf of the Company. Accordingly, the Company has agreed that the Investment Managers may retain any commitment commissions received by the Investment Managers in respect of investments made by the Group save that if such commission on any transaction was to exceed 1.0 per cent. of the transaction value, the excess would be paid to the Company.</p> <p>Administrator, Custodian and Secretary</p> <p>The Company has appointed BNP Paribas Securities Services S.C.A., Guernsey Branch (the “Administrator”) to provide custody, administrative and secretarial services. The Administrator is entitled to a fee based on the gross assets of the Company at a rate of 0.08 per cent. of gross assets up to £300 million, 0.06 per cent. of gross assets over £300 million and up to £500 million and 0.04 per cent. of gross assets over £500 million. In addition, the Administrator is entitled to an annual fee of £36,000 for providing company secretarial services and additional fees for ad hoc services. The Administrator is also entitled to reimbursement of all reasonable out of pocket expenses incurred by it in connection with its duties.</p> <p>Registrar</p> <p>The Company has appointed Capita Asset Services (the “Registrar”) to provide share registration services. The Registrar shall be entitled to receive an annual maintenance fee from the Company of £1.60 per Shareholder account, subject to an annual minimum charge of £5,500.</p> <p>Receiving Agent</p> <p>The Company has appointed Capita Asset Services (the “Receiving Agent”) to provide receiving agent services. The Receiving Agent is entitled to customary fees for the provision of its services under the agreement. The agreement contains a standard indemnity from the Company to the Receiving Agent.</p>
<p>B.41</p>	<p>Regulatory status of any investment manager</p>	<p>The U.S. Investment Manager is a Delaware limited liability company formed on 3 December 2007 with registered number 4466472. The U.S. Investment Manager is a Registered Investment Advisor with the United States Securities and Exchange Commission (CRD 158704) and the parent company of SQN Securities, LLC, an SEC and FINRA registered broker/dealer (CRD 153322).</p> <p>The U.K. Investment Manager is a limited liability company incorporated in England and Wales on 12 May 2014 with registered number 9033846. The U.K. Investment Manager is not regulated in the United Kingdom.</p>
<p>B.42</p>	<p>Calculation and publication of Net Asset Value</p>	<p>The Administrator, in conjunction with the Investment Managers, calculates the Net Asset Value and the Net Asset Value per Share as at the end of each month and reports such calculation to the Board.</p> <p>The Board is asked to approve each Net Asset Value calculation. These calculations are reported monthly to Shareholders and reconciled in the Company’s annual report. The Net Asset Value is also announced as soon as possible on a Regulatory Information Service, by publication on the Company’s website, www.sqnasassetfinance.com, and on www.londonstockexchange.com.</p>

B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investments in another collective investment undertaking.																																																																																																																																																																																																												
B.44	Collective investment undertaking which have not commenced operations	Not applicable. The Company has commenced operations.																																																																																																																																																																																																												
B.45	Portfolio	<p>As at the date of this Prospectus, the Company's portfolio was as follows:</p> <table border="1"> <thead> <tr> <th data-bbox="587 533 655 555">Asset</th> <th data-bbox="1043 533 1134 555">Exposure</th> <th data-bbox="1193 517 1241 555">% of NAV</th> <th data-bbox="1321 533 1406 555">Location</th> </tr> </thead> <tbody> <tr><td>Glass Manufacturing Plant</td><td>26,490,598.78</td><td>7.45%</td><td>EU</td></tr> <tr><td>Anaerobic Digestion Facility</td><td>25,222,325.55</td><td>7.09%</td><td>UK</td></tr> <tr><td>Anaerobic Digestion Facility</td><td>24,181,733.73</td><td>6.80%</td><td>UK</td></tr> <tr><td>Solar Cell and Chip Manufacturing Equipment</td><td>21,139,328.26</td><td>5.95%</td><td>US</td></tr> <tr><td>Paper Mill</td><td>18,659,300.03</td><td>5.25%</td><td>UK</td></tr> <tr><td>Vessels</td><td>13,293,552.40</td><td>3.74%</td><td>EU</td></tr> <tr><td>Diversified Portfolio Interest</td><td>13,071,455.16</td><td>3.68%</td><td>US</td></tr> 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Section C – Securities		
C.1	Type and class of the securities being offered and admitted to trading, including the security identification number	<p>C Shares of no par value each.</p> <p>The ISIN of the C Shares is GG00BYNJG147. The SEDOL of the C Shares is BYNJG14. The ISIN of the Open Offer Entitlements is GG00BD3WG165 and the ISIN of the Excess CREST Open Offer Entitlements is GG00BD3WG389. The ticker of the C Shares is SQNX.</p>
C.2	Currency of the securities issue	The C Shares will be denominated in Sterling.
C.3	Details of Ordinary Share capital	<p>Set out below are details of the share capital of the Company: (i) as at the date of this prospectus; and (ii) as it will be immediately following the Issue (assuming the Issue is subscribed as to 150 million C Shares):</p> <p>(i) 357,707,507 Ordinary Shares of no par value; and</p> <p>(ii) 357,707,507 Ordinary Shares of no par value and 150,000,000 C Shares of no par value.</p>
C.4	Rights attached to the securities and procedure for the exercise of those rights	<p>The holders of the C Shares and Ordinary Shares shall only be entitled to receive, and to participate in, any dividends declared in relation to the relevant class of Shares that they hold.</p> <p>On a winding-up or a return of capital by the Company, if there are C Shares in issue, the net assets of the Company attributable to the C Shares shall be divided <i>pro rata</i> among the holders of the C Shares. For so long as C Shares are in issue, and without prejudice to the Company's obligations under the Act, the assets attributable to the C Shares shall, at all times, be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the C Shares.</p> <p>The holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account any net assets attributable to the C Shares.</p> <p>The C Shares and the Ordinary Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.</p> <p>The consent of either the holders of C Shares or the holders of Ordinary Shares will be required for the variation of any rights attached to the relevant class of Shares.</p>
C.5	Restrictions on free transferability of the securities	There are no restrictions on the free transferability of the C Shares, subject to compliance with the Articles and applicable securities laws.
C.6	Admission/Regulated markets where the securities are traded	<p>Application will be made to the U.K. Listing Authority and the London Stock Exchange for all of the C Shares now being offered to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the C Shares will commence on 12 December 2016.</p> <p>Applications will be made to the U.K. Listing Authority and the London Stock Exchange for all of the Ordinary Shares arising on conversion of the C Shares to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.</p>

C.7	Dividend policy	<p>The Company targets an annual dividend of 7.25 pence per Share. Dividends were paid quarterly for the periods from IPO to 30 September 2014 and the period to 31 December 2014, and were then paid monthly from January 2015.</p> <p>The Directors have considered the potential impact of the Issue on the payment of dividends to holders of Ordinary Shares, but, given the C Share structure, the Issue is not expected to result in any material dilution of the dividends attributable to Ordinary Shareholders. Dividends on the C Shares to be issued pursuant to the Issue will initially be declared and paid quarterly for the periods to March 2017 and June 2017, and are then intended to be paid monthly from July 2017 until Conversion.</p> <p>Dividend payments to Shareholders will be subject to the Company being able to satisfy the solvency test, as defined under the Law, immediately after payment of such dividend.</p>
C.22	Information on the underlying share	<p>Following Conversion, the investments which were attributable to the C Shares will be merged with the Company's existing portfolio of investments. The new Ordinary Shares arising on Conversion of the C Shares will rank <i>pari passu</i> with the Ordinary Shares then in issue.</p> <p>The Ordinary Shares carry the right to receive all dividends declared by the Company or the Directors, subject to the rights of any C Shares in issue.</p> <p>On a winding-up, provided the Company has satisfied all of its liabilities and subject to the rights conferred by any C Shares in issue at that time to participate in the winding-up, the holders of Ordinary Shares are entitled to all of the surplus assets of the Company.</p> <p>Holders of Ordinary Shares are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.</p> <p>The Ordinary Shares are in registered form, have been admitted to the premium listing segment of the Official List and are traded on the London Stock Exchange's main market for listed securities. The Company will use its reasonable endeavours to procure that, upon Conversion, the new Ordinary Shares are admitted to the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.</p> <p>There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with the Articles and applicable securities laws.</p>

Section D – Risk Factors		
D.2	Key information on the key risks specific to the Company	<p>The key risk factors relating to the Company are as follows:</p> <ul style="list-style-type: none"> ● The Company's target yield is based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies and the actual yield may be lower than the target yield. There is no guarantee that the target yields described within this document (or any yield) will be achieved. ● The Company's success will be subject to risks inherent in the equipment leasing and finance business, in particular, the quality of the assets it acquires and the risk of default by the Company's lessees or other counterparties, which may affect the Company's ability to operate profitably.

		<ul style="list-style-type: none"> • Investments of the type already made and likely to be made by the Company are not likely to be publicly-traded or freely marketable. Such investments may therefore be difficult to value or realise and therefore the market price that is achievable for the investments might be lower than expected. • Any decline in the residual value of the Company's underlying assets at the end of a lease term, which will depend on factors outside the Company's control, may erode the ability of the Company to make a profit on those investments. • The Company's performance is dependent on services provided by the Investment Managers. The departure of a key employee from the Investment Managers may adversely affect the returns available to the Company. • Changes in law or regulation may adversely affect the Company's ability to carry on its business or may increase the Company's Ongoing Charges Ratio. • Changes in tax legislation could result in adverse changes in the tax position of the Company or the imposition of additional and possibly material tax liabilities on Shareholders.
D.3	Key information on the key risks specific to the C Shares	<p>Risks in respect of the C Shares issued pursuant to the Issue:</p> <ul style="list-style-type: none"> • Extreme foreign currency fluctuations, in particular the Sterling/U.S. Dollar rate, may result in losses if the positions are not appropriately hedged. • There may be volatility in the price of the C Shares and the market price of the C Shares may rise or fall rapidly. To optimise returns, Shareholders may need to hold their investment for the long term. • The price of the C Shares may decline below their respective issue price and Shareholders may not be able to sell their C Shares at a price equal to or greater than their issue price. • Shareholders will have no right of redemption and must rely, in part, on the existence of a liquid market in order to realise their investment. The C Shares may trade at a discount to the Net Asset Value per C Share.

Section E – Offer		
E.1	Total net proceeds and estimate of total expenses of the Issue, including estimated expenses charged to investors	The total costs and expenses of, or incidental to, the Issue, are expected to be approximately 1.8 per cent. of the Gross Issue Proceeds assuming 150 million C Shares are issued pursuant to the Issue. The Net Issue Proceeds are dependent on subscriptions received but, assuming the Issue is subscribed as to 150 million C Shares, the Net Issue Proceeds are expected to be approximately £147.3 million and the total costs and expenses of the Issue are expected to be £2.7 million. In the event that Admission does not occur, the costs of the aborted proposals shall be borne by the Company.
E.2a	Reasons for the offer, use of proceeds and estimated net amount of proceeds	The Board intends that the Net Issue Proceeds will be used to invest in a pipeline of opportunities currently totalling over £137 million with the balance to be invested in accordance with the Company's investment policy.

E.3	Terms and conditions of the Issue	<p>The Issue is conditional upon, <i>inter alia</i>:</p> <ul style="list-style-type: none"> (a) Admission occurring; (b) the Placing Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission; and (c) the passing of the Resolution at the Extraordinary General Meeting. <p>If any of these conditions are not met, the Issue will not proceed. There is no minimum amount required to be raised under the Issue in order for the Issue to proceed.</p>
E.4	Material interests	<p>There are no interests that are material to the Issue and no conflicting interests.</p>
E.5	Name of the offeror/ lock-up agreements	<p>Not applicable. No person/entity is offering to sell C Shares as part of the Issue.</p>
E.6	Dilution	<p>The C Shares issued pursuant to the Issue will convert into Ordinary Shares.</p> <p>The number of Ordinary Shares into which each C Share converts will be determined by the relative NAV per C Share and NAV per Ordinary Share at the Conversion Date. As a result of Conversion, the percentage of the issued Ordinary Shares held by each existing holder of Ordinary Shares will be reduced to the extent that Shareholders do not take up their Open Offer Entitlement in full or subscribe for additional C Shares under the Placing or Offer for Subscription, or are not granted such C Shares. However, Conversion will be NAV neutral to holders of Ordinary Shares.</p>
E.7	Estimated expenses charged to investors by the Company	<p>The costs of the Issue will be met by the Company from the Gross Issue Proceeds. The total costs and expenses of, or incidental to, the Issue, are expected to be approximately 1.8 per cent. of the Gross Issue Proceeds assuming 150 million C Shares are issued pursuant to the Issue.</p>

RISK FACTORS

The business of the Company, any investment in the Shares and the Issue are all subject to risks and uncertainties. Certain of these may prevent the Company from paying dividends, increasing its Net Asset Value and/or may cause the value of the Shares to decline significantly. Investors could lose all of their investment in the Company.

Consequently, prospective investors contemplating an investment in the Shares should recognise that the market value of the Shares can fluctuate and may not reflect the underlying Net Asset Value. No express or implied guarantee is given that investors will receive back any of the original investment, or that the Shares will not trade at a discount to the Net Asset Value. The Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in both the Shares and the underlying investments of the Company; and (ii) who fully understand and are willing to assume the risks involved in such an investment.

An investment in the Shares involves a considerable degree of risk. Prospective investors should carefully consider all the information contained in this document, in particular, the risks described below. The Directors believe that the risks described below are the material risks relating to the Shares at the date of this document. Additional risks and uncertainties not currently known to the Directors or that the Directors deem to be immaterial at the date of this document, may also have an adverse effect on the Company's business or the market value of the Shares. Prospective investors should review this document carefully and in its entirety and consult with their authorised professional advisers before deciding whether to invest in the Shares.

1 Risks relating to the Company

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

The Company's target yield set out in this document is a target only and is based on estimates and assumptions about a variety of factors including, without limitation, asset mix, value, volatility, lease term, investment liquidity, asset user default, changes in current market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation and which may adversely affect the Company's ability to achieve its target yield. The target yield is also based on the assumption that the Company will be able to implement its investment policy and strategy in a manner that generates yields in line with the targets. Furthermore, the target yield is based on the market conditions and the economic environment at the time of assessing the target yield, and is therefore subject to change. There is no guarantee that actual (or any) yields can be achieved at or near the levels set out in this document. Accordingly, the actual yield achieved may be materially lower than the target yield, or may result in a partial or total loss, which could have a material adverse effect on the Company's profitability, Net Asset Value and the price of the Shares.

Poor economic conditions may adversely affect the Company's ability to build its portfolio

A prolonged economic slowdown in the U.K., U.S., in other regions where the Company may invest or globally could adversely affect the Company's ability to invest the proceeds of the Issue as quickly as it would like to if such conditions result in businesses reducing their demand for capital assets and equipment in the short term. If this happens, the Company's distributions to Shareholders may be less than if the Net Issue Proceeds were invested in accordance with the Company's expected timetable. It also could result in reduced interest rates, which could reduce the returns the Company can obtain on its investments and, as a consequence, may impact the distributions it can make to Shareholders. Depending primarily on the severity and duration of any economic slowdown, the creditworthiness of the Company's end-users may become impaired which could cause an increased risk of default on their obligations to the Company and cause the Company to incur a loss.

Failure by service providers to the Company to perform their obligations could materially disrupt or damage the business of the Company with adverse effects on their respective business or performance

The Company does not have any employees and, therefore, relies upon the performance of third-party service providers to perform its executive functions. In particular, the performance of the Company is reliant on the Investment Managers. Failure by any service provider to

carry out its obligations to the Company in accordance with the terms of its appointment without exercising due care and skill, or to perform its obligations to the Company at all as a result of insolvency or other causes could have a material adverse effect on the performance of the Company and returns to the Company. The termination of the Company's relationship with any third-party service provider, or any delay in appointing a replacement for such service provider, could materially disrupt the business of the Company and could have a material adverse effect on the performance of the Company and returns to the Company.

2 Risks relating to the Company's strategy

The Company's success will be subject to risks inherent in the equipment leasing and finance business, any of which may affect the Company's ability to operate profitably

A number of factors may affect the Company's ability to operate profitably including: (i) changes in economic conditions, including fluctuations in demand for assets, interest rates and inflation rates; (ii) the quality of the assets it acquires and leases or finances; (iii) the continuing strength of equipment manufacturers; (iv) the timing of the Company's investments and the Company's ability to forecast technological advances; (v) technological and economic obsolescence of the assets it acquires; (vi) defaults by the Company's lessees or other counterparties; and (vii) increases in the Company's Ongoing Charges Ratio.

Fluctuations in demand for equipment may affect the ability of the Company to invest its capital in a timely manner. Equipment lessors have experienced a more difficult market in which to make suitable investments during historical periods of reduced growth and recession in the U.K. and U.S. economies as a result of the softening demand for capital equipment during these periods. Economic recession resulting in lower levels of capital expenditure by businesses may result in more used equipment becoming available on the market and downward pressure on prices and lease rates due to excess inventory. Periods of low interest rates exert downward pressure on lease rates and may result in less demand for lease financing as outright purchase becomes less expensive. There can be no assurance as to what future developments may occur in the economy in general or in the demand for equipment and lease financing in particular.

Higher than expected equipment lease or other investment defaults may result in losses

Higher than expected equipment lease or other investment defaults may result in a loss of anticipated revenues. These losses may adversely affect the Company's ability to pay dividends to Shareholders and, if the level of defaults is sufficiently large, may result in the Company's inability to fully recover its investment.

While the Company will seek to repossess and re-lease or sell any asset that is subject to a defaulted lease, it may not be able to do so on terms that are favourable to it. In some cases, the cost of repossessing the equipment, or other asset, subject to a defaulted lease, or other investment, may make trying to recover the asset impractical. Also, if a lessee or borrower under a defaulted lease or other investment files for protection under bankruptcy or administration laws, then the Company may experience difficulties and delays in recovering the asset from the defaulting party and, in addition, it may be unable to enforce important contract provisions against the insolvent party, including the contract provisions that require the asset to be returned in good condition.

The Company may suffer a loss due to, or the Company's ability to make distributions may be adversely affected by, the high costs of: (i) enforcing a lessee's or borrower's contract obligations; (ii) recovering the asset from the defaulting party; (iii) transporting, storing, and repairing the asset; and (iv) finding a new lessee or purchaser for the asset.

In the event of a default, certain assets and equipment that the Company may invest in will have a higher value if they remain in place and continue to operate. For this reason, when appropriate, the Investment Managers will structure investments to include step-in agreements, share pledges, and the assignment of various contracts in order to allow the Company to continue to control and extract maximum value from the assets or equipment. In some cases, the cost of step-in or the cost of selling the Company's rights may make trying to do this impractical or it may be difficult to enforce the security or the step-in rights against an insolvent party.

The equipment leasing industry is highly competitive, which may hinder the Company's ability to source appropriate or attractive investments

Certain segments of the equipment leasing and asset finance industry are highly competitive. In particular, it is often relatively easy for well-capitalised new entrants to enter the equipment leasing industry as lessors or by providing asset financing. New entrants can act irrationally or unprofitably to gain market share, potentially driving down rates and reducing the availability of attractive transactions to other participants in the market. Further, lease and asset finance transactions are not always written in a manner which provides the lessor with an appropriate rate of return for the risk being assumed.

The equipment leasing and finance business is highly fragmented. The Company will compete with a large number of national, regional and local banks, savings banks, leasing companies and other financial institutions, captive finance and leasing companies affiliated with major equipment manufacturers, and other sources of equipment lease financing, including other publicly-traded entities. Some of the Company's competitors are substantially larger and have considerably greater financial, technical and marketing resources than either it, the Investment Managers and/or their affiliates will have.

If the Company is unable to realise the residual value of its assets under its operating leases and other investments, it may incur losses

When the Company enters into a lease, it will not know what the residual value of the asset lease will be when the lease ends (on expiry, in the case of an operating lease, or prematurely in the case of a cash flow lease). Where the Company enters into operating leases, the value of aggregate rental payments during the initial lease term is structured to result in the Company's recovery of an amount less than or equal to 90 per cent. of the purchase price of the asset. Therefore, the Company's ability to recover the full purchase price of the asset and the Company's expected return in connection with an operating lease depends on the potential value of the asset once the primary lease term expires. This is the "residual value". Similarly, in circumstances where a lease ends prematurely, the Company may be reliant on the residual value in order to achieve the desired returns. The residual value will depend on numerous factors beyond the Company's control, including, whether the original lessee wants to keep the asset, the cost of comparable new asset, whether the leased asset is obsolete or in poor condition, whether there is a secondary market for the type of used asset and, if so, the market value of such asset.

In certain circumstances, the Company may be reliant entirely on the residual value of some of its investments to recover and/or make a profit on those investments.

The Company provides no assurance that its assumptions will be accurate or that the assets will not lose value more rapidly than it anticipated.

The Company's inability to obtain insurance for certain types of losses means it must bear the cost of any losses from the non-insurable risks

While the Company's leases will generally require lessees to have comprehensive insurance on the assets under lease (and other financing arrangements) and to assume the risk of loss, some losses may be either uninsurable or not economically feasible to insure, such as losses from war, earthquakes or terrorist acts. Furthermore, it can neither anticipate nor obtain insurance against all possible contingencies that may affect the asset. If an event occurs for which the Company has no insurance, it could lose some or all of its investment in the affected asset. Furthermore, lessees and other counterparties who are obliged to insure equipment or any asset may nevertheless fail to do so in breach of their contracts.

In leasing some types of assets the Company may be exposed to environmental tort liability and other strict liability claims

In owning and/or leasing some types of assets, such as transportation assets designed to carry hazardous materials, the Company may be exposed to environmental tort and/or statutory liability. Although it may attempt to obtain insurance to minimise the Company's exposure to environmental tort and/or statutory liability, it gives no assurance that it or the Company's assets will be protected against environmental tort and/or statutory claims.

Interest rate changes may reduce the value of the Company's portfolio and the Company's returns

Changes in interest rates will affect the market value of the Company's portfolio. In general, the market value of an equipment lease will change in inverse relation to an interest rate change when the lease has a fixed rate of return. The same is true for fixed rate asset finance contracts and notes. Therefore, in a period of rising interest rates, the market value of the Company's equipment leases and other fixed rate contracts will decrease. A decrease in the market value of the Company's portfolio will adversely affect the Company's ability to liquidate it without suffering losses. In times of interest rate rises, protection to real returns will be conditional on future leases being written at higher rates.

Liquidity of investments

Investments of the type already made and likely to be made by the Company are not likely to be publicly-traded or freely marketable. Such investments may therefore be difficult to value or realise and therefore the market price that is achievable for the investments might be lower than expected.

Realisations from investments in residual interests may be subject to the satisfaction of obligations to a third party and failure of such could affect the Company's ability to recover the Company's investment or realise a return on that investment

Investments in residual interests are generally subject to the satisfaction of obligations to a third party under an initial lease term or other contract such as a receivable sale. Failure of the obligor to satisfy those obligations, which includes making payments, could affect the Company's ability to recover the Company's investment or realise a return on that investment if the third party, in the event of a default, forecloses on the underlying asset or equipment.

Due diligence processes which may be undertaken may not reveal all material facts or circumstances

When making an assessment regarding an investment, the Investment Managers will rely on the resources available to them. Time and information constraints in investment opportunities may limit the ability of the Investment Managers to conduct detailed due diligence. Accordingly, there can be no assurance that any research and information gathering exercise carried out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful to the Investment Managers in evaluating such investment opportunity. This could lead to failure to identify issues on an investment which could have a significant adverse effect on the performance of the Company and returns received by the Company.

Certain assets may have been originated by third-party lessors and are subject to representations, warranties, remarketing support, and buy-back guarantees that are dependent on the continued viability of the original lessor

Certain assets within the Company's portfolio were originated by independent third-party lessors who have entered into purchase and sale agreements that contain on-going representations and warranties and provide for remarketing support and buy-back guarantees. Whilst there are no specific exposures for which the Company currently has cause for concern, any adverse change in the financial condition or market position of these third-party lessors could affect their ability to meet the obligations under the purchase and sales agreements that the Company is relying on to achieve its projected returns on the investments subject to those purchase and sale agreements.

The Company may be required to meet end-users' obligations in events of default

The Company may invest in assets in jurisdictions that impose use and other taxes which are required to be paid by the end-user. Failure by the end-user to file and/or pay these taxes may result in the Company having to file and/or pay these taxes, in the event of default, in order to recover the assets or to satisfy a claim.

Misrepresentation by counterparties can result in losses in the event of a default

In the normal course of business, the Company will require counterparties to make certain representations and warranties about their operations and the assets. If there is an event of default and the Company needs to rely on certain of these representations and warranties as a matter of security or recourse and these representations are deemed to be inaccurate or the warranties unsupportable, the Company may experience losses.

3 Risks relating to the Investment Managers

The performance of the Company may be adversely affected should one or more key individuals cease to provide their services to the Company

The success of the Company depends on the diligence, skill and business contacts of the individuals within the Investment Managers, principally, Neil Roberts and Jeremiah Silkowski. The departure of either of these individuals 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 performance of the Company and returns to the Company.

The Investment Managers and/or companies with which they are associated may from time to time act as manager or investment advisor in relation to, or be otherwise involved with, other investment funds or accounts (“Other Accounts”)

The Company will not have an interest in these Other Accounts. Conflicts of interest among the Company and these Other Accounts may exist, which include, but are not limited to, those described herein.

In addition, these Other Accounts may have investment objectives that are similar to, or overlap to a greater or lesser extent, with those of the Company as well as investment guidelines that differ from those applicable to the Company’s investments. The Investment Managers may determine that an investment opportunity in the Company is appropriate for an Other Account but not for the Company or that the allocation to the Company should be of a different proportion than that of an Other Account.

It is the policy of the Investment Managers to allocate investment opportunities fairly and equitably among the Company and Other Accounts in accordance with established allocation procedures and protocol, where applicable, to the extent possible over a period of time. The Investment Managers will have no obligation to purchase, sell or exchange any investment for the Company which the Investment Managers may purchase, sell or exchange for one or more Other Accounts if the Investment Managers believe 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.

The Investment Managers and their officers and employees will devote as much of their time to the activities of the Company as they deem necessary and appropriate. The Investment Managers and their affiliates are generally not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Company and/or may involve substantial time and resources. These activities may be viewed as creating a conflict of interest in that the time and effort of the Investment Managers and their officers and employees will not be devoted exclusively to the business of the Company but will be allocated between the business of the Company and such other activities. Future activities by the Investment Managers and their affiliates, including the establishment of other investment funds, may give rise to additional conflicts of interest.

The Investment Managers are actively engaged in transactions in the same securities, currencies and instruments in which the assets of the Company may be invested. Subject to applicable law, the Investment Managers’ affiliates may purchase or sell securities of, or otherwise invest in or finance, issuers in which the Company has an interest. The Investment Managers’ affiliates also may manage or advise other accounts or investment funds that have investment objectives similar or dissimilar to those of the Company and which engage in transactions in the same type of securities, currencies and instruments as the Company. Trading activities of the Investment Managers’ affiliates are carried out without reference to positions held directly or indirectly by the Company and may have an effect on the value of the positions so held or may result in the Investment Managers’ affiliates having an interest adverse to that of the Company. The Investment Managers’ affiliates are not under any

obligation to share any investment opportunity, idea or strategy or other relevant information about an investment with the Company or a portfolio manager and/or may not be able to share such information with the Investment Managers because of informational walls, confidentiality obligations or other disclosure constraints. As a result, the Investment Managers' affiliates may compete with the Company for appropriate investment opportunities.

4 Risks relating to the Shares

Movements in foreign currency rates may result in losses

The Company will enter into purchase and sale and lease-back contracts for assets where the payments to be made or received are not in Sterling. The Investment Managers and/or the Board typically hedge the principal amount of the Company's portfolio together with the expected income as deemed appropriate against foreign currency fluctuation risks. However, there can be no assurance that the hedges put in place will be cost-effective or will provide adequate protection in all circumstances. If the Company is due to receive payments from a client or purchaser in a currency other than Sterling and that transaction is not fully hedged, a strengthening of Sterling against that currency will mean the Company receiving less, as expressed in Sterling, than initially anticipated, which would have a negative impact on the Company's returns. Also due to different recognition treatments between the assets being hedged and the hedges themselves, this may lead to volatility in the reported Net Assets Values. Furthermore, the Investment Managers may, in the future, elect not to hedge either the income or the principal amount or both, if it is not cost effective or possible to do so. In situations where the investments of the Company are hedged, there will be a cost associated with such hedge which will marginally diminish the return on investment while intending to provide protection against adverse currency movements. The Company could also be exposed to credit risk from the creditworthiness of the counterparties to such hedging arrangements.

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested

The market price of the Ordinary Shares and C Shares, like shares in all investment companies, may fluctuate independently of their underlying net asset value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary Shares and C Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of an Ordinary Share or a C Share may vary considerably from their respective NAVs.

It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares

The price at which the Ordinary Shares and C Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares or the C Shares. The market prices of the Ordinary Shares and the C Shares may not reflect their respective underlying Net Asset Value.

While the Directors retain the right to effect redemptions and repurchases of Ordinary Shares in the manner described in this document, they are under no obligation to use such powers or to do so 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 may therefore be required to dispose of their Shares in the market. There can be no guarantee that a liquid market in the Shares will exist or that the Shares will trade at prices close to their respective underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value or at all.

The number of C Shares to be issued pursuant to the Issue is not yet known, and there may be a limited number of holders of such C Shares. Limited numbers and/or holders of such C Shares may mean that there is limited liquidity in such C Shares which may affect: (i) an

investor's ability to realise some or all of his investment; and/or (ii) the price at which such investor can effect such realisation; and/or (iii) the price at which such C Shares trade in the secondary market.

5 Risks relating to the Issue

Holders of existing Ordinary Shares will experience a dilution of their percentage ownership of the Company's Ordinary Shares which will be greater if they do not take up their Open Offer Entitlement

Pursuant to Conversion, the C Shares issued pursuant to the Issue will convert into Ordinary Shares. The number of Ordinary Shares into which each C Share converts will be determined by the relative NAV per C Share and NAV per Ordinary Share at the Conversion Time. As a result of Conversion, the percentage of the issued Ordinary Shares held by each existing holder of Ordinary Shares will be reduced resulting in a dilution of voting rights which will be greater to the extent that Shareholders do not take up their Open Offer Entitlement in full or subscribe for additional C Shares under the Placing or Offer for Subscription, or are not granted such C Shares. However, Conversion will be NAV neutral to holders of Ordinary Shares.

6 Risks relating to tax and regulation

Changes in law or regulation may adversely affect the Company's ability to carry on its business

The Company is incorporated under the laws of Guernsey. Accordingly, the rights of Shareholders are governed by the Law and by the Company's Memorandum and Articles, which may differ from the typical rights of shareholders in the U.K. and other jurisdictions.

The Company and the Investment Managers are each subject to laws and regulations of national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed Registered Closed-ended Collective Investment Schemes which are domiciled in Guernsey. These include compliance with any decision of the Commission and with applicable U.K. legal requirements. Changes in laws or regulations, or a failure to comply with any such laws or regulations, may adversely affect the performance of the Shares and returns to Shareholders.

Possible changes in the tax position of the Company

The structure by which the Company holds its investments is based on the Directors' understanding of the current tax law and the practice of the tax authorities of Guernsey (where the Company is incorporated), the U.K. and the U.S. Such law (including applicable rates of taxation) or tax authority practice is subject to change, possibly with retrospective effect. Any change in the Company's tax position or status or in tax legislation, or in the interpretation of tax 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 implement and realise its investment policy. 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.

Were the Company deemed tax resident in a jurisdiction outside Guernsey additional tax costs and reduced returns would result

The affairs of the Company have been and will be conducted so that the central management and control of the Company is exercised in Guernsey (and not the U.K.) and, consequently, so that the Company is not U.K. tax resident. However, it cannot be guaranteed that HMRC will not seek to contest the position. The composition of the Board, the manner in which the Board conducts its business and the location(s) in which the Board, and the Company, if other than through the Board, makes decisions will be important in determining and maintaining the non-U.K. tax residence of the Company. Although the Company is incorporated and administered in Guernsey and all of its directors are resident outside the

U.K., and is controlled by its Board solely through its Board meetings, continued attention must be paid to ensure that major decisions by the Company are not made in the U.K., to avoid the risk that the Company may lose its non-U.K. tax residence status.

Were the Company considered U.K. tax resident this would result in the Company paying more U.K. tax than is anticipated, which would negatively affect its financial and operating results and accordingly could reduce returns (including distributions or dividends) payable to Shareholders.

Even where a company is not U.K. tax resident, it will potentially be subject to U.K. corporation tax if it is carrying on a trade in the U.K. through a permanent establishment in the U.K. or, in certain circumstances, to U.K. income tax if it is carrying on a trade wholly or partly in the U.K. (whether or not through a permanent establishment). It is intended that the Company's operations will be conducted such that it is not subject to U.K. corporation or income tax in this way. However, it cannot be guaranteed that HMRC will not seek to contest the position and, if a challenge by HMRC on these grounds were successful, this may result in the Company paying significantly more U.K. tax than is anticipated, which would negatively affect its financial results and returns to Shareholders. Similarly, were the Company to be treated as tax resident in or as having a permanent establishment or other taxable presence in any other jurisdiction (outside Guernsey) in which it operates, this could result in the Company paying more tax than is expected and could negatively affect its financial results and returns to Shareholders.

Changes in, or in the interpretation of, tax legislation could result in the imposition of additional and possibly material tax liabilities on Shareholders

Any change in tax legislation, or in the interpretation of tax legislation by tax authorities or courts, or tax rates could adversely affect the after-tax returns to Shareholders from their investment in the Company, possibly with retrospective effect. A general summary of the tax position of Shareholders who are resident, and in the case of individuals, domiciled in the U.K. for tax purposes is set out in Part 10 of this document. This summary does not constitute tax advice.

The Directors do not consider the Company to be an offshore fund for the purposes of the U.K.'s offshore funds regime. If the Company were to be treated as an offshore fund, U.K. resident 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, depending on their circumstances, have a material adverse impact on the after-tax returns received by Shareholders.

FATCA and CRS

U.S. source payments to the Company may be subject to withholding as a result of the Foreign Account Tax Compliance Act ("**FATCA**") provisions of the US Hiring Incentives to Restore Employment Act. In addition, if the Company enters into a FATCA Agreement then in certain instances the Company may be required to withhold on distributions it makes to Shareholders. FATCA is a U.S. law aimed at foreign financial institutions ("**FFIs**") and other financial intermediaries to prevent tax evasion by U.S. citizens and residents through use of offshore accounts. For the purposes of the FATCA rules and regulations, the Company expects that it will be treated as an FFI.

FATCA generally imposes a reporting regime and potentially a 30 per cent. withholding tax with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends ("**Withholdable Payments**"). As a general matter, the rules are designed to require U.S. persons' direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the U.S. Internal Revenue Service ("**IRS**"). The 30 per cent. withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership.

Generally, the rules will subject all Withholdable Payments received by the Company to 30 per cent. withholding tax (including the share that can be allocated to non- U.S. persons) unless compliance with the rules by the Company is pursuant to an intergovernmental agreement between the jurisdiction in which the Company is based and the U.S. (an "**IGA**") or the Company enters into an agreement (an "**FFI Agreement**") with the IRS to provide

information, representations and waivers of non-U.S. law as may be required to comply with the provisions of the rules, including, information regarding its direct and indirect U.S. accountholders.

In the event that the Company did not comply with the relevant provisions of the IGA between the U.S. and Guernsey and the related legislation, payments received by the Company may be subject to the 30 per cent. withholding tax which would have a material adverse effect on the returns to all Shareholders.

The Common Reporting Standard (CRS) is a standard developed by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information.

Guernsey is committed to the adoption of the global Common Reporting Standard on Automatic Exchange of Information (the “CRS”) with effect from 1 January 2016, with first reporting taking place in 2017.

Whilst the Company will seek to satisfy its obligations under each of the relevant intergovernmental agreements and the CRS, as implemented in each relevant jurisdiction, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each investor and where appropriate the direct and indirect beneficial owners of the interests held in the Company and other entities within the Group. There can be no assurance that the Company or other entities within the Group will be able to satisfy such obligations.

Changes in law or regulations may adversely affect the ability of the Company to carry on its businesses, its performance and returns to Shareholders

The Company is required to comply with certain licensing and on-going notification requirements that are applicable to a Guernsey Registered Closed-ended Collective Investment Scheme, including laws and regulations supervised by the Commission. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Any change in the laws and regulations affecting the Company or any change in the regulations affecting similar funds or fund managers generally, or any failure by the Company to comply with such laws or regulations, may have a material adverse effect on the Company’s ability to achieve its investment objective, which in turn could have a material adverse effect on the Company’s performance and returns to Shareholders.

Local laws or regulations may mean that the status of the Company and the C Shares are uncertain or subject to change, which could adversely affect investors’ ability to hold the C Shares

For regulatory, tax and other purposes, the Company and the Shares may be treated differently in different jurisdictions. Furthermore, in certain jurisdictions, the status of the Company and/or the Shares may be uncertain or subject to change, or it may differ depending on the availability of certain information or disclosures by the Company. Changes in the status or treatment of the Company or the Shares may impact on the ability of investors to hold the Shares or the consequences of so doing.

