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If you have disposed of all your Shares in the Company, please pass this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdiction.

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## **SQN ASSET FINANCE INCOME FUND LIMITED**

*(Incorporated in Guernsey with registration number 58519)*

### **Proposed Amendment to the Articles of Incorporation**

**and**

### **Notice of General Meeting and Notice of Class Meetings of each of the holders of Ordinary Shares and holders of C Shares**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Board of the Company in which the Directors recommend how you should vote in relation to the Resolution to be proposed at the General Meeting referred to below.

Notices of the General Meeting, Ordinary Class Meeting and C Class Meeting of the Company to be held at BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA on 22 May 2018, commencing respectively at 2.00 p.m. BST, 2.05 p.m. BST and 2.10 p.m. BST (or as soon thereafter as the preceding Meeting concludes or is adjourned), are set out at the end of this document. The Proposal described in this document is conditional upon Shareholder approval.

Whether or not you intend to be present at the Meetings, please complete and return the relevant Forms of Proxy accompanying this document to Link Asset Services, by hand (during normal business hours only) or by post, to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event so as to arrive by not later than the time stated in the instructions printed on the relevant Form of Proxy. If you hold Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Company's Registrar, Link Asset Services (under CREST participant ID RA10) so that it is received during normal business hours as soon as possible and in any event so as to arrive by not later than the time stated in the instructions printed on the relevant Form of Proxy.

## SUMMARY OF ACTION TO BE TAKEN

### The meetings

**Holders of Ordinary Shares**, to vote:

At the Ordinary Class Meeting	➔	Complete and return the <b><u>Blue</u></b> Form of Proxy
At the General Meeting	➔	Complete and return the <b><u>White</u></b> Form of Proxy

**Holders of C Shares**, to vote:

At the C Class Meeting	➔	Complete and return the <b><u>Red</u></b> Form of Proxy
At the General Meeting	➔	Complete and return the <b><u>White</u></b> Form of Proxy

## EXPECTED TIMETABLE

2018

Calculation Date	31 March
Publication of this document	1 May
Latest time for receipt of Forms of Proxy from Shareholders for use at the General Meeting	2.00 p.m. on 18 May
Latest time for receipt of Forms of Proxy from Shareholders for use at the Ordinary Shareholders' Class Meeting	2.05 p.m. on 18 May
Latest time for receipt of Forms of Proxy from Shareholders for use at the C Shareholders' Class Meeting	2.10 p.m. on 18 May
<b>General Meeting</b>	<b>2.00 p.m. on 22 May</b>
<b>Ordinary Shareholders' Class Meeting</b>	<b>2.05 p.m. on 22 May</b>
<b>C Shareholders' Class Meeting</b>	<b>2.10 p.m. on 22 May</b>
Record Date	5.30 p.m. on 25 May
Redemption Date	5.30 p.m. on 25 May
Dealings of C Shares cease under the Old ISIN	5.30 p.m. on 25 May
Dealings of C Shares commence under the New ISIN	8.00 a.m. on 29 May
Latest date for receipt of payment of redemption proceeds to be effected through CREST (in the case of C Shares held in uncertificated form)	11 June
Cheques expected to be despatched in respect of the redemption proceeds (in the case of C Shares held in certificated form)	as soon as practicable on or after Monday 11 June
New share certificates to be sent to Shareholders who hold their C Shares in certificated form	as soon as practicable on or after Monday 11 June

*All references are to British Summer Time unless otherwise stated.*

*Dates and times are indicative only and may be subject to change. Any changes will be notified via a RIS.*

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**PART 1 – LETTER FROM THE CHAIRMAN**  
**SNQ ASSET FINANCE INCOME FUND LIMITED**

*(Incorporated in Guernsey with registration number 58519)*

*Directors:*

Peter Niven (*Non-executive Chairman*)  
John Falla (*Non-executive Director*)  
Paul Meader (*Non-executive Director*)  
Christopher Spencer (*Non-executive Director*)

*Registered and Head Office:*

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

1 May 2018

Dear Shareholder

**1. Introduction**

Your Board has today announced a proposed capital return of £40 million to holders of C Shares (the "**Capital Return**") and an extension of the date at which the Company is required to convert the C Shares in issue into New Ordinary Shares (the "**C Share Conversion Extension**").

In order to effect both the Capital Return and the C Share Conversion Extension, the Board is proposing to amend the Company's Articles by (i) varying the rights of the C Shares of the Company to enable them to be compulsorily redeemed at the absolute discretion of the Company and (ii) further extending the longstop date on, or before, which the C Shares in issue are to convert into New Ordinary Shares (the "**Proposal**").