Financial advisers may be prohibited from promoting the Shares to retail investors in the event that the Company is unable to rely on any of the exemptions relating to the promotion of non-mainstream pooled investments

On 1 January 2014 the Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the “NMPI Regulations”) came into force in the U.K. The NMPI Regulations extend the application of the U.K. regime restricting the promotion of unregulated collective investment schemes to other “non-mainstream pooled investments” (“NMPIs”). As a result of the NMPI Regulations, FCA-authorized independent financial advisers and other financial advisers will be restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors. Although previous consultations on the subject by the FCA had suggested the Company and entities like it would be excluded from the scope of the NMPI Regulations (and thereby be capable of promotion to all retail investors), the final NMPI Regulations and the Company’s analysis of general published guidance from the FCA means that in order for the Company to be outside of the scope of the NMPI Regulations, the Company will need to rely on the exemption available to non-U.K. resident companies that are equivalent to investment trusts. This

exemption provides that a non-U.K. resident company that would qualify for approval by HMRC as an investment trust were it resident in the U.K. will be excluded from the scope of the NMPI Regulations. The principal relevant requirements to qualify as an investment trust are that: (i) the Company's business must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds; (ii) the Shares must be admitted to trading on a regulated market; (iii) the Company must not be a close company (as defined in Chapter 2 of Part 10 of the Corporation Tax Act 2010); and (iv) except in certain limited circumstances, the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income.

The Company intends to conduct its affairs in such a manner that it should, in principle, be eligible to qualify for approval by HMRC as an investment trust if it was resident in the U.K. As such, for such time as the Company satisfies the conditions to qualify as an investment trust, the Company is and will continue to be outside of the scope of the NMPI Regulations. If the Company is unable to meet those conditions in the future for any reason, consideration would be given to applying to the FCA for a waiver of the application of the NMPI Regulations in respect of the C Shares and the Ordinary Shares.

If the Company was not able to satisfy the non-U.K. investment trust exemption from the NMPI Regulations and the FCA did not otherwise grant a waiver, the ability of the Company to raise further capital from retail investors could be affected, and demand in the secondary market could also be affected. In this regard, it should be noted that, whilst the publication and distribution of a prospectus (including this Prospectus) is exempt from the NMPI Regulations, other communications by "approved persons" could be restricted (subject to any exemptions or waivers).

UK exit from the European Union

A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("**Brexit**"). The extent of the impact on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. In addition, the macroeconomic effect of Brexit on the value of investments in the Company's portfolio is unknown. As such, it is not possible to state the impact that Brexit will have on the Company and its investments. It could also potentially increase the regulatory compliance burden on the Company and/or restrict the Company's future activities and thereby negatively affect returns.

FORWARD-LOOKING STATEMENTS

This document contains statements that are or may be forward-looking statements. All statements other than statements of historical facts included in this document may be forward-looking statements, including statements that relate to the Company's future prospects, developments and strategies.

Forward-looking statements are identified by their use of terms and phrases such as "believes", "targets", "expects", "aims", "anticipates", "projects", "would", "could", "envisages", "estimates", "intends", "may", "plans", "will" or the negative of those, variations or comparable expressions, including references to assumptions. The forward looking statements in this document are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any results, performance or achievements expressed or implied by such forward-looking statements. Factors that may cause actual results to differ materially from those expressed or implied by such forward looking statements include, but are not limited to, those described in the Risk Factors set out on pages 15 to 24 of this document. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such entity and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above.

Each forward-looking statement speaks only as at the date of this document. Except as required by law, regulatory requirement, the Listing Rules, the Prospectus Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

The information contained within this document will be updated as required by the Prospectus Rules. You are advised to read this document and, in particular, the Summary, the Risk Factors, Parts 2, 3, 4 and 9 of this document for a further discussion of the factors that could affect the Company's future performance and the industries and markets in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may or may not occur. Investors should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to sufficiency of working capital in this document.

IMPORTANT INFORMATION

General

The information below is for general guidance only and it is the responsibility of any person or persons in possession of this document to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

Distribution of this document

General

This document does not constitute, and may not be used for the purposes of, an offer to sell or issue or the solicitation of an offer to buy or subscribe for any C Shares to or from any person 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 and the offer and sale of C Shares may be restricted by law and regulation. No action has been taken or will be taken by the Company or Winterflood that would permit a public offering of the C Shares, or possession or distribution of this document, in any jurisdiction where action for that purpose is required. 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.

Prospective investors must inform themselves as to:

- (a) the legal requirements of their own countries for the purchase, holding, transfer or other disposal of the C Shares;
- (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of the C 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 the C Shares.

Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for information only and nothing in this document is intended to endorse or recommend a particular course of action. Prospective investors must rely upon their own professional advisers, 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 in Guernsey, and are subject to change.

Notice to investors in the European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**relevant member state**”) (except for the U.K.), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “**relevant implementation date**”) no C Shares have been offered or will be offered pursuant to the Issue to the public in that relevant member state prior to the publication of a prospectus in relation to the C Shares which has been approved by the competent authority in the relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state all in accordance with the Prospectus Directive, except that (subject to compliance with all relevant local laws and regulation) with effect from and including the relevant implementation date, offers of C Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are “qualified investors” as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the relevant member state has implemented the relevant provision of Directive 2003/71/EC, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) and subject to obtaining the prior consent of Winterflood for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of any C Shares shall result in a requirement for the publication by the Company or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression “an offer of any C Shares to the public” in relation to any C Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Issue and any C Shares to be offered so as to enable an investor to decide to acquire any C Shares as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

In the case of any C 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, acknowledged and agreed that the C Shares acquired by it in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any C Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Company and Winterflood has been obtained to each such proposed offer or resale.

Certain non-United Kingdom recipients

This document is not for distribution into the United States or any Restricted Jurisdiction. The issue of C Shares has not been, and will not be, registered under the applicable securities laws of the United States or any Restricted Jurisdiction, and, subject to certain exceptions, the C Shares may not be offered or sold directly or indirectly within the United States or any Restricted Jurisdiction or to, or for the account or benefit of, any persons within the United States or any Restricted Jurisdiction.

No securities commission or similar authority in Canada has in any way passed on the merits of the securities offered hereunder and any representation to the contrary is an offence.

No document in relation to the issue of C Shares has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission.

No registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the issue of C Shares.

THE C SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY U.S. STATE SECURITIES LAWS. THE C SHARES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) UNLESS THE OFFER AND SALE OF THE SHARES HAS BEEN REGISTERED UNDER THE SECURITIES ACT AND THE COMPANY IS REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “U.S. INVESTMENT COMPANY ACT”) OR AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT ARE AVAILABLE.

The C Shares have not been approved or disapproved by the SEC, any U.S. state securities commission or any other U.S. regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the C Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The C Shares are subject to restrictions on transferability and resale within the United States and may not be transferred or resold in the United States except pursuant to a valid exemption from the registration requirements of the Securities Act, the U.S. Investment Company Act and state securities laws.

Subject to certain exceptions, this document does not constitute, or will constitute, or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for C Shares to any Shareholder or prospective investor with a registered address in, or who is resident or located in, the United States and, if received, is for information purposes only.

Subject to certain exceptions, C Shares are being offered and sold only outside the United States in reliance on Regulation S.

Unless otherwise agreed with the Company, any person applying for C Shares under the Issue will be deemed to have declared, warranted and agreed, by accepting delivery of this document if and when received or delivery of C Shares: (i) he or she is not within the United States; (ii) he or she is not in any other Restricted Jurisdiction or any jurisdiction in which it is unlawful to make or

accept an offer to acquire C Shares; (iii) he or she is not acquiring any C Shares for the account of any person who is located in the United States, unless (a) the instruction to purchase was received from a person outside the United States and (b) the person giving such instruction has confirmed that (x) it has the authority to give such instruction, and (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that, in the case of each of (A) and (B), is acquiring C Shares in an “offshore transaction” within the meaning of Regulation S; and (iv) is not acquiring C Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such C Shares into the United States or any other Restricted Jurisdiction.

The Company’s Articles contain provisions designed to restrict the holding of C Shares by persons, including U.S. persons, where in the opinion of the Directors such a holding could cause or be likely to cause the Company some legal implication. C Shares held by ERISA Plan Investors are subject to provisions requiring a compulsory transfer as set out in the Articles.

FATCA and CRS

U.S. source payments to the Company may be subject to withholding as a result of the Foreign Account Tax Compliance Act (“**FATCA**”) provisions of the US Hiring Incentives to Restore Employment Act. In addition, if the Company enters into a FATCA Agreement then in certain instances the Company may be required to withhold on distributions it makes to Shareholders. FATCA is a U.S. law aimed at foreign financial institutions (“**FFIs**”) and other financial intermediaries to prevent tax evasion by U.S. citizens and residents through use of offshore accounts. For the purposes of the FATCA rules and regulations, the Company expects that it will be treated as an FFI.

FATCA generally imposes a reporting regime and potentially a 30 per cent. withholding tax with respect to certain U.S. source income (including dividends and interest) and gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends (“**Withholdable Payments**”). As a general matter, the rules are designed to require U.S. persons’ direct and indirect ownership of non-U.S. accounts and non-U.S. entities to be reported to the U.S. Internal Revenue Service (“**IRS**”). The 30 per cent. withholding tax regime applies if there is a failure to provide required information regarding U.S. ownership.

Generally, the rules will subject all Withholdable Payments received by the Company to 30 per cent. withholding tax (including the share that can be allocated to non-U.S. persons) unless compliance with the rules by the Company is pursuant to an intergovernmental agreement between the jurisdiction in which the Company is based and the U.S. (an “**IGA**”) or the Company enters into an agreement (an “**FFI Agreement**”) with the IRS to provide information, representations and waivers of non-U.S. law as may be required to comply with the provisions of the rules, including, information regarding its direct and indirect U.S. accountholders.

The first annual reporting in respect of calendar year 2014 information for US Reportable Accounts was 30 June 2015.

Prior to making returns a Reporting Guernsey Financial Institution (“**RGFI**”) registers with the Information Gateway Online Reporter (“**IGOR**”). The IGOR went live for registrations and submissions on 5 January 2015 ahead of the first reporting deadline on 30 June 2015. Guernsey is a Model I IGA jurisdiction and therefore the RGFI is required to submit reports to the Director of Income Tax using IGOR. The Director will transmit the information to the IRS. For Model I jurisdictions there is no need for an RGFI to submit reports to the IRS directly.

The deadline for the 2015 reporting year was 30 June 2016. The deadline for the 2016 reporting year will be 30 June 2017. The deadline for 2017 onwards will be 30 June following the end of the reported calendar year.

In the event that the Company did not comply with the relevant provisions of the IGA between the U.S. and Guernsey and the related legislation, payments received by the Company may be subject to the 30 per cent. withholding tax which would have a material adverse effect on the returns to all Shareholders.

The Common Reporting Standard (CRS) is a standard developed by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information. Guernsey joined in a joint statement issued on 28 November 2013 by 36 countries, and a further statement in March 2014 by 44 countries, committing to the early adoption of the CRS. On 6 May 2014, the OECD issued a Declaration signed by 48 jurisdictions welcoming the OECD Standard for Automatic

Exchange of Financial Account Information. In total, 58 countries and jurisdictions have now formally committed to implementing the CRS for first exchange of information in 2017, in respect of accounts open at the end of 2015, and new accounts from 2016, with a further 35 jurisdictions committed to implementing the CRS by 2018.

Guernsey is committed to the adoption of the global Common Reporting Standard on Automatic Exchange of Information (the “**CRS**”) with effect from 1 January 2016, with first reporting taking place in 2017. Guernsey is one of approximately 60 jurisdictions working to this implementation timetable, including all EU Member States (with the exception of Austria, which will have an extra year before implementation of the CRS).

After consultation with financial institutions that are resident in Guernsey for the purposes of compliance with the IGA (“**Guernsey Financial Institutions**”), it has been agreed with the UK that for 2016 the CRS reporting requirements should be supplemented by the provision of information on pre-existing individual low value accounts and pre-existing entity accounts in respect of UK residents. This means that the UK can receive 2016 calendar year information in 2017 solely under the CRS, thus avoiding any need for Guernsey Financial Institutions having to make separate (and possibly duplicate) returns under both the UK IGA and the CRS.

The CRS does not provide for any special arrangements, such as the Alternative Reporting Regime (the “**ARR**”, for “**Non-Doms**”), which exists under the IGA. As a result of the adoption of the CRS from 1 January 2016, reporting of 2016 data for all relevant UK accounts will be required in 2017 including all UK non-domiciled account holders. The ARR will therefore be available only under the UK IGA, and for 2014 and 2015 only.

The UK has indicated that it would wish to move from the existing intergovernmental agreement (the “**UK IGA**”) that it has with Guernsey (and the other Crown Dependencies and the Overseas Territories) to the CRS, as from 1 January 2016.

Whilst the Company will seek to satisfy its obligations under each of the relevant intergovernmental agreements and the CRS, as implemented in each relevant jurisdiction, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each investor and where appropriate the direct and indirect beneficial owners of the interests held in the Company and other entities within the Group. There can be no assurance that the Company or other entities within the Group will be able to satisfy such obligations.

Registration of the Company in Guernsey

The Company is a Registered Closed ended investment scheme pursuant to the POI Law and the RCIS Rules issued by the Commission. The Commission, in granting registration, has not reviewed this document but has relied upon specific warranties provided by BNP Paribas Securities Services S.C.A., Guernsey Branch, the Company’s designated administrator.

The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999

The Administrator has certain responsibilities under The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, as varied and supplemented from time to time, to verify the identity of investors. Failure to provide the necessary documentation may result in applications being rejected or in delays in the dispatch of documents and the Issue of C Shares.

The Data Protection (Bailiwick of Guernsey) Law, 2001

Pursuant to The Data Protection (Bailiwick of Guernsey) Law, 2001, as amended, (the “**DP Law**”) the Company and/or its Registrar and/or the Administrator may hold personal data (as defined in the DP Law) relating to past and present Shareholders. Such personal data held is used by the Registrar and/or the Administrator to maintain the Company’s register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when: (a) effecting the payment of dividends and other moneys to Shareholders; and (b) filing returns of Shareholders and their respective transactions in C Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used. The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Andorra, Argentina, Canada, Faroe Islands, State of Israel, New Zealand, Switzerland and the Eastern Republic of Uruguay. By becoming registered as a holder of C Shares in the Company a person becomes a data subject (as defined in the DP

Law) and is deemed to have consented to the processing by the Company or its Registrar or the Administrator of any personal data relating to them in the manner described above.

EXPECTED TIMETABLE

2016

Record Date for entitlements under the Open Offer	4 November
Publication of this document	8 November
Placing, Open Offer and Offer for Subscription opens	8 November
Ex-entitlement date for Open Offer	8.00 a.m. on 9 November
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to CREST stock accounts of CREST Shareholders	As soon as practicable after 8.00 a.m. on 9 November
Recommended latest time and date for requesting withdrawal of Open Offer Entitlements into CREST	4.30 p.m. on 29 November
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 30 November
Latest time and date for receipt of Forms of Proxy	10.30 a.m. on 1 December
Latest time and date for splitting of Open Offer Application Form (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 1 December
Extraordinary General Meeting	10.30 a.m. on 5 December
Last time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer or settlement of relevant CREST Instructions	11.00 a.m. on 5 December
Announcement of the results of the Extraordinary General Meeting	5 December
Last time and date for receipt of completed Offer for Subscription Application Forms and payment in full under the Offer for Subscription	1.00 p.m. on 6 December
Latest time and date for commitments under the Placing	1.00 p.m. on 7 December
Announcement of results of the Issue	8 December
Admission and dealings in C Shares commence	8.00 a.m. on 12 December
CREST accounts credited with uncertificated C Shares	12 December
Where applicable, definitive C Share certificates despatched by post in the week commencing	Week commencing 19 December

Notes:

1. The times and date(s) set out in the above timetable and mentioned in this document are subject to change by the Company (with the agreement of Winterflood), in which event details of the new times and date(s) will be notified to the London Stock Exchange and, where appropriate, to Shareholders.
2. References to times in this document are to London times unless otherwise stated.

ISSUE STATISTICS

Issue Price	100 pence
Gross Proceeds of the Issue*	£150 million
Estimated net proceeds of the Issue to be received by the Company*	£147.3 million
Expected Net Asset Value per C Share on Admission*	98.2 pence

* Assuming 150 million C Shares are issued.

DEALING CODES

ISIN – Open Offer Entitlement	GG00BD3WG165
ISIN – Excess Open Offer Entitlement	GG00BD3WG389
ISIN – C Shares	GG00BYNJG147
SEDOL – C Shares	BYNJG14
Ticker – C Shares	SQNX
ISIN – Ordinary Shares	GG00BN56JF17
SEDOL – Ordinary Shares	BN56JF1
Ticker – Ordinary Shares	SQN

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Peter Niven (<i>Chairman</i>) John Falla Carol Goodwin Christopher Spencer
Registered Office and Business Address	BNP Paribas House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA
Website	www.sqnassetfinance.com
Administrator, Company Secretary and Custodian	BNP Paribas Securities Services S.C.A., Guernsey Branch BNP Paribas House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA
U.S. Investment Manager and AIFM	SQN Capital Management, LLC 100 Wall Street, 28th Floor New York New York 10005
U.K. Investment Manager	SQN Capital Management (U.K.) Limited Melita House 124 Bridge Road Chertsey Surrey KT16 8LH United Kingdom
Sponsor, Financial Adviser and Placing Agent	Winterflood Securities Limited The Atrium Building Cannon Bridge House 25 Dowgate Hill London EC4R 2GA United Kingdom
Auditors	Baker Tilly CI Audit Limited PO Box 344, Mont Crevelt House Bulwer Avenue St Sampsons Guernsey GY2 4LH
Reporting Accountants	RSM Corporate Finance LLP 25 Farringdon Street London EC4A 4AB United Kingdom
Registrar	Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St Sampson Guernsey GY2 4LH
Principal Bankers	BNP Paribas Securities Services S.C.A., Guernsey Branch BNP Paribas House St. Julian's Avenue St. Peter Port Guernsey GY1 1WA

Receiving Agent	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
Legal Advisers to the Company <i>As to English law</i>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom
<i>Legal Advisers to the Company As to Guernsey law</i>	Mourant Ozannes PO Box 186 1 Le Marchant Street St Peter Port Guernsey GY1 4HP
Legal Advisers to Winterflood	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU United Kingdom

PART 1
LETTER FROM THE CHAIRMAN

SQN ASSET FINANCE INCOME FUND LIMITED

*(a company incorporated with limited liability under the laws of Guernsey
with registered number 58519)*

Directors:

Peter Niven *(Non-executive Chairman)*
John Falla *(Non-executive Director)*
Carol Goodwin *(Non-executive Director)*
Christopher Spencer *(Non-executive Director)*

Registered Office:

BNP Paribas House
St. Julian's Avenue
St. Peter Port
Guernsey GY1 1WA

8 November 2016

Dear Shareholder

Placing, Open Offer and Offer for Subscription for a target issue of 150 million C Shares² at an Issue Price of 100 pence per C Share, Admission to listing on the Official List and trading on the London Stock Exchange's main market for listed securities and Notice of Extraordinary General Meeting

Introduction

On 27 October 2016, the Company announced that, in light of the strength of the pipeline of opportunities, the Company would seek to raise additional capital by way of a C Share issue. The Company today announced proposals for a Placing, Open Offer and Offer for Subscription through the issue of C Shares for a target issue of £150 million before expenses. The Placing, Open Offer and Offer for Subscription are not being underwritten.

This letter explains the background to and reasons for the Placing, Open Offer and Offer for Subscription and contains further information about the Proposals. The implementation of the Placing, Open Offer and Offer for Subscription involves the disapplication of pre-emption rights, and will require approval of Shareholders. Notice of the Extraordinary General Meeting to be held on 5 December 2016, at which approval for the Proposals (as defined below) will be sought, is set out at the end of this document.

Background

The Company was incorporated on 28 May 2014 in Guernsey. It is registered with the Commission as a registered closed-ended collective investment scheme.

An investment in the Company enables investors to gain exposure to a portfolio of business-essential, revenue producing (or cost-saving) equipment and other physical assets.

The Company was admitted to the premium segment of the Official List and to trading on the main market of the London Stock Exchange on 14 July 2014 raising £150 million through the issue of 150 million Ordinary Shares at an issue price of 100 pence per Ordinary Share. The net proceeds were invested in a diverse portfolio of business-essential assets through the grant of leases to operating companies and loans and, in May 2015, the Company announced a £30 million placing to invest in a pipeline of opportunities.

The placing closed on 4 June 2015 and was significantly oversubscribed with total applications received in excess of three times the maximum issue size. In November 2015, net proceeds of £176,898,451 were raised through the issue of 180,000,000 C Shares, which were admitted to the Main Market of the London Stock Exchange on 9 November 2015. These C Shares were converted, in accordance with the Articles, into Ordinary Shares on 25 October 2016.

The pipeline of opportunities has continued to grow and therefore, after due consideration, the Board is proposing to raise target gross proceeds of £150 million by way of a Placing, Open Offer and Offer for Subscription of 150 million C Shares at 100 pence per C Share (the "**Proposals**").

² The Directors have reserved the right, in consultation with Winterflood, to increase the size of the Issue to up to 180 million C Shares if overall demand exceeds 150 million C Shares, with any such increase being announced through a Regulatory Information Service.

The Directors have reserved the right, in consultation with Winterflood, to increase the size of the Issue to up to 180 million C Shares if overall demand exceeds 150 million C Shares.

Benefits of the Issue

The Board believes that the Issue and its terms have the following principal benefits for Shareholders:

- an increase in the market capitalisation of the Company which can be expected to improve market liquidity of the Company's Shares. This may enhance the marketability of the Company and may result in a broader investor base over the longer term;
- an increase in the Net Asset Value will allow the Company to make a larger number of investments which will potentially allow for greater diversification within the Company's portfolio;
- provides a larger equity base over which the fixed costs of the Company may be spread, thereby reducing the Company's Ongoing Charges Ratio;
- the inclusion of an Open Offer ensures that approximately 50 per cent. of the total number of C Shares available under the Issue will first be made available to Existing Shareholders which allows Existing Shareholders to increase the size of their investment;
- any C Shares not taken up under the Open Offer will be made available under the Excess Application Facility, the Placing and Offer for Subscription, thereby enabling Existing Shareholders to subscribe for more than their Open Offer Entitlement whilst also enabling the Company to attract new investors, thereby diversifying its Shareholder base; and
- provides new Shares which will help meet investor demand for investment in the Company which cannot be met in the secondary market, as reflected by the prevailing premium to NAV at which the Ordinary Shares currently trade.

Placing, Open Offer and Offer for Subscription

The Issue is to raise target gross proceeds of £150 million through an issue of 150 million C Shares at 100 pence per C Share. The Board intends that the Net Issue Proceeds will be used to invest in a pipeline of opportunities currently totalling over £137 million with the balance to be invested in accordance with the Company's investment policy.

The Issue is being implemented by way of a Placing, Offer for Subscription and Open Offer. The inclusion of an Open Offer ensures that approximately 50 per cent. of the total number of C Shares available under the Issue will first be made available to Existing Shareholders.

However, as the Issue is not fully pre-emptive, the Company is seeking to disapply the pre-emption rights contained in the Articles. Existing Shareholders will therefore be asked to approve the issue of the C Shares on a non-pre-emptive basis, by way of a special resolution at an Extraordinary General Meeting of the Company to be held on 5 December 2016.

Under the Open Offer, Existing Shareholders are entitled to subscribe for up to an aggregate of 89,426,876 C Shares *pro rata* to their holdings of existing Ordinary Shares on the following basis:

1 C Share for every 4 Ordinary Shares held at close of business on 4 November 2016

The balance of C Shares to be made available under the Issue, together with any C Shares not taken up pursuant to the Open Offer, will be made available under the Excess Application Facility, the Placing and the Offer for Subscription.

Further information relating to the Issue is set out in Part 6 of this Prospectus.

Your attention is drawn to Parts 11, 12 and 13 of this Prospectus which set out the terms of the Placing, Open Offer and Offer for Subscription, respectively. Overseas Shareholders are referred to pages 129 to 131 of this Prospectus.

Extraordinary General Meeting

An Extraordinary General Meeting of the Company has been convened for 10.30 a.m. (London time) on 5 December 2016 in order to obtain Shareholders' approval for the disapplication of pre-emption rights in connection with the implementation of the Issue. Notice of that meeting is set out at the end of this document.

Admission and dealings

Applications will be made to the London Stock Exchange and to the U.K. Listing Authority for the new C Shares to be issued pursuant to the Issue to be admitted to trading and to listing, respectively. It is expected that Admission will become effective, and that dealings in the C Shares will commence on 12 December 2016.

Conditions of the Issue

The Issue is conditional upon, *inter alia*:

- (a) Admission occurring;
- (b) the Placing Agreement having become unconditional in all respects and not having been terminated in accordance with its terms before Admission; and
- (c) the passing of the Resolution at the Extraordinary General Meeting.

If any of these conditions are not met, the Issue will not proceed. There is no minimum amount required to be raised under the Issue in order for the Issue to proceed.

Risk factors and further information

Your attention is drawn to the Risk Factors set out on pages 15 to 24 of this Prospectus and to the additional information set out in Part 9 of this Prospectus and in the terms and conditions set out in the personalised Application Forms that will be sent to Existing Shareholders only.

Actions to be taken

Non-CREST Shareholders

Existing Non-CREST Shareholders will be sent an Application Form giving details of their Open Offer Entitlement. Persons that have sold or otherwise transferred all of their existing Ordinary Shares should forward this document, together with any Application Form and Form of Proxy, if and when received, at once to the purchaser or transferee, or the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Any Existing Shareholder that has sold or otherwise transferred only some of their existing Ordinary Shares held in certificated form (that is, not in CREST) prior to 8.00 a.m. on 9 November 2016, should refer to the instructions regarding split applications in the Terms and Conditions of the Open Offer in Part 12 of this Prospectus and in the Application Form.

CREST Shareholders

Existing CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlement and their Excess CREST Open Offer Entitlement as soon as practicable after 8.00 a.m. on 9 November 2016. In the case of any Existing Shareholder that has sold or otherwise transferred only part of their holding of existing Ordinary Shares held in uncertificated form prior to 8.00 a.m. on 9 November 2016, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate Open Offer Entitlement and Excess CREST Open Offer Entitlement to the purchaser or transferee.

Full details of the Open Offer are contained in the Terms and Conditions of the Open Offer in Part 12 of this Prospectus. If you have any doubt as to what action you should take, you should seek your own financial advice from your stockbroker, solicitor or other independent financial adviser duly authorised under FSMA who specialises in advice on the acquisition of shares and other securities immediately.

The International Security Identification Number for entitlements relating to C Shares under the Open Offer is GG00BD3WG165.

The International Security Identification Number for entitlements relating to Excess Shares under the Excess Application Facility is GG00BD3WG389.

Before making any decision to subscribe for C Shares, you are recommended to read and carefully consider all the information contained in this document, including in particular the important information set out in the preceding paragraphs of this letter and the Risk Factors set out on pages 15 to 24 of this Prospectus.

In respect of the Extraordinary General Meeting

Existing Shareholders only will be sent a Form of Proxy for use in connection with the Extraordinary General Meeting. Shareholders who hold their Shares in certificated form (that is, not in CREST) are urged to complete and return the Form of Proxy so as to be received by no later than 10.30 a.m. on 1 December 2016. Proxies may also be submitted in CREST, further details of which are set out in note (vii) of the Notice of Extraordinary General Meeting. Submitting a Form of Proxy will not preclude a Shareholder from attending the Extraordinary General Meeting and voting in person should they so wish.

Recommendation to Shareholders

The Board considers that the Proposals are in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.

The Board intends to vote in favour of the Resolution in respect of its own beneficial holdings of Ordinary Shares which amount in aggregate to 144,317 Ordinary Shares, constituting 0.040 per cent. of the issued Ordinary Share capital.

Yours faithfully,

Peter Niven
Chairman

PART 2

INFORMATION ON THE COMPANY

1 Introduction

The Company was incorporated on 28 May 2014 in Guernsey. It is registered with the Commission as a registered closed-ended collective investment scheme. The registered office of the Company is BNP Paribas House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 1WA.

2 The Company's investment objective, investment policy and investment restrictions

2.1 Investment objective

The Company's investment objective is to provide its Shareholders with regular, sustainable dividends and to generate capital appreciation through investment, directly or indirectly, in business-essential, revenue-producing (or cost-saving) equipment and other assets including financing arrangements for business-essential services or licenses.

2.2 Investment policy

The Company will seek to invest in business-essential, revenue-producing (or cost-saving) equipment and other assets or arrangements with high in-place value and long economic life relative to the investment term.

The Company provides asset financing primarily by way of equipment leases, loans, hire-purchase agreements, construction finance, and residual participations. The Company will also make investments by way of financing services agreements and software licenses which either supplement business-essential assets or are themselves business-essential assets. It is intended that each investment made by the Company will generate returns either through cash flow over the investment term or through the residual value of the equipment or other assets at the end of the investment term. When available, the Company targets investments in the specialist segment of the leasing market where assets provide cash flow during the base term of the leases as well as offering the potential for additional proceeds through lease extensions or sales at the end of the lease. The Company generally does not intend to invest in the large single asset segment of the leasing market, such as wide-body commercial aircraft leasing, which is heavily reliant on residual value to meet its return targets, or the high volume, low margin segment of the leasing market, such as photocopier and automobile leasing, although it may do so, from time to time, if appropriate opportunities are identified in these segments.

The Company may invest in assets in any industry. The Company, however, generally expects to be invested in such industries where the Investment Managers see the potential to make the most attractive risk-adjusted returns which currently include, but are not limited to: Agriculture, Energy, Environmental, Manufacturing, Material Handling, Medical, Modular Accommodation, Technology and Transportation.

The Investment Managers will target transaction sizes below £30 million but, generally, the average transaction size is expected to be £3 million to £8 million, although it may fluctuate based on the market opportunities and portfolio composition that the Investment Managers believe will best achieve the Company's investment objectives. Whilst there is no minimum lease term, it is typical for the initial lease term to be 3 to 10 years depending on the asset. Where appropriate, however, the term of the lease may vary significantly from this range reflecting the opportunities available and the needs of the lessee.

It is intended that the Company and/or its subsidiaries will primarily acquire assets directly and function as the lessor under equipment lease contracts or other secured arrangements. In such situations, the Company will own all rights, title, and interest in and to the assets and will lease them, or otherwise make them available, to the end-user. In other situations, the Company may own assets and enter into hire-purchase agreements where the Company will own the assets until all payments are made under the agreement and a pre-agreed nominal purchase price is paid to the Company.

The assets held by the Company will generally be leased to a third party and will be subject to either a direct finance (cash flow) lease or an operating lease. The Company intends to balance the portfolio between direct finance leases, to provide regular cash flow, and

operating leases, to provide capital appreciation opportunities. Some investments may be structured to provide return of capital and interest during the lease term with an opportunity for additional realisation from the residual value after the initial lease term. In certain circumstances, direct finance leases will be structured as loans and provide the same advantages to the Company.

The Investment Managers will generally seek to acquire investments and/or enter into lease arrangements that require the lessee or other counterparty to bear all tax, maintenance, insurance, and other costs related to the lease or the operation of the underlying asset(s). Generally, as a result, the Company will not be required to undertake maintenance on assets but reserves the right to do so on an exceptional basis.

Whilst the Company and/or its subsidiaries will typically seek direct ownership of the assets under lease, the Company may also obtain exposure to investments through holding securities that have exposure to an underlying asset or assets that meet the Company's investment criteria where it is more advantageous for the Company to do so or a direct investment is not possible. This includes, but is not limited to, holding or entering into debt securities, loan agreements, equity securities, participation agreements, hybrid instruments, or other securities, whilst maintaining the desired economic exposure and level of security.

The Company may invest in residual interests in assets or equipment. When the Company invests in residual interests, it or its subsidiaries will acquire the rights and/or title to equipment, assets, income or proceeds in respect of the period after the end of the initial lease term or other underlying contract term. Cash flow from the residual interests generally will not commence until all of the obligations under the initial term are satisfied. Once those obligations are satisfied, rights and/or title to the underlying equipment, assets, income or proceeds will be transferred to the Company or its subsidiaries. Furthermore, the Company may elect to sell all or part of the lease receivables to a third party investor or bank and retain its exposure to the asset by retaining ownership of the residual value (in addition to any proportion of the lease receivables retained). Therefore, in relation to certain investments, the Company may be reliant on the residual value to obtain its return on that investment. It is not expected that residual interests would represent more than 35 per cent. of the portfolio at the time of investment.

Investments will primarily be made in the United Kingdom, the United States and Europe which is expected to represent at least 75 per cent. of the portfolio. The Company may also invest in assets and equipment located or subject to law in other countries, regions, or jurisdictions where the Investment Managers believe they can adequately secure the Company's interest in assets and equipment whilst achieving an appropriate risk-adjusted return consistent with the rest of the portfolio.

Diversification

The Company's portfolio will be subject to the diversification policies limiting the maximum amount of capital that can be invested in a single asset, in a single asset class, in assets held by a corporation or group or held by companies in a specific industry, as a percentage of NAV of the portfolio, measured at the time of investment:

Maximum by asset:	15 per cent.
Maximum by asset class:	30 per cent.
Maximum by corporation or group:	15 per cent.
Maximum by industry:	30 per cent.

Borrowings

The Company does not intend to utilise borrowings on a portfolio basis, for investment purposes. However, the Company may, from time to time, utilise borrowings for share buybacks and short term liquidity purposes, but such borrowings will not, in any event, exceed 15 per cent. of the Company's Net Asset Value at the time of investment. This does not prevent the Company from purchasing the equity or subordinated participation in a special purpose entity set up to own an asset or a pool of assets or equipment, which itself may be geared.

2.3 Breach of investment restrictions

If the Directors become aware of any breach by the Investment Managers of the investment restrictions applicable to the Company under the terms of the Investment Management Agreement which the Directors consider to be material then Shareholders will be informed through the London Stock Exchange (via a Regulatory Information Service).

2.4 Cash management

The Company may from time to time have surplus cash. It is expected that any surplus cash will be temporarily invested in cash, cash equivalents, money market instruments, government securities and other investment grade securities pending its investment in accordance with the Company's investment policy. Subject to this, the Company's investment policy does not impose any fixed requirements relating to the allocation of the Company's excess capital among various types of temporary investments. The temporary investments that the Company will make will almost certainly have yields that are significantly lower than the target yield.

2.5 Hedging

The Company's portfolio may contain U.S. dollar and Euro-denominated assets and the Company may also invest in other non-Sterling denominated assets. The value of those assets and the income derived from them, to the extent not Sterling denominated, will be sensitive to changes in foreign exchange rates. The Investment Managers typically hedge the principal amount of the Company's portfolio and the expected income as appropriate against foreign currency fluctuation risks. Accordingly, the Company currently uses derivative instruments to hedge against foreign currency risks, although there can be no certainty as to the efficacy of any such hedging.

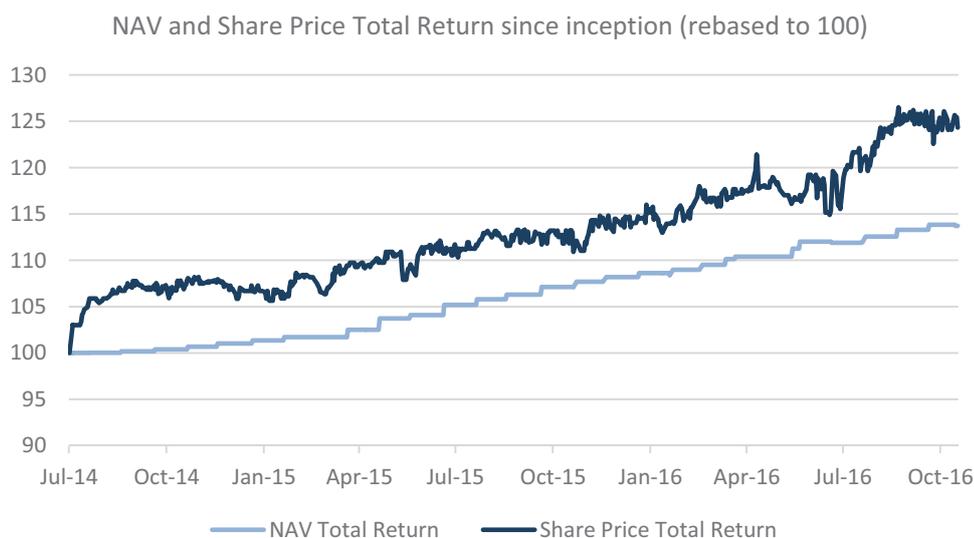
However, hedging arrangements will be implemented only when suitable hedging contracts, such as currency swap agreements, futures contracts, options and forward currency exchange and other derivative contracts, are available in a timely manner and on terms acceptable to the Company. The Company reserves the right to terminate any hedging arrangement in its absolute discretion, including, without limitation, if it considers it to be in the interests of Shareholders to do so or that such arrangements may adversely affect the performance of the Company.

The Company may otherwise employ the use of derivatives for efficient portfolio management purposes but derivatives will not be employed for investment purposes.

3 Performance of the Company since launch

To date, the Company has invested over £357 million, including approximately £28 million of investments that have paid out in full, and has built a diverse portfolio across more than 10 different industries and asset classes (see Part 4 of this document for further details). The Company pays a monthly dividend of 0.6042 pence per Ordinary Share (being 7.25 pence annualised) which it will seek to maintain going forward.

The Company has generated NAV total return of 14.6 per cent. (6.1 per cent. annualised) and share price total return of 23.3 per cent. on its Ordinary Shares since IPO (9.5 per cent. annualised), at close of business on the Latest Practicable Date. The last published Net Asset Value per Ordinary Share, on 14 October 2016, was 98.71 pence.



Strong investor support for the Company has resulted in a strong share rating with the Company's Ordinary Shares trading on a 11.0 per cent. premium at close of business on the Latest Practicable Date.

4 Dividend and distributions policy

The Company targets an annual dividend of 7.25 pence per Share, with dividends being paid on a monthly basis.

The Company has paid dividends per Ordinary Share as follows: 30 September 2014 (0.40 pence); 31 December 2014 (0.92 pence); 31 January 2015 (0.30 pence); 28 February 2015 (0.33 pence); 31 March 2015 (0.42 pence); 30 April 2015 (0.48 pence); 31 May 2015 (0.52 pence); 30 June 2015 (0.5625 pence); and a monthly dividend of 0.6042 pence since 31 July 2015.

The Company undertook a C Share issue in November 2015 and paid dividends per C Share as follows: 31 January 2016 (0.30 pence); 30 April 2016 (0.40 pence); 31 May 2016 (0.20 pence); 30 June 2016 (0.33 pence); 31 July 2016 (0.4167 pence); and 31 August 2016 (0.4861 pence). The C Shares converted into Ordinary Shares on 25 October 2016 at a ratio of 0.9929 Ordinary Shares for every C Share and the new Ordinary Shares issued in exchange for the C Shares are eligible for the 0.6042 pence per Ordinary Share dividend declared for the period month to 30 September 2016.

The Directors have considered the potential impact of the Issue on the payment of dividends to holders of Ordinary Shares, but, given the C Share structure, the Issue is not expected to result in any material dilution of the dividends attributable to Ordinary Shareholders.

Dividends on the C Shares to be issued pursuant to the Issue will initially be declared and paid quarterly for the periods to March 2017 and June 2017, and are then intended to be paid monthly from July 2017 until Conversion.

Dividend payments to Shareholders will be subject to the Company being able to satisfy the solvency test, as defined under the Law, immediately after payment of such dividend.

5 Further issues

At the Company's forthcoming Extraordinary General Meeting, the Directors are seeking authority to issue up to 180 million C Shares otherwise than on a pre-emptive basis for the purposes of the Issue.

The Directors are also seeking authority at the Company's forthcoming Annual General Meeting to issue up to 10 per cent. of the Ordinary Shares in issue (excluding treasury shares) immediately following the passing of the resolution at the meeting otherwise than on a pre-emptive basis and intend to renew this authority at each annual general meeting.

Unless authorised by Shareholders, no Shares will be issued at a price less than the prevailing Net Asset Value per Share at the time of the issue unless they are offered *pro rata* to existing Shareholders.

Investors should note that the issuance of Ordinary Shares is entirely at the discretion of the Board and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Shares that may be issued.

6 Discount management

6.1 Ordinary Share buybacks

The Directors are seeking authority at the Company's forthcoming Annual General Meeting to buy back up to 14.99 per cent. of the Ordinary Shares in issue immediately following the passing of the resolution at the meeting. This authority will expire at the annual general meeting of the Company to be held in 2017 and the Directors intend to seek annual renewal of this authority from Shareholders at each annual general meeting.

Whether the Company purchases such Ordinary Shares, and the timing and the price paid on any such purchase, will be at the discretion of the Directors. The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Shareholders' interests; in particular, as a means of correcting any imbalance between the supply of and demand for the Ordinary Shares.

Any purchase of Ordinary Shares will be in accordance with the Articles, the Law and the Listing Rules. Purchases of Ordinary Shares will only be made through the market for cash at prices below the last published NAV per Ordinary Share. Any Ordinary Shares purchased may be cancelled or held in treasury.

Investors should note that the purchase of Ordinary Shares by the Company is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. Investors should note that any purchase is subject to the Company satisfying the solvency test, as defined under the Law, at the relevant time.

6.2 Continuation Resolution

The Company has an unlimited life. The Directors are required to propose one or more ordinary resolutions at the annual general meeting to be held in 2017 and at every third annual general meeting thereafter that the Company continue as a closed-ended investment company (the "**Continuation Resolution**"). In the event that a Continuation Resolution is not passed, the Directors shall formulate proposals to be put to Shareholders as soon as is practicable but, in any event, by no later than six months after the Continuation Resolution is not passed, to reorganise, unitise or reconstruct the Company or for the Company to be wound up with the aim of enabling Shareholders to realise their holdings in the Company.

7 Valuation of the Company and net asset calculations

The Administrator, in conjunction with the Investment Managers, calculates the Net Asset Value and the Net Asset Value per Ordinary Share and per C Share as at the end of each calendar month and reports such calculation to the Board.

The Board is asked to approve each Net Asset Value calculation. These calculations are reported monthly to Shareholders and reconciled in the Company's annual report. The Net Asset Value is also announced as soon as possible following approval on a Regulatory Information Service, by publication on the Company's website, www.sqnassetfinance.com, and on www.londonstockexchange.com. The Company may delay public disclosure of the Net Asset Value to avoid prejudice to its legitimate interests, provided that such delay would not be likely to mislead the public and the Company has put in place appropriate measures to ensure the confidentiality of that information.

The Board may determine that the Company shall temporarily suspend the publication of the Net Asset Value and the Net Asset Value per Ordinary Share and per C Share when the prices of any investments owned by the Company cannot be promptly or accurately ascertained; however, in view of the nature of the Company's proposed investments, the Board does not currently envisage any circumstances in which valuations will be suspended.

Any suspension in the calculation of Net Asset Value will be notified through a Regulatory Information Service.

The Net Asset Value is the value of all assets of the Company less its liabilities to creditors (including provisions for such liabilities). The classification of the Company's assets depends on the nature and purpose of the asset and is determined at the time of initial recognition. The Company's significant assets are as follows and the valuation principles are detailed below:

- Fair value through Profit and Loss
- Loans and Receivables
- Finance Lease Receivables
- Residual value
- Property Plant and Equipment
- Derivative Assets
- Cash and cash equivalents

Fair value through profit and loss

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability is conducted in either:

- the principal market for the asset or liability; or
- in the absence of a principal market, the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Finance leases

The Company categorises finance leases as a lease arrangement where the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. Under such arrangements, at the commencement of the lease term, the Company records a finance lease as a receivable, at an amount equal to the net investment in the lease.

The net investment in the lease is equal to the gross investment in the lease (minimum lease payments receivable by the Company under the finance lease plus any unguaranteed residual value accruing to the Company) discounted by the interest rate implicit in the lease.

On subsequent measurement, the Company splits the minimum payments received under the lease between finance income and reduction of the lease receivable.

Residual value

The unguaranteed residual value on finance leases is calculated by estimating the fair market value of the leased assets less the lease payments from the lessee.

Estimates of residual value are based on a number of assumptions including, but not limited to, the in-place value of the equipment or assets to the end-user, the secondary market value of similar assets and equipment, the replacement cost of the asset or equipment including the cost of de-installation and re-delivery, and the Investment Managers' own assumptions based on historical experience.

Property, plant and equipment

The Company categorises operating leases as a lease arrangement in which a significant portion of the risks and rewards of ownership are retained by the lessor.

Assets held for use under operating leases are measured at cost less depreciation and are depreciated on a straight line basis over the remaining useful life.

Estimates of the useful life of equipment are based on manufacturers' recommendations, the age of similar products in the market, the intended use and utilisation of the equipment, and the Investment Managers' own assumptions based on historical experience.

Derivative financial instruments

The Company makes use of derivative financial instruments to manage its exposure to foreign exchange rate risk, including but not restricted to the use of foreign exchange forward contracts. A derivative with a positive fair value is recognised as a financial asset and a derivative with a negative fair value is recognised as a financial liability.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, and deposits held at call with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

8 Meetings, accounts and reports to Shareholders

The Company is committed to providing as much information to Shareholders as the Directors consider appropriate.

It is intended that the annual general meetings of the Company be held in November of each year. The annual general meetings of the Company will be held in Guernsey or such other place (not being in the U.K.) as may be determined by the Board of Directors. Notices convening the annual general meetings in each year will be sent to Shareholders at their registered address or given by advertisement not later than 14 clear days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders at their registered addresses or by Shareholders requisitioning such meetings in accordance with Guernsey law, and may be held in Guernsey or elsewhere.

Accounting periods for the Company end on 30 June each year. It is expected that the audited annual accounts will be sent to Shareholders within 4 months of the year end to which they relate. It is expected that unaudited half-yearly reports, made up to 31 December each year, will be sent to Shareholders within 3 months thereof. The audited annual accounts and half-yearly reports will also be available at the registered office of the Company and the Administrator and on the Company's website. The Company has adopted International Financial Reporting Standards.

9 Taxation

Further details of the taxation of the Company and a general guide to certain tax issues relating to the Issue and to the holding or disposing of Ordinary Shares and/or C Shares for Shareholders who are resident (and, in the case of individuals, domiciled) in the U.K. are set out in Part 10 of this document and your attention is drawn to this section. The statements in that section are intended as a general, non-exhaustive summary and do not constitute tax advice. Prospective investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the U.K. are strongly advised to consult their professional advisers immediately.

10 Further information

Prospective investors should read the whole of this document, which provides additional information on the Company and the Issue, and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to the section headed "**Risk Factors**" in which a summary of the risk factors relating to an investment in the Company, and to Part 9 of this document, which contains further additional information on the Company.

PART 3

EQUIPMENT LEASE INVESTING AND MARKET OVERVIEW

1 Company's approach to equipment lease investing

The Company's objective is to provide non-correlated returns and regular cash flow with downside protection derived from underlying assets and equipment and other available enhancements. In order to achieve this objective the Company utilises a variety of different structures to optimise the security package and maximise the yield.

Depending on the circumstances, including the jurisdiction in which the asset or equipment is located, the Company may use a lease structure (including hire purchase agreements), a loan structure, or a participation structure and, in many cases, a combination of them together. In light of impending changes in accounting standards and the fact that software and support services are now routinely packaged with or as traditional assets and equipment, the Company expects that lease and asset finance contracts will evolve into servicing or licensing agreements. Over time, it is likely that the Company will enter into an increasing number of these types of contracts while applying the same underwriting standards as they relate to the business-essential nature of the assets as well as to risk and to collateralisation.

A lease alone can be the appropriate structure for certain investments where the equipment is the entire collateral package. It is fairly simple to include a corporate guarantee, when required, to a lease. However, for a more comprehensive security package, it may not be the appropriate structure and, depending on the jurisdiction, a lease can be subject to certain taxes that may not be applicable in a loan structure.

The loan structure can most effectively incorporate a comprehensive security package which can include additional collateral, pledges of shares, and charges over operating bank accounts among other things. However, in certain jurisdictions, a loan can be considered a regulated security which results in complications or limitations that the Company may wish to avoid. While a loan structure can be tax efficient, loans can be subject to withholdings tax.

A participation structure, which can also be in the form of a residual sharing agreement or an interest in a special purpose entity, can be the ideal structure when investing in a number of underlying assets that generate revenue independently from one another but not in a way that can be predetermined. This allows the financing source to have clear access to the gross revenues of the collective assets and cross-collateralises them as security. This is also an effective structure when co-investing alongside an equity participant, a bank, or a sophisticated funding partner.

Under servicing or licensing agreements, the Company will make available for use to end-users certain business-essential assets under fixed, non-cancellable contracts. There may be third-party service or software licenses as part of these agreements which will serve as additional collateral under a comprehensive security package similar to those outlined above. There may be rights of substitution of assets or minimum service level requirements under these agreements but, in such cases, those risks will be mitigated in advance of the Company agreeing to provide financing.

The Company and/or its subsidiaries will typically seek direct ownership of the assets under lease or loan agreement, however the Company may also obtain exposure to investments through holding securities that have exposure to an underlying asset or assets that meet the Company's investment criteria where it is more advantageous for the Company to do so or a direct investment is not possible. This includes, but is not limited to, holding or entering into debt securities, loan agreements, equity securities, participation agreements, hybrid instruments, or other securities, whilst maintaining the desired economic exposure and level of security.

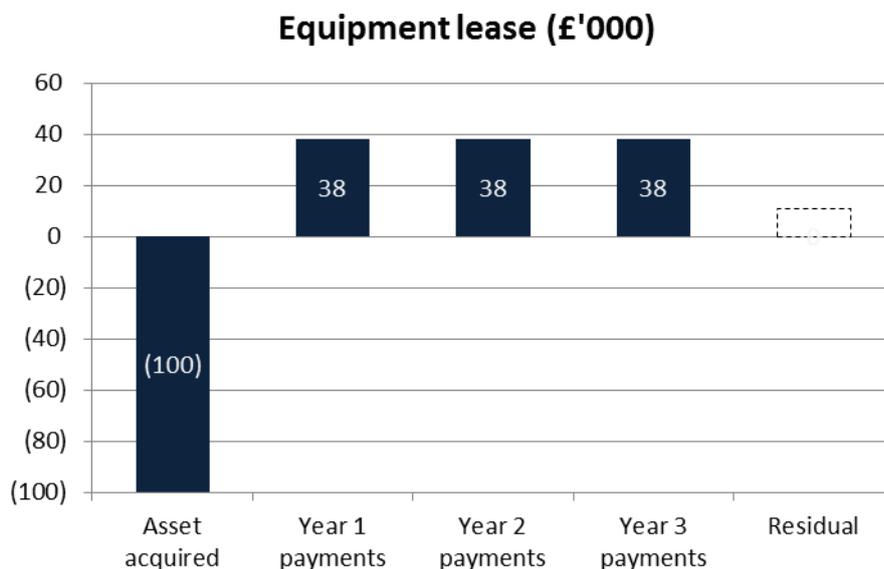
It is intended that each investment made by the Company will generate returns either through cash flow over the investment term or through the residual value of the equipment or other assets at the end of the investment term.

2 Equipment lease investing

An investor in equipment leasing will typically acquire an asset which it will lease to another entity in exchange for regular lease payments. At the end of the term of the lease, the investor retains ownership of the asset unless, under the terms of the lease, the ownership

passes to the end-user. In some leases where the lessor retains ownership of the asset after the expiry of the lease, the lessor will share any sale proceeds following a sale of the asset with the lessee in agreed proportions. In most cases, the lease payments comprise income and partial capital repayments that provide the Company with cash flow for distributions and capital reinvestment.

The chart below provides an example of the cash flows for a typical equipment lease. In this example the regular cash flow generates a gross IRR of 9.7 per cent., assuming monthly cash flow in advance, excluding any residual value upside.



There are typically two types of leases: finance (cash flow) leases and operating leases. The lease payments under a finance (cash flow) lease will equal 100 per cent. of the capital plus the interest payable over the term of the lease (excluding any residual value). Under an operating lease, the lease payments in themselves will not equal 100 per cent. of the invested capital plus interest and, therefore, will require some portion of the residual value to meet the return expectations. Whilst certain investments will (to the extent that they are available in the market), it is important to note that not all of the investments made by the Company will have both cash flow and residual upside opportunity.

Companies tend to lease assets and equipment for a number of reasons, including:

- Easiest way to acquire an asset – lease finance often presents the quickest form of capital asset acquisition. Corporations are often managed on a divisional basis and significant capital spending requirements can often take prolonged periods of time to be approved. As such, corporations often utilise lease financing in order to obtain use of an asset quickly.
- Flexibility – lease financing provides flexibility to the lessee to return the asset at the end of the lease when it is no longer required.
- Cash flow management – the capital investment required to acquire equipment directly often means that corporations prefer to utilise lease finance as a means of spreading the capital outlay over multiple financial reporting periods.
- Pass through ability – lease payments represent a cost which can often be passed on to another party and hence can improve the profitability of the lessee.
- Borrowings – some corporations have restrictions on the amount of borrowings they can have through their general corporate loan facilities and lease finance is not always limited by these restrictions.

The lease investment market can be divided into three main segments:

- high volume, low margin commoditised goods (small ticketing leasing);
- large asset leasing (large ticket leasing); and

- specialist leasing (middle market leasing).

High volume, low margin leasing includes cars, photocopiers and printers and is typically avoided by the Investment Managers as it tends to be prone to commercial credit business cycles. It is highly competitive and does not produce a high level of return.

Large asset leasing includes aircraft and oil rigs and is generally undertaken by specialist funds and large institutions. With large asset leasing, returns tend to be heavily reliant on the residual value of the assets and hence, in the view of the Investment Managers, tend to have a limited number of alternative end-users as well as high off-lease maintenance costs.

Specialist leasing is generally undertaken by specialist finance firms and is the type of leasing undertaken by the Investment Managers. The ability to understand the assets, markets and customers, along with the ability to structure the transactions to meet the clients' needs, provides, in the view of the Investment Managers, the most attractive risk adjusted returns. Specialist lease investing provides for cash flow during the initial lease term and is therefore less reliant on the residual value than large asset leasing to achieve its target return. Nonetheless, some residual upside remains, allowing the Investment Managers to achieve more attractive risk adjusted returns than high volume, low margin leasing.

In the leasing market, at the end of the lease term, the lease investor often retains ownership of the asset. The options to realise value from this asset include (i) lease extension; (ii) sale to the end-user; and (iii) sales in the secondary market where all or part of the sale proceeds may be shared with the end-user.

3 Market overview³

For the fourth consecutive year, the global leasing market has expanded with the leasing volumes from the top 50 countries in 2014 (the last year for which full-year data is available) reaching \$944 billion; this reflects a growth of 6.8 per cent. from 2013 and 69.4 per cent. since 2009, post the financial crisis. Approximately 80 per cent. of global leasing volume in 2014 was in North America, Europe and Asia with the U.K. market achieving volumes of approximately \$78 billion, representing a growth rate of 16.5 per cent. compared with 2013. In the U.K. in 2014, the plant and machinery segment enjoyed the strongest growth, up 21 per cent. on 2013.

Rank	Region	2014 annual volume (U.S. \$bn)	Percentage of world market volume
1	North America	368.4	39.0
2	Europe	327.8	34.7
3	Asia	195.0	20.6
4	Australia/New Zealand	35.6	3.8
5	South America	10.7	1.1
6	Africa	6.8	0.7
	Total	944.3	

Source: White Clarke Global Leasing Report

Europe and North America dominate the world share of the market, with new business volume of approximately \$327.8 billion and \$368.4 billion, respectively. Europe accounts for 34.7 per cent. of global volume and 13 European countries feature in the world's top 20 countries for new leasing business. In 2014, total new leasing business volume of €275.7 billion was reported by the firms affiliated with Leaseurope, the European leasing industry's representative organisation. This represents an increase of 9.5 per cent. compared to 2013. The portfolio of leased assets outstanding in Europe grew by 1.7 per cent., reaching €729.6 billion at the end of 2014. The dominant leasing jurisdictions in the region are the

³ Information in this section has been sourced from the 2016 White Clarke Global Leasing Report and the 2014 Leaseurope Key Facts and Figures report.

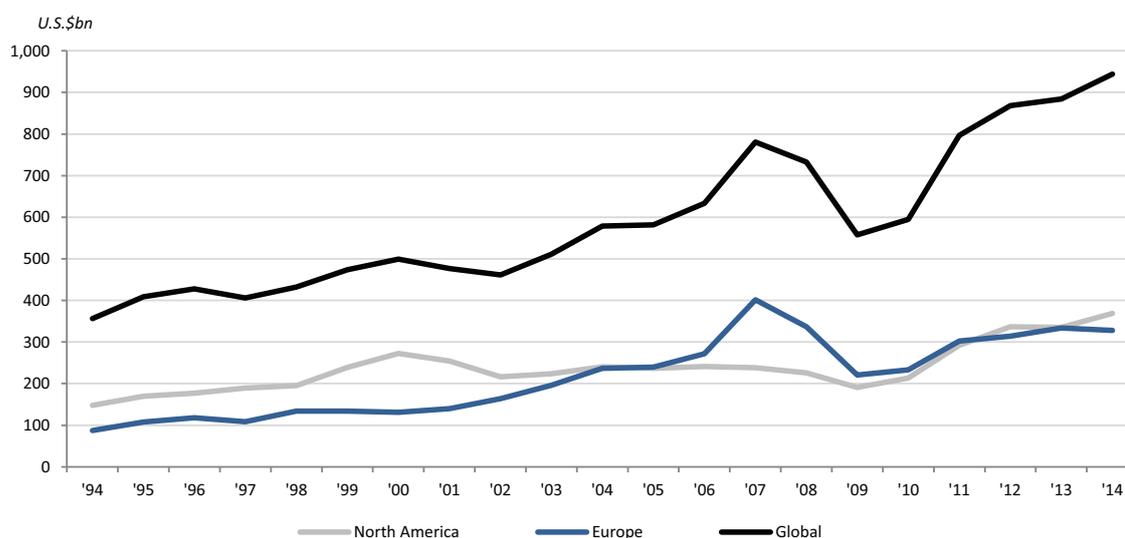
United Kingdom and Germany, accounting for over 44.6 per cent. of the European market and 15.5 per cent. of the world market. The U.K. was the largest European leasing market in 2014, with new business volume of approximately €60.8 billion, followed by Germany at €49.8 billion and France at €40.2 billion.

All types of equipment are leased. Aircraft, railroad rolling stock, manufacturing equipment, computers and related technology equipment, energy exploration and production assets, health care equipment, agricultural equipment, maritime assets and over-the-road transportation equipment are all commonly leased. It is also important to note that it is not only business corporations that lease equipment. Lessees include all manner of other entities in the economy as well, such as not-for-profit organisations, trusts, partnerships, consumers and federal, state and local governmental bodies.

The differing types of equipment and respective price ranges help to divide the overall leasing industry into three core segments: small-ticket, middle market and large-ticket. Each segment is characterised by the range of its transaction sizes, the key decision factors influencing lessees and the most common types of lease products and structures available. In terms of transaction size, half of the market is middle-market business, a third is small-ticket and the balance is large-ticket.

Leasing as a form of investment in the specialist segment (middle market) in the way the Company proposes to invest tends, in the Investment Managers' opinion, to be non-cyclical. During times of strong growth and economic expansion, businesses can be expected to acquire more capital assets as they expand and grow and leasing volumes tend to increase. Similarly, during downturns, capital asset acquisitions can be expected to decline which results in existing assets staying in place longer, generating higher returns on the residual value at the end of the lease term. In periods of low interest rates, leasing companies can sell receivables at lower rates providing capital for reinvestment and increasing overall returns. In periods of rising interest rates, new leases are written at higher rates keeping relative margins the same.

This through-the-cycle behaviour results in an asset class that, whilst not immune to the wider market environment, has defensive characteristics with global leasing volumes rising from in excess of \$557.3 billion in 2009 to \$944.3 billion in 2014. This also results in low levels of correlation with equity markets.



Source: White Clarke Global Leasing Report

Over the last few years, the market has, in the Investment Managers' experience, seen a decreasing level of competition with European banks, such as KBC Bank and ING Leasing exiting the market, largely as a result of capital constraints and regulatory pressures. Similarly, national and regional banks in the United States are being driven out by the FDIC and changes in banking regulations. Whilst the Investment Managers have seen the number

of traditional participants diminishing, economic growth has continued in both the United Kingdom and the United States with particular strength in asset-intensive sectors such as manufacturing which rely heavily on lease financing.

With a focus on transactions below £30 million and without the cumbersome restrictions and the boilerplate underwriting process associated with banks, the Investment Managers believe that the Company is positioned to capitalise on opportunities too small for “big ticket” investment banks and too specialist for “high street” banks.

PART 4

PORTFOLIO OVERVIEW AND PIPELINE ASSETS

1 Overview

In a market with investors seeking regular income with an attractive risk-adjusted return, equipment leasing and asset finance investments remain one of the few sectors capable of delivering higher yields on a relatively non-correlated basis with assets securing the investments.

With a particular focus on business-essential assets and equipment in the £1 million to £30 million range, the Company has been able to build a diversified portfolio of more than £300 million which pays monthly dividends at a target rate of 7.25 per cent. annually and has an overall return target of 8 per cent. to 10 per cent.

Eight transactions, representing investments totalling more than £28 million have reached maturity or been brought to an early conclusion through 30 September 2016. Those investments generated yields between 8.43 per cent. and 16 per cent. per annum with a weighted average effective annual return on investment of 10.61 per cent.

The portfolio consists of 49 investments in equipment leases, secured loans, and project financings which are outlined in the table below. The portfolio, as currently constructed, does not utilise leverage to generate returns and has a projected weighted average gross yield across the portfolio of more than 9.5 per cent. per annum.

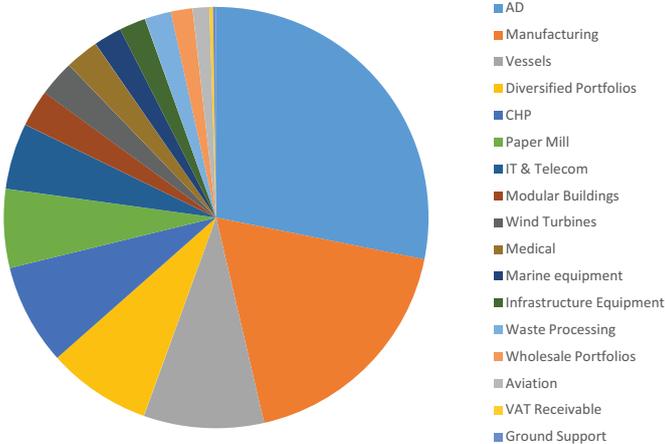
There have been no asset impairments to date. However, the Company has granted certain concessions, such as interest-only payments for a period, to one of the operators of marine vessels which were financed by the Company, as well as for the operators of remotely operated subsea vehicles which are on lease from the Company. The Company has also restructured its investments in its modular accommodation and medical equipment assets, both of which are under long-term leases. In each case, a review of the underlying collateral has been undertaken and, at this time, the Investment Managers believe there is sufficient value to cover all principal and interest payments due to the Company, over time.

Asset	Exposure	% of NAV	Location
Glass Manufacturing Plant	26,490,598.78	7.45%	EU
Anaerobic Digestion Facility	25,222,325.55	7.09%	UK
Anaerobic Digestion Facility	24,181,733.73	6.80%	UK
Solar Cell and Chip Manufacturing Equipment	21,139,328.26	5.95%	US
Paper Mill	18,659,300.03	5.25%	UK
Vessels	13,293,552.40	3.74%	EU
Diversified Portfolio Interest	13,071,455.16	3.68%	US
Vessels	13,058,344.40	3.67%	UK
Anaerobic Digestion Facility	11,631,542.16	3.27%	UK
Integrated Set Top Cable and Internet Boxes	11,580,887.44	3.26%	EU/UK/US
Diversified Portfolio Interest	11,411,377.81	3.21%	UK
Combined Heat and Power Centre	9,297,800.77	2.61%	UK
Modular Accommodations	8,706,180.10	2.45%	UK
Combined Heat and Power Centre	8,702,622.28	2.45%	UK
Medical Equipment, Furniture, & Fixtures	7,891,661.21	2.22%	US
Anaerobic Digestion Facility	7,299,459.73	2.05%	UK
Anaerobic Digestion Facility	6,318,539.46	1.78%	UK
Waste Processing Equipment	6,189,668.52	1.74%	EU
Combined Heat and Power Centre	5,900,000.00	1.66%	UK
Industrial Infrastructure Equipment	5,900,000.00	1.66%	US
Secured Wholesale Financing of Heating Equipment	5,162,836.60	1.45%	UK
Semiconductor Manufacturing and Testing Equipment	4,637,453.41	1.30%	EU
Underwater Remote Operated Vehicles	4,543,606.34	1.28%	UK
Senior Interest in a Portfolio of Helicopters	3,892,015.46	1.09%	US
Telecommunications Towers	3,550,295.86	1.00%	Brazil
Wind Turbines	3,210,651.28	0.90%	UK
Automotive Parts Manufacturing Equipment	2,800,126.69	0.79%	UK
Anaerobic Digestion Facility	2,554,259.63	0.72%	UK
Wind Turbines	2,359,998.88	0.66%	UK
Vessels	1,998,115.12	0.56%	UK
Anaerobic Digestion Facility	1,891,544.17	0.53%	UK
Anaerobic Digestion Facility	1,723,992.88	0.48%	UK
Anaerobic Digestion Facility	1,630,452.87	0.46%	UK
Anaerobic Digestion Facility	1,527,583.83	0.43%	UK
Anaerobic Digestion Facility	1,462,223.80	0.41%	UK
Wind Turbines	1,251,487.02	0.35%	UK
Underwater Remote Operated Vehicles	1,084,529.39	0.31%	UK
Reel Drive Systems, Pipe-laying Equipment, and Hydraulic Controls	1,010,000.00	0.28%	UK
Wind Turbines	962,299.14	0.27%	UK
Anaerobic Digestion Facility	950,000.00	0.27%	UK
VAT Receivable	838,752.28	0.24%	EU
Wind Turbines	790,000.00	0.22%	UK
Automotive Parts Manufacturing Equipment	777,782.73	0.22%	UK
De-icers	743,129.32	0.21%	UK
Anaerobic Digestion Facility	726,550.50	0.20%	UK
IT & Software	572,937.04	0.16%	Australia
Thermoplastic Engineering and Reprocessing Equipment	481,419.65	0.14%	UK
Plant Hire Equipment	373,970.52	0.11%	UK
Anaerobic Digestion Facility	108,009.67	0.03%	UK
Total	309,562,401.85	87.06%	

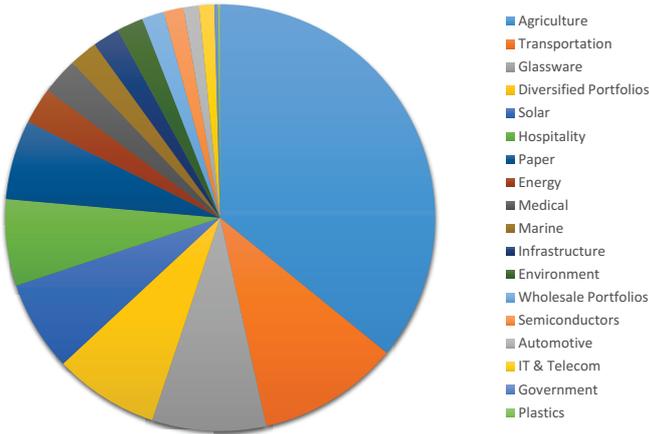
2 Portfolio diversification

Risk in the portfolio is spread over more than 10 different industries and 14 different asset classes as well as over currency and geography. The data below is as at the date of this Prospectus.

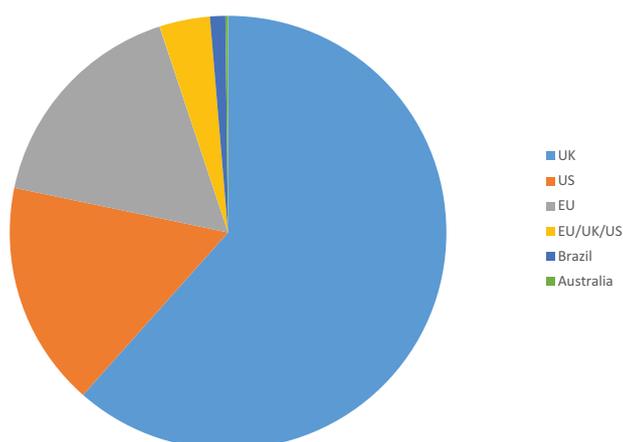
Asset diversification



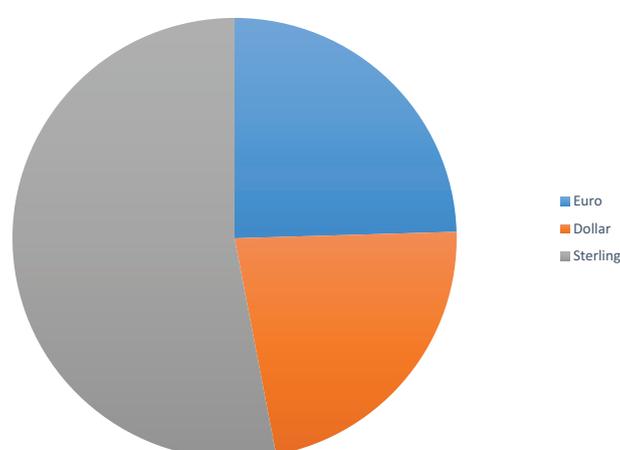
Industry diversification



Geographic diversification



Currency exposure



3 Further detail on top ten assets as at the date of this Prospectus

Asset	Currency	Investment	Net Yield	% of NAV	Industry	Asset Class	Region
Glass Manufacturing Plant	EUR	26,490,598.78	9.14%	7.45%	Glassware	Manufacturing	France
Anaerobic Digestion Facility	GBP	25,222,325.55	9.81%	7.09%	Agricultural	AD	UK
Anaerobic Digestion Facility	EUR	24,181,733.73	9.80%	6.80%	Agricultural	AD	UK
Manufacturing Equipment	USD	21,139,328.26	11.00%	5.95%	Technology	Manufacturing	US
Paper Mill	GBP	18,659,300.03	9.47%	5.25%	Paper	Paper Mill	UK
Vessels	EUR	13,293,552.40	10.81%	3.74%	Transportation	Vessels	Netherlands
Portfolio Interest	USD	13,071,455.16	9.61%	3.68%	Diversified	Portfolio	US
Vessels	USD	13,058,344.40	10.28%	3.67%	Transportation	Vessels	UK
Anaerobic Digestion Facility	GBP	11,631,542.16	11.75%	3.27%	Agricultural	AD	UK
Integrated Set Top Cable and Internet Boxes	EUR	11,580,887.44	9.19%	3.26%	Hospitality	IT & Telecom	Netherlands
		178,329,067.90	50.15%				

4 Significant Transactions

Anaerobic digestion plants

One of the most important asset classes within the portfolio is the Company's investments in anaerobic digestion plants. The Company has invested approximately £87 million representing 24.53 per cent. of Net Asset Value in leases and project financing transactions for anaerobic digestion plants ("AD Plants"). An AD Plant is a closed system that processes organic material to produce methane which can be used as a fuel source or fed into a combined heat and power unit to create electricity and heat. The AD Plants that are financed by the Company are run on agricultural waste as the primary component of the feedstock. The

majority of the cash flow generated from operations is derived from long-term, non-cancellable government subsidies related to the production of electricity. Each investment is backed by a full Engineering Procurement Construction contract and a performance warranty to ensure a minimum level of production. The average term of the Company's investments in AD Plants is over 10 years at rates in excess of 10 per cent. It should be noted that the AD Plants that are farm-based and are primarily sourced with agricultural waste are categorised as agricultural industry exposure as opposed to energy industry exposure because the core businesses of the counterparties are not energy-related.

Glass manufacturing plant

The largest single investment made by the Company was an approximately £27 million investment, representing approximately 7.45 per cent. of Net Asset Value, in a major glassware manufacturer in France. The lessee is one of the largest plate and cup manufacturers in the world with over 3,000 separate products and specialty contracts with some of the world's most recognised brands. The financing was provided in conjunction with an acquisition and recapitalisation of the company. The lease is secured on all but one of the company's production lines, including their large blast furnaces and all the ancillary equipment.

Semiconductor manufacturing equipment

After successfully exiting two investments in semiconductor manufacturing and testing equipment with yields between 9.93 per cent. and 10.35 per cent. per annum, the Company made two new investments in semiconductor manufacturing equipment for two unrelated manufacturers of solar photovoltaic microchips and panels. The first investment was for a France-based public company in the approximate amount of £8.8 million that contained an element of VAT financing which was refunded, reducing the Company's exposure to approximately £4.6 million. The Company's other investment, of approximately £21 million, was to finance the expanded capacity of a US-based manufacturer which was acquired by a large publicly traded Chinese conglomerate during the course of the underwriting process. The investment was ultimately guaranteed by the acquirer. The two investments together represent 7.25 per cent. of Net Asset Value.

Marine vessels

The Company has provided financing under three separate transactions for marine vessels. The largest of the three investments was in the form of ship mortgages for two Supramax Dry Bulk Carriers built in 2002 and 2003. This one investment's current exposure is approximately £13.0 million representing 3.67 per cent. of Net Asset Value. This investment has performed without incident with all payments made on time when due.

The Company has also provided financing for four Jumbo Class Multipurpose Vessels built between 2007 and 2009 with a different operator. This investment of approximately £13.3 million represents 3.74 per cent. of Net Asset Value. The operator of these vessels has come under pressure as the result of lower than expected charter rates across its entire fleet. As a consequence, this account has occasionally been in arrears. These vessels have been valued within the last 120 days and it has been determined that the investment remains over-collateralised even at distressed disposal levels.

During 2016, the Company made an additional investment of approximately £2 million in a newly built supply vessel subject to a nine year fully amortising lease. The Company's total exposure to marine vessels is approximately 7.97 per cent. of Net Asset Value.

Paper mill

The Company entered into an approximately £19 million (5.25 per cent. of Net Asset Value) sale and leaseback of a paper mill in Scotland for a well-known specialty paper company that was consolidating operations from multiple international plants into the Scottish facility. The company was originally founded in 1761 and was a constituent of the FTSE 100 on the London Stock Exchange until it was taken private in 2000. The company is one of the few in the world capable of producing paper stock for currencies. The equipment being financed includes the industrial reel wrappers, the speciality and colour paper manufacturing machines, the bespoke currency paper production equipment, and the business stationery and watermarking tools.

Combined heat and power centres

The Company initially entered into two transactions to provide long term financing for the construction and lease of two natural gas based 11 megawatt energy generation plants. The current exposure to those two plants is approximately £16 million broken out into two leases to separate, but related, lessees located on one of the largest tomato farms in the U.K. The equipment is four 5.5 megawatt Rolls-Royce combined heat and power units which will be used to maintain the heat level in the greenhouses and provide CO₂ to enhance the growth of the tomatoes. The Company's advance rate was approximately 62.5 per cent. of value and the equipment is fully supported by a manufacturer's performance warranty. Following the 12 month construction phase, the leases have a term of 13 years over which the investment is fully amortised. The Company has now entered into a third lease under similar terms in the amount of approximately £5.9 million. The Company's investments in Combined Heat and Power Centre used in the growth of agricultural products total approximately £23.9 million which represents 6.72 per cent. of Net Asset Value.

Integrated set top cable and internet boxes

The Company has made an investment in a portfolio of integrated set top cable and internet boxes on lease or under service agreements with 1,400 different customers representing approximately 2,200 hotels and 230,000 hotel rooms at primarily four and five star hotels throughout Europe. This hedged, Euro denominated investment, which has amortised down to approximately £11.6 million (3.26 per cent. of Net Asset Value), is insured by an investment grade insurance syndicate for all principal and interest under the contract. The equipment enables hotels to provide its guests with high-speed wireless internet, cable television, on-demand movies, live streaming videos, and access to the hotel's services and amenities. This fully amortising investment has a term of 60 months.