The Proposal is subject to Shareholder approval as required by the Listing Rules and the Law.

This document sets out in more detail the background to the Capital Return, the C Share Conversion Extension and the Proposal and the reasons why the Board unanimously recommends that you vote in favour of the Resolution implementing the Proposal at the General Meeting and the resolutions to be proposed at separate class meetings of Shareholders.

**2. Background to the Capital Return**

*The Capital Return*

While the Board is pleased with the performance of the underlying investments made to date in the C Share portfolio and the investment discipline in developing the portfolio, the speed of deployment has been slower than anticipated. At the date of this letter, approximately £66 million of the C Share proceeds has been invested with a further £20 million of commitments expected to be funded in May 2018 and a significant proportion of the outstanding commitments of £36 million expected to be funded prior to the end of June 2018.

In light of the current investment level of the C Share pool and near term pipeline, the Board and the Investment Managers have determined that excess cash of £40 million could be made available within the C Share class ("**Excess Capital**").

The Board is seeking to distribute the Excess Capital to the holders of C Shares in a cost efficient manner. Having received professional advice, the Board believes that it would be in the best interests of the Company and its Shareholders to return such surplus cash to holders of C Shares by means of a one-off compulsory redemption of a proportion of C Shares at the Redemption Price *pro rata* amongst all the holders of C Shares on the C Share register at the close of business on 25 May 2018 (the "**Redemption Date**") being the record date for the Capital Return.

The Articles currently provide that, 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) of C Share(s) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holder(s) of C Share(s). In other words, the C Shares currently cannot be compulsorily redeemed at the absolute discretion of the Company. It is therefore proposed that the rights of the C Shares be varied so as to make them also capable of being compulsorily redeemed at the absolute discretion of the Company.

Therefore the first part of the Proposal to be put forward at the General Meeting seeks Shareholder approval for an amendment to the rights of the C Shares in the Articles, enabling the

C Shares to be compulsorily redeemed at the absolute discretion of the Company. The proposed amendments to the rights of the C Shares are set out in Part 2. Your attention is also drawn to “Taxation” in Part 3 of this document.

Whilst the proposed variation of the rights of the C Shares would make them capable of being compulsorily redeemed at the absolute discretion of the Company, the Board intends only to exercise such right to effect the Capital Return.

As at the date of this document, there are 180,000,000 C Shares in issue which were all issued under the same tranche.

Approximately 22.82 per cent. of the issued C Share capital will be redeemed on the Redemption Date. Fractions of shares will not be redeemed and so the number of C Shares to be redeemed from each holder of C Shares will be rounded down to the nearest whole number of C Shares.

Payments of redemption proceeds are expected to be effected either through CREST (in the case of C Shares held in uncertificated form) within 10 working days after the Redemption Date, or sent by cheque (in the case of C Shares held in certificated form) 10 working days after the Redemption Date.

The C Shares will be disabled in CREST on the Redemption Date and the existing ISIN number – GG00BYNJG147 – for the C Shares (the “**Old ISIN**”) will expire. The new ISIN number – GG00BFXHJ13 – (the “**New ISIN**”) in respect of the remaining C Shares which have not been redeemed will be enabled and available for transactions on 29 May 2018. For the period up to and including the Redemption Date, the C Shares will be traded under the Old ISIN and, as such, a purchase of such shares may have a market claim for a proportion of the redemption proceeds following the activation of the New ISIN. CREST will automatically transfer any open transactions as at the Redemption Date to the New ISIN.

New share certificates will be sent to Shareholders who hold their C Shares in certificated form 10 working days after the Redemption Date, with their old certificates becoming void.

Once the above-mentioned return of cash has been effected, the Board has no intention to effect further compulsory redemptions.

#### *The Redemption Price*

The Company intends to return £40 million (less the costs of the Capital Return) to holders of C Shares at a price equal to 98.32 pence per C Share (the “**Redemption Price**”) which is the aggregate of: (i) the net asset value of 97.28 pence per C Share as at 31 March 2018 (after adjusting for the March 2018 dividend to be paid prior to the Redemption Date); and (ii) a contribution from the Investment Managers to the Company for the benefit of the C Shares equivalent to 1.04 pence per C Share expected to be redeemed. The costs associated with the Capital Return are not expected to be material.