Modular accommodations

The Company has provided financing for modular accommodation designed as portable hotel bedroom units. The units provide 592 beds as luxury on-site accommodation and although originally located at major events and festivals across the U.K., Ireland, and the Isle of Man, these units are now being deployed on semi-permanent contracts for hotels, youth hostels and worker accommodation. This investment with a current exposure of £8.7 million, representing 2.45 per cent. of Net Asset Value, has been restructured to accommodate the evolving model of the underlying business.

Medical equipment

The Company has made an investment secured by medical equipment and furniture and fixtures for a new hospital in the U.S. The investment is in the form of two loans each with primary and secondary liens on additional assets including unencumbered real estate. The larger investment is approximately £7.3 million and is secured by medical equipment throughout the hospital subject to a fully amortising loan with a term of 60 months. The smaller investment, of approximately £0.6 million, is secured by the furniture and fixtures in the hospital's cafeteria and gift shop and has an amortisation schedule of 48 months. The two schedules account for approximately 2.22 per cent. of Net Asset Value. Due to delays in on-boarding certain specialists and doctor groups, as well as a prolonged period before certain insurance programs were accredited for the hospital, the hospital has made a request to restructure the terms of the financing provided by the Company and allow for a longer amortisation period on each loan. The Investment Managers have agreed to these terms which maintain the Company's return targets.

Portfolio of US leases

As part of the overall investment strategy, the Company will occasionally invest in portfolios of asset and equipment financing arrangements through structures that provide, in the opinion of the Investment Managers, appropriate risk-adjusted returns in line with the investment objectives of the Company. As part of the initial seed portfolio, the Company invested in three such portfolios, all of which have been monetised with returns to the Company of 8.43 per cent., 11.61 per cent., and 16.00 per cent. The Company has made two additional investments secured by portfolios of assets and equipment financing arrangements through preferred and surplus notes issued by a U.S. insurance company. The investments total

£24.5 million and represent 6.89 per cent. of the Net Asset Value of the Company. In addition to being secured by a portfolio of underlying leases and asset financings, the investment is additionally collateralised two times by a broader pool of investment grade financial assets.

Fundamental investments

One of the key components of the investment strategy is focusing on transaction sizes which have historically been too large for 'High Street' funders to underwrite efficiently and too small for larger structured funders to justify their resources in due diligence. Transactions of this nature enhance the Company's portfolio in two ways. Firstly, these transactions tend to be higher yielding than investment opportunities of similar credit quality that are within the comfort zone of traditional investors. Secondly, the size of these transactions make it possible to increase the overall diversity of the portfolio while being substantial enough that the underlying assets commonly have meaningful secondary market value and liquidity. Examples of these types of investments within the portfolio include multiple leases for plant hire equipment and machine tools used in the automobile manufacturing industry.

2 C Share Pipeline

The Investment Managers have identified a pipeline of more than £137 million of transactions that can be drawn from to further build out the Company's portfolio. It is expected that the Net Issue Proceeds will be deployed within 9 to 12 months from Admission.

Investment	Amount
Biomass Plant	26,000,000
Portfolio of Industrial Equipment Leases	25,000,000
Integrated Environmental Waste Processing and AD Facility	17,500,000
Paper Production Equipment for Existing Lessee	11,100,000
Battery Storage Manufacturing Equipment	10,000,000
Cement Manufacturing Equipment	9,756,100
Wood Mill	9,500,000
Wholesale IT Financing Programs	8,800,000
Wind Turbines under Existing Program	7,000,000
Recycling Equipment	4,000,000
Heavy Hose Manufacturing and Turning Equipment	4,000,000
Waste Processing Plant	3,000,000
Gripper Arm Tool for Wind Turbine Installation	2,100,000
Total	137,756,100

PART 5 DIRECTORS, MANAGEMENT AND ADMINISTRATION

1 The Board

The Board is responsible for the determination of the Company's published investment policy as specified in this document and has overall responsibility for its activities and compliance with the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation. The Directors, all of whom are non-executive and independent of the Investment Managers, are as follows:

Peter Niven, (Non-executive Chairman)

Peter Niven is a resident of Guernsey. He has worked in the financial services industry in the U.K., offshore and internationally for almost 40 years, 30 of those with the Lloyds Banking Group from which he retired in 2005 as the head of the Group's Offshore Banking Division. Since then Peter has worked for the Guernsey Government and the local financial services sector, through Guernsey Finance, with the remit to develop and promote the island on the world stage as a premier international finance centre. He retired from that role in December 2012.

Peter now acts as a non-executive director on a broad portfolio of listed (LSE, AIM, CISE) and unlisted investment funds investing in asset classes including property, hedge funds, emerging markets and private equity with wide experience of chairing boards, audit and management committees. He is also a director of ABTA's Guernsey captive insurance entity. Peter is a Fellow of the Institute of Bankers, a Fellow of the Institute of Directors and a Chartered Director.

John Martyn Falla, (Non-executive Director)

John Falla, a Guernsey resident, is a Chartered Accountant and has a BSc Hons degree in Property Valuation and Management from The City University, London. He is a Chartered Fellow of the Chartered Institute for Securities and Investment having been awarded their diploma.

John trained with Ernst & Young in London before moving to their Corporate Finance Department. On returning to Guernsey he worked for an international bank, before joining the Channel Islands Stock Exchange as a member of the Market Authority. In 2000 John joined the Edmond de Rothschild Group in Guernsey and provided corporate finance advice to clients including open and closed-ended investment funds, and institutions with significant property interests and was a director of a number of Edmond de Rothschild group operating and investment companies. He is now a non-executive director of a number of investment companies, most of which are listed on the London Stock Exchange, and a consultant.

Carol Patricia Goodwin, (Non-executive Director)

Carol Goodwin has extensive experience in the finance industry and has held senior executive positions with several European and North American banks, managing businesses in London, Toronto, Montreal, Amsterdam, Nassau and Guernsey. Since 2002 Carol has devoted her time to non-executive director roles. She currently serves as a non-executive director for a local bank and a number of other financial services entities, including a variety of listed and unlisted investment funds and property companies. Carol has a strong background in corporate governance and risk management.

Ms. Goodwin is a Fellow of the Institute of Canadian Bankers (FICB), a Trust and Estate Practitioner (TEP), a Chartered Director (C.Dir.) and a Fellow of the Institute of Directors (FIoD).

Christopher Paul Spencer, (Non-executive Director)

Christopher Spencer, a resident of Guernsey, qualified as a chartered accountant in London in 1975. Following two years in Bermuda he moved to Guernsey. Christopher, who specialised in audit and fiduciary work, was Managing Partner/Director of Pannell Kerr Forster (Guernsey) Limited from 1990 until his retirement in May 2000. Christopher is a member of the AIC Offshore Committee, a past President of the Guernsey Society of Chartered and Certified Accountants and a past Chairman of the Guernsey Branch of the Institute of

Directors. Christopher sits on the Board of Directors of JPEL Private Equity Limited, John Laing Infrastructure Fund Limited, Ruffer Investment Company Limited, each of which is listed on the London Stock Exchange and Summit Germany Ltd which is an AIM listed company.

2 Corporate Governance

The Directors are committed to maintaining high standards of corporate governance. Insofar as the Directors believe it to be appropriate and relevant to the Company, it is their intention that the Company should comply with best practice standards for the business carried on by the Company.

On 1 January 2012, the GFSC's Finance Sector Code of Corporate Governance (the "Code") came into effect. The GFSC has stated in the Code that companies which report against the U.K. Corporate Governance Code or the Association of Investment Companies' Code of Corporate Governance (the "AIC Code") are deemed to meet the requirements of the Code, and need take no further action.

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the U.K. Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the U.K. Corporate Governance Code), will provide better information to Shareholders. Copies of the AIC Code and the AIC Guide can be found at www.theaic.co.uk.

The Board complies with the AIC Code save in respect of provisions relating to the role of chief executive, executive directors' remuneration and the internal audit function, which the Board considers are not relevant to the Company, being an externally managed investment company. In addition, the Board has not appointed a senior independent director. This is not in accordance with the recommendations in principle 1 of the AIC Code but is felt to be appropriate for the size and nature of the Company.

Board committees

Audit and risk committee

The audit and risk committee is chaired by Mr Spencer with all the other Directors as members. The Board considers that Christopher's experience makes him suitably qualified to chair the audit and risk committee. The audit and risk committee meets no less than twice a year and, if required, meetings can also be attended by the Investment Managers, the Administrator and the Auditors.

The audit and risk committee is responsible for reviewing the half-year and annual financial statements before their submission to the Board. In addition, the audit and risk committee is specifically charged under its terms of reference to advise the Board on the terms and scope of the appointment of the Auditors, including their remuneration, independence, objectivity and reviewing with the Auditors the results and effectiveness of the audit, and in ensuring that the Company's annual report and financial statements are fair, balanced and understandable. The audit and risk committee is also responsible for oversight and advice to the Board on the current risk exposures, risk appetite and future risk strategy of the Company.

Management engagement committee

The management engagement committee is chaired by Mr Falla with all other Directors as members. The management engagement committee is responsible for reviewing the performance of the Investment Managers and the Group's key advisers and service providers.

Nomination and remuneration committee

The nomination and remuneration committee is chaired by Ms Goodwin with all other Directors as members. The nomination and remuneration committee is responsible for reviewing the structure, size and composition of the Board; identifying suitable candidates to fill Board vacancies; making recommendations as to the appropriate level of Directors' remuneration; and undertaking Board performance evaluations.

3 The Investment Managers

The Company has appointed the Investment Managers to manage its portfolio in accordance with the Investment Management Agreement, which is summarised in paragraph 10.5 of Part 9 of this document. The Investment Managers have day to day responsibility for managing the Company's portfolio and sourcing the Company's investments, subject to the overall supervision of the Board. The U.S Investment Manager is also appointed as the Company's AIFM for the purposes of the AIFM Directive.

3.1 The U.S. Investment Manager

The U.S. Investment Manager is a Delaware limited liability company formed on 3 December 2007 with registered number 4466472. Its registered office is situated at 100 Wall Street, 28th Floor, New York, New York 10005. The U.S. Investment Manager is a Registered Investment Advisor with the United States Securities and Exchange Commission (CRD # 158704) and the parent company of SQN Securities, LLC, an SEC and FINRA registered broker/dealer (CRD # 153322).

3.2 The U.K. Investment Manager

The U.K. Investment Manager is a limited liability company incorporated in England and Wales on 12 May 2014 with registered number 9033846. Its registered office is situated at Melita House, 124 Bridge Road, Chertsey, Surrey KT16 8LH. The U.K. Investment Manager is not regulated in the United Kingdom.

3.3 History and fund managers

The U.S. Investment Manager is an independent asset manager and registered investment advisor to institutional investors. Headquartered in New York City and specialising in alternative asset management, the U.S. Investment Manager provides investment advisory and portfolio management services to three private offerings and two public direct participation programs, as well as manages institutional accounts for insurance companies, all of which are based in the United States. As at 30 September 2016, the U.S. Investment Manager had assets under advisement in excess of \$1 billion. The Investment Manager's investment strategy is focused on business-essential, revenue-producing or cost-saving assets. Historically, the U.S. Investment Manager has invested in the agricultural, energy, environmental, medical, manufacturing, technology, and transportation industries.

Together, the Investment Managers have a team of over 20 professionals. The principals of the Investment Managers are experienced in structuring asset-based financing both domestically and internationally with a particular focus on the United States and the United Kingdom, having undertaken over \$1.5 billion in leasing transactions over the course of their respective careers.

The principals at the Investment Managers are Jeremiah Silkowski and Neil Roberts.

Jeremiah Silkowski

Jeremiah Silkowski has twenty-five years' experience in equipment leasing and asset financing as it relates to investment management. He began his career in 1991 with ICON Capital Corp. which grew to be the largest independent private equipment fund manager in the United States. Jeremiah rose to the rank of Senior Vice President of Operations, reporting directly to the Chairman, before leaving to form SQN Capital Corporation in 2004. SQN Capital Corporation has been exclusively engaged in providing investment opportunities in business-essential assets and equipment. In 2007, SQN Capital Corporation formed SQN Capital Management as a joint venture with Summit Asset Management Limited in the U.K. to manage asset finance and equipment leasing investment funds for a diverse spread of investors. Jeremiah is the Chief Executive Officer of the group of SQN Companies that today provide equity raising and investment management services through four private funds, two publicly-registered programs, and institutional accounts through the United States, in addition to serving as Investment Manager of the Company. Jeremiah holds Series 7, 24, and 63 securities license with the Financial Regulatory Authority (FINRA) in the United States and operates under the regulation by the U.S. Securities and Exchange Commission as a responsible principal of a Registered Investment Adviser.

Neil Roberts

Since 1972, Neil has held senior positions within the banking and asset finance industry in the U.K. and has international experience in Italy, Germany and the United States. Prior to founding the U.K. Investment Manager, Neil held Managing Directorships of three international finance companies owned respectively by Chemical Bank of New York (now J.P. Morgan Chase), HSBC and, latterly, Kleinwort Benson. Neil joined The Summit Group in 1991 to consolidate its leasing and asset finance activities and built a specialised finance and managed equipment services group. Neil co-founded the U.S. Investment Manager in 2007. The U.K. Investment Manager acquired the leasing business of Summit in 2014.

Investment Managers

The Investment Managers have responsibility for managing the Company's portfolio. For their services, the Investment Managers are entitled to a management fee at a rate equivalent to the following schedule (expressed as a percentage of NAV per annum):

- 1.0 per cent. for assets lower than or equal to £300,000,000;
- 0.9 per cent. for assets greater than £300,000,000 and lower than or equal to £500,000,000; and
- 0.8 per cent. for assets greater than £500,000,000.

The management fee is payable monthly in arrears on the last calendar day of each month.

No performance fee is payable by the Company to the Investment Managers.

The Company may also incur transaction costs for the purposes of structuring investments for the Company. These costs form part of the overall transaction costs that are capitalised at the point of recognition and are taken into account by the Investment Managers when pricing a transaction. When structuring services are provided by the Investment Managers or an affiliate of them, they shall be entitled to charge an additional fee equal to up to 1.0 per cent. of the costs to the Company (ignoring gearing and transaction expenses) of acquiring each investment. This cost will not be charged in respect of assets acquired from the Investment Managers, the funds they manage or where they or their affiliates do not provide such structuring advice.

The Investment Managers have agreed to bear all the broken and abortive transaction costs and expenses incurred on behalf of the Company. Accordingly, the Company has agreed that the Investment Managers may retain any commitment commissions received by the Investment Managers in respect of investments made by the Group save that if such commission on any transaction were to exceed 1.0 per cent. of the transaction value, the excess would be paid to the Company.

4 The Administrator and Custodian

The Company has appointed BNP Paribas Securities Services, S.C.A., Guernsey Branch to act as its administrator, company secretary and custodian pursuant to an administration and custody agreement entered into between it and the Administrator. The Administrator and Custodian has been licensed by the Commission since 2007. The Administrator is responsible for providing general fund administration services (including calculation of the monthly NAV) and accounts preparation services as well as providing company secretarial and custody services to the Company.

The Company invests, directly or indirectly, in equipment and other physical assets. Where investment is made indirectly, for example through special purpose vehicles, the Administrator, in its capacity as custodian, provides safekeeping services in respect of such certificates and other documents as may represent investments in accordance with the Company's investment policy.

5 The Registrar

The Company has appointed Capita Asset Services to act as the Company's registrar pursuant to the Registrar Agreement between the Company and the Registrar. 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).

Further details of the agreements between the Company and the Administrator, Custodian and Registrar are set out in paragraphs 10.7 and 10.6 of Part 9 of this document.

6 Material relationships; conflicts of interest

Conflicts of interest may arise between the Company, the Directors, the Investment Managers, and certain of the directors, members and officers of each. These relationships are described below:

- 6.1 None of the Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and his private interests and any other duties.
- 6.2 The Investment Manager, any of its directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an **"Interested Party"**) may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest. Further details of the Investment Manager's conflicts of interest policy is set out on pages 19 to 20 in the section entitled "Risk Factors".
- 6.3 The Company may purchase assets from other funds managed by the Investment Manager. Such assets may be proposed by the Investment Managers, subject to the approval of the Board and will be purchased on arm's length terms.
- 6.4 The Directors have satisfied themselves that each of the Investment Managers has procedures in place to address potential conflicts of interest and that, where a conflict arises, each of the Investment Managers will allocate the opportunity on a fair basis.

Save as disclosed above, there are no potential or actual conflicts of interest between any duties owed to the Company by the Directors or any of the directors of the Investment Managers or any of the directors of the Company and their private interests or other duties.

PART 6 THE ISSUE

1 The Issue

The Company is proposing to raise target gross proceeds of £150 million through the issue of C Shares at 100 pence per C Share. The Directors have reserved the right, in consultation with Winterflood, to increase the size of the Issue to up to 180 million C Shares if overall demand exceeds 150 million C Shares.

Under the Open Offer, C Shares will be made available to Existing Shareholders at the Issue Price *pro rata* to their holdings of existing Ordinary Shares, on the terms and subject to the conditions of the Open Offer, on the basis of:

1 C Share for every 4 Ordinary Shares held at close of business on 4 November 2016

The balance of C Shares to be made available under the Issue, together with any C Shares not taken up pursuant to the Open Offer and including any C Shares to be made available pursuant to the Directors' discretion to increase the size of the Issue by an additional 30 million C Shares, will be made available under the Excess Application Facility, the Placing and/or the Offer for Subscription. There is no order of priority under which C Shares will be issued pursuant to the Excess Application Facility, the Placing and the Offer for Subscription.

Allocations of C Shares pursuant to the Placing, the Offer for Subscription and the Excess Application Facility will be determined by Winterflood (in consultation with the Company).

On the basis that 150 million C Shares are to be issued, it is expected that the Company will receive approximately £147.3 million from the Issue, net of associated fees, costs and expenses payable by the Company of approximately £2.7 million.

The Issue is conditional upon, *inter alia*:

- (a) Admission occurring and becoming effective by 8.00 a.m. on 12 December 2016 (or such later time or date, not being later than 8.00 a.m. on 30 December 2016, as the Company and Winterflood may agree);
- (b) the Placing Agreement having become unconditional and the obligations of Winterflood thereunder not having been terminated in accordance with its terms before Admission; and
- (c) the passing of the Resolution at the Extraordinary General Meeting.

If any of these conditions is not met, the Issue will not proceed.

There is no minimum amount required to be raised under the Issue in order for the Issue to proceed.

The Issue is not underwritten.

2 The Placing

The Company, the Investment Managers and Winterflood have entered into the Placing Agreement, pursuant to which Winterflood has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for the C Shares made available in the Placing.

The terms and conditions of the Placing are set out in Part 11 of this document. These terms and conditions should be read carefully before a commitment is made.

The Placing closes at 1.00 p.m. on 7 December 2016.

Further details of the terms of the Placing Agreement, including the fees payable to Winterflood, are detailed in paragraphs 2 to 6 of Part 11 of this document.

3 The Offer for Subscription

C Shares to be issued at the Issue Price of 100 pence each are available to the public under the Offer for Subscription. The Offer for Subscription is only being made in the U.K. but, subject to applicable law, the Company may allot C Shares on a private placement basis to applicants in other jurisdictions. The terms and conditions of application under the Offer for Subscription are set out in Part 13 of this document. An Application Form to apply for C Shares under the Offer for Subscription is set out at the end of this document. The Offer

for Subscription closes at 1.00 p.m. on 6 December 2016. The terms and conditions should be read carefully before an application is made. Investors should consult their respective stockbroker, bank manager, solicitor, accountant or other financial adviser if they are in doubt about the contents of this document.

Applications under the Offer for Subscription must be for a minimum subscription of £1,000.

All applications for C Shares under the Offer for Subscription will be payable in full, in Sterling, by a cheque or banker's draft drawn on a U.K. clearing bank.

4 The Open Offer

Open Offer Entitlement

Under the Open Offer, C Shares will be made available to Existing Shareholders at the Issue Price *pro rata* to their holdings of existing Ordinary Shares, on the terms and subject to the conditions of the Open Offer, on the basis of:

1 C Share for every 4 Ordinary Shares held at close of business on 4 November 2016

The balance of C Shares to be made available under the Issue, together with any C Shares not taken up pursuant to the Open Offer, and including any C Shares to be made available pursuant to the Directors' discretion to increase the size of the Issue by up to an additional 30 million C Shares, will be made available under the Excess Application Facility, the Placing and the Offer for Subscription.

Existing Shareholders should be aware that the Open Offer is not a rights issue and Application Forms cannot be traded. C Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Existing Shareholders who do not apply to take up C Shares available under the Open Offer will have no rights under the Open Offer.

Fractional entitlements under the Open Offer will be rounded down to the nearest whole number of C Shares and will be disregarded in calculating Open Offer Entitlements. All fractional entitlements will be aggregated and made available to Existing Shareholders under the Excess Application Facility, and to prospective investors under the Placing and the Offer for Subscription.

The latest time and date for acceptance and payment in full in respect of the Open Offer will be 11.00 a.m. on 5 December 2016. If the Issue proceeds, valid applications under the Open Offer will be satisfied in full up to applicants' Open Offer Entitlements. Existing Shareholders are also being offered the opportunity to subscribe for C Shares in excess of their Open Offer Entitlements under the Excess Application Facility, described below.

The terms and conditions of application under the Open Offer are set out at in Part 12 of this document. These terms and conditions should be read carefully before an application is made. Investors who are in any doubt about the Issue arrangements should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.

Excess Application Facility under the Open Offer

Subject to availability, Existing Shareholders who take up all of their Open Offer Entitlements may also apply under the Excess Application Facility for additional C Shares in excess of their Open Offer Entitlement. The Excess Application Facility will comprise such number of C Shares as may be allocated to the Excess Application Facility as jointly determined by Winterflood and the Company that have not been allocated to Existing Shareholders pursuant to their Open Offer Entitlements.

Existing Non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should complete the relevant sections on the Application Form.

Existing CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.2 of the Terms and Conditions of the Open Offer in Part 12 of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Excess applications may be allocated in such manner as jointly determined by Winterflood and the Company, in their absolute discretion, and no assurance can be given that applications by Existing Shareholders under the Excess Application Facility will be met in full or in part or at all.

Action to be taken under the Open Offer

Certificated Shareholders (that is, not in CREST)

Existing certificated Shareholders will be sent an Application Form giving details of their Open Offer Entitlement.

Persons that have sold or otherwise transferred all of their existing Ordinary Shares before the shares were marked ex-entitlement should forward this document, together with any Application Form, if and when received, at once to the purchaser or transferee, or the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

Any Existing Shareholder that has sold or otherwise transferred only some of their existing Ordinary Shares held in certificated form prior to 8.00 a.m. on 9 November 2016, should refer to the instructions regarding split applications in the Terms and Conditions of the Open Offer in Part 12 of this document and in the Application Form.

CREST Shareholders

Existing CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlement and their Excess CREST Open Offer Entitlement as soon as practicable after 8.00 a.m. on 9 November 2016. In the case of any Existing Shareholder that has sold or otherwise transferred only part of their holding of existing Ordinary Shares held in uncertificated form prior to 8.00 a.m. on 9 November 2016, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate Open Offer Entitlement and Excess CREST Open Offer Entitlement to the purchaser or transferee.

Full details of the Open Offer are contained in the Terms and Conditions of the Open Offer set out in Part 12 of this document. If you have any doubt as to what action you should take, you should seek your own financial advice from your stockbroker, solicitor or other independent financial adviser duly authorised under FSMA who specialises in advice on the acquisition of shares and other securities immediately.

The International Security Identification Number for entitlements relating to C Shares under the Open Offer is GG00BD3WG165.

The International Security Identification Number for entitlements relating to Excess Shares under the Excess Application Facility is GG00BD3WG389.

5 General

Subject to those matters on which the Issue is conditional, the Board, with the consent of Winterflood, may bring forward or postpone the closing date for the Issue.

The results of the Issue are expected to be announced on 8 December 2016 via a Regulatory Information Service.

CREST accounts will be credited on the date of Admission and it is expected that, where Shareholders have requested them, certificates in respect of the C Shares to be held in certificated form will be dispatched in the week commencing 19 December 2016. Pending receipt by Shareholders of definitive share certificates, if issued, the Registrar will certify any instruments of transfer against the register of members.

To the extent that any application for subscription under the Issue is rejected in whole or in part, or the Board determines in its absolute discretion that the Issue should not proceed, monies received will be returned to each relevant applicant at its risk as soon as possible, but within 14 days, and without interest.

Multiple applications or suspected multiple applications on behalf of a single client are liable to be rejected.

The ISIN for the C Shares is GG00BYNJG147 and the SEDOL is BYNJG14.

Subject to their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA in the event of the publication of a supplementary prospectus, applicants may not withdraw their applications for C Shares.

Applicants wishing to exercise their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA after the publication by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST Member with Capita Asset Services, by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by email to withdraw@capitaregistrars.com so as to be received not later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Capita Asset Services after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant applicant of his subscription in full and the allotment of Ordinary Shares to such applicant becoming unconditional. In such event Shareholders are recommended to seek independent legal advice.

6 CREST

CREST is a paperless settlement procedure enabling securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. The Articles permit the holding of Ordinary Shares under the CREST system and the Company has applied for the C Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the C Shares following Admission may take place within the CREST system if any Shareholder so wishes (provided that the C Shares are not in certificated form).

CREST is a voluntary system and, upon the specific request of a Shareholder, the C Shares of that Shareholder which are being held under the CREST system may be exchanged, in whole or in part, for share certificates.

If a Shareholder or transferee requests C Shares to be issued in certificated form, a share certificate will be despatched either to them or their nominated agent (at their own risk) within 21 days of completion of the registration process or transfer, as the case may be, of the C Shares. Shareholders who are non-U.S. Persons holding definitive certificates may elect at a later date to hold their C Shares through CREST in uncertificated form provided that they surrender their definitive certificates.

7 Dealing arrangements

Application will be made for the C Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective, and that dealings in the C Shares will commence, at 8.00 a.m. on 12 December 2016.

8 Settlement

Payment for the C Shares to be acquired under the Placing should be made in accordance with settlement instructions provided to investors by Winterflood. Payment for the C Shares applied for under the Offer for Subscription should be made in accordance with the instructions contained in the Application Form set out at the end of this document. Payment for the C Shares applied for under the Open Offer should be made in accordance with the instructions contained in the Application Form accompanying this document. To the extent that any subscription or application for C Shares is rejected in whole or part, monies will be returned to the applicant without interest.

9 Taxation

Potential investors are referred to in Part 10 of this document for details of the taxation treatment of the Company and of Shareholders in the U.K.

Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the U.K. are strongly advised to consult their own professional advisers immediately.

10 Overseas investors

No action has been taken to permit the distribution of this document in any jurisdiction outside the United Kingdom where such action is required to be taken. This document may not therefore be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Accordingly, no person receiving a copy of this document in any territory other than the United Kingdom, may treat the same as constituting an offer or invitation to him to acquire, subscribe for or purchase C Shares nor should he in any event acquire, subscribe for or purchase C Shares unless such an invitation, acquisition, subscription or purchase complies with any registration or other legal requirements in the relevant territory. Any person outside the United Kingdom wishing to acquire, subscribe for or purchase C Shares should satisfy himself that, in doing so, he complies with the laws of any relevant territory, and that he obtains any requisite governmental or other consents and observes any other applicable formalities.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the C 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 or in any Restricted Jurisdiction. The C Shares are only being offered and only sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the Securities Act provided by Regulation S thereunder. The C Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person. Investors should additionally consider the provisions set out under the heading "Important Information" at the beginning of this document.

The Company reserves the right to treat as invalid any agreement to subscribe for C Shares under the Issue if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

11 Subscriber warranties

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

- 11.1 it is not a U.S. Person, is not located within the United States and is not acquiring the C Shares for the account or benefit of a U.S. Person;
- 11.2 it is acquiring the C Shares in an offshore transaction meeting the requirements of Regulation S;
- 11.3 it acknowledges that the C Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;
- 11.4 it acknowledges that the Company has not been registered under the U.S. Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- 11.5 no portion of the assets used to purchase, and no portion of the assets used to hold, the C 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 Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the 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 Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law

that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Code, its purchase, holding, and disposition of the C Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- 11.6 that if any C Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

SQN ASSET FINANCE INCOME FUND (THE "COMPANY") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT"). 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, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE U.S. SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.

- 11.7 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the C Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which will not require the Company to register under the U.S. Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 11.8 it is purchasing the C 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 C Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- 11.9 it acknowledges that the Company reserves the right to make enquiries of any holder of C 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 C Shares or interests in accordance with the Articles;
- 11.10 it is entitled to acquire the C 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 C Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the U.K. Investment Manager or Winterflood, or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Issue;
- 11.11 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the C Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 11.12 if it is acquiring any C Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account; and

11.13 the Company, the Investment Manager, the U.K. Investment Manager, Winterflood, 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 7 THE C SHARES

1 C Shares

The Issue will be of C Shares, which will be issued at the Issue Price. An issue of C Shares is designed to overcome the potential disadvantages for existing Ordinary Shareholders which could arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- the C Shares will not convert into Ordinary Shares until at least 85 per cent. of the net proceeds of the C Share issue (or such other percentage as the Directors and Investment Manager shall agree) have been invested in accordance with the Company's investment policy (or, if earlier, twelve months after the date of their issue);
- the assets representing the Net Proceeds from the issue of the C Shares will be accounted for and managed as a distinct pool of assets until the Conversion Time. By accounting for the Net Proceeds separately, holders of existing Ordinary Shares will not be exposed to a portfolio containing a substantial amount of uninvested cash before Conversion;
- the Net Asset Value of the existing Ordinary Shares will not be diluted by the expenses associated with the Issue, which will be borne by the subscribers for C Shares; and
- the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares will become entitled will reflect the relative Net Asset Values per Share of the assets attributable to the C Shares and the Ordinary Shares. As a result, the Net Asset Value attributable to the Ordinary Shares can be expected to be unchanged by the issue and conversion of any C Shares.

The new Ordinary Shares arising on Conversion of the C Shares will rank *pari passu* with the Ordinary Shares then in issue and will have the rights set out in the Articles which are summarised in Part 9 of this document.

2 Conversion of C Shares

The Net Proceeds and the investments made with the Net Proceeds will be accounted for and managed as a separate pool of assets until the date on which at least 85 per cent. of the Net Proceeds (or such other percentage as the Directors and the Investment Managers shall agree) has been invested in accordance with the Company's investment policy (or, if earlier, twelve months after the date of issue of the C Shares). The Conversion Ratio will then be calculated (calculated to four decimal places (with 0.00005 being rounded upwards)) and the C Shares in issue will convert into a number of Ordinary Shares calculated by reference to the net assets then attributable to C Shares compared to the net assets at the same time attributable to Ordinary Shares then in issue. Entitlements to Ordinary Shares will be rounded down to the nearest whole number.

The following example is provided for the purpose of illustrating the basis on which the number of new Ordinary Shares arising on Conversion will be calculated. The example is not, and is not intended to be, a profit forecast or a forecast of the number of Ordinary Shares which will arise on Conversion.

The example illustrates the number of Ordinary Shares which would arise in respect of the Conversion of 1,000 C Shares held at the Calculation Time, using assumed Net Asset Values attributable to the C Shares and the existing Ordinary Shares, in each case as at the Calculation Time. The assumed Net Asset Value attributable to the existing Ordinary Shares is that at the close of business on 14 October 2016, being 98.71 pence per Ordinary Share. The assumed Net Asset Value attributable to the C Shares is calculated on the basis that there are no returns on the net proceeds of the Issue in the period from Admission to the Calculation Time.

Number of C Shares subscribed	1,000
Amount subscribed	£1,000
Net Asset Value attributable to a C Share at the Calculation Time	98.20p
Net Asset Value attributable to an Ordinary Share at the Calculation Time	98.71p
Conversion Ratio	1.00: 0.9948
Number of new Ordinary Shares arising on Conversion	994

The rights and restrictions attaching to the C Shares are set out in the Articles and are summarised below.

3 Definitions

The following definitions apply (for the purposes of this Part 7 of this document only) in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this document.

C Share Surplus in relation to any tranche of C Shares means the net assets of the Company attributable to the C Shares in that tranche, being the assets attributable to the C Shares in that tranche (including for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to such C Shares;

Calculation Time means the earliest of the:

- (a) close of business on the date to be determined by the Directors after the day on which the Investment Managers shall have given notice to the Directors that at least 85 per cent. of the Net Proceeds attributable to the relevant tranche of C Shares (or such other percentage as the Directors and the Investment Managers shall agree) shall have been invested; or
- (b) close of business on the date falling 12 (twelve) calendar months after the allotment of the relevant tranche of C Shares or if such a date is not a Business Day the next following Business Day; or
- (c) close of business on the last Business Day prior to the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent; or
- (d) close of business on such date as the Directors may determine;

Conversion means, in relation to any tranche of C Shares, conversion of that tranche of C Shares in accordance with paragraph 4.8 below;

Conversion Ratio is the ratio of the Net Asset Value per C Share of the relevant tranche of C Share to the Net Asset Value per Share of the corresponding class, which is calculated to 4 decimal places as at the Calculation Time (with 0.00005 being rounded upwards) as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

Where:

$$A = \frac{C - D}{E}$$

$$B = \frac{F - G}{H}$$

where:

“C” is the value of the investments of the Company attributable to the C Shares of the relevant tranche calculated in accordance with the accounting principles adopted by the Company from time to time;

“D” is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares of the relevant tranche at the Calculation Time) which, in the Directors’ opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares of the relevant tranche at the Calculation Time;

“E” is the number of C Shares of the relevant tranche in issue at the Calculation Time;

“F” is the value of the investments of the Company attributable to the Ordinary Shares of the relevant class calculated in accordance with the accounting principles adopted by the Company from time to time;

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

“H” is the number of Ordinary Shares of the relevant class in issue at the Calculation Time (excluding any Ordinary Shares of the relevant class held in treasury),

provided that the Directors shall make such adjustments to the value or amount of A and B as the Independent Accountants shall report to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the Net Proceeds relating to the C Shares of the relevant tranche and/or to the reasons for the issue of the C Shares of the relevant tranche;

Conversion Time

means the time which falls after the Calculation Time and is the time at which the admission of the New Ordinary Shares to trading on the London Stock Exchange becomes effective and which is the earlier of:

- (a) the opening of business on such Business Day as may be selected by the Directors provided that such day shall not be more than (20) twenty Business Days after the Calculation Time; and
- (b) such earlier time as the Directors may resolve should Force Majeure Circumstances have arisen or the Directors resolve that such circumstances have arisen or are imminent;

Force Majeure Circumstances

means in relation to any tranche of C Shares (i) 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; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of that tranche with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are, proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest;

Independent Accountants

such firm of chartered accountants as the Directors may, from time to time, appoint for the purpose;

Net Proceeds

means the net cash proceeds of the issue of the C Shares of the relevant class (after deduction of those commissions and expenses relating thereto and payable by the Company);

New Ordinary Shares

Ordinary Shares arising on the conversion of the C Shares of the relevant tranche; and

Share Surplus

means the net assets of the Company less the C Share Surplus.

4 Rights of the C Shares

4.1 Issues of C Shares

Subject to the Law, the Directors shall be authorised to issue C Shares in tranches on such terms as they determine provided that such terms are consistent with the provisions contained in this paragraph. The Directors shall, on the issue of each tranche of C Shares, determine the Calculation Time and Conversion Time together with any amendments to the definition of Conversion Ratio attributable to each such tranche. Each tranche of C Shares, if in issue at the same time, shall be deemed to be a separate class of shares. The Directors may, if they so decide, designate each tranche of C Shares in such manner as they see fit in order that each tranche of C Shares can be identified.

4.2 Dividends and *pari passu* ranking of C Shares and New Ordinary Shares

The holders of C Share(s) of a tranche shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C Share Surplus of that tranche. If any dividend is declared after the issue of any tranche of C Shares and prior to the Conversion of that tranche, the holders of Ordinary Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus of the relevant tranche of C Shares. The New Ordinary Shares shall rank in full for all dividends and other distributions declared, made or paid after the Conversion Time and otherwise *pari passu* with the Ordinary Shares in issue at the Conversion Time.

4.3 Rights as to capital

The capital and assets of the Company shall, on a winding-up or on a return of capital prior, in each case, to Conversion be applied as follows:

- (a) the Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution; and
- (b) the C Share Surplus shall be divided amongst the holders of C Share(s) *pro rata* according to their holdings of C Shares.

4.4 Voting and transfer

The C Shares shall carry the right to receive notice of, and to attend or vote at, any general meeting of the Company in the same manner as Ordinary Shares (notwithstanding any difference in the respective Net Asset Values of the C Shares and Ordinary Shares). The C Shares shall be transferable in the same manner as the Ordinary Shares.

4.5 Redemption

The C Shares are issued on terms that each tranche of C Shares shall be redeemable by the Company in accordance with the terms set out in the Articles. At any time prior to Conversion, the Company may, at its discretion, redeem all or any of the C Shares then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject to the facilities and procedures of CREST) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holders of C Share(s).

4.6 Class consents and variation of rights

Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue, until Conversion of all such C Shares it shall be a special right attaching both to the Ordinary Shares and to the C Shares for the time being as separate classes that, save that with the sanction or consent of such holders given in accordance with the Articles that:

- (a) no alteration shall be made to the Memorandum or Articles of the Company;
- (b) no allotment or issue of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares shall be made, and
- (c) no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Ordinary Shares and/or C Shares shall not be required in respect of:

- (d) the issue of further Ordinary Shares ranking *pari passu* in all respects with the existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the existing Ordinary Shares by the issue of such further Ordinary Shares), or
- (e) the sale of any shares held as treasury shares or the purchase of any shares by the Company (whether or not such shares are to be held in treasury).

4.7 Undertakings

Until Conversion, and without prejudice to its obligations under the Law, the Company shall in relation to each tranche of C Shares:

- (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 tranche 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 shall be created and maintained in the books of the Company for the assets attributable to the C Shares of the relevant tranche; and
- (b) allocate to the assets attributable to the C Shares of the relevant tranche such proportion of the expenses or liabilities of the Company incurred or accrued between the date of issue of such C Shares and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares of the relevant tranche including, without prejudice to the generality of the foregoing, those liabilities specifically identified in the definition of Conversion Ratio; and
- (c) manage the Company's assets so that such undertakings can be complied with by the Company.

4.8 Conversion

In relation to each tranche of C Shares, the C Shares shall be converted into New Ordinary Shares at the Conversion Time in accordance with the following provisions of this paragraph. The Directors shall procure that:

- (a) the Company (or its delegate) calculate, within ten Business Days after the Calculation Time, the Conversion Ratio as at the Calculation Time and the number of New Ordinary Shares to which each holder of C Shares of that tranche shall be entitled on Conversion; and
- (b) the Independent Accountants shall be requested to certify, within fifteen Business Days after the Calculation Time, that such calculations:
 - (i) have been performed in accordance with the Articles; and
 - (ii) 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.

The Directors shall procure that, as soon as practicable following such certification, an announcement is made to a Regulatory Information Service, advising holders of C Share(s) of that tranche, of the Conversion Time, the Conversion Ratio and the aggregate number of New Ordinary Shares to which holders of C Share(s) of that tranche are entitled on Conversion.

4.9 Conversion shall take place at the Conversion Time

On Conversion:

- (a) each issued C Share of the relevant tranche shall automatically convert into such number of New Ordinary Shares as shall be necessary to ensure that, upon Conversion being completed, the aggregate number of New Ordinary Shares into which the C Shares convert equals the aggregate number of C Shares of that tranche in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole New Ordinary Share);

- (b) the New Ordinary Shares arising upon Conversion shall be divided amongst the former holders of C Share(s) *pro rata* according to their respective former holdings of C Shares of the relevant tranche (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New Ordinary Shares, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former holders of C Share(s), in the case of a share in certificated form, to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of the former holders of any C Shares who shall be bound by them; and
- (c) any certificates relating to the C Shares of the relevant tranche shall be cancelled and the Company shall issue to each such former C Shareholder new certificates in respect of the New Ordinary Shares which have arisen upon Conversion unless such former holder of any C Shares elects to hold his New Ordinary Shares in uncertificated form.

**PART 8
FINANCIAL INFORMATION**

The statutory financial statements for the Group for the periods ending on 30 June 2015 (the “2015 Annual Report and Accounts”) and 30 June 2016 (the “2016 Annual Report and Accounts”) were audited by Baker Tilly CI Audit Limited, whose report was unqualified and did not contain any statements under section 262 of the Law.

1 Selected financial information

	2015 Annual Report and Accounts (Audited)	2016 Annual Report and Accounts (Audited)
Total assets (£)	179,422,646	370,838,313
Total liabilities (£)	(567,403)	(16,008,395)
Net assets (£)	178,855,243	354,829,918
Net assets per Ordinary Share (p)	99.93	99.45
Earnings per Ordinary Share (p)	4.47	6.64
Net assets per C Share (p)	—	98.24
Earnings per C Share (p)	—	0.66

2 Operating and financial review

The Group’s 2015 Annual Report and Accounts and 2016 Annual Report and Accounts (which have been incorporated in this document by reference) included, on the pages specified in the table below, descriptions of the Group’s financial condition (in both capital and revenue terms); details of the Group’s investment activity and portfolio exposure; and changes in its financial condition for those periods.

Nature of information	2015 Annual Report and Accounts (Audited) Page no(s)	2016 Annual Report and Accounts (Audited) Page no(s)
Chairman’s Statement	5 – 6	6-7
Manager’s Report	10 – 15	12 – 21
Portfolio	10	—

The parts of the above-mentioned documents which are not incorporated by reference into this Prospectus are either not relevant for investors or are covered elsewhere within this Prospectus.

3 Availability of annual reports and accounts for inspection

The Group’s 2015 Annual Report and Accounts and 2016 Annual Report and Accounts are available online at www.sqnassetfinance.com and www.morningstar.co.uk/uk/nsm and are also available for inspection at the address referred to in paragraph 13 of Part 9 of this document.

	2015 Annual Report and Accounts Page no(s)	2016 Annual Report and Accounts Page no(s)
Independent Auditor’s Report	30 – 32	36 – 40
Income Statement	33	41
Balance Sheet	34	42
Statement of Changes in Equity	35	43
Cash Flow Statement	36	44
Notes to the Accounts	37 – 53	45 – 68

The Group's 2015 Annual Report and Accounts and 2016 Annual Report and Accounts have been prepared in accordance with IFRS and the Statement of Recommended Practice, issued by the Association of Investment Companies in November 2014.

4 Capitalisation and indebtedness

The capitalisation and indebtedness of the Company as at 30 June 2016 and 30 September 2016, respectively, are as set out below.

Capitalisation of the Company as at 30 June 2016

The following table shows the capitalisation of the Company as at 30 June 2016 which has been extracted, without material adjustment, from the 2016 Annual Report and Accounts:

	GBP As at 30 June 2016
Shareholders' equity/ Capitalisation:	
Share capital	353,716,434
Legal reserves	—
Other Reserves	—
Total Capitalisation	353,716,434

There has been no material change in the capitalisation of the Company since 30 June 2016, save for the impact of the conversion of 180,000,000 C Shares into 178,722,000 Ordinary Shares on 25 October 2016.

Indebtedness of the Company as at 30 September 2016 – Secured vs Unsecured

The following table shows the indebtedness of the Company as at 30 September 2016 (split between secured and unsecured indebtedness) which has been sourced from the Company's internal accounting records:

	GBP As at 30 September 2016
Total current debt:	
Guaranteed	—
Secured	—
Unguaranteed / Unsecured	(173,706)
Total non-current debt (excluding current portion of long term debt):	
Guaranteed	—
Secured	—
Unguaranteed / unsecured	—

Indebtedness of the Company at 30 September 2016- Borrowing Type

The following table shows the indebtedness and liquidity of the Company by borrowing type as at 30 September 2016 which has been sourced from the Company's internal accounting records:

	GBP As at 30 September 2016
Net indebtedness/ (liquidity):	
Cash	39,887,122
Cash equivalent (Collateral Account)	16,451,947
Trading Securities	—
Liquidity	56,339,069
Current Financial Receivable	—
Current bank debt	(173,706)
Current portion of non current debt	—
Other current financial debt	—
Current financial debt	(173,706)
Net current Financial Liquidity	56,165,362
Non current Bank Loans	—
Bonds issued	—
Other non current loans	—
Non current Financial Indebtedness	—
Net financial liquidity	56,165,362

As at 30 September 2016, the Company had committed to invest a further £50,736,575. These commitments comprised "hard commitments" of £29,736,575 which represent investments for which the documentation is finalised and "soft commitments" of £21,000,000 which represent investments at varying stages of documentation.

Indirect and contingent liquidity at 30 September 2016

The following table sets out the indirect and contingent liquidity of the Company as at 30 September 2016 which has been sourced from the Company's internal accounting records:

	GBP As at 30 September 2016
Indirect and contingent liquidity	
Derivative liability	(16,794,886)

5 Working capital

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months following the date of this document.

6 Ongoing fees and expenses of the Company

Ongoing operational expenses will include fees payable under the Investment Management Agreement, the Administration Agreement, the Registrar Agreement, Directors' fees and expenses, audit costs, the Company's broker's fees, expenses of publishing reports, notices and proxy materials to Shareholders, expenses of convening and holding meetings of Shareholders, costs of preparing, printing and/or filing all reports and other documents relating to the Company, expenses of making any capital distributions, insurance premia in respect of directors' and officers' liability insurance for members of the Board, fees of the Commission, London Stock Exchange fees and associated fees of Admission. In respect of the financial year ended 30 June 2016, these costs and expenses represented 1.31 per cent. of the Company's Net Asset Value.

PART 9
ADDITIONAL INFORMATION

1 The Company

- 1.1 The Company was incorporated and registered in Guernsey with registered number 58519 on 28 May 2014 under the name SQN Asset Finance Income Fund Limited. The Company is regulated by the Commission and registered as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law.
- 1.2 The Company is domiciled in Guernsey. The registered office and principal place of business of the Company is at BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA, Guernsey (telephone number +44 1481 750822). The address of the Company's corporate website is www.sqnassetfinance.com.
- 1.3 The principal legislation under which the Company operates (and under which the C Shares will be created) is the Law together with the ordinances and regulations made under the Law. The liability of the Company's members is limited.
- 1.4 The Commission 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.
- 1.5 The Company does not have any employees.
- 1.6 The Company does not have, nor will it be establishing, any share incentive scheme in relation to the Board or any personnel of any third party service providers.
- 1.7 At the date of this document, the Company has five wholly-owned subsidiaries:
 - (a) SQN Asset Finance (Guernsey) Limited, a limited liability company incorporated in Guernsey on 5 June 2014 with registered number 58559;
 - (b) SQN AFIF (AMBER) Limited, a limited liability company incorporated in Guernsey on 6 February 2015 with registered number 59800;
 - (c) SQN AFIF (BRONZE) Limited, a limited liability company incorporated in Guernsey on 4 March 2015 with registered number 59959;
 - (d) SQN AFIF (Cobalt) Limited, a limited liability company incorporated in Guernsey on 16 March 2016 with registered number 61742; and
 - (e) SQN AFIF (Diamond) Limited, a limited liability company incorporated in Guernsey on 16 March 2016 with registered number 61743.

2 Share capital

- 2.1 The share capital of the Company is represented by an unlimited number of shares of no par value. On incorporation, the issued share capital of the Company was £1.00 consisting of one Ordinary Share of no par value, fully paid up.
- 2.2 On 9 July 2014, the Company issued 150 million Ordinary Shares as part of its initial public offering. On 10 June 2015, the Company issued a further 28,985,507 Ordinary Shares. On 9 November 2015, the Company issued 180,000,000 C Shares. These C Shares were converted into 178,722,000 Ordinary Shares on 25 October 2016.
- 2.3 At the Extraordinary General Meeting, the Directors are seeking authority to disapply pre-emption rights in respect of the issue of up to 180 million C Shares for the purposes of the Issue.
- 2.4 Set out below are details of the share capital of the Company (i) as at the date of this document; and (ii) as it will be immediately following the Issue but before Conversion (assuming 150 million C Shares are subscribed for under the Issue):
 - (a) 357,707,507 Ordinary Shares of no par value; and
 - (b) 357,707,507 Ordinary Shares of no par value and 150 million C Shares of no par value.
- 2.5 Following Admission, the C Shares will be capable of being held in uncertificated form. In the case of C Shares held in uncertificated form, the Articles permit the holding and transfer of C Shares under CREST. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than

by written instrument. The Directors will apply for the C Shares to be admitted to CREST. The records in respect of C Shares held in uncertificated form will be maintained by Euroclear U.K. & Ireland Limited, the Registrar and the Receiving Agent (details of whom are set out on pages 33 and 34).

- 2.6 It is anticipated that, where appropriate, share certificates will be despatched by first class post within 14 days of Admission. Temporary documents of title will not be issued. Prior to the despatch of definitive share certificates, transfers will be certified against the register.
- 2.7 The legislation under which the C Shares have been and/or will be created is the Law. There are no restrictions on the free transferability of the C Shares, subject to compliance with the Articles and applicable securities laws. The Ordinary Shares and the C Shares are in registered form.
- 2.8 The C Shares will be allotted and issued in accordance with the Company's Articles conditional upon Admission, pursuant to a resolution of the Board.
- 2.9 The C Shares will be denominated in Sterling. The ISIN number of the C Shares is GG00BYNJG147.
- 2.10 As at the date of this document:
 - (a) the Company does not hold any treasury shares and no Shares were held by, or on behalf of, the Company;
 - (b) no Shares have been issued otherwise than as fully paid;
 - (c) the Company has 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;
 - (e) no capital of the Company is under option or is agreed, conditionally or unconditionally, to be put under option; and
 - (f) there are no restrictions on the transfer of Shares other than the restrictions described in the Articles (see paragraph 3 below), including (without limitation) that the Board may refuse to register a transfer of shares which might result in: (i) the Company incurring a liability in connection with being required to register as an "investment company" under the U.S. Investment Company Act; (ii) the Company losing an exemption from the requirement to register as an investment company under the U.S. Investment Company Act; (iii) the assets of the Company being deemed to be assets of an ERISA Plan Investor; or (iv) the offer and sale being subject to registration under the Securities Act, and that the Board may require the transfer of shares by a person believed to be an ERISA Plan Investor.

3 Memorandum and Articles of Incorporation

3.1 General

The Articles were adopted on 11 June 2014 by way of a special written resolution. The Articles and the memorandum of incorporation of the Company contain, *inter alia*, provisions as summarised below. This summary is qualified in its entirety by the Articles. Defined terms where used in this section shall, unless otherwise defined, bear the meaning ascribed to them in the Articles. In addition to the provisions summarised below, the Articles also contain details of the rights attaching to the C Shares. Further details on the C Shares can be found in Part 7 of this document.

3.2 Unrestricted objects

The objects and powers of the Company are not restricted.

3.3 Ordinary Share rights

The holders of Ordinary Shares shall have the following rights:

- (a) Dividends: Holders of Ordinary Shares are entitled to receive, and participate in, any dividends or other distributions resolved to be distributed in respect of any accounting period or other period.

- (b) Winding Up: On a winding up, the holders of Ordinary Shares shall be entitled to the surplus assets remaining after payment of all the creditors of the Company.
- (c) Voting: The holders of Ordinary Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company and each holder of Ordinary Shares being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Ordinary Share held by him.
- (d) Variation: The rights attached to any class of shares may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.
- (e) Further issues of shares: the Company will not allot any shares in the capital of the Company which are unissued from time to time ("**Unissued Shares**") to any person unless it has previously offered to each holder of Ordinary Shares to allot to him on the same or more favourable terms a proportion of those Unissued Shares which is as nearly as practicable equal to the proportion held by him of the aggregate Ordinary Shares in issue at such date.

3.4 Restrictions on members

- (a) No member shall be entitled to be present or take part in any proceedings or vote, either personally or by proxy, at any meeting unless all calls due from him have been paid.
- (b) The Directors shall have the power by notice in writing to require any member to disclose to the Company the identity of any person other than the member who has any interest in the shares and the nature of such interest. Where the member fails to comply with the notice within a period of time prescribed by the Articles, the Company may give the holder of those C Shares a direction notice, which imposes restrictions on those Shares while the default continues, which restrictions may include restrictions on any dividend, distribution or other payment which would otherwise be paid on the shares, restrictions on the transfer of such shares, the disentitlement to attend, speak or vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class, in person or by proxy, or to exercise any privilege as a member in relation to meetings of the Company.
- (c) For so long as the Company has any of its shares admitted to trading on the London Stock Exchange, every member shall comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules as if the Company were classified as an "issuer" whose "Home State" is the "United Kingdom" but not a "non U.K. issuer" (as such terms are defined in the FCA Handbook of Rules and Guidance). If it shall come to the attention of the Directors that any member has not, within the requisite period made or, as the case may be, procured the making of any notification required, the Company may (in the absolute discretion of the Directors) at any time thereafter by notice impose restrictions on those shares while the default continues, which restrictions may include restrictions on any dividend, distribution or other payment which would otherwise be paid on the shares, restrictions on the transfer of such shares, the disentitlement to attend, speak or vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class, in person or by proxy, or to exercise any privilege as a member in relation to meetings of the Company.

3.5 Life of the Company

The Company shall have an unlimited life. The Directors shall propose one or more ordinary resolutions at the annual general meeting to be held in 2017 and at every third annual general meeting thereafter that the Company continue as a closed ended investment company (the "**Continuation Resolution**"). In the event that a Continuation Resolution is not passed, the Directors shall formulate proposals to be put to

Shareholders as soon as is practicable but, in any event, by no later than six months after the Continuation Resolution is not passed, to reorganise, unitise or reconstruct the Company or for the Company to be wound up with the aim of enabling Shareholders to realise their holdings in the Company.

3.6 Changes to the Company's investment policy

Any material change to the Company's investment policy will require approval by way of an ordinary resolution of the Shareholders.

3.7 Representatives of corporations

Any corporation which is a member may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members of the Company or to approve any resolution submitted in writing and the person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual member of the Company.

3.8 General meetings

- (a) The Board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Law. Subject to the Law, the Board may convene a general meeting whenever it thinks fit.
- (b) A general meeting (including an annual general meeting) of the Company (other than an adjourned meeting) must be called by notice of at least fourteen (14) clear days.
- (c) The ordinary business of an annual general meeting shall be to receive and consider the profit and loss account and the balance sheet of the Company and the reports of the Directors and the Auditors, if any, to elect or re-elect Directors and appoint Auditors in the place of those retiring, to fix the remuneration of the Directors and Auditors, to sanction or declare final dividends (if required by the Articles) and to transact any other ordinary business which ought to be transacted at such meeting. All other business of an annual general meeting shall be deemed special and shall be subject to notice as hereinbefore provided. The quorum for a general meeting shall be two (2) or more members present in person or by proxy save that the quorum for a general meeting shall be one (1) or more member present in person or by proxy if the Company only has one member.

3.9 Uncertificated shares

Subject to the Law, the Directors without further consultation with the holders of any shares or securities of the Company may resolve that any class or classes of share or other securities of the Company from time to time in issue or to be issued may be in uncertificated form and no provision in the Articles will apply to any uncertificated share or other securities of the Company to the extent they are inconsistent with the holding of such shares or other securities in uncertificated form or the transfer of title to any such shares or other securities by means of a Relevant System.

3.10 Electronic communications

All members shall be deemed to have agreed to accept communication from the Company by electronic means in accordance with Sections 524 and 526 and Schedule 3 of the Law unless a member notifies the Company otherwise. Notice under this paragraph must be in writing and signed by the member and delivered to the Company's Office or such other place as the Board directs.

3.11 Dividends

- (a) Subject to compliance with Section 304 of the Law and the rights of the C Shares as set out in Part 7 of this Prospectus, the Board may at any time declare and pay such dividends as appear to be justified by the position of the Company. The Board may also declare and pay any fixed dividend which is payable on any shares of the Company quarter-yearly or otherwise on fixed dates whenever the position in the opinion of the Board so justifies.
- (b) The method of payment of dividends shall be at the discretion of the Board.

- (c) No dividend shall be paid in excess of the amounts permitted by the Law or approved by the Board.
- (d) Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be declared and paid *pro rata* according to the number of shares held by each member. For the avoidance of doubt, where there is more than one class of share in issue, dividends declared in respect of any class of share shall be declared and paid *pro rata* according to the number of shares of the relevant class held by each member.
- (e) The Board may deduct from any dividend payable to any member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
- (f) The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.
- (g) The Board may retain dividends payable upon shares in respect of which any person is entitled to become a member until such person has become a member.
- (h) With the sanction of the Company in general meeting, any dividend may be paid wholly or in part by the distribution of specific assets and, in particular, of paid-up shares of the Company. Where any difficulty arises in regard to such distribution, the Board may settle the same as it thinks expedient and in particular may issue fractional shares and fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of members and may vest any such specific assets in trustees for the members entitled as may seem expedient to the Board.
- (i) Any dividend interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the Register. Any one of two or more joint holders may give effectual receipts for any dividends, interest or other monies payable in respect of their joint holdings. In addition, any such dividend or other sum may be paid by any bank or other funds transfer system or such other means (including, in relation to any dividend or other sum payable in respect of shares held in uncertificated form, by means of a Relevant System in any manner permitted by the rules of the Relevant System concerned) and to or through such person as the holder or joint holders (as the case may be) may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions. Any one of two or more joint holders may give effectual receipts for any dividends interest bonuses or other monies payable in respect of their joint holdings.
- (j) No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.
- (k) All unclaimed dividends 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 a trustee in respect thereof. All dividends unclaimed for a period of six (6) years after having been declared shall be forfeited and shall revert to the Company.

3.12 Untraced shareholders

- (a) The Company shall be entitled to sell (at a price which the Company shall use its reasonable endeavours to ensure is the best obtainable) the shares of a member or the shares to which a person is entitled by virtue of transmission on death or insolvency or otherwise by operation of law if and provided that:

- (i) during the period of not less than twelve (12) years prior to the date of the publication of the advertisements referred to below (or, if published on different dates, the first thereof) at least three (3) dividends in respect of the shares in question have become payable and no dividend in respect of those shares has been claimed; and
 - (ii) the Company shall following the expiry of such period of twelve (12) years have inserted advertisements in a national newspaper and/or in a newspaper circulating in the area in which the last known address of the member or the address at which service of notices may be effected under the Articles is located giving notice of its intention to sell the said shares; and
 - (iii) during the period of three (3) months following the publication of such advertisements (or, if published on different dates, the last thereof) the Company shall have received indication neither of the whereabouts nor of the existence of such member or person; and
 - (iv) notice shall have been given to the stock exchanges on which the Company is listed, if any.
- (b) The foregoing provisions of this paragraph are subject to any restrictions applicable under any regulations relating to the holding and/or transferring of securities in any paperless system as may be introduced from time to time in respect of the shares of the Company or any class thereof.

3.13 Distributions of assets otherwise than in cash

If the Company is wound up whether voluntarily or otherwise the liquidator may with the sanction of a special resolution divide among the members *in specie* any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the members as the liquidator with the like sanction shall think fit.

3.14 Transfer and transmission of shares

- (a) The Directors shall have the power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of the CREST U.K. system. Where they do so, paragraph 3.12(b) shall commence to have effect immediately prior to the time at which Euroclear admits the class to settlement by means of the CREST U.K. system.
- (b) In relation to any class of shares which, for the time being, Euroclear has admitted to settlement by means of the CREST U.K. system, and for so long as such class remains so admitted, no provision of the Articles shall apply or have effect to the extent that it is in any respect inconsistent with:
 - (i) the holding of shares of that class in uncertificated form;
 - (ii) the transfer of title to shares of that class by means of the CREST U.K. system; or
 - (iii) the CREST Guernsey Regulations.
- (c) Subject to such of the restrictions of the Articles as may be applicable:
 - (i) any member may transfer all or any of his uncertificated shares by means of a Relevant System authorised by the Board in such manner provided for, and subject as provided, in any regulations issued for this purpose under the Law or such as may otherwise from time to time be adopted by the Board on behalf of the Company and the rules of any relevant system and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred;
 - (ii) any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve; and

- (iii) 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. An instrument of transfer of a certificated share need not be under seal.
- (d) All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board or by any other manner as the Board may accept and permitted by the Law and the rules of each stock exchange on which the relevant shares may be listed. Any instrument of transfer shall be signed by or on behalf of the transferor who shall be deemed to remain the holder until the name of the transferee is entered in the Register. A transfer in respect of shares which are not fully paid shall also be signed by the transferee.
- (e) Every instrument of transfer shall be left at the registered office of the Company or such other place as the Board may prescribe with the certificate (if applicable) of every share to be transferred and such other evidence as the Board may reasonably require to prove the title of the transferor or his right to transfer the shares; and the transfer and certificate shall remain in the custody of the Board but shall be at all reasonable times produced at the request and expense of the transferor or transferee or their respective representatives.
- (f) The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in certificated form or uncertificated form which is not fully paid or on which the Company has a lien, provided, in the case of a listed or publicly traded share that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the directors may refuse to register a transfer of shares unless:
 - (i) it is in respect of only one class of shares;
 - (ii) it is in favour of a single transferee or not more than four joint transferees; and
 - (iii) it is delivered for registration to the registered office of the Company or such other place as the Board may decide, accompanied by the certificate(s) for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.
- (g) The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in regulations issued for this purpose under the Law, and where, in the case of a transfer, to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.
- (h) If the Board refuse to register the transfer of a share they shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.
- (i) Subject to the provisions of the CREST Guernsey Regulations the registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of share. Any such suspension shall be communicated to members, giving reasonable notice of such suspension, by means of a recognised regulatory news service.
- (j) No fee shall be payable to the Company in respect of the registration of any transfer, probate, letters of administration, certificate of marriage or death, power of attorney, instruction or other document relating to or affecting the title to any shares.
- (k) The Company shall keep the Register in accordance with Sections 123 to 128 of the Law and the CREST Guernsey Regulations. The Register may be closed during such periods as the Board thinks fit not exceeding in all thirty days in any year.

- (l) On the death of a member the survivors where the deceased was a joint holder and the executors of the deceased where he was a sole holder shall be the only persons recognised by the Company as having any title to or interest in his shares; but nothing herein shall release the estate of a deceased joint holder from any liability in respect of any share jointly held.
- (m) A person so becoming entitled to a share in consequence of the death, bankruptcy or incapacity of a member shall have the right to receive and may give a discharge for all dividends and other money payable or other advantages due on or in respect of the share, but he shall not be entitled to receive notice of or to attend or speak or vote at meetings of the Company, or save as aforesaid, to any of the rights or privileges of a member unless and until he shall be registered as a member in respect of the share PROVIDED ALWAYS that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety (90) days the Board may thereafter withhold all dividends or other monies payable or other advantages due in respect of the share until the requirements of the notice have been complied with.
- (n) Nothing in the Articles shall preclude the Board from recognising the renunciation of the allotment of any share by the allottee in favour of some other person.
- (o) The Directors may, in their absolute discretion, refuse to register a transfer of any shares to a person that they have reason to believe is (i) an “employee benefit plan” (within the meaning of section 3(3) of ERISA) that is subject to Part 4 of Title 1 of ERISA, (ii) a plan, individual retirement account or other arrangement that is subject to section 4975 of the U.S. Internal Revenue Code or any other state, local laws or regulations that would have the same effect as regulations promulgated under ERISA by the U.S. Department of Labor and codified at 29 C.F.R. Section 2510.3-101 to cause the underlying assets of the Company to be treated as assets of that investing entity by virtue of its investment (or any beneficial interest) in the Company and thereby subject the Company, the Investment Managers (or other persons responsible for the investment and operation of the Company’s assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or section 4975 of the U.S. Internal Revenue Code, or (iii) an entity whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each of (i), (ii) and (iii), a “Plan”) or (iv) a U.S. Person in circumstances where the holding of shares by such person would (a) give rise to an obligation on the Company to register as an “investment company” under the Investment Company Act; (b) preclude the Company from relying on the exception to the definition of “investment company” contained in section 3(c)(7) of the Investment Company Act; (c) give rise to an obligation on the Company to register under the Exchange Act, as amended; or (d) result in the Company not being considered a “Foreign Private Issuer” as that term is defined by Rule 3b-4(c) promulgated under the Exchange Act; or (e) give rise to an obligation on the Investment Managers to register as a commodity pool operator or commodity trading advisor under the U.S. Commodity Exchange Act of 1974, as amended (each such U.S. Person, a “Prohibited U.S. Person”). Each person acquiring shares shall by virtue of such acquisition be deemed to have represented to the Company that they are not a Prohibited U.S. Person.
- (p) If any shares are owned directly or beneficially by a person believed by the Board to be a Prohibited U.S. Person, the Board may give notice to such person requiring them either (i) to provide the Board within thirty (30) days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Prohibited U.S. Person or (ii) to sell or transfer their shares to a person qualified to own the same within 30 days and within such thirty (30) days to provide the Board with satisfactory evidence of such sale or transfer. Where condition (i) or (ii) is not satisfied within thirty (30) days after the serving of the notice, the person will be deemed, upon the expiration of such thirty (30) days, to have forfeited their shares.

- (q) For the avoidance of doubt, nothing in the Articles shall require the shares to be transferred by written instrument if the Law provides otherwise and the Board shall be empowered to implement such arrangements as they consider fit in accordance with and subject to the Law and the rules of the U.K. Listing Authority to evidence and regulate the transfer of title to shares in the Company and for the approval or disapproval as the case may be by the Directors or the operator of any Relevant System of the registration of those shares.

3.15 Repurchase of shares

The Company may, at the discretion of the Board, purchase any of its own shares, whether or not they are redeemable, and may pay the purchase price in respect of such purchase to the fullest extent permitted by the Law.

3.16 Directors

- (a) The first Directors have been specified in the application for incorporation prepared in accordance with Section 17 of the Law. Unless a sole Director is specified in the application for incorporation and until otherwise determined by the Board, the number of Directors shall be not less than two (2). At no time shall a majority of Directors, including any duly appointed alternates, be resident in the United Kingdom, and a person shall not be appointed a Director if as a result of such appointment the Board would cease to consist of a majority of Directors resident outside the United Kingdom.
- (b) The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other provisions of the Articles) shall not exceed in aggregate £200,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Such remuneration shall be deemed to accrue from day to day.
- (c) The Board may at any time appoint one or more of their body (other than a Director in the United Kingdom) to be holder of any executive office including the office of managing Director on such terms and for such periods as they may determine. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.
- (d) The Directors shall also be paid all reasonable travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.
- (e) At every annual general meeting any Director:
 - (i) appointed by the Board since the last annual general meeting; or
 - (ii) who held office at the time of the two preceding annual general meetings and who did not retire at either of them,

shall retire from office and may offer himself for re-appointment by the members.

- (f) A Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board in accordance with Section 162 of the Law:
 - (i) if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest; or
 - (ii) if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest.
- (g) Paragraph 3.16(f) does not apply if:
 - (i) the transaction or proposed transaction is between the Director and the Company; and
 - (ii) the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

- (h) A general disclosure to the Board to the effect that a Director has an interest (as director, officer, employee, member or otherwise) in a party and is to be regarded as interested in any transaction which may after the date of the disclosure be entered into with that party is sufficient disclosure of interest in relation to that transaction.
- (i) Nothing in paragraphs 3.16(f) to 3.16(h) applies in relation to:
 - (i) remuneration or other benefit given to a Director;
 - (ii) insurance purchased or maintained for a Director in accordance with Section 158 of the Law; or
 - (iii) a qualifying third party indemnity provision provided for a Director in accordance with Section 159 of the Law.
- (j) Subject to paragraph 3.16(k), a Director is interested in a transaction to which the Company is a party if the director:
 - (i) is a party to, or may derive a material benefit from, the transaction;
 - (ii) has a material financial interest in another party to the transaction;
 - (iii) is a director, officer, employee or member of another party (other than a party which is an associated company) who may derive a material financial benefit from the transaction;
 - (iv) is the parent, child or spouse of another party who may derive a material financial benefit from the transaction; or
 - (v) is otherwise directly or indirectly materially interested in the transaction.
- (k) A Director is not interested in a transaction to which the Company is a party if the transaction comprises only the giving by the Company of security to a third party which has no connection with the Director, at the request of the third party, in respect of a debt or obligation of the Company for which the Director or another person has personally assumed responsibility in whole or in part under a guarantee, indemnity or security.
- (l) Save as provided in the Articles, a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise through the Company. A Director may be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- (m) A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:
 - (i) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
 - (iv) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in one per cent. (1 per cent.) or more of the issued shares of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this paragraph to be a material interest in all circumstances).

- (n) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employment with the Company or any company in which the Company is interested the Directors may be counted in the quorum for the consideration of such proposals and such proposals may be divided and considered in relation to each director separately and in such case each of the directors concerned (if not debarred from voting under the provisions of paragraph 3.16(l) above) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (o) If any question shall arise at any meeting as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of the director concerned have not been fairly disclosed.
- (p) The Company may by ordinary resolution suspend or relax the provisions of paragraphs 3.16(l) and 3.16(m) above to any extent or ratify any transaction not duly authorised by reason of a contravention of any of the said paragraphs.
- (q) Subject to paragraph 3.16(l) above the Directors may exercise the voting power conferred by the share 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 director, managing director, managers or other officer of such company or voting or providing for the payment or remuneration to the directors, managing director, manager or other officer of such company).
- (r) A Director 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 tenure of office or otherwise as the Directors may determine.
- (s) Subject to due disclosure in accordance with this paragraph 3.16, no Director or intending Director shall be disqualified by his office from contracting with the Company as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested render the Director liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- (t) Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director PROVIDED THAT nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.
- (u) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company in which the Company may be interested and (unless otherwise agreed) 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.

3.17 Borrowing powers

The Board may exercise all the powers of the Company to borrow money and to mortgage, hypothecate, pledge or charge all or part of its undertaking property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any liability or obligation of the Company or of any third party.

3.18 Liability of shareholders

The liability of the shareholders of the Company is limited to the amount, if any, unpaid on the shares held by them.

3.19 Indemnity

- (a) The Directors, Company Secretary and officers for the time being of the Company and their respective heirs and executors shall, to the extent permitted by Section 157 of the Law, be fully indemnified out of the assets and profits of the Company from and against all actions expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they shall incur by or through their own negligence, default, breach of duty or breach of trust respectively and none of them shall be answerable for the acts receipts neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company shall be placed out or invested or for any loss misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except the same shall happen by or through their own negligence, default, breach of duty or breach of trust.
- (b) The Directors may agree to such contractual indemnities for the benefit of the Secretary, officers, employees and other agents and contracting parties as they may from time to time, deem fit.
- (c) Notwithstanding paragraph 3.19(a), the Board may purchase and maintain, at the expense of the Company, insurance for the benefit of the Directors, Secretary, officers, employees and other agents and/or to cover corporate reimbursement of such Directors, Secretary, officers, employees and other agents.

4 Directors' and other interests

4.1 As at the Latest Practicable Date, the Directors held the following interests:

Director	Number of Ordinary Shares	Percentage of issued share capital
Peter Niven	59,858	0.017
John Falla	19,637	0.005
Carol Goodwin	44,893	0.012
Christopher Spencer	19,929	0.005

4.2 The Directors intend to subscribe for an aggregate of 19,982 C Shares pursuant to the Issue as follows:

Director	Number of C Shares
Peter Niven	5,000
John Falla	5,000
Carol Goodwin	5,000
Christopher Spencer	4,982

4.3 As at the Latest Practicable Date, Neil Roberts holds 149,645 Ordinary Shares in the Company and intends to subscribe for 75,000 C Shares under the Open Offer. Tim Spring, a director of the U.K. Investment Manager holds 147,353 Ordinary Shares in the Company.

4.4 Save as disclosed in paragraphs 4.1 and 4.2 above, none of the Directors has any interests, whether beneficial or non-beneficial, in the issued share capital of the Company nor, so far as is known to the Directors having made appropriate enquiries, does any person connected with them (which expressions shall be construed in accordance with sections 252 to 255 of the Companies Act 2006 and which includes for these purposes relevant personnel of the Investment Managers).