The Investment Managers have agreed to make a contribution to the Capital Return of £425,455, which is equivalent to the management fees earned by the Investment Managers on the Excess Capital since admission of the C Shares to 31 March 2018. This contribution is payable in equal instalments over the period of 12 months from the date the Proposal becomes effective. In addition, the Investment Managers have agreed to waive the management fees in relation to the Excess Capital for the period from 31 March 2018 to the date of the Capital Return.

The Capital Return at the Redemption Price, when aggregated with the total dividends paid to holders of the C Shares prior to the Redemption Date of 1.9876 pence per C Share, will result in the holders of C Shares on the Redemption Date receiving a total of 100.31 pence per C Share redeemed.

### **3. Background to the C Share Conversion Extension**

In August 2015, the Company entered into a financing arrangement with Suniva that was secured by its manufacturing and production equipment. In April 2017, Suniva filed for protection under the Bankruptcy Laws of the United States as a result of an unprecedented decline in the market price of solar cells and modules caused by an excess of foreign imports in circumvention of existing anti-dumping tariffs and WTO rules.

The Company’s initial investment in Suniva was £21.4 million. In addition, the Company has provided a further US\$4.8 million to Suniva so that it could secure the equipment, be in a position

of influence in the estate of Suniva and ensure that a Section 201 petition could be filed with the United States Trade Commission and be properly prosecuted.

On 22 January 2018, in response to the petition filed by Suniva, the United States announced protective measures for domestic solar panel manufacturers. Part of the protective measures included tariffs that took effect from 8 February 2018 which were broadly in-line with Suniva's expectations.

Considerable interest in Suniva and its assets has been expressed from a large number of parties since the tariffs were announced and there are various options which could enable the Company to monetise its investment. These include a sale, a joint venture, a merger or a repositioning of the assets with a new operator.

In order to be in a position to monetise the assets in a reasonable timeframe, the Company has initiated a process which, when completed, will deliver clean title of those assets to the Company and permit the completion of a transaction with an interested party. Negotiations are ongoing with multiple credible parties in parallel.

At a general meeting of the Company held on 20 November 2017, the "Calculation Time" in the Articles that sets out the date on which the C Shares shall convert into Ordinary Shares (the "**Conversion**") was extended to 29 June 2018. This was to ensure that the Conversion would be effected following the ruling from the White House on Suniva's petition under Section 201 of the Trade Act of 1974.

While this has now been received, the Investment Managers are working towards providing clarity over the outcome of any transaction regarding the Suniva holding and are making every effort to achieve this in as short a time scale as possible, however, the timetable is not certain.

Therefore, the Board feels that it is prudent to allow for Conversion of the C Shares beyond 29 June 2018 and, as such, the second part of the Proposal at the General Meeting seeks Shareholder approval for an amendment to the definition of the term "Calculation Time" in the Articles, in order to extend the date of Conversion to 28 June 2019, or such earlier time as may be determined in accordance with the Articles. The proposed amendments to the rights of the C Shares are set out in Part 2 of this document.

In the event that the Board believes that it is unlikely that Suniva will be resolved in a reasonable time period post June 2018, the Company will consider alternative options to allow for the conversion of the C Shares to Ordinary Shares.

#### **4. Taxation**

##### *United Kingdom:*

A general summary of the UK tax consequences of the Proposal and (assuming the Proposal is approved) of the subsequent redemption of C Shares is included in Part 3 of this document. The summary does not constitute tax advice and any Shareholder who is in any doubt as to their tax position or as to the tax consequences of the Proposal for them should consult their own professional adviser.

##### *Guernsey:*

A general summary of the Guernsey tax consequences of the Proposal and (assuming the Proposal is approved) of the subsequent redemptions of C Shares is included in Part 3 of this document. The summary does not constitute tax advice and any Shareholder who is any doubt as to their tax position or as to the tax consequences of the Proposal for them should consult their own professional adviser.

#### **5. General Meeting, Ordinary Class Meeting and C Class Meeting**

The Proposal is subject to Shareholder approval at the General Meeting. Pursuant to the requirements of the Listing Rules and the Law, Shareholders are being asked to approve a Resolution to amend the Company's Articles.

The Resolution will be proposed as a special resolution. A special resolution requires a majority of at least 75 per cent. of members entitled to vote and present in person or by proxy to vote in favour in order for it to be passed.

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

and upon a poll shall have one vote in respect of each Share held. In order to ensure that a quorum is present at the General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy.