- 4.5 So far as is known to the Company by virtue of the notifications made to it pursuant to the Disclosure Guidance and Transparency Rules, as at the Latest Practicable Date the following persons held directly or indirectly 3 per cent. or more of the Company's voting rights:

	Number of Shares	% of issued share capital
Investec Wealth & Investment	45,362,598	12.68
Old Mutual Global Investors	38,687,988	10.82
Cazenove Capital Management	37,956,973	10.61
Sarasin & Partners	21,176,635	5.92
BMO Global Asset Management	16,035,890	4.48
Rathbone Investment Management	15,204,420	4.25
CCLA Investment Management	13,252,953	3.70

- 4.6 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. All Shareholders have the same voting rights in respect of the share capital of the Company.
- 4.7 There are no outstanding loans granted by the Company to any Director nor are there any guarantees provided by the Company for the benefit of any Director.
- 4.8 The Directors hold the following directorships and are partners in the following partnerships and have held the following directorships and have been partners in the following partnerships within the five years prior to the date of this document:

Name	Current directorships/partnerships	Previous directorships/partnerships
Peter Niven	ABTA Insurance PCC Limited AnaCap Atlantic Co-Investment GP Limited AnaCap Debt Opportunities Limited AnaCap Derby Co-Investment GP Limited AnaCap FP Debt Opportunities GP Limited AnaCap FP GP II Limited AnaCap FP GP III Limited AnaCap FP GP Limited AnaCap Investment Manager Limited Asset Holdings Limited Brick Global Asset Limited Equinox Russian Opportunities Fund Limited F&C Commercial Property Holdings Limited F&C Commercial Property Trust Limited F&C Holdings Limited Guernsey Portfolios PCC Limited India Capital Growth Fund Limited Leonardo Crawley Limited Lotus Global Asset Holdings Limited Prime Four Limited Round Hill Investment Management Limited Royal Bank of Canada (Channel Islands) Limited Saltus (Channel Islands) Limited SCP Estate Limited SCP Estate Holdings Limited St James Thorntonhall Limited Winchester Burma Limited	Bramshott General Partner Inc Close European Accelerated Fund Limited Dexion Trading Limited F&C Commercial Property Finance Limited <i>(voluntary liquidation)</i> PSD SVP2 Inc PSource Structured Debt Limited Resolution Holdings (Guernsey) Limited (was Sussex Holdings (Guernsey) Limited) Resolution Limited Threadneedle Asset Backed Income Limited
John Falla	Duet Real Estate Finance Limited Omnium Investments PCC Limited Hadrian's Wall Secured Investments Limited NB PEP Holdings Limited NB PEP Investments Limited NB PEP Investments LP Limited NB Private Equity Partners Limited	CBR Holding (Luxembourg) SA CTBR Holding Limited Edmond de Rothschild Securities (C.I.) Limited Edmond de Rothschild Asset Management (C.I.) Limited Edmond de Rothschild Holdings (C.I.) Limited

Name	Current directorships/partnerships	Previous directorships/partnerships
Carol Goodwin	AB Alternative Strategies Fund PCC Limited AB Fund managers (Guernsey) Limited AB International Fund PCC Limited Curlew Group Holdings Limited Eastern European Property Fund Episode Inc. Episode L.P. Grovepoint Limited IIAB PCC Limited Investec Bank (Channel Islands) Limited M&G General Partner Inc. WD Forum LBG Yorkshire Guernsey Limited (<i>in members' voluntary liquidation</i>)	Priquam Advisory Limited (<i>liquidated following members' voluntary liquidation</i>) Treasury Investments (C.I.) Limited (<i>voluntarily struck off</i>) West End of London Property Investment Company Limited (<i>voluntarily struck off</i>) WHC Limited (<i>voluntarily struck off</i>) Whitewood Reff Limited Dalton Capital (Asia) Limited Dalton Capital (Guernsey) Limited Dalton Strategic Partnershp LLP Dexion Trading Limited General Holdings Limited International Public Partnerships Limited Investec Bank (Channel Islands) Nominees Limited Melchior European (Master) Fund Limited Melchior European Fund Limited Melchior Global Macro (Master) Fund Limited Melchior Global Macro Fund Limited
Christopher Spencer	Carib Golf Limited John Laing Infrastructure Fund Limited JPEL Private Equity Limited KAAAN Limited Olivant Limited Opportunity Investment Co. Limited RIL Insurance Limited Ruffer Investment Company Limited Rutley Russia Property Fund Limited Spencer Holdings Limited Summit Finance Limited Summit Germany Limited Summit Loan co Limited Summit Sterne Guernsey Ltd	ABL Holdings Ltd Alpha Asset Finance Co Limited Alpha Bank Jersey Limited (<i>in members' voluntary liquidation</i>) Avenue Capital Credit Opportunities Limited Dexion Trading Limited (<i>in members' voluntary liquidation</i>) F & C Longstone Fund Limited F & C Property Growth and Income Fund Ltd F&C Directional Opportunities Fund Limited Generali International Limited Generali Portfolio Management (CI) Limited Generali Portfolio Management U.K. Limited Generali Worldwide Insurance Company Ltd. Grenfell PIA Guernsey Limited (<i>in members' voluntary liquidation</i>) Henderson Far East Income Fund Limited Hillside Apex Fund Limited IPT Finance Limited IRP Holdings Limited IRP Property Investments Limited Kingsway Fund Limited Low Carbon Accelerator Limited (<i>in members' voluntary liquidation</i>) Real Estate Credit Investments PCC Limited Rutley East African Property Limited (<i>liquidated following members' voluntary liquidation</i>) Safedataco.com Limited (<i>dissolved</i>) Sitex Insurance PCC Limited Sniper China Logistics Properties Limited (<i>going into voluntary strike off</i>) Tacus Fund Limited (<i>liquidated following members' voluntary liquidation</i>) Tamar European Industrial fund Ltd. TEIF Luxembourg Investments S.ar.L. TEIF Luxembourg SARL TEIF Luxembourg Scandi SARL Thames River 2X Currency Alpha Fund Limited (<i>in members' voluntary liquidation</i>) Thames River Argentum Fund Limited (<i>in members' voluntary liquidation</i>) Thames River ZeCo Fund Limited Thames River Origin Fund Limited Thames River Hillside Apex Fund II Limited

Name	Current directorships/partnerships	Previous directorships/partnerships
		Thames River Hillside Apex Fund SPC Thames River Kingsway Fund Limited Thames River Legion Fund Limited (<i>in members' voluntary liquidation</i>)

- 4.9 No Director has, within the period of five years preceding the date of this document:
- (a) had any convictions in relation to any fraudulent offences;
 - (b) been bankrupt or entered into an individual voluntary arrangement;
 - (c) been a director of any company at the time of receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
 - (d) been a partner in a partnership at the time of any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
 - (e) had his assets the subject of any receivership or has been a partner of a partnership at the time of any assets thereof being the subject of a receivership; or
 - (f) been subject to any public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.
- 4.10 No director of either of the Investment Managers has, within the period of five years preceding the date of this document:
- (a) had any convictions in relation to any fraudulent offences;
 - (b) been bankrupt or entered into an individual voluntary arrangement;
 - (c) been a director of any company at the time of receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
 - (d) been a partner in a partnership at the time of any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;
 - (e) had his assets the subject of any receivership or has been a partner of a partnership at the time of any assets thereof being the subject of a receivership; or
 - (f) been subject to any public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body) nor has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

5 Directors' appointments

- 5.1 Peter Niven was appointed a non-executive Director and Chairman of the Company pursuant to a letter of appointment dated 11 June 2014. His appointment is terminable on three months' notice by either the Company or him. The fee payable for his services as Chairman and non-executive Director is £60,000 per annum and is subject to annual review by the Nomination and Remuneration Committee.
- 5.2 Christopher Spencer was appointed a non-executive Director and Chairman of the Audit and Risk Committee of the Company pursuant to a letter of appointment dated 11 June 2014. His appointment is terminable on three months' notice by either the Company or him. The fee payable for his services as Chairman of the Audit and Risk Committee and non-executive Director is £50,000 per annum and is subject to annual review by the Nomination and Remuneration Committee.
- 5.3 Each of John Falla and Carol Goodwin were appointed as non-executive Directors of the Company pursuant to a letter of appointment dated 11 June 2014. Each of their appointments is terminable on three months' notice by either the Company or each of

them. The fee payable for each of their services as non-executive Directors is £40,000 per annum and is subject to annual review by the Nomination and Remuneration Committee.

- 5.4 All four of the Directors are entitled to a one off fee of £7,500 for their services in relation to the Issue.
- 5.5 The maximum amount of remuneration payable to the Directors permitted under the Articles is £200,000 in aggregate in any financial year. A resolution is being proposed at the Company's annual general meeting convened for 24 November 2016 to amend the Articles to increase the aggregate fee to £300,000 to accommodate growth in the Company and any potential new Director appointments in the future.
- 5.6 There are no existing or proposed service agreements or consultancy agreements between any of the Directors and the Company which cannot be terminated by the Company without payment of compensation within 12 months.
- 5.7 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.
- 5.8 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 Related party transactions

- 6.1 No Director has any interest, direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, the Company or which are proposed to be acquired by, disposed of by, or leased to, the Company.

The Investment Managers

- 6.2 The Group is party to an Investment Management Agreement with the Investment Managers under which the Investment Managers are entitled to payment of management fees based on the aggregate of NAVs under management and structuring fees based on the value of new investments.
- 6.3 The Group has provided loans totalling £1,987,000 to the former investment sub-manager, Summit, to finance the construction of a biomass renewable energy generating station (the "**Plant**") that is the subject of asset purchase and equipment lease agreements made between Summit and the developer. The loan finance provided was applied by Summit to finance the development and construction of the Plant and the loans are secured by rights over the Plant and related leases together with related security. The Group is entitled to receive interest on the principal amount of the loans equal to the finance charges payable under the related lease. On or prior to completion of construction, the Group will acquire ownership of the Plant and the related lease.

The Investment Managers as Servicer, Manager, Administrative/Collateral Agent, Security Trustee

- 6.4 In relation to certain investment transactions made during the periods ending on 30 June 2015 and 30 June 2016, typically those involving parallel investors or lenders, the U.S. Investment Manager or the U.K. Investment Manager are appointed to act as servicer, manager or administrative agent for general management and servicing purposes, which may include collection and distribution of service payments from underlying obligors, and/or as collateral agent or security trustee to hold and enforce security. In such cases, the Investment Managers receive no remuneration for the performance of such duties other than the management fee provided for in the Investment Management Agreement.

Share Interests

- 6.5 Neil Roberts, a director of the U.K. Investment Manager holds 149,645 Ordinary Shares in the Company. Tim Spring, a director of the U.K. Investment Manager holds 147,353 Ordinary Shares in the Company.

SQN Echo II, LLC (“SQN Echo”)

6.6 SQN Echo is a special purpose company owned by SQN Alternative Investment Fund III L.P and SQN AIF IV, L.P., both being investment funds managed by the U.S. Investment Manager. SQN Echo was established to purchase and hold legal ownership of a portfolio of leases and related assets. During the period ending on 30 June 2015, the Group acquired a participation interest in the SQN Echo portfolio for £5,125,482. Immediately prior to the end of that period, the Group’s participation interest in the SQN Echo portfolio was sold.

SQN Alpha, LLC (“SQN Alpha”) and Luxembourg Investment Company 26 S.à.r.l. (“LuxCo”)

6.7 SQN Alpha is a special purpose company wholly-owned by the U.S. Investment Manager for the purpose of holding investments. During the period ending on 30 June 2015, the Group advanced £13,901,959 to SQN Alpha to participate in a loan and mortgage on two commercial marine vessels under a comprehensive loan and security agreement including a corporate guarantee. Prior to the end of that period, the vessels, loans, mortgages, and the security agreement along with all related rights and obligations were transferred to LuxCo which is also a wholly-owned special purpose company owned by the U.S. Investment Manager.

6.8 The obligor under the loan and mortgage is an international organisation which elected to conduct this transaction out of Europe rather than the U.S. as initially anticipated, leading to the transfer to LuxCo. LuxCo retains a small lending margin in the transaction, which was offset by a reduction in the structuring fee paid to the U.S. Investment Manager under the Investment Management Agreement.

6.9 In connection with this transaction, SQN Alpha received £1,585 to cover expenses related to the transfer to LuxCo.

SQN Helo, LLC (“SQN Helo”)

6.10 SQN Helo is a special purpose company owned by SQN Portfolio Acquisition Company, LLC and SQN AIF IV, L.P., both being investment funds managed by the U.S. Investment Manager. SQN Helo was established to purchase and hold legal ownership of a portfolio of leases and related assets.

SQN Asset Finance (Ireland) DAC (“SQN AFI”)

6.11 During the year ended 30 June 2016, the Group acquired €42,670,000 of bonds due 12 May 2018 which were issued by SQN AFI, an unconsolidated structured entity in the Republic of Ireland. The Investment Managers act as investment advisers to SQN AFI.

Save as set out above, no director of the Investment Managers has any interest, direct or indirect, in any assets which have been acquired by, disposed of by, or leased to, the Company or which are proposed to be acquired by, disposed of by, or leased to, the Company.

7 Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months prior to the date of this document, which may have, or have had, in the recent past a significant effect on the Group’s financial position or profitability.

8 No significant change

There has been no significant change in the financial or trading position of the Group since 30 June 2016, the date to which the Group’s last published audited financial statements were prepared.

9 Costs and expenses

The total costs and expenses of, or incidental to, the Issue, are expected to be approximately 1.8 per cent. of the Gross Issue Proceeds assuming 150 million C Shares are issued pursuant to the Issue. The Net Issue Proceeds are dependent on subscriptions received but,

assuming the Issue is subscribed as to 150 million C Shares, the Net Issue Proceeds are expected to be approximately £147.3 million and the total costs and expenses of the Issue are expected to be £2.7 million. In the event that Admission does not occur, the costs of the aborted proposals shall be borne by the Company.

10 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, or may be, material to the Group:

10.1 The Placing Agreement

In connection with the Issue, the Company, the Investment Manager, the U.K. Investment Manager and Winterflood entered into the Placing Agreement on 8 November 2016. The Placing Agreement is conditional on, *inter alia*, Admission taking place on 12 December 2016 (or such later date as may be agreed between the Company and Winterflood being no later than 30 December 2016). The principal terms of the Placing Agreement are as follows:

- (a) Winterflood has agreed, as agent of the Company, to use its reasonable endeavours to procure subscribers for the C Shares pursuant to the Placing at the Issue Price;
- (b) the Company has given certain warranties to Winterflood as to the accuracy of the information in this document and as to other matters relating to the Company. The Investment Managers have also given certain warranties to Winterflood as to certain information in this document and as to themselves. The Company has given an indemnity to Winterflood in respect of any losses or liabilities arising out of the proper performance by Winterflood of its duties under the Placing Agreement and the Investment Managers have given an indemnity to Winterflood in respect of their obligations;
- (c) Winterflood may terminate the Placing Agreement before Admission in certain circumstances, including for breach of the warranties referred to above; and
- (d) the Issue is not being underwritten.

Subject to the Placing Agreement becoming unconditional, Winterflood shall be entitled to a commission of 1.5 per cent. of the gross proceeds of the Issue.

10.2 The Receiving Agent Agreement

The Receiving Agent Agreement between the Company and Capita Asset Services dated 8 November 2016, pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the Offer for Subscription.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to customary fees. The Receiving Agent will also be entitled to reimbursement of all reasonable out of pocket expenses incurred by it in connection with its duties. These fees will be for the account of the Company.

The Receiving Agent Agreement contains a provision whereby the Company indemnifies the Receiving Agent and its affiliates and their directors, officers, employees and agents against any losses resulting from any breach by the Company of the agreement or in connection with the Receiving Agent's activities pursuant to the Receiving Agent Agreement, save where such losses are due to fraud, wilful default or negligence on the part of the party seeking indemnity under the agreement.

The Receiving Agent Agreement is governed by the laws of England.

10.3 Placing agreement

In connection with the issue of C Shares in November 2015, the Company entered into a placing agreement with the Investment Manager, the U.K. Investment Manager, the Directors and Winterflood dated 18 September 2015. Under the placing agreement, each of the Company and the Investment Managers gave certain warranties and indemnities to Winterflood.

10.4 2015 receiving agent agreement

In connection with the issue of C Shares in November 2015, the Company entered into a receiving agent with Capita Asset Services dated 18 September 2015. The agreement contained a provision whereby the Company indemnified the Receiving Agent and its affiliates and their directors, officers, employees and agents against any losses resulting from any breach by the Company of the agreement or in connection with the Receiving Agent's activities pursuant to the agreement, save where such losses were due to fraud, wilful default or negligence on the part of the party seeking indemnity under the agreement.

10.5 The Investment Management Agreement

An Investment Management Agreement dated 16 June 2014 between the Company and the Investment Managers, pursuant to which the Investment Managers have been appointed to act as investment manager of the Company with responsibility for portfolio management and risk management of the Company's investments.

For their services, the Investment Managers are together entitled to a management fee at a rate equivalent to the following schedule (expressed as a percentage of NAV per annum):

- 1.0 per cent. for assets lower than or equal to £300,000,000;
- 0.9 per cent. for assets greater than £300,000,000 and lower than or equal to £500,000,000; and
- 0.8 per cent. for assets greater than £500,000,000.

The management fee is payable monthly in arrears on the last calendar day of each month and may be allocated between the Investment Managers in such proportions as they shall in their discretion determine.

No performance fee is payable by the Company to the Investment Managers.

The Company may also incur transaction costs for the purposes of structuring investments for the Company. These costs form part of the overall transaction costs that are capitalised at the point of recognition and are taken into account by the Investment Managers when pricing a transaction. When structuring services are provided by the Investment Managers or an affiliate of them, they shall be entitled to charge an additional fee equal to up to 1.0 per cent. of the costs to the Company (ignoring gearing and transaction expenses) of acquiring each investment. This cost will not be charged in respect of assets acquired from the Investment Managers, the funds they manage or where they or their affiliates do not provide such structuring advice.

The Investment Managers have agreed to bear all the broken and abortive transaction costs and expenses incurred on behalf of the Company. Accordingly, the Company has agreed that the Investment Managers may retain any commitment commissions received by the Investment Managers in respect of investments made by the Group save that if such commission on any transaction were to exceed 1.0 per cent. of the transaction value, the excess would be paid to the Company.

The Investment Management Agreement is terminable by either of the Investment Managers or the Company giving to the other not less than 12 months' written notice, such notice not to expire earlier than the third anniversary of First Admission. The Investment Management Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or material and continuing breach. The Company may terminate the Investment Management Agreement if, without the prior consent of the Company, a Key Man Event occurs, save that the Managers shall have the opportunity (to be exercised within one month of such event) to make proposals for the purposes of remedying the situation which the Company may accept or decline in its absolute discretion at any time within three months of receipt of any remedying proposals. For these purposes, a Key Man Event will be deemed to occur if either of the key men (being Neil Roberts and Jeremiah Silkowski (a) ceases to be employed by either of the Managers provided that this shall not apply to Neil Roberts from the date

falling 3 years after First Admission or (b) ceases to be actively involved in respect of the Managers' obligations under this Agreement provided that this shall not apply to Neil Roberts from the date falling 3 years after First Admission.

The Company has given an indemnity in favour of the Investment Managers in respect of their respective potential losses in carrying on their responsibilities under the Investment Management Agreement.

The Investment Management Agreement is governed by the laws of Guernsey.

10.6 The Registrar Agreement

The Registrar Agreement between the Company and Capita Registrars (Guernsey) Limited dated 16 June 2014, pursuant to which the Registrar has been appointed as registrar to the Company. The Registrar shall be entitled to receive an annual maintenance fee from the Company of £1.60 per shareholder account, subject to an annual minimum charge of £5,500.

Either party may terminate the Registrar Agreement on not less than 12 months' notice in writing to the other party. Either party may terminate the Registrar Agreement immediately on notice in writing in the event of material and continuing breach or insolvency.

The Registrar Agreement limits the Registrar's liability thereunder to the lesser of £500,000 or an amount equal to five times the annual fee payable to the Registrar pursuant to the Registrar Agreement. The Company indemnifies the Registrar and its affiliates against all claims arising out of or connected to the Registrar Agreement, save in the case of fraud, wilful default or negligence on the part of the Registrar or its affiliates or a material breach of the agreement by any of them. The Registrar Agreement is governed by the laws of Guernsey.

10.7 The Administration and Custody Agreement

The Administration and Custody Agreement dated 16 June 2014, as amended, between the Company and the Administrator, pursuant to which the Administrator has agreed to provide certain administration and custody services to the Company. Under the agreement, the Administrator will provide general fund administration services (including calculation of the monthly NAV) and accounts preparation services as well as providing company secretarial and custody services to the Company.

Under the terms of the Administration Agreement, the Administrator is entitled to a fee based on the gross assets of the Company at a rate of 0.08 per cent. of gross assets up to £300 million, 0.06 per cent. of gross assets over £300 million and up to £500 million and 0.04 per cent. of gross assets over £500 million. In addition, the Administrator is entitled to an annual fee of £36,000 for providing company secretarial services and additional fees for ad hoc services. The Administrator is also entitled to reimbursement of all reasonable out of pocket expenses incurred by it in connection with its duties.

The agreement may be terminated by either party on 6 months' notice in writing save that, in the event that the agreement is terminated prior to the third anniversary, the Company shall be obliged to pay 50 per cent. of the fees payable during the unexpired term. The agreement may also be terminated forthwith on notice in writing in the event of certain circumstances, including material and continuing breach of the agreement or insolvency.

The Company has agreed to indemnify the Administrator from and against any liabilities, losses, claims, costs, damages, penalties, fines, obligations, or expenses of any kind whatsoever (including reasonable fees and legal expenses) in connection with the provision of its services under the Administration Agreement, other than by reason of negligence, fraud or wilful default on the part of the Administrator or the material breach of the Administration Agreement by the Administrator.

The Administration Agreement is governed by the laws of Guernsey.

11 Mandatory offers and squeeze out rules

11.1 Mandatory offers

The Takeover Code applies to the Company and Shareholders will be entitled to the protections afforded by the Takeover Code. Under Rule 9 of the Takeover Code, where (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent., but holds shares in the aggregate which carry not more than 50 per cent. of the voting rights of such company, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, except with the consent of the Takeover Panel, he, and any person acting in concert with him, must make a general offer in cash to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights to acquire the balance of the shares not held by him and his concert parties.

Save where the Takeover Panel permits otherwise, an offer under Rule 9 of the Takeover Code must be in cash and at not less than the highest price paid within 12 months prior to the announcement of the offer for any shares in the company by the person required to make the offer or any person acting in concert with him. Offers in different classes of equity share capital must be comparable. The Takeover Panel should be consulted in advance of such cases.

In the event that the Takeover Code should cease to apply, the Company will notify Shareholders accordingly upon becoming so aware of this occurring.

11.2 Squeeze-out rules

The Law provides that if an offer is made for the shares or any class of shares in the capital of a company and if, within 4 months after the date of such offer, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares) then the offeror may, within 2 months after the expiration of those 4 months, send an acquisition notice to any dissenting shareholders informing them that it wishes to acquire their shares (an “**Acquisition Notice**”). Where an Acquisition Notice is given, the offeror is then entitled and bound to acquire those shares on the terms on which the original offer, approved by the shareholders comprising 90 per cent. in value of the shares affected, was made.

12 General

12.1 Each of the Investment Managers has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. Each of the Investment Managers accepts responsibility for the information attributed to them in this Prospectus, having taken all reasonable care to ensure that such is the case, the information attributed to them in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

12.2 Winterflood as broker and financial adviser has given and not withdrawn its consent to the publication of this document with the inclusion of its name and references to it in the form and context in which they appear.

12.3 The Auditors of the Company are Baker Tilly CI Audit Limited whose registered office is at PO Box 344, Mont Crevelt House, Bulwer Avenue, St. Sampsons, Guernsey GY2 4LH. Baker Tilly CI Audit Limited are chartered accountants and a member firm of the Institute of Chartered Accountants in England and Wales. Baker Tilly CI Audit Limited are also included on the list of Recognised Auditors in Guernsey.

12.4 The Administrator is a Société en Commandite par Actions created in France on 1 September 1955 with registration number 552 108 011 and has been licensed by the Commission since 2007. The Administrator provides its services through its Guernsey

branch at BNP Paribas House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA and the telephone number for this office is +44 1481 750850. Its registered office is at 3 rue d'Antin, 75002 Paris, France.

- 12.5 The Issue is designed to be suitable for institutional and other sophisticated or professional investors seeking exposure to investments in alternative investments mainly in equipment leases and 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. Such investors may wish to consult an independent financial adviser prior to investing in C Shares.
- 12.6 The business address of each of the directors of the U.S. Investment Manager is the registered office of the U.S. Investment Manager. The business address of each of the directors of the U.K. Investment Manager is the registered office of the U.K. Investment Manager.
- 12.7 Certain information has been obtained from external publications and third parties and is sourced in this document where the information is included. The Company and the Investment Managers each confirm that this information has been accurately reproduced and, so far as each of the Company and each of the Investment Managers is aware and is able to ascertain from information published by applicable third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.
- 12.8 The publication or delivery of this document shall not under any circumstances imply that the information contained in this document is correct as at any time subsequent to the date of this document or that there has not been any change in the affairs of the Company since that date.

13 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 registered office of the Company at BNP Paribas House, St. Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA from the date of this document until the date of Admission:

- 13.1 the Memorandum and Articles;
- 13.2 the financial statements for the Group for the periods ending on 30 June 2015 and 30 June 2016;
- 13.3 this document.

14 Documents incorporated by reference

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published and filed with the FCA, which are available online at www.sgnassetfinance.com and morningstar.co.uk/uk/nsm and are also available for inspection at the address referred to in paragraph 13 above:

Reference document	Information incorporated by reference	Page number(s) in the document
2016 Annual Report and Accounts	Financial Highlights	3
	Investment Objective/Investment Policy	4-5
	Chairman's Statement	6-7
	Strategic Report	8-11
	Investment Managers' Report	12-21
	Directors' Report	22-25
	Corporate Governance Report	26-32
	Audit and Risk Committee Report	33-35
	Independent Auditor's Report	36-40
	Consolidated Statement of Comprehensive Income	41
	Consolidated Statement of Financial Position	42
	Consolidated Statement of Changes in Equity	43
	Consolidated Statement of Cash Flows	44
	Notes to the Financial Statements	45-68
	2015 Annual Report and Accounts	Key figures
Investment Objective/Investment Policy		4
Chairman's Statement		5-6
Strategic Report		7-9
Investment Managers' Report		10-15
Directors' Report		16-19
Corporate Governance Report		20-26
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Consolidated Statement of Comprehensive Income		33
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PART 10 TAXATION

Taxation

The following information, which relates only to U.K. and Guernsey taxation, is applicable to the Company and certain types of investors.

Prospective investors should note that the statements below are of a general nature and are based on current tax law and current published tax authority practice, as of the date of this document, both of which are subject to change, possibly with retrospective effect. In particular, the levels and basis of, and reliefs from, taxation may change and this may alter the benefits of investment in the Company.

The information does not constitute legal, tax or investment advice and is not exhaustive and, if prospective investors are in any doubt as to the tax consequences of acquiring, holding or disposing of their investments, they should consult their professional advisers without delay.

It is the responsibility of all persons interested in purchasing C Shares to inform themselves regarding any tax consequences arising in the jurisdictions in which they are resident or domiciled for tax purposes, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposal of C Shares.

Guernsey taxation

The following summary of the anticipated tax treatment in Guernsey of the Company and Shareholders 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 C 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.

The Company

As the Company is incorporated in Guernsey, and is not intending to apply for exempt status its profits will be within the charge to Guernsey income tax, although the company standard rate of such tax is zero per cent.

Certain types of Guernsey source income are taxed on companies at rates other than zero per cent., as follows:

- i) Income arising from Guernsey property development or Guernsey rental income is taxable at the company higher rate of 20 per cent.
- ii) The profits of utilities regulated by the Office of Utility Regulation are also subject to the 20 per cent rate.
- iii) With effect from 1 January 2016, income from gas and hydrocarbons businesses are taxable at the company higher rate of 20 per cent.
- iv) With effect from 1 January 2016, the 20 per cent rate has been extended to retail business carried on in Guernsey where the company has a taxable profit of more than £500,000 in a year from such business.
- v) Profits arising from certain banking activities and the provision of credit facilities (see below) are subject to tax at the company intermediate rate of 10 per cent. With effect from 1 January 2013, the 10 per cent. intermediate rate has been extended to licensed fiduciaries (in respect of activities regulated by the Commission), licensed insurers (in respect of domestic business), licensed insurance intermediaries and licensed insurance managers. With effect from 1 January 2015, the 10 per cent. intermediate rate has been extended to fund administration. A further extension relating to administration services was approved by the States of Guernsey at a meeting in July 2015, which is deemed to have come into force on 1 January 2015. With effect from 1 January 2016, the 10% intermediate rate was extended further to include the provision of custody services by banks.

Included within 'credit facilities' is the provision, in connection with the supply of goods by hire purchase, conditional sale or credit sale, of credit in instalments for which a separate charge is made and disclosed to the customer.

Ordinarily, this could include certain hire purchase activities of the Company as described in this document. However, by concession, the Director of Tax in Guernsey will not apply the 10 per cent. rate of tax to the provision of credit facilities, where the borrower has no source of income or profits that is subject to tax in Guernsey. As the businesses entering into hire purchase arrangements with the Company are expected to be non-Guernsey based businesses with negligible Guernsey source income (bank interest is excluded for this purpose), it is anticipated the above concession will apply to all such businesses. Accordingly, the Company should not be subject to the Guernsey 10 per cent. intermediate rate of tax on its profits from hire purchase transactions.

Capital taxes and stamp duty

Guernsey does not currently levy taxes on capital inheritances, capital gains (with the exception of dwellings profit tax, which is currently suspended), gifts, sales or turnover, nor are there any estate taxes, save for registration fees and *ad valorem* duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey (which required presentation of such a grant). No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of shares in the Company.

EU Savings Tax Directive

The Council of the European Union has repealed Directive 2003/48/EC, which had implemented the EU Savings Directive (“**EUSD**”). The repealing Council Directive (EU) 2015/2060 was made on 10 November 2015 and this decision will also affect the equivalent agreements that Guernsey has implemented with all EU Member States (“**EUMS**”).

For most EUMS, the EUSD will cease to apply after 2015 (the 2016 exchange, of 2015 data, being the last). For these EUMS, the intention is that the EU version of the Common Reporting Standard (the “**CRS**”), which is the Directive on Administrative Cooperation (the “**DAC**”), will replace the EUSD seamlessly from 1 January 2016 (with the first exchange of 2016 data, under the DAC, taking place in 2017). Although not part of the DAC, Guernsey is committed to implement reporting under CRS from 1 January 2016 (with the first exchange of 2016 data, taking place in 2017). Consequently, Guernsey authorities have sent letters to these EUMS to obtain their confirmation that the repeal of the Directive also suspends the equivalent agreements that they have with Guernsey.

Shareholders

Non-Guernsey resident Shareholders will not be subject to any income tax in Guernsey in respect of or in connection with the acquisition, holding or disposal of any shares owned by them. Such Shareholders will receive dividends without deduction of Guernsey income tax.

Any Shareholders who are resident in Guernsey (which includes Alderney and Herm) will be subject to Guernsey income tax on any dividends paid to such persons. The Company must deduct income tax at the rate of 20 per cent. on actual dividends paid to Guernsey residents. The company is also obliged to submit certain information to the Income Tax Office, on an annual basis, including a distribution return. The distribution return should show the names and addresses of the Guernsey-resident shareholders, the amount of any distribution paid, the date of the payment and the amount of tax paid.

At present Guernsey does not levy taxes upon capital gains, capital transfer, wealth, inheritance, gifts, sales or turnover, nor are there any duties save for an *ad valorem* fee for the grant of probate or letters of administration. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of Ordinary Shares in the Company.

Information reporting

Guernsey has entered into international agreements with a number of jurisdictions, which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, the U.S.-Guernsey IGA, the U.K.-Guernsey IGA and the Multilateral Competent Authority Agreement that activates the automatic exchange of information in line with the Common Reporting Standard developed by OECD. Additional details on these regimes can be found in the sections above. In connection with such international agreements the Company may, among other things, be required to collect and report to tax authorities certain information regarding

Shareholders and other account holders of the Company which may be passed on to tax authorities in other jurisdictions in accordance with the relevant international agreements.

U.K. taxation

The following statements are intended to address only certain general aspects of the U.K. tax treatment of the Company and certain U.K. tax consequences of the Issue and the holding and disposing of Shares. The statements apply in respect of Shareholders who are resident and, in the case of individuals, resident and domiciled in the U.K. (and not only temporarily non-resident), who are beneficial owners of their Shares and the dividends on those Shares and who hold their Shares as an investment. They may not apply to certain classes of Shareholders including (but not limited to): (i) dealers in securities; (ii) persons who have acquired their Shares by reason of any office or employment; (iii) persons who control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, (a) 10 per cent. or more of the Shares (or any class of Shares), (b) 10 per cent. or more of the voting power of the Company, or (c) any other interests in the Company, whether debt, equity or otherwise; or (iv) persons who acquire Shares other than for *bona fide* commercial reasons or who have a tax avoidance purpose or motive. Such persons may be subject to a materially different tax treatment.

If Shareholders are resident or domiciled for tax purposes in a jurisdiction other than the U.K., or if Shareholders are unsure as to any aspect of their tax treatment, they should consult their own professional tax advisers.

The Company

The Directors intend to conduct the affairs of the Company so that it does not become resident in the U.K. for U.K. tax purposes and does not become subject to U.K. tax on its profits or gains as a result of carrying on a trade in the U.K. On that basis, the Company is not expected to be subject to U.K. corporation tax or income tax, other than in respect of certain types of U.K. source income which may be received subject to deduction of income tax at source.

The Directors do not consider the Company to be an “offshore fund” for U.K. tax purposes. If the Company were to be treated as an “offshore fund” for U.K. tax purposes, gains on disposals of C Shares may be taxable as income, rather than capital gains. The statements below assume that the Company is not an offshore fund.

Taxation of chargeable gains

C Shares acquired pursuant to the Open Offer

As a matter of U.K. tax law, the acquisition of C Shares pursuant to the Open Offer may not, strictly speaking, constitute a reorganisation of share capital for the purposes of U.K. taxation of chargeable gains. The published practice of HMRC to date has been to treat any subscription of shares by an existing shareholder which is equal to or less than the shareholder’s minimum entitlement pursuant to the terms of an open offer as a reorganisation, but it is not certain that HMRC will apply this practice in circumstances where an open offer is not made to all shareholders. HMRC’s treatment of the Open Offer cannot therefore be guaranteed and specific confirmation has not been requested in relation to the Open Offer.

To the extent that the acquisition of the C Shares pursuant to the Open Offer is regarded as a reorganisation of the share capital of the Company for the purposes of U.K. taxation of chargeable gains, the C Shares issued to a Shareholder will be treated as the same asset as, and as having been acquired at the same time as, the Shareholder’s existing holding of Ordinary Shares. The amount of subscription monies paid for the C Shares will be added to the base cost of Shareholder’s existing holding of Ordinary Shares. To the extent necessary to calculate any gain or loss on a subsequent disposal of the Ordinary Shares or C Shares, the base cost will be apportioned between the Ordinary Shares and the C Shares by reference to their respective values as at the first date on which quoted market values for the Shares are available following the Open Offer.

An acquisition of C Shares pursuant to the Excess Application Facility will not be treated as a reorganisation of the share capital of the Company for the purposes of U.K. taxation of chargeable gains.

If, or to the extent that, the acquisition of C Shares under the Open Offer is not regarded as a reorganisation of the share capital of the Company for the purposes of U.K. taxation of chargeable

gains, the C Shares will generally be treated as having been acquired as part of a separate acquisition of shares with the price paid for those C Shares constituting their base cost.

C Shares acquired pursuant to the Placing or Offer for Subscription.

The issue of C Shares pursuant to the Placing or Offer for Subscription will not constitute a reorganisation of the share capital of the Company for the purposes of U.K. taxation of chargeable gains and, accordingly, will generally be treated as a separate acquisition of shares with the price paid for those C Shares constituting their base cost.

Conversion of C Shares

A Conversion of C Shares into new Ordinary Shares may, for the purposes of U.K. taxation of chargeable gains, be treated as a reorganisation of the share capital of the Company. If this treatment applies, the new Ordinary Shares would be expected to be treated as the same asset as the Shareholder's original C Shares and as having been acquired at the same time as the C Shares were acquired. To the extent that this reorganisation treatment applies, the Conversion will not be treated as giving rise to a disposal of the Shareholder's C Shares for the purposes of U.K. taxation of chargeable gains. If, however, this treatment does not apply, then a liability to U.K. taxation could arise. Shareholders should therefore consult their own professional tax advisers in this respect prior to acquiring C Shares.

Disposals of Shares

Shareholders who sell or otherwise dispose of their Shares may, depending on their circumstances and subject to any available exemption or relief, incur a liability to U.K. capital gains tax (for individual Shareholders) or U.K. corporation tax on chargeable gains (for corporate Shareholders).

Individual Shareholders

Individual Shareholders who are subject to the starting or basic rates of U.K. income tax, will generally be subject to a maximum 10 per cent. tax rate on any chargeable gains on a disposal of Shares. Individual Shareholders subject to the higher and additional rate income tax rates, will generally be subject to a maximum 20 per cent. tax rate on any chargeable gains on a disposal of Shares. Individual Shareholders may, depending on the circumstances, have gains reduced by available reliefs (such as the annual exemption and capital tax losses).

Corporate Shareholders

Corporate Shareholders will be subject to corporation tax on any chargeable gains. The current main rate of U.K. corporation tax is 20 per cent. However, the Government introduced measures to reduce the main rate of corporation tax to 19 per cent. from April 2017 and to 18 per cent. from April 2020, noting that there is an intention to replace the 18 per cent. rate with 17 per cent. from the same date, but this is not yet enacted in law. Corporate Shareholders subject to U.K. corporation tax may have their gains reduced by indexation allowance and other forms of relief.

Taxation of dividends

No withholding

The Company is not required to withhold U.K. tax when paying a dividend on the Shares.

Individual Shareholders within the charge to U.K. income tax

Finance Act 2016 introduced significant changes to the taxation of dividend income for individuals. With effect from 6 April 2016, the 10 per cent. dividend tax credit has been abolished and replaced with a new dividend allowance in the form of a zero per cent. tax rate on the first £5,000 of dividend income per year. In outline, UK residents will pay tax on any dividends received over the £5,000 allowance at the following rates:

- 7.5 per cent. on dividend income within the basic rate band;
- 32.5 per cent. on dividend income within the higher rate band;
- 38.1 per cent. on dividend income within the additional rate band.

Corporate Shareholders within the charge to U.K. corporation tax

Shareholders within the charge to U.K. corporation tax which are "small companies" (for the purposes of United Kingdom taxation of dividends) will be subject to U.K. corporation tax on dividends paid by the Company on the Shares.

Other Shareholders within the charge to U.K. corporation tax will not be subject to corporation tax on dividends paid by the Company on the Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Shares would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules.

ISAs

C Shares acquired pursuant to the Open Offer, the Offer for Subscription or in the secondary market (but not C shares acquired directly under the Placing) should generally qualify for inclusion in an ISA, subject to the applicable subscription limits. Investments held in ISAs will be free of U.K. tax on both capital gains and income. Individuals wishing to invest through an ISA should contact their professional advisers regarding their eligibility.

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

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

No U.K. stamp duty or SDRT will be payable on the issue of C Shares pursuant to the Issue.

U.K. stamp duty may be chargeable (generally at the rate of 0.5 per cent. of the amount or the value of the consideration over £1,000 given for the transfer, rounded up to the nearest £5) on any instrument transferring C Shares which is executed in the U.K. or which relates to any property situated, or any matter or thing done or to be done, in the U.K. If an instrument of transfer is chargeable to U.K. stamp duty, that instrument may not be produced in civil proceedings in the United Kingdom, and may not be available for any other purpose in the United Kingdom (other than criminal proceedings), until any United Kingdom stamp duty that is due, and any interest and penalties for late stamping, have been paid.

Any agreement to transfer C Shares, including any transfer effected through CREST, should not be subject to SDRT, provided that the C Shares are not registered in any register of the Company kept in the U.K. and that the C Shares are not paired with shares issued by a company incorporated in the U.K.

Any person who is in any doubt as to his or her tax position or requires more detailed information than the general outline above should consult his or her professional advisers.

Prospective purchasers of Shares who are citizens of, or domiciled or resident in (or otherwise subject to the tax or other laws of), a jurisdiction outside the U.K. should consult their own professional advisers with respect to the potential tax, exchange control and other consequences to them of acquiring, holding and disposing of Shares under the laws of their country of citizenship, domicile or residence.

PART 11
TERMS AND CONDITIONS OF APPLICATION UNDER THE PLACING

1 Introduction

Each Placee which confirms its agreement to the Company and/or Winterflood to subscribe for C Shares under the Placing will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Winterflood may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) sees fit.

2 Agreement to subscribe for C Shares

Conditional on:

2.1 Admission occurring and becoming effective by 8.00 a.m. on 12 December 2016 (or such later time or date, not being later than 8.00 a.m. on 30 December 2016, as the Company and Winterflood may agree);

2.2 the Placing Agreement becoming otherwise unconditional and the obligations of Winterflood thereunder not having been terminated prior to Admission; and

2.3 the Resolution being passed at the Extraordinary General Meeting,

a Placee agrees to become a member of the Company and agrees to subscribe for those C Shares allocated to it by Winterflood at the Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3 Payment for C Shares

3.1 Each Placee must pay the Issue Price for the C Shares issued to the Placee in the manner and by the time directed by Winterflood. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for C Shares may, at the discretion of Winterflood, either be rejected or accepted and in the latter case paragraph 3.2 of these terms and conditions shall apply.

3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Issue Price for the C Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Winterflood elects to accept that Placee's application, Winterflood may sell all or any of the C Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for Winterflood's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such C Shares on such Placee's behalf.

4 Representations and warranties

By agreeing to subscribe for C Shares, each Placee which enters into a commitment to subscribe for C Shares will (for itself and any person(s) procured by it to subscribe for C Shares and any nominee(s) for any such person(s)) be deemed to represent, warrant, acknowledge and agree with each of the Company, the Investment Managers and Winterflood that:

4.1 in agreeing to subscribe for C Shares under the Placing, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, or the Placing. It agrees that none of the Company, the Investment Managers, Winterflood or the Registrar, nor any of their respective officers, agent's employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;

- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for C Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Managers, Winterflood or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- 4.3 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring C Shares on the terms and subject to the conditions set out in this Part 11 and the Articles;
- 4.4 it has not relied on Winterflood or any person affiliated with Winterflood in connection with any investigation of the accuracy of any information contained in this document;
- 4.5 the content of this document is exclusively the responsibility of the Company and its Directors and neither Winterflood nor any person acting on their respective behalf nor any of their respective affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this document or otherwise;
- 4.6 it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Managers or Winterflood;
- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- 4.8 it accepts that none of the C Shares has been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan. Accordingly, the C Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan unless an exemption from any registration requirement is available;
- 4.9 if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the C Shares may otherwise lawfully be offered under such Order or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the C Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.10 if it is a resident in the EEA (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of Directive 2003/71/EC and (b) if that relevant Member State has implemented the AIFM Directive, that it is a person to whom the C Shares may lawfully be marketed under the AIFM Directive or under the applicable implementing legislation (if any) of that relevant Member State;
- 4.11 in the case of any C Shares acquired by a Placee as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the C Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, or in circumstances in which the prior consent of Winterflood has been given to the offer or resale; or (ii) where C Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those C Shares to it is not treated under the Prospectus Directive as having been made to such persons;

- 4.12 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for C Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and C Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.13 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the C Shares and it is not acting on a non-discretionary basis for any such person;
- 4.14 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for C Shares under the Placing and will not be any such person on the date any such agreement to subscribe under the Placing is accepted;
- 4.15 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Placing or the C Shares to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 4.16 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States Purchase and Transfer Restrictions" in paragraph 5, below;
- 4.17 it acknowledges that neither Winterflood nor any of its respective affiliates, nor any person acting on Winterflood's behalf is making any recommendations to it or advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and its participation in the Placing is on the basis that it is not and will not be a client of Winterflood and that neither Winterflood has any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing;
- 4.18 it acknowledges that where it is subscribing for C Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account; (i) to subscribe for the C Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Winterflood. It agrees that the provision of this paragraph shall survive any resale of the C Shares by or on behalf of any such account;
- 4.19 it irrevocably appoints any director of the Company and any director of Winterflood to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the C Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- 4.20 it accepts that if the Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the C Shares for which valid applications are received and accepted are not admitted to the Official List of the FCA and to trading on the London Stock Exchange for any reason whatsoever then none of Winterflood or the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.21 in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering ("**Money Laundering Regulations**") and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients

and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 (SI 2007/2157) in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the “**Money Laundering Directive**”); or (iii) subject to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations 2007 and The Money Laundering (Disclosure of Information) (Guernsey) Law 1995 of Guernsey, each as amended from time to time as supplemented by any other applicable anti-money laundering guidance, regulations or legislation; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;

- 4.22 it acknowledges that due to anti-money laundering requirements, Winterflood and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Winterflood and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Winterflood and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;
- 4.23 Winterflood and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.24 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Winterflood and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the C Shares are no longer accurate, it shall promptly notify Winterflood and the Company;
- 4.25 where it or any person acting on behalf of it is dealing with Winterflood, any money held in an account with Winterflood on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Winterflood to segregate such money, as that money will be held by Winterflood under a banking relationship and not as trustee;
- 4.26 any of its clients, whether or not identified to Winterflood, will remain its sole responsibility and will not become clients of Winterflood for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.27 it accepts that the allocation of C Shares shall be determined by Winterflood in its absolute discretion but in consultation with the Company and the Investment Managers and that Winterflood may scale down any commitments for this purpose on such basis as it may determine;
- 4.28 time shall be of the essence as regards its obligations to settle payment for the C Shares and to comply with its other obligations under the Placing; and
- 4.29 confirm that it has read and complied with paragraph 11 of Part 6 of this document.

The Company, the Investment Managers, Winterflood 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 Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company.

5 United States purchase and transfer restrictions

By participating in the Placing, each placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for C Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Managers, the Sponsor and the Registrar that:

- 5.1 it is not a U.S. Person and it is acquiring the C Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the C Shares for the account or benefit of a U.S. Person;
- 5.2 it acknowledges that the C Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the Securities Act;
- 5.3 it acknowledges that the Company has not registered under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act;
- 5.4 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the C Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Tax Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Tax Code. In addition, if a placee is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Tax Code, its purchase, holding, and disposition of the C Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 5.5 if any C Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

“SQN ASSET FINANCE INCOME LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”;
- 5.6 if in the future the placee decides to offer, sell, transfer, assign or otherwise dispose of its C Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 5.7 it is purchasing the C 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 C Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;

- 5.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the C Shares or interests therein at any time as to such person's status under U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under U.S. securities laws to transfer such C Shares or interests in accordance with the Articles;
- 5.9 it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 5.10 it is entitled to acquire the C 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 C Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Managers, the Sponsor or their respective directors, officers, agents, employees and advisers being in breach of the laws of the jurisdiction in connection with the Placing or its acceptance of participation in the Placing;
- 5.11 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the C Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- 5.12 if it is acquiring any C Shares as a fiduciary or agent for one or more accounts, the placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Investment Managers, the Sponsor 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 placee are no longer accurate or have not been complied with, the placee will immediately notify the Sponsor and the Company.

6 Supply and disclosure of information

If Winterflood, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for C Shares under the Placing, such Placee must promptly disclose it to them.

7 Miscellaneous

The rights and remedies of the Company, the Investment Managers, Winterflood and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the C Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for C Shares under the Placing and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Investment Managers, Winterflood and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any

objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for C Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

Winterflood and the Company expressly reserve the right to modify the Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part 9 of this document.

PART 12

TERMS AND CONDITIONS OF APPLICATION UNDER THE OPEN OFFER

1 Introduction

The Record Date for entitlement under the Open Offer is close of business on 4 November 2016. Application Forms are expected to be posted to Existing Non-CREST Shareholders on or around 8 November 2016 and Open Offer Entitlements and Excess CREST Open Offer Entitlements are expected to be credited to stock accounts of Existing CREST Shareholders in CREST as soon as practicable after 8.00 a.m. on 9 November 2016. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is expected to be 11.00 a.m. on 5 December 2016 with Admission and commencement of dealings in C Shares expected to take place at 8.00 a.m. on 12 December 2016.

This document and, for Existing Non-CREST Shareholders only, the Application Form contain the formal terms and conditions of the Open Offer. Your attention is drawn to paragraph 4 of these Terms and Conditions which gives details of the procedure for application and payment for the C Shares available under the Open Offer. The attention of Overseas Shareholders is drawn to paragraph 6 of these terms and conditions.

The Open Offer is an opportunity for Existing Shareholders to apply for C Shares *pro rata* to their current holdings at the Issue Price of 100 pence per C Share in accordance with these terms and conditions.

The Excess Application Facility is an opportunity for Existing Shareholders who have applied for all of their Open Offer Entitlements to apply for additional C Shares. The Excess Application Facility will be comprised of such number of C Shares as may be allocated to the Excess Application Facility as jointly determined by Winterflood and the Company that have not been allocated to Existing Shareholders under the Open Offer pursuant to their Open Offer Entitlements.

There is no limit on the number of C Shares that can be applied for by Existing Shareholders under the Excess Application Facility, save that the maximum amount of C Shares to be allotted under the Excess Application Facility shall be limited by the maximum size of the Issue less C Shares issued under the Open Offer pursuant to Existing Shareholders' Open Offer Entitlements and any C Shares that Winterflood and the Company may jointly determine to issue under the Placing and the Offer for Subscription. Allotments under the Excess Application Facility shall be allocated in such manner as Winterflood and the Company may jointly determine, and no assurance can be given that applications by Existing Shareholders will be met in full or in part or at all.

Any Existing Shareholder who has sold or transferred all or part of his/her registered holding(s) of existing Ordinary Shares prior to 8.00 a.m. on 9 November 2016 is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for C Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

2 The Open Offer

Subject to the terms and conditions set out below (and, in the case of Existing Non-CREST Shareholders, in the Application Form), Existing Shareholders are being given the opportunity to apply for any number of C Shares at the Issue Price (payable in full on application and free of all expenses) up to a maximum of their Open Offer Entitlement which shall be calculated on the basis of:

1 C Share for every 4 Ordinary Shares held at close of business on 4 November 2016

Subject to the terms and conditions set out below, applications by Existing Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement.

Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to C Shares will be disregarded in calculating Open Offer Entitlements. Fractions will be aggregated and made available to Existing Shareholders under the Excess Application Facility, the Placing or the Offer for Subscription.

Existing Shareholders may apply to acquire less than their Open Offer Entitlement should they so wish. In addition, Existing Shareholders may apply to acquire additional C Shares using the Excess Application Facility. Please refer to paragraphs 4.1(c) and 4.2(c) of these terms and conditions for further details of the Excess Application Facility.

If you are an Existing Non-CREST Shareholder, the Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date (in Box 6).

Existing CREST Shareholders will have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to their stock accounts in CREST and should refer to paragraph 4.2 of these Terms and Conditions and also to the CREST Manual for further information on the relevant CREST procedures.

The Open Offer Entitlement, in the case of Existing Non-CREST Shareholders, is equal to the number of C Shares shown in Box 7 on the Application Form or, in the case of Existing CREST Shareholders, is equal to the number of their C Shares representing their Open Offer Entitlement standing to the credit of their stock account in CREST.

The Excess Application Facility enables Existing Shareholders to apply for any whole number of additional C Shares in excess of their Open Offer Entitlement. Existing Non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should complete Box 7 on the Application Form. Excess applications may be allocated in such manner as Winterflood and the Company may jointly determine and no assurance can be given that applications by Existing Shareholders will be met in full or in part or at all.

Existing Shareholders should be aware that the Open Offer is not a rights issue. Existing Non-CREST Shareholders should also note that their respective Application Forms are not negotiable documents and cannot be traded. Existing CREST Shareholders should note that, although their Open Offer Entitlements and Excess CREST Open Offer Entitlements will be credited to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Existing Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear U.K. & Ireland's Claims Processing Unit. C Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Existing Shareholders who do not apply to take up C Shares available under the Open Offer will have no rights under the Open Offer. Any C Shares which are not applied for in respect of the Open Offer may be allotted to Existing Shareholders to meet any valid applications under the Excess Application Facility or may be issued to the subscribers under the Placing and/or the Offer for Subscription, with the proceeds retained for the benefit of the Company.

3 Conditions and further terms of the Open Offer

The Open Offer is conditional upon, *inter alia*:

- 3.1 Admission occurring and becoming effective by 8.00 a.m. on 12 December 2016 (or such later time or date, not being later than 8.00 a.m. on 30 December 2016, as the Company and Winterflood may agree);
- 3.2 the Placing Agreement having become unconditional and the obligations of Winterflood thereunder not having been terminated prior to Admission; and
- 3.3 the passing of the Resolution at the Extraordinary General Meeting.

Accordingly, if these conditions are not satisfied or waived (where capable of waiver) the Issue will not proceed and any applications made by Existing Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as practicable thereafter.

No temporary documents of title will be issued in respect of C Shares under the Open Offer held in uncertificated form. Definitive certificates in respect of C Shares taken up are expected to be posted to those Existing Shareholders who have validly elected to hold their C Shares in certificated form in the week commencing 19 December 2016. In respect of those Existing Shareholders who have validly elected to hold their C Shares in uncertificated form, the C Shares are expected to be credited to their stock accounts maintained in CREST on 12 December 2016.

4 Procedure for application and payment

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your entitlement under the Open Offer or you have C Shares representing your Open Offer Entitlement and Excess CREST Open Offer Entitlement credited to your CREST stock account in respect of such entitlement.

Existing Shareholders who hold their existing Ordinary Shares in certificated form will be issued C Shares in certificated form. Existing Shareholders who hold part of their existing Ordinary Shares in uncertificated form will be issued C Shares in uncertificated form to the extent that their entitlement to C Shares arises as a result of holding existing Ordinary Shares in uncertificated form. However, it will be possible for Existing Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph 4.2(g) of these terms and conditions.

CREST sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

Existing Shareholders who do not want to apply for the C Shares under the Open Offer should take no action and should not complete or return the Application Form.

4.1 If you have an Application Form in respect of your entitlement under the Open Offer:

(a) General

Subject as provided in paragraph 6 of these terms and conditions in relation to Overseas Shareholders, Existing Non-CREST Shareholders will receive an Application Form. The Application Form shows the number of existing Ordinary Shares registered in their name on the Record Date in Box 6. It also shows the maximum number of C Shares for which they are entitled to apply under the Open Offer set out in Box 7. Box 8 shows how much they would need to pay if they wish to take up their Open Offer Entitlements in full. Any fractional entitlements to C Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Existing Shareholders under the Excess Application Facility. Any Existing Non-CREST Shareholders with fewer than 2 existing Ordinary Shares will not receive an Open Offer Entitlement but may apply for Excess Shares pursuant to the Excess Application Facility (see paragraph 4.1(c) of these Terms and Conditions). Existing Non-CREST Shareholders may apply for less than their entitlement should they wish to do so. Existing Non-CREST Shareholders may also hold such an Application Form by virtue of a *bona fide* market claim. Existing Non-CREST Shareholders may also apply for Excess Shares under the Excess Application Facility by completing Box 3 on the Application Form.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer in relation to Existing Non-CREST Shareholders.

(b) Bona fide market claims

Applications to acquire C Shares may only be made on the Application Form and may only be made by the Existing Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of existing Ordinary Shares through the market prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims up to 3.00 p.m. on 1 December 2016. The Application Form is not a negotiable document and cannot be separately traded. An Existing Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of existing Ordinary Shares prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to participate in the Open Offer, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire C Shares under the Open Offer may be a

benefit which may be claimed by the transferee. Existing Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however be forwarded to or transmitted to any Excluded Overseas Shareholders. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedure set out in paragraph 4.2(b) below.

An Existing CREST Shareholder that, as a result of a *bona fide* market claim has received a shortfall of Excess CREST Open Offer Entitlements to their CREST account and would like to apply for a larger number of Excess CREST Open Offer Entitlements should contact Capita Asset Services and arrange for a further credit of Excess CREST Open Offer Entitlements to be made, subject at all times to the maximum number of Excess CREST Open Offer Entitlements available.

All enquiries in connection with the procedure for application for Excess CREST Open Offer Entitlements should be made to Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(c) Excess Application Facility

Existing Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Existing Non-CREST Shareholders wishing to apply for Excess Shares may do so by completing Box 3 on the Application Form. The maximum number of C Shares to be allotted under the Excess Application Facility (the “Maximum Excess Application Number”) shall be limited to: (a) the maximum size of Issue; less (b) C Shares issued under the Open Offer pursuant to Existing Shareholders’ Open Offer Entitlements and any C Shares that the Directors determine to issue under the Placing or the Offer for Subscription. Applications under the Excess Application Facility shall be allocated by Winterflood in consultation with the Company and no assurance can be given that the applications by Existing Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

A credit of Excess CREST Open Offer Entitlements will be made to each Existing CREST Shareholder; if an Existing CREST Shareholder would like to apply for a larger Excess CREST Open Offer Entitlement such Existing CREST Shareholder should contact Capita Asset Services and arrange for a further credit of Excess CREST Open Offer Entitlements to be made, subject at all times to the maximum number of Excess CREST Open Offer Entitlements available.

All enquiries in connection with the procedure for application for Excess CREST Open Offer Entitlements should be made to Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(d) Application procedures

Existing Non-CREST Shareholders wishing to apply to acquire all or any of the C Shares should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be posted in the accompanying

pre-paid envelope for use within the U.K. only or returned by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by Capita Asset Services by no later than 11.00 a.m. on 5 December 2016, after which time Application Forms will not be valid. Existing Non-CREST Shareholders should note that applications, once made, will be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the U.K., Existing Shareholders are recommended to allow at least four working days for delivery.

All payments must be in Sterling and made by cheque or bankers' draft made payable to Capita Registrars Limited re: "SQN Asset Finance – Open Offer A/C" in respect of an Application and crossed "A/C Payee Only". Cheques or bankers' drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner and must be for the full amount payable on application. Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the Application Form. Post-dated cheques will not be accepted. Third party cheques (other than building society cheques or bankers' drafts where the building society or bank has confirmed that the relevant Existing Shareholder has title to the underlying funds by printing the Existing Shareholder's name on the back of the draft and adding the branch stamp) will be subject to the Money Laundering Regulations which will delay Shareholders receiving their C Shares (please see paragraph 5 below).

Cheques or bankers' drafts will be presented for payment upon receipt. Funds will be held in a non-interest bearing account and no interest will be paid on payments. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and bankers' drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If cheques or bankers' drafts are presented for payment before the conditions to the Open Offer are fulfilled, the application monies will be kept in a separate non-interest bearing bank account. If the Open Offer does not become unconditional, no C Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable, but within 14 days thereafter, following the lapse of the Open Offer.

The Company may in its sole discretion, but shall not be obliged to, treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either:

- (i) Application Forms received after 11.00 a.m. on 5 December 2016; or
- (ii) applications in respect of which remittances are received before 11.00 a.m. on 5 December 2016 from authorised persons (as defined in FSMA) specifying the C Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two Business Days.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

(e) Effect of application

By completing and delivering an Application Form, the applicant:

- (i) represents and warrants to the Company and Winterflood that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer or the Excess Application Facility, as the case may be, and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for C Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) agrees with the Company and Winterflood that all applications and contracts resulting therefrom under the Open Offer and the Excess Application Facility and any non-contractual obligations arising under or in connection therewith shall be governed by and construed in accordance with the laws of England and Wales;
- (iii) confirms to the Company and Winterflood that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information in relation to the Company and the C Shares contained in this document;
- (iv) represents and warrants to the Company and Winterflood that he is the Existing Shareholder originally entitled to the Open Offer Entitlement or that he received such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (v) represents and warrants to the Company and Winterflood that if he has received some or all of his Open Offer Entitlement from a person other than the Company he is entitled to apply under the Open Offer in relation to such Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vi) requests that the C Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form, subject to the Articles;
- (vii) represents and warrants to the Company and Winterflood that he is not, nor is he applying on behalf of any Excluded Overseas Shareholder or a person in any jurisdiction in which the application for C Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the C Shares which are the subject of his application in the United States or to any Excluded Overseas Shareholder or a person in any jurisdiction in which the application for C Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for C Shares under the Open Offer or the Excess Application Facility;
- (viii) represents and warrants to the Company and Winterflood that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;

- (ix) confirms that in making the application he is not relying and has not relied on Winterflood or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (x) acknowledges and agrees that, if a supplementary prospectus is issued by the Company in respect of an amendment to the Issue Price then, subject to the applicant not exercising his right to withdraw his application under section 87G of FSMA, the application will be treated as being for such number of C Shares as equals the cash amount of the original application divided by the new Issue Price; and
- (xi) confirms that he has read and complied with paragraph 11 of Part 6 of this document.

All enquiries in connection with the procedure for application and completion of the Application Form should be addressed to the Receiving Agent at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Existing Non-CREST Shareholders who do not want to take up or apply for the C Shares under the Open Offer should take no action and should not complete or return the Application Form.

4.2 If you have Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer:

(a) General

Subject as provided in paragraph 6 of these Terms and Conditions in relation to certain Overseas Shareholders, each Existing CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlement equal to the maximum number of C Shares for which he is entitled to apply to acquire under the Open Offer. Entitlements to C Shares will be rounded down to the nearest whole number and any fractional Open Offer Entitlement will therefore also be rounded down. Any fractional entitlements to C Shares will be disregarded in calculating Open Offer Entitlements and will be aggregated and made available to Existing Shareholders under the Excess Application Facility.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the existing Ordinary Shares held on the Record Date by the Existing CREST Shareholder in respect of which the Open Offer Entitlement and Excess CREST Open Offer Entitlement have been allocated.

If for any reason the Open Offer Entitlements and/or Excess CREST Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Existing CREST Shareholders cannot be credited by, 9 November 2016, or such later time and/or date as the Company may decide, an Application Form will be sent to each Existing CREST Shareholder in substitution for the Open Offer Entitlement and Excess CREST Open Offer Entitlement which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Existing Non-CREST Shareholders will apply to Existing CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlements to C Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact Capita Asset Services on +44 (0)371 664 0321. Calls

are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Please note Capita Asset Services cannot provide financial advice on the merits of the Open Offer or as to whether applicants should take up their Open Offer Entitlements or Excess CREST Open Offer Entitlements. If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for C Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) Bona fide market claim

Each of the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and the Excess CREST Open Offer Entitlements may only be made by the Existing Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the Euroclear U.K. & Ireland's Claims Processing Unit as "cum" the Open Offer Entitlement and the Excess CREST Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess CREST Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) Excess Application Facility

Existing Shareholders may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Existing CREST Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of these terms and conditions in relation to Overseas Shareholders, the CREST accounts of Existing CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Existing CREST Shareholders should note that, although the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Existing Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Excess Application Facility, Existing CREST Shareholders should follow the instructions in paragraph 4.2(f) below and must not return a paper form and cheque.

Should a transaction be identified by the Euroclear U.K. & Ireland's Claims Processing Unit as "cum" the Open Offer Entitlement and the relevant Open Offer Entitlement be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement claim, but will be transferred as a separate claim. Should an Existing CREST Shareholder cease to hold all of his existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST and allocated to the relevant Existing Shareholder will be transferred to the purchaser. Please note that a separate USE Instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

All enquiries in connection with the procedure for applications in respect of Excess CREST Open Offer Entitlements should be made to Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(d) USE Instructions

Existing CREST Shareholders who are CREST members and who want to apply for C Shares in respect of all or some of their Open Offer Entitlements and/or Excess CREST Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to Euroclear U.K. & Ireland which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with the number of Open Offer Entitlements and Excess CREST Open Offer Entitlements corresponding to the number of C Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of C Shares referred to in paragraph (d)(i) above.

(e) Content of USE Instruction in respect of Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear U.K. & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of C Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Open Offer Entitlement. This is GG00BD3WG165;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 28959SQN;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of C Shares referred to in paragraph (e)(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 5 December 2016; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 5 December 2016.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and

- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 5 December 2016 in order to be valid is 11.00 a.m. on that day.

If the Open Offer does not become unconditional by 8.00 a.m. on 12 December 2016 or such later time and date as the Company and Winterflood determine, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by an Existing CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(f) Content of USE Instruction in respect of Excess CREST Open Offer Entitlements

The USE Instruction must be properly authenticated in accordance with Euroclear U.K. & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Excess Shares for which the application is being made (and hence the number of the Excess CREST Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GG00BD3WG389;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the participant ID of the Receiving Agent in its capacity as Receiving Agent. This is 7RA33;
- (vi) the member account ID of the Receiving Agent in its capacity as Receiving Agent. This is 28959SQN;
- (vii) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Excess Shares referred to in paragraph (f)(i) above;
- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 5 December 2016; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of an Excess CREST Open Offer Entitlement under the Excess Application Facility to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 5 December 2016.

In order to assist prompt settlement of the USE Instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE Instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 5 December 2016 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

If the Open Offer does not become unconditional by 8.00 a.m. on 12 December 2016 or such later time and date as the Company and Winterflood determine, the Open Offer and the Excess Application Facility will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will

be disabled and the Receiving Agent will refund the amount paid by an Existing CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

(g) Deposit of Open Offer Entitlements into, and withdrawal from, CREST

An Existing Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Existing Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlement and the entitlement to apply under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 5 December 2016. After depositing their Open Offer Entitlement into their CREST account, CREST holders will, shortly after that, receive a credit for their Excess CREST Open Offer Entitlement, which will be managed by Capita Asset Services.

In particular, having regard to normal processing times in CREST and on the part of Capita Asset Services, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as an Open Offer Entitlement and Excess CREST Open Offer Entitlements in CREST, is 3.00 p.m. on 30 November 2016 and the recommended latest time for receipt by Euroclear U.K. & Ireland of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST is 4.30 p.m. on 29 November 2016 in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess CREST Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements prior to 11.00 a.m. on 5 December 2016. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw both their Open Offer Entitlement and the Excess CREST Open Offer Entitlement.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Existing Shareholder named in the Application Form or into the name of another person in respect of a *bona fide* market claim, shall constitute a representation and warranty to the Company and Capita Asset Services by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "Instructions for depositing entitlements under the Open Offer into CREST" in the Application Form, and a declaration to the Company and the Registrar from the relevant CREST member(s) that it/they is/are not an Excluded Overseas Shareholder or a person in any jurisdiction in which the application for C Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer or the Excess Application Facility by virtue of a *bona fide* market claim.

- (h) Validity of application
USE Instructions complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 5 December 2016 will constitute valid applications under the Open Offer.
- (i) CREST procedures and timings
CREST members and (where applicable) their CREST sponsors should note that Euroclear U.K. & Ireland does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer and the Excess Application Facility. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 5 December 2016. In this connection CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (j) Incorrect or incomplete applications
If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:
- (i) to reject the application in full and refund the payment to the CREST member in question (without interest);
 - (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of C Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question (without interest); and
 - (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the C Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).
- (k) Effect of valid application
A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:
- (i) represents and warrants to the Company and Winterflood that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer or the Excess Application Facility, as the case may be, and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for C Shares or acting on behalf of any such person on a non-discretionary basis;
 - (ii) agrees with the Company and Winterflood to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Capita Registrar's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
 - (iii) agrees with the Company and Winterflood that all applications and contracts resulting therefrom under the Open Offer and the Excess Application Facility and any non-contractual obligations arising under or in connection therewith shall be governed by, and construed in accordance with, the laws of England and Wales;
 - (iv) confirms to the Company and Winterflood that in making the application he is not relying on any information or representation in relation to the Company other than that contained in this document, and the applicant accordingly agrees that no person responsible solely or jointly for this document or any

part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all the information in relation to the Company and the C Shares contained in this document;

- (v) represents and warrants to the Company and Winterflood that he is the Existing Shareholder originally entitled to the Open Offer Entitlement and Excess CREST Open Offer Entitlement or that he has received such Open Offer Entitlement and Excess CREST Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vi) represents and warrants to the Company and Winterflood that if he has received some or all of his Open Offer Entitlement and Excess CREST Open Offer Entitlement from a person other than the Company, he is entitled to apply under the Open Offer and the Excess Application Facility in relation to such Open Offer Entitlement and Excess CREST Open Offer Entitlement by virtue of a *bona fide* market claim;
- (vii) subject to certain limited exceptions, requests that the C Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles;
- (viii) represents and warrants to the Company and Winterflood that he is not, nor is he applying on behalf of any Shareholder who is an Excluded Overseas Shareholder or a person in any jurisdiction in which the application for C Shares is prevented by law and he is not applying with a view to re-offering, re-selling, transferring or delivering any of the C Shares which are the subject of his application in the United States or to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any other Excluded Territory or any jurisdiction in which the application for C Shares is prevented by law (except where proof satisfactory to the Company has been provided to the Company that he is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome), nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for C Shares under the Open Offer or the Excess Application Facility;
- (ix) represents and warrants that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (x) confirms that in making the application he is not relying and has not relied on Winterflood or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (xi) acknowledges and agrees that, if a supplementary prospectus is issued by the Company in respect of an amendment to the Issue Price then, subject to the CREST member not exercising his right to withdraw his application under section 87G of FSMA, the application will be treated as being for such number of C Shares as equals the cash amount of the original application divided by the new Issue Price; and
- (xii) confirms that he has read and complied with paragraph 11 of Part 6 of this document.

- (l) Company's discretion as to the rejection and validity of applications.

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in these terms and conditions;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Capita Asset Services has received actual notice from Euroclear U.K. & Ireland of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE Instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for C Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

- (m) Lapse of the Open Offer

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 12 December 2016 or such later time and date as the Company and Winterflood may agree, the Open Offer and the Excess Application Facility will lapse, the Open Offer Entitlements and Excess CREST Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by an Existing CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

5 Anti-money laundering regulations

5.1 Holders of Application Forms

To ensure compliance with the Money Laundering Regulations, the Registrar and/or the Receiving Agent may require, at its absolute discretion, verification of the identity of the person by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If the Application Form is submitted by a U.K. regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Registrar or Receiving Agent. In such case, the lodging agent's stamp should be inserted on the Application Form.

The person lodging the Application Form with payment and in accordance with the other terms as described above (the "acceptor"), including any person who appears to the Registrar to be acting on behalf of some other person, accepts the Open Offer in respect of such number of C Shares as is referred to therein (for the purposes of this paragraph 5 the "relevant C Shares") shall thereby be deemed to agree to provide the Registrar with such information and other evidence as the Registrar may require to satisfy the verification of identity requirements.

If Capita Asset Services determines that the verification of identity requirements apply to any acceptor or application, the relevant C Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant acceptor unless and until the verification of identity requirements have been satisfied in respect of that acceptor or application. The Registrar and/ or the Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any acceptor or application and whether such requirements have been satisfied, and neither Capita Asset Services nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable time following a request for verification of identity. The Registrar has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant application as invalid, in which event the monies payable on acceptance of the Open Offer or under the Excess Application Facility will be returned (at the acceptor's risk) without interest to the account of the bank or building society on which the relevant cheque or bankers' draft was drawn.

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, the Registrar, the Receiving Agent and Winterflood from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering and terrorist financing (no. 2005/60/EC));
- (b) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (c) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (d) if the aggregate subscription price for the C Shares is less than €15,000 or approximately £13,400.

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (e) if payment is made by cheque or bankers' draft in Sterling drawn on a branch in the United Kingdom of a bank or building society which bears a U.K. bank sort code number in the top right hand corner the following applies. Cheques, should be made payable to Capita Registrars Limited re: "SQN Asset Finance – Open Offer A/C" in respect of an Application and crossed "A/C Payee Only". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/bankers' draft to such effect. The account name should be the same as that shown on the Application Form; or
- (f) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, India, Japan, Mexico, New Zealand, Norway, Russian Federation, Republic of Korea, Singapore, South Africa, Switzerland, Turkey, U.K. Crown Dependencies and the U.S. and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it

acts and that it will on demand make such evidence available to Capita Asset Services. If the agent is not such an organisation, it should contact Capita Asset Services.

To confirm the acceptability of any written assurance referred to in (b) above, or in any other case, the acceptor should contact Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

If the Application Form(s) is/are in respect of C Shares with an aggregate subscription price of €15,000 or approximately £13,400 or more and is/are lodged by hand by the acceptor in person, or if the Application Form(s) in respect of C Shares is/are lodged by hand by the acceptor and the accompanying payment is not the acceptor's own cheque, he or she should ensure that he or she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and separate evidence of his or her address.

If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 5 December 2016, Capita Asset Services has not received evidence satisfactory to it as aforesaid. Capita Asset Services may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank or building society from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

5.2 Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST

If you hold your Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST and apply for C Shares in respect of all or some of your Open Offer Entitlements and Excess CREST Open Offer Entitlements as agent for one or more persons and you are not a U.K. or EU regulated person or institution (e.g. a U.K. financial institution), then irrespective of the value of the application, Capita Asset Services is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact Capita Asset Services before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction (which on its settlement constitutes a valid application as described above) constitutes a warranty and undertaking by the applicant to provide promptly to Capita Asset Services such information as may be specified by Capita Asset Services as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Capita Asset Services as to identity, Capita Asset Services may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the C Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the C Shares represented by the USE Instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

6 Overseas Shareholders

This document has been approved by the FCA.

However, please note that the making of the Open Offer to Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom may be affected by the law or regulatory requirements of the

relevant jurisdiction. The comments set out in this paragraph 6 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

The distribution of this document and the Application Form and the making of the Open Offer to Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or agents, custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for C Shares under the Open Offer or the Excess Application Facility.

No action has been or will be taken by the Company, Winterflood, or any other person, to permit a public offering or distribution of this document (or any other offering or publicity materials or Application Form(s) relating to the C Shares) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Receipt of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed. Application Forms will not be sent to, and Open Offer Entitlements nor Excess CREST Open Offer Entitlements will not be credited to stock accounts in CREST of Excluded Overseas Shareholders or their agents or intermediaries, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or an Application Form in any territory other than the United Kingdom and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST may treat the same as constituting an invitation or offer to him or her, nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST unless, in the relevant territory in which the Application Form is received or in which the person is resident or located, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this document and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for C Shares under the Open Offer or the Excess Application Facility to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory.

None of the Company, Winterflood, nor any of their respective representatives, is making any representation to any offeree or purchaser of the C Shares regarding the legality of an investment in the C Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, in connection with

the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess CREST Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this document and/or an Application Form and/or a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian, agent, nominee or trustee, he or she must not seek to apply for C Shares in respect of the Open Offer or the Excess Application Facility unless the Company and Winterflood determine that such action would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this document and/or an Application Form and/or transfers Open Offer Entitlements or Excess CREST Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of these Terms and Conditions and specifically the contents of this paragraph 6.

Any person (including, without limitation, custodians, agents, nominees and trustees) outside of the United Kingdom wishing to apply for C Shares in respect of the Open Offer must satisfy himself or herself as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The Company reserves the right to treat as invalid any application or purported application for C Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or another Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of C Shares or in the case of a credit of Open Offer Entitlements or Excess CREST Open Offer Entitlements to a stock account in CREST, to a CREST member who is an Excluded Overseas Shareholder or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

Existing Shareholders in jurisdictions outside the United Kingdom other than the United States, Canada, Australia, the Republic of South Africa, New Zealand or Japan, may, subject to the laws of their relevant jurisdiction, take up C Shares in accordance with the instructions set out in this document and the Application Form. Such Existing Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom should, however, consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their C Shares. Notwithstanding any other provision of this document or the Application Form, the Company reserves the right to permit any person to apply for C Shares in respect of the Open Offer and/or under the Excess Application Facility if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for C Shares should note that payment must be made in Sterling denominated cheques or bankers' drafts or where such Overseas Shareholder is an Existing CREST Shareholder, through CREST.

7 Admission, settlement and dealings

The result of the Open Offer is expected to be announced on 8 December 2016. Applications will be made to the U.K. Listing Authority for the C Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the C Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the C Shares, fully paid, will commence at 8.00 a.m. on 12 December 2016.

The existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Ordinary Shares. All such shares, when issued and fully paid, may be held and transferred by means of CREST.

Open Offer Entitlements and Excess CREST Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 5 December 2016 (the latest date for applications under the Open Offer). If the condition(s) to the Open Offer described above are satisfied, C Shares will be issued in uncertificated form to those persons who submitted a valid application for C Shares by utilising the CREST application procedures and whose applications have been accepted by the Company. The stock accounts to be credited will be accounts under the same CREST participant IDs and CREST member account IDs in respect of which the USE Instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Existing CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess CREST Open Offer Entitlements, and to allot and/or issue any C Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

For Existing Non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the C Shares validly applied for are expected to be despatched by post in the week commencing 19 December 2016. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the share register of the Company. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Existing Non-CREST Shareholders are referred to paragraph 4.1 above and their respective Application Form.

8 Times and dates

The Company shall, in agreement with Winterflood and after consultation with its financial and legal advisers, be entitled to amend the dates that Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the U.K. Listing Authority, and make an announcement on a Regulatory Information Service and, if appropriate, to Shareholders but Existing Shareholders may not receive any further written communication. If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

9 Governing law and jurisdiction

The terms and conditions of the Open Offer and the Excess Application Facility as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer and the Excess Application Facility, this document or the Application Form. By taking up C Shares in accordance with the instructions set out in this document and, where applicable, the Application Form, Existing Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

10 Further information

Your attention is drawn to the further information set out in this document and also, in the case of Existing Non-CREST Shareholders and other Existing Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the Application Form.

PART 13

TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

1 Introduction

If you apply for C Shares under the Offer for Subscription, you will be agreeing with the Company, Winterflood and the Receiving Agent as set out in this Part 13 and in paragraph 11 of Part 6 of this document.

If you are a new investor in SQN Asset Finance Income Fund Limited, in addition to completing and returning the Application Form to Capita Asset Services, you will also need to complete and return a Tax Residency Self-Certification Form. The Tax Residency Self-Certification Form can be obtained on request from Capita Asset Services on 0371 664 0324. Calls are charged at the standard geographic rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

It is a condition of application that (where applicable) a completed version of that form is provided with the Application Form before any application can be accepted.

2 Offer to acquire C Shares under the Offer for Subscription

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

- 2.1 offer to subscribe for the number of C Shares specified in section 1 of your Application Form (or such lesser number for which your application is accepted) at the Issue Price on the terms, and subject to the conditions, set out in this document (including this Part 13) and the Memorandum of Incorporation and Articles of the Company;
- 2.2 agree that, in consideration of the Company and/or Winterflood agreeing that they will not, prior to Admission, offer for subscription any C Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph 2.2 shall constitute a collateral contract between you, the Company and/or Winterflood which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by the Receiving Agent of your Application Form;
- 2.3 warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to have any C Shares applied for in uncertificated form credited to a CREST account or to receive a share certificate for any C Shares applied for in certificated form or to enjoy or receive any rights in respect of such C Shares unless and until you make payment in cleared funds for such C Shares (and any associated aggregated commission) and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and the Receiving Agent against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to issue such C Shares and may issue them to some other person(s), in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds of the remittance, once honoured, which accompanied your Application Form, without interest);

- 2.4 agree that the crediting to a CREST account of any C Shares in uncertificated form to which you may become entitled may be delayed by, and that any share certificate in respect of any C Shares in certificated form to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled and monies returnable may be retained by, the Receiving Agent:
- (a) pending clearance of your remittance;
 - (b) pending investigation of any suspected breach of the warranties contained in sub-paragraphs 6.1, 6.2, 6.6, 6.8 or 6.9 of this Part 13 or any other suspected breach of the terms and conditions of application set out in this Part 13; or
 - (c) pending any verification of identity which is, or which the Company or the Receiving Agent considers may be, required for the purposes of its money laundering obligations under the Money Laundering Regulations and any other applicable anti-money laundering guidance regulations or legislation; and
 - (d) any interest accruing on such retained monies shall accrue to and for the sole benefit of the Company;
- 2.5 agree, on the request of the Company and/or Winterflood, to disclose promptly in writing to them such information as the Company and/or Winterflood may request in connection with your application and authorise the Company, Winterflood and the Receiving Agent to disclose any information relating to your application which they may consider appropriate;
- 2.6 agree that, if evidence of identity satisfactory to the Company, and/or the Receiving Agent is not provided to the Receiving Agent within a reasonable time in the opinion of Winterflood following a request therefor, the Company or Winterflood may terminate the agreement with you to issue C Shares and, in such case, the C Shares which would otherwise have been issued to you may be re-issued and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn without interest and at your risk;
- 2.7 agree that you are not applying on behalf of a person engaged in money laundering;
- 2.8 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certificated by a solicitor or notary) is enclosed with your Application Form;
- 2.9 undertake to pay interest at the rate described in paragraph 3.3 of this Part 13 if the remittance accompanying your Application Form is not honoured on first presentation;
- 2.10 authorise the Receiving Agent to credit the CREST account specified in section 5 of the Application Form with the number of C Shares for which your application is accepted or, if that section is not completed, send a definitive certificate in respect of the number of C Shares for which your application is accepted by post to your address (or that of the first-named applicant) as set out in your Application Form;
- 2.11 agree that, in the event of any difficulties or delays in the admission of the C Shares to CREST or the use of CREST in relation to the Offer for Subscription, the Company and/or Winterflood may agree that all of the C Shares should be issued in certificated form;
- 2.12 authorise the Receiving Agent to send a crossed cheque for any monies returnable (without interest) by post to your address (or that of the first-named applicant) as set out in your Application Form;
- 2.13 confirm that you have read and complied with paragraph 11 of Part 6 of this document;
- 2.14 consent to the processing of personal data given in relation to your application and acknowledge and accept that information provided by you to the Company, Receiving Agent or Administrator will be stored on the Receiving Agent's, the Registrar's and the Administrator's computer system and manually. You acknowledge and agree that for the purposes of the Data Protection (Bailiwick of Guernsey) Law, 2001, as amended (the "**Data Protection Law**") and other relevant data protection legislation which may be applicable, the Receiving Agent, the Registrar and the Administrator

are required to specify the purposes for which they will hold personal data. The Receiving Agent, the Registrar and the Administrator will only use such information for the purposes set out below (collectively, the “**Purposes**”), being to:

- (a) process your personal data (including sensitive personal data) as required by or in connection with your holding of C Shares, including processing personal data in connection with credit and money laundering checks on you;
- (b) communicate with you as necessary in connection with your affairs and generally in connection with your holding of C Shares;
- (c) provide personal data to such third parties as the Administrator, the Registrar or Receiving Agent may consider necessary in connection with your affairs and generally in connection with your holding of C Shares or as the Data Protection Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
- (d) without limitation, provide such personal data to the Company, Winterflood, the Investment Manager, the Administrator, the Receiving Agent, the Registrar and their respective associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
- (e) process your personal data for the Administrator’s, the Receiving Agent’s or the Registrar’s internal administration.

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

3 Acceptance of applications

- 3.1 In respect of those C Shares for which your application has been received (and for new investors, accompanied by the validly completed Tax Residency Self-Certification Form) and is not rejected, acceptance of your application shall be constituted, at the election of the Company, or Winterflood on behalf of the Company, either:
 - (a) by notifying the FCA of the basis of allocation (in which case the acceptance will be on that basis); or
 - (b) by notifying acceptance thereof to the Receiving Agent.
- 3.2 The basis of allocation will be determined by the Company in consultation with Winterflood. The right is reserved notwithstanding the basis so determined to reject in whole or in part and/or scale down any application. The right is also reserved to treat as valid any application not complying fully with the terms and conditions of application set out in this Part 13 or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with it in some other manner to apply in accordance with the terms and conditions of application in this Part 13. The Company reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received through the post after 1.00 p.m. on 6 December 2016 or which are received otherwise than in accordance with these terms and conditions of the Offer for Subscription.
- 3.3 Cheques should be made payable to Capita Registrars Limited Re: SQN Asset Finance – Offer for Subscription A/C and crossed “A/C payee only”. The right is reserved to present all cheques for payment on receipt by the Receiving Agent to retain documents of title and surplus application monies pending clearance of successful applicant’s cheques. The Company may require you to pay interest or its

other resulting costs (or both) if any cheque accompanying your application is not honoured on first presentation. If you are required to pay interest, you will be obliged to pay the amount determined by the Company to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer for Subscription is publicly announced until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus 2 per cent. per annum.

- 3.4 The right is reserved to reject in whole or in part and/or to scale down or limit, any application.
- 3.5 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for fewer than 1,000 C Shares.

4 Conditions

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
 - (a) Admission by 8.00 a.m. (London time) on or prior to 12 December 2016 (or such later time or date, not being later than 8.00 a.m. on 30 December 2016, as the Company and Winterflood may agree);
 - (b) the Placing Agreement referred to in paragraph 10.1 of Part 9 of this document becoming unconditional and the obligations of Winterflood thereunder not being terminated prior to Admission; and
 - (c) the Resolution being passed at the Extraordinary General Meeting.
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

5 Return of application monies

If any application is not accepted in whole, or is accepted in part only (as a result of any scaling back of any part of an application), or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by crossed cheque in favour of the first-named applicant, by post at the risk of the person(s) entitled thereto within 14 days thereafter. In the meantime, application monies will be retained by the Receiving Agent in a separate non-interest bearing account.

6 Warranties

By completing an Application Form, you:

- 6.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person or corporation and that such other person or corporation will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in this Part 13 and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 6.2 warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any such territory or jurisdiction and that you have not taken any action or omitted to take any action which will result in the Company, Winterflood or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer for Subscription in respect of your application;

- 6.3 confirm that, in making an application, you are not relying on any information or representations in relation to the Company other than those contained in this document and any supplementary prospectus issued by the Company prior to Admission (on the basis of which alone your application is made) and, accordingly, you agree that no person responsible solely or jointly for this document or any part of it shall have any liability for any such other information or representation;
- 6.4 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained in it;
- 6.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and any supplementary prospectus issued by the Company prior to Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or Winterflood;
- 6.6 warrant that you are not under the age of 18 on the date of your application;
- 6.7 agree that all documents and monies sent by post to, by or on behalf of the Company, Winterflood or the Receiving Agent will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Application Form;
- 6.8 warrant that you are not applying as, or as nominee or agent of, a person who is or may be a person mentioned in any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipt and clearance services); and
- 6.9 confirm that you have reviewed the restrictions contained in paragraph 2 of this Part 13 and warrant to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions in that paragraph.

7 Money laundering

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations, as amended, and any other regulations applicable thereto, the Company and/or Winterflood may, at its/their absolute discretion, require verification of identify from any person lodging an Application Form who either:
 - (a) tenders payment by way of banker's draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or
 - (b) appears to the Receiving Agent to be acting on behalf of some other person (in which case verification of or identity of any persons on whose behalf you appear to be acting may be required).

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

Without prejudice to the generality of this paragraph 7 of this Part 13, verification of the identity of applicants will be required if the aggregate value of the C Shares applied for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,400).

8 Miscellaneous

- 8.1 To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the C Shares and the Offer for Subscription.
- 8.2 The rights and remedies of the Company, Winterflood and the Receiving Agent, pursuant to this Part 13 are in addition to any rights and remedies, which would otherwise be available to any of them, and the exercise or partial exercise of one will not prevent the exercise of others.

- 8.3 The Company reserves the right to delay the closing time of the Offer for Subscription from 1.00 p.m. on 6 December 2016 by giving notice to the FCA. In this event, the revised closing time will be published in such manner as Winterflood, in consultation with the Company, determines subject, and having regard, to the Listing Rules, the Prospectus Rules and any other requirements of the FCA.
- 8.4 The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned to you without interest.
- 8.5 You agree that Winterflood is acting for the Company in connection with the Offer for Subscription and for no-one else and that Winterflood will not treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of C Shares or concerning the suitability of C Shares for you or otherwise in relation to the Offer for Subscription.
- 8.6 You authorise the Receiving Agent, Winterflood or any person authorised by any of them or the Company, as your agent, (without any obligation to do so) to do all things necessary to effect registration of any C Shares subscribed by you into your name(s) and authorise any representatives of the Receiving Agent or of Winterflood to execute and/or complete any document required therefor.
- 8.7 You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company, Winterflood or the Receiving Agent to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
- 8.8 The dates and times referred to in this Part 13 may be altered by the Company so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 8.9 Save where the context requires otherwise, terms used in this Part 13 bear the same meaning as where used elsewhere in this document.

9 Joint applicants

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

If you do wish to apply jointly, you may do so with up to three other persons. Sections 3 and 4 of the Application Form must be completed by one applicant. All other persons who wish to join in the application must complete and sign section 7 of the Application Form.

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

10 Verification of identity

Verification of the identity of applicants will be required if the aggregate value of the C Shares applied for, whether in one or more applications, exceeds €15,000 (or its Sterling equivalent, being approximately £13,400).

11 Instructions for delivery of completed application forms

Completed Application Forms should be returned, by post to or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 1.00 p.m. on 6 December 2016. If you post your Application Form, you are recommended to

use first class post and to allow at least two days for delivery. Application Forms received after 1.00p.m. on 6 December 2016 may be rejected and returned to the first-named applicant.

PART 14 DEFINITIONS

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

“Administration and Custody Agreement”	the administration and custody agreement dated 16 June 2014, as amended, between the Company and the Administrator;
“Administrator”	BNP Paribas Securities Services S.C.A., Guernsey Branch, whose details are set out on page 33;
“Admission”	admission to trading on the London Stock Exchange’s main market for listed securities of the C Shares issued pursuant to the Issue becoming effective in accordance with the LSE Admission Standards and admission of the C Shares issued pursuant to the Issue to listing on the premium segment of the Official List;
“AIC Code”	Association of Investment Companies’ Code of Corporate Governance;
“Alternative Investment Fund Managers Directive” or “AIFMD”	the Alternative Investment Fund Managers Directive 2011/61 EU;
“Applicant”	a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Application Form;
“Application”	the offer made by an Applicant by completing an Application Form and posting (or delivering by hand during normal business hours only) it to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
“Application Form”	in respect of the Offer for Subscription, the application form in connection with the Offer for Subscription which is attached to this document and, in respect of the Open Offer, the personalised application form in connection with the Open Offer;
“Articles”	the articles of incorporation of the Company adopted on 11 June 2014;
“Board”	together the Directors;
“Business Day”	a day on which the London Stock Exchange and banks in London and Guernsey are normally open for business;
“Capita Asset Services”	a trading name of Capita Registrars Limited;
“C Shares”	means the redeemable shares of no par value issued and designated as “C Shares” of such tranches (denominated in such currencies) as the Directors may determine and having such rights and being subject to such restrictions as contained in the Articles and which will convert into Ordinary Shares of the relevant class in accordance with the terms of the Articles;
“certificated” or “in certificated form”	the description of a share or other security which is not in uncertificated form (that is not in CREST);
“Commission”	the Guernsey Financial Services Commission;
“Companies Act 2006”	the provisions of the U.K. Companies Act 2006 in force at the date of this document;
“Company”	SQN Asset Finance Income Fund Limited, a company incorporated in Guernsey with registered number 58519 whose registered office is at BNP Paribas House, St Julian’s Avenue, St Peter Port, Guernsey, GY1 1WA, Guernsey;
“Continuation Resolution”	the ordinary resolution(s) to be proposed by the Board to Shareholders at the annual general meeting in 2017 and at every third annual general meeting thereafter that the Company continues as a closed-ended investment company;

“Conversion”	in relation to any tranche of C Shares, conversion of that tranche of C Shares in accordance with the Articles;
“Court”	the Royal Court of Guernsey;
“CREST Guernsey Regulations”	the Uncertificated Securities (Guernsey) Regulations 2009 (as amended from time to time);
“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, the CCSS Operations Manual and the CREST Glossary of Terms;
“CREST member”	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
“CREST Proxy Instruction”	the appropriate CREST message made to appoint a proxy, properly authenticated in accordance with Euroclear’s specifications;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended from time to time);
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“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;
“CRS”	the Common Reporting Standard on Automatic Exchange of Information;
“Custodian”	BNP Paribas Securities Services S.C.A., Guernsey Branch, whose details are set out on page 33;
“Directors”	the directors of the Company as at the date of this document whose names are set out on page 33 of this document and “Director” means any one of them;
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules contained in the FCA Handbook of Rules and Guidance;
“ERISA Plan Investors”	a plan investor as defined by ERISA;
“ERISA”	the U.S. Employment Retirement Income Security Act of 1974, as amended;
“EU” or “European Union”	the European Union first established by the treaty made at Maastricht on 7 February 1992;
“Euroclear”	Euroclear U.K. & Ireland Limited;
“European Economic Area”	the European Union, Iceland, Norway and Liechtenstein;
“Excess Application Facility”	the arrangement pursuant to which Existing Shareholders may apply for C Shares in excess of their Open Offer Entitlements in accordance with the terms and conditions of the Open Offer;
“Excess CREST Open Offer Entitlement”	in respect of each Existing CREST Shareholder, the entitlement (in addition to their Open Offer Entitlement) to apply for C Shares using CREST pursuant to the Excess Application Facility;
“Excess Shares”	such number of C Shares as may be allocated to the Excess Application Facility (as jointly determined by Winterflood and the Company) that have not been allocated to Existing Shareholders pursuant to their Open Offer Entitlements;
“Excluded Overseas Shareholder”	a holder of Ordinary Shares with a registered mailing address in an Excluded Territory;

“Excluded Territory”	means Australia, Canada, Japan, South Africa, New Zealand or the United States or any other jurisdiction where the availability of the Issue would breach any applicable law;
“Existing CREST Shareholders”	Existing Shareholders holding Ordinary Shares in uncertificated form in CREST;
“Existing Non-CREST Shareholders”	Existing Shareholders holding Ordinary Shares in certificated form;
“Existing Shareholder”	a holder of an Ordinary Share as at the Record Date;
“Extraordinary General Meeting”	the general meeting of the Company convened for 10.30 a.m. on 5 December 2016;
“FATCA”	the U.S. Foreign Account Tax Compliance Act;
“FCA”	Financial Conduct Authority;
“FDIC”	Federal Deposit Insurance Corporation;
“FINRA”	U.S. Financial Industry Regulatory Authority;
“First Admission”	means admission of the Ordinary Shares to the Official List of the U.K. Listing Authority (premium listing) and admission of the Ordinary Shares to trading on the main market for listed securities of the London Stock Exchange on 14 July 2014;
“Form of Proxy”	the form of proxy which accompanies this document for use by Shareholders in connection with the Extraordinary General Meeting;
“FSMA”	the Financial Services and Markets Act 2000, (as amended from time to time), including any regulations made pursuant thereto;
“GFSC Code”	the Finance Sector Code of Corporate Governance published by the Guernsey Financial Services Commission;
“Gross Issue Proceeds”	the gross proceeds received by the Company pursuant to the Issue;
“Group”	the Company and its subsidiaries from time to time;
“Guernsey”	the Island of Guernsey;
“HMRC”	HM Revenue & Customs;
“Investment Management Agreement”	the investment management agreement dated 16 June 2014 and made between the Company, the Investment Managers, details of which are set out in paragraph 10.5 of Part 9 of this document;
“Investment Managers”	the U.S. Investment Manager and the U.K. Investment Manager;
“IPO”	initial public offering;
“IRR”	internal rate of return;
“ISA”	an individual savings account maintained in accordance with the U.K. Individual Savings Account Regulations 1998 (as amended from time to time);
“ISIN”	International Securities Identification Number;
“Issue”	the issue of C Shares pursuant to the Placing, the Offer for Subscription and the Open Offer;
“Issue Costs”	the issue expenses as detailed in Part 9 of this document;
“Issue Price”	100 pence per C Share;
“Latest Practicable Date”	3 November 2016;
“Law”	The Companies (Guernsey) Law, 2008, as amended;
“Listing Rules”	the listing rules made by the FCA under section 73A of FSMA;
“LLC”	a United States limited liability company;
“London Stock Exchange”	London Stock Exchange plc;

“Main Market”	the main market of the London Stock Exchange;
“Market Abuse Regulation”	regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse;
“Memorandum”	the memorandum of incorporation of the Company dated 28 May 2014 as amended from time to time;
“Money Laundering Regulations”	the U.K. Money Laundering Regulations 2007 (SI 2007/ 2157) and where appropriate, the Criminal Justice (Proceeds of Crime) (Financial Services Businesses) (Bailiwick of Guernsey) Regulations 2007 and any other applicable anti-money laundering guidance, regulations or legislation;
“Net Asset Value” or “NAV”	the value of the assets of the Company or a class of shares of the Company, as the case may be, less its liabilities (including accrued but unpaid fees), determined by the Directors in their absolute discretion in accordance with the accounting principles adopted by the Directors;
“Net Issue Proceeds”	means the proceeds of the Issue, after deduction of the Issue Costs;
“Offer for Subscription”	the offer for subscription to the public in the U.K. of C Shares to be issued at the Issue Price of 100 pence each on the terms set out in Part 13 of this document and the Application Form;
“Ongoing Charges Ratio”	the annual percentage reduction in Shareholder returns as a result of recurring operational expenses assuming markets remain static and the portfolio is not traded;
“Open Offer”	the offer to Existing Shareholders, constituting an invitation to apply for C Shares under the Issue, on the terms and subject to the conditions set out in this document and, in the case of Existing Non-CREST Shareholders only, the Application Form;
“Open Offer Entitlement”	the entitlement of Existing Shareholders to apply for C Shares under the Open Offer as set out in Part 12 of this document;
“Ordinary Share”	an ordinary share of no par value in the Company;
“Ordinary Shareholders”	holders of Ordinary Shares;
“Overseas Shareholders”	Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom;
“Placee”	a placee under the Placing;
“Placing”	the conditional placing of C Shares at the Issue Price, as described in this document;
“Placing Agreement”	the conditional agreement dated 8 November 2016 between the Company, the U.S. Investment Manager, the U.K. Investment Manager and Winterflood, details of which are set out in paragraph 10.1 of Part 9 of this document;
“POI Law”	The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended;
“Promoter”	the Investment Manager;
“Proposals”	the proposals as detailed in Part 1 of this document;
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003;
“Prospectus Rules”	the prospectus rules of the FCA made pursuant to section 73A of FSMA;
“RCIS Rules”	the Registered Collective Investment Schemes Rules 2015;

“Receiving Agent”	Capita Asset Services, whose details are set out on page 34 of this document;
“Receiving Agent Agreement”	the receiving agent agreement between the Receiving Agent and the Company, details of which are set out in paragraph 10.2 of Part 9 of this document
“Record Date”	close of business (U.K. time) on 4 November 2016;
“Registrar”	Capita Registrars (Guernsey) Limited, whose details are set out on page 33 of this document;
“Regulation S”	Regulation S promulgated under the Securities Act;
“Regulatory Information Service” or “RIS”	one of the regulatory information services authorised by the FCA to receive, process and disseminate regulatory information from listed companies;
“Resolution”	the resolution to be proposed at the Extraordinary General Meeting to authorise the issue of up to 180 million C Shares otherwise than on a pre-emptive basis;
“Restricted Jurisdiction”	each of Australia, Canada, Japan, the Republic of South Africa, New Zealand and the United States;
“SEC”	the U.S. Securities and Exchange Commission;
“Securities Act”	the U.S. Securities Act of 1933, as amended;
“Share” or “Shares”	an Ordinary Share and/or a C Share as the context requires;
“Shareholder”	a holder of a Share;
“Sterling” or “£”	pounds sterling, the legal currency of the United Kingdom;
“Summit”	Summit Asset Management Limited, which sold its leasing division to the U.K. Investment Manager in January 2015;
“Takeover Code”	the City Code on Takeovers and Mergers (as amended from time to time);
“Tax Code”	the U.S. Internal Revenue Code of 1986, as amended;
“Tax Residency Self-Certification Form”	the tax residency self-certification form required to be completed by all new investors in the Company for FATCA reporting purposes;
“Terms and Conditions”	the terms and conditions relating to the Offer for Subscription as set out in Part 13 of this document;
“U.K. Governance Code”	the United Kingdom Corporate Governance Code published by the Financial Reporting Council in May 2010;
“U.K.” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“U.K. Investment Manager”	SQN Capital Management (U.K.) Limited, whose details are set out on page 33 of this document;
“U.S. Investment Company Act”	the U.S. Investment Company Act of 1940, as amended;
“U.S. Investment Manager”	SQN Capital Management, LLC, whose details are set out on page 33;
“UCITS Directive”	means Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities;
“uncertificated” or “in uncertificated form”	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;
“U.S. Dollar” or “\$”	United States dollars, the lawful currency of the United states;
“U.S. person”	has the meaning ascribed to it under Regulation S;

“U.S.” 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; and

“Winterflood”

Winterflood Securities Limited.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SQN ASSET FINANCE INCOME FUND LIMITED

(a company incorporated with limited liability under the laws of Guernsey with registered number 58519)

Notice is hereby given that an Extraordinary General Meeting of SQN Asset Finance Income Fund Limited (the “**Company**”) will be held at the Company’s registered office at BNP Paribas House, St. Julian’s Avenue, St. Peter Port, Guernsey GY1 1WA at 10.30 a.m. on 5 December 2016 to consider and, if thought fit, approve the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT the Directors be and they are hereby empowered to issue up to 180 million C Shares for cash otherwise than *pro rata* to existing Shareholders as if Article 7.2 of the Articles of Incorporation did not apply to any such allotment, provided that this power shall expire at the conclusion of the annual general meeting of the Company to be held in 2017 (unless previously revoked, varied or renewed by the Company in general meeting), save that the Company may, before such expiry, make an offer or agreement which would or might require C Shares to be allotted after such expiry and the Directors may allot C Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Notes:

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

- (i) A member entitled to attend and vote at the Extraordinary General Meeting convened by the above Notice of Extraordinary General Meeting is entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend and speak and vote in his place. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the Extraordinary General Meeting, each proxy must be appointed to exercise the rights attached to a different Ordinary Share or Ordinary Shares held by the member. Completion of the Form of Proxy will not prevent you from attending and voting in person.
- (ii) To appoint a proxy you may use the Form of Proxy enclosed with this Notice of Extraordinary General Meeting. To be valid, the Form of Proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned in accordance with the instructions printed thereon to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or delivered by hand during office hours only to the same address to be received as soon as possible and in any event by not later than forty eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default unless the Board directs otherwise the Form of Proxy shall not be treated as valid. Amended instructions must also be received by the Company's registrar by the deadline for receipt of proxies. If you would like to submit your Form of Proxy electronically via the internet, you may do so via www.capitashareportal.com. You will need to register to use the service if you have not already done so. Once registration is complete, you may vote online by following the instructions provided.
- (iii) The "Vote Withheld" option is provided to enable you to abstain on the resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" the resolution.
- (iv) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (v) To be entitled to attend and vote at the Extraordinary General Meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the register of members of the Company by close of business on 1 December 2016 (or, in the event of any adjournment, 48 hours before the time of the adjourned meeting). Changes to the register of members after the relevant deadline will be disregarded in determining the right of any person to attend and vote at the meeting.
- (vi) Shareholders who hold their Ordinary Shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST.
- (vii) To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Company's registrar (ID number RA10) not later than 10.30 a.m. on 1 December 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 34 of the Uncertificated Securities (Guernsey) Regulations 2009.
- (viii) To allow effective continuation of the meeting (or any adjourned meeting), if it is apparent to the Chairman that no Shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, the Chairman may appoint a substitute to act as proxy in their stead for any Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

- (ix) A copy of the Company's Articles of Incorporation will be available for inspection at the registered office of the Company at BNP Paribas Securities Services S.C.A, Guernsey Branch, BNP Paribas House, St. Julian's Avenue, St. Peter Port, Guernsey GY1 1WA from the date of this notice until the time of the Extraordinary General Meeting.
- (x) As at 7 November 2016, being the last business day prior to the printing of this Notice of Extraordinary General Meeting, the Company's issued capital consisted of 357,707,507 Ordinary Shares carrying one vote each. Therefore, the total voting rights in the Company as at 7 November 2016 are 357,707,507.
- (xi) Defined terms in this Notice of Extraordinary General Meeting and the Resolution have the same meanings as given to them in Part 14 of this document.

**APPENDIX
APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION**

For official use only:	
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Important: before completing this form, you should read the accompanying notes.

To: Capita Asset Services, acting as receiving agent for SQN Asset Finance Income Fund Limited

1. Application

I/We the person(s) detailed in section 3A below offer to subscribe for the number of C Shares shown in Box 1 subject to the Terms and Conditions set out in Appendix 2 to the Prospectus dated 8 November 2016 and subject to the Memorandum and Articles of Incorporation of the Company.

Box 1 (minimum subscription of 1,000 C Shares.)

2. Amount payable

Box 2 (the number in Box 1 multiplied by the Issue Price, being 100 pence per C Share)

£

Payment Method: Cheque CHAPS CREST Settlement

3A. Details of Holder(s) in whose Name(s) Shares will be issued (BLOCK CAPITALS)

Mr, Mrs, Miss or Title.....

Forenames (in full)

Surname/Company Name

Address (in Full).....

Designation (if any)

Mr, Mrs, Miss or Title.....

Forenames (in full)

Surname/Company Name

Mr, Mrs, Miss or Title.....

Forenames (in full)

Surname/Company Name

Mr, Mrs, Miss or Title.....

Forenames (in full)

Surname/Company Name



3B. CREST details

(Only complete this section if C Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 3A).

CREST Participant ID

CREST Member Account ID

4. Signature(s) all holders must sign

First holder signature:	Second holder signature:
Name (Print)	Name (Print)
Dated:	Dated:
Third holder signature:	Fourth holder signature:
Name (Print)	Name (Print)
Dated:	Dated:

5. Settlement details

(a) *Cheque/Banker's Draft*

If you are subscribing for C Shares and paying by cheque or banker's draft pin or staple to this form your cheque or banker's draft for the exact amount shown in Box 2 made payable to "Capita Registrars Limited re: SQN Asset Finance – Offer for Subscription A/C". Cheques and banker's drafts must be drawn in Sterling on an account at a bank branch in the U.K., the Channel Islands or the Isle of Man and must bear a U.K., Channel Islands or Isle of Man bank sort code number in the top right hand corner.

(b) *Electronic Bank Transfer*

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for the exact amount shown in Box 2 by 1.00 p.m. on 6 December 2016. Please contact Capita Asset Services by telephoning the help desk (details of which can be found on page 133 of the Prospectus) for further information. Capita Asset Services will then provide applicants with a unique reference number which must be used when sending payment. Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 1.00 p.m. on 6 December 2016 together with the name and number of the account to be debited with such payment and the branch contact details.

Sort Code:	Account name:
Account number:	Contact name at branch and telephone number:

(c) *CREST Settlement*

If you so choose to settle your application within CREST, that is DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of C Shares to be made against payment of the Issue Price per C Share, following the CREST matching criteria set out below:

Trade Date:	8 December 2016
Settlement Date:	12 December 2016
Company:	SQN Asset Finance Income Fund Limited
Security Description:	C Shares of No Par Value
SEDOL:	BYNJG14
ISIN:	GG00BYNJG147

Should you wish to settle DVP, you will need to input your instructions to Capita Asset Services' Participant account RA06 by no later than 1.00 p.m. on 6 December 2016.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

6. **Reliable introducer declaration**

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 6 of the notes on how to complete this Application Form.

The declaration below may only be signed by a person or institution (being a regulated financial services firm) (the "**firm**") which is itself subject in its own country to operation of "customer due diligence" and anti-money laundering regulations no less stringent than those which prevail in Guernsey. Acceptable countries include Australia, Austria, Belgium, Bermuda, Bulgaria, Canada, Cayman Islands, Cyprus, Denmark, Estonia, Finland, France, Germany, Gibraltar, Greece, Hong Kong, Hungary, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, Slovenia, the Republic of South Africa, Spain, Sweden, Switzerland, the U.K. and the United States.

Declaration: To the Company and the Receiving Agent

With reference to the holder(s) detailed in section 3A, all persons signing at section 4 and the payor if not also the Applicant (collectively the "**subjects**") WE HEREBY DECLARE:

- (i) we operate in one of the above mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in Guernsey;
- (ii) we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- (iii) each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- (iv) we confirm the accuracy of the names and residential/business address(es) of the holder(s) given at section 3A and if a CREST Account is cited at section 3B that the owner thereof is named in section 3A;
- (v) having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the C Shares mentioned; and
- (vi) where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).



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

Signed:

Name:

Position:

having authority to bind the firm:

Name of regulatory authority:

Firm's Licence number:

Website address or telephone number of regulatory authority:

STAMP of firm giving full name and business address

7. Contact details

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Company (or any of its agents) may contact with all enquiries concerning this application. Ordinarily this contact person should be the (or one of the) person(s) signing in section 4 on behalf of the first named holder. If no details are entered here and the Company (or any of its agents) requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact Name	E-mail address
Address	
Telephone No	Fax No

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 1.00 p.m. on 6 December 2016.

If you are a new investor in SQN Asset Finance Income Fund Limited, in addition to completing and returning the Application Form to Capita Asset Services, you will also need to complete and return a Tax Residency Self-Certification Form. The Tax Residency Self-Certification Form can be obtained on request from Capita Asset Services on 0371 664 0324. Calls are charged at the standard geographic rate and will vary by provider. Calls outside of the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

It is a condition of application that (where applicable) a completed version of that form is provided with the Application Form before any application can be accepted.

HELPLINE: If you have a query concerning the completion of this Application Form, please telephone Capita Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

1. Application

Fill in (in figures) in Box 1 the number of C Shares being subscribed for. The number being subscribed for must be a minimum of 1,000 C Shares. Financial intermediaries who are investing on behalf of clients should make separate Applications for each client.

2. Amount payable

Fill in (in figures) the total amount payable for the C Shares for which your application is made which is the number inserted in Box 1 of the Application Form, multiplied by the Issue Price, being 100 pence per C Share. You should also mark in the relevant box to confirm your payment method, i.e. cheque, electronic bank transfer (CHAPS) or settlement via CREST.

3A. Holder details

Fill in (in block capitals) the full name(s) of each holder and the address of the first named holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form in section 4.

3B. CREST

If you wish your C Shares to be deposited in a CREST account in the name of the holders given in section 3A, enter in section 3B the details of that CREST account. Where it is requested that C Shares be deposited into a CREST account please note that payment for such C Shares must be made prior to the day such C Shares might be allotted and issued. It is not possible for an Applicant to request that C Shares be deposited in their CREST account on an against payment basis. Any Application Form received containing such a request will be rejected.

4. Signature

All holders named in section 3A must sign section 4 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

5. Settlement details

(a) *Cheque/Banker's draft*

All payments by cheque or banker's draft must accompany your Application and be for the exact amount inserted in Box 2 of the Application Form. Your cheque or banker's draft must be made payable to "**Capita Registrars Limited re: SQN Asset Finance – Offer for Subscription AIC**" in respect of an Application and crossed "**A/C Payee Only**". Applications accompanied by a post-dated cheque will not be accepted.

If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp. Cheques should be drawn on the personal account to which you have sole or joint title to the funds. Your cheque or banker's draft must be drawn in Sterling on an account at a bank branch in the United Kingdom, the Channel Islands or Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees, and must bear a United Kingdom, Channel Islands or Isle of Man bank sort code number in the top right hand corner. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the bank or building society has confirmed the name of the account holder by stamping and endorsing the back of the cheque/draft to such effect. Your payment must relate solely to this Application. No receipt will be issued.

(b) *Electronic Bank Transfers*

For applicants who wish to send their subscription monies by electronic bank transfer (CHAPS), payment must be made for the exact amount shown in Box 2 of the Application Form by 1.00 p.m. on 6 December 2016. Please contact Capita Asset Services by telephoning the helpdesk (details of which can be found at the start of this section) for further information. Capita Asset Services will then provide applicants with a unique reference number which must be used when sending payment.

(c) *CREST settlement*

The Company will apply for the C Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from the relevant date of Admission (the "**Relevant Settlement Date**"). Accordingly, settlement of transactions in the C Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Company's registrars, Capita Asset Services, will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Capita Asset Services to match to your CREST account, Capita Asset Services will deliver your C Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your C Shares in certificated form should the Company, having consulted with Capita Asset Services, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by Capita Asset Services in connection with CREST.

The person named for registration purposes in your Application Form must be: (a) the person procured by you to subscribe for or acquire the C Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither Capita Asset Services nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. You will need to input the delivery versus payment ("**DVP**") instructions into the CREST system in accordance with your Application. The input returned by Capita Asset Services of a matching or acceptance instruction to our CREST input will then allow the delivery of your C Shares to your CREST account against payment of the Issue Price per C Share through the CREST system upon the Relevant Settlement Date.

By returning your Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of C Shares to be made prior to 1.00 p.m. on 6 December 2016 against payment of the Issue Price per C Share. Failure by you to do so will result in you being charged interest at the rate of two percentage points above the then published bank base rate of a clearing bank selected by Capita Asset Services.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade Date:	8 December 2016
Settlement Date:	12 December 2016
Company:	SQN Asset Finance Income Fund Limited
Security Description:	C Shares of No Par Value
SEDOL:	BYNJG14
ISIN:	GG00BYNJG147

Should you wish to settle DVP, you will need to input your instructions to Capita Asset Services' Participant account RA06 by no later than 1.00 p.m. on 6 December 2016.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with Capita Asset Services, reserves the right to deliver C Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Offer have been satisfied.

6. Reliable introducer declaration

Applications with a value greater than €15,000 (approximately £13,400) will be subject to verification of identity requirements. This will involve you providing the verification of identity documents listed below UNLESS you can have the declaration provided at section 6 of the Application Form given and signed by a firm acceptable to the Company (or any of its agents). In order to ensure your Application is processed in a timely and efficient manner all Applicants are strongly advised to have the declaration provided in section 6 of the Application Form completed and signed by a suitable firm.

If the declaration in section 6 cannot be completed and the value of the application is greater than €15,000 (approximately £13,400) the documents listed below must be provided with the completed Application Form, as appropriate, in accordance with internationally recognised standards for the prevention of money laundering. Notwithstanding that the declaration in section 6 has been completed and signed, the Company (or any of its agents) reserves the right to request of you the identity documents listed below and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your Application may be rejected or revoked. Where certified copies of documents are requested below, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

6A. For each holder being an individual enclose:

1. a certified clear photocopy of one of the following identification documents which bears both a photograph and the signature of the person: current passport, government or Armed Forces identity card, or driving licence; and

2. certified copies of at least two of the following documents which purport to confirm that the address given in section 3A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill, a recent bank statement, a council rates bill or similar document issued by a recognised authority; and
3. if none of the above documents show the Applicant's date and place of birth, enclose a note of such information; and
4. details of the name and address of the Applicant's personal bankers from which the Company (or any of its agents) may request a reference, if necessary.

6B. For each holder being a company (a "holder company") enclose:

5. a certified copy of the certificate of incorporation of the holder company; and
6. the name and address of the holder company's principal bankers from which the Company (or any of its agents) may request a reference, if necessary; and
7. a statement as to the nature of the holder company's business, signed by a director; and
8. a list of the names and residential addresses of each director of the holder company; and
9. for each director provide documents and information similar to that mentioned in 6A above; and
10. a copy of the authorised signatory list for the holder company; and
11. a list of the names and residential/registered address of each ultimate beneficial owner interested in more than five per cent. of the issued share capital of the holder company and, where a person is named, also complete 6C below and, if another company is named (hereinafter a "beneficiary company"), also complete 6D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

6C. For each person named in 6B(11) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in 6B(1) to 6B(4).

6D. For each beneficiary company named in 6B(11) as a beneficial owner of a holder company enclose:

1. a certified copy of the certificate of incorporation of that beneficiary company; and
2. a statement as to the nature of that beneficiary company's business signed by a director; and
3. the name and address of that beneficiary company's principal bankers from which the Company (or any of its agents) may request a reference, if necessary; and
4. enclose a list of the names and residential/registered address of each beneficial owner owning more than five per cent. of the issued share capital of that beneficiary company.

The Company (or any of its agents) reserves the right to ask for additional documents and information.

7. Contact details

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Company (or any of its agents) may contact with all enquiries concerning your Application. Ordinarily this contact person should be the person signing in section 4 on behalf of the first named holder. If no details are entered here and the Company (or any of its agents) requires further information, any delay in obtaining that additional information may result in your Application being rejected or revoked.