The formal notice convening the General Meeting is set out at the back of this document. The General Meeting is being convened on 14 working days' notice in accordance with the Company's usual practice and in line with proxy agent guidelines.

As the Proposal involves an amendment to the Articles and certain amendments to the rights attaching to the C Shares it is also necessary for each class of the Company's shares to approve the Proposal at a separate class meeting of the holders of the Shares of the respective class. At each such class meeting a special resolution will be proposed which requires a majority of at least 75 per cent. of those entitled to vote and present in person or by proxy to vote in favour for it to be passed.

Members only of the respective class are entitled to attend and vote at their own class meeting. Members present in person or by proxy shall upon a show of hands have one vote and on a poll shall have one vote in respect of each share of the relevant class held. The quorum requirement for each class meeting is two persons present holding at least one third of the voting rights of the relevant class save that if the meeting is adjourned it shall be one person holding shares of the relevant class.

The formal notices convening the Ordinary Class Meeting and C Class Meeting are set out at the back of this document.

## **6. Action to be taken**

Forms of proxy for Shareholders are enclosed as follows:

- (a) for the General Meeting, a **white** Form of Proxy;
- (b) for the Ordinary Class Meeting, a **blue** Form of Proxy; and
- (c) for the C Class Meeting, a **red** Form of Proxy.

Whether or not you propose to attend the meetings in person, you are requested to complete and sign the forms of proxy. Completed forms of proxy should be returned by hand (during normal business hours only) or by post, to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received by the Registrar not later than:

- (d) 2.00 p.m. BST on 18 May 2018 in relation to the **white** Form of Proxy for the General Meeting;
- (e) 2.05 p.m. BST on 18 May 2018 in relation to the **blue** Form of Proxy for the Ordinary Class Meeting; and
- (f) 2.10 p.m. BST on 18 May 2018 in relation to the **red** Form of Proxy for the C Class Meeting.

Unless the relevant Form of Proxy is received by the relevant date and time above, it will be invalid. The lodging of a Form of Proxy will not prevent you from attending the relevant Meeting and voting in person if you are entitled to do so.

If you hold Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Link Asset Services (Crest Participant ID RA10) so that it is received no later than the times listed in paragraphs (d) to (f) above. Unless the CREST Proxy Instruction is received by the relevant date and time above it will be invalid.

The return of the relevant Form of Proxy or CREST Proxy Instruction will not affect your right as a Shareholder to attend the General Meeting and vote in person if you wish to do so.

Shareholders are requested to complete and return the relevant Forms of Proxy whether or not they wish to attend the General Meeting, Ordinary Class Meeting or C Class Meeting. The return of a Form of Proxy will not prevent Shareholders from attending the relevant meeting and voting in person should they so wish.

As an alternative to completing the enclosed Forms of Proxy, CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST message in accordance with the procedures set out in the CREST Manual so that it is received by the Company's transfer agent (under CREST participant ID R033) by not later than the times listed in paragraphs (d) to (f) above. The time of receipt will be taken to be the time from which the

Company's transfer agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

## **7. Recommendation**

The Board considers that the Proposal is in the best interests of the Company and its Shareholders as a whole. Accordingly the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting and at each of the class meetings.

The Directors intend to vote in favour of the Resolution in respect of their holdings of Ordinary Shares amounting to 166,424 Ordinary Shares in aggregate (representing approximately 0.046 per cent. of the voting rights in the Company as at the date of this document) and in respect of their holdings of C Shares amounting to 14,943 C Shares in aggregate (representing approximately 0.008 per cent. of the voting rights in the Company as at the date of this document).

Yours faithfully

**Peter Niven**  
*Chairman*

## PART 2 – THE PROPOSED AMENDMENTS RELATING TO THE RIGHTS OF THE C SHARES

1. It is proposed that the existing Article 52.9 and Article 52.10 shall be amended as follows (with the wording shown in bold and underlined being the new additional wording and the wording shown as deleted being the wording proposed to be removed from the relevant article):

~~“52.9 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~~ **The C Shares may be redeemed subject to the provisions of the Law and upon and subject to the following terms and conditions.**”

~~“52.10 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).~~ **In addition, the Company shall also have the right, at any time after the date of issue but prior to Conversion, to redeem such number of C Shares of a tranche as it shall, in its sole discretion, determine at a price no less than the Net Asset Value per Share of such shares applying at the Valuation Date and, in the case of a partial redemption, proportionately in respect of each holding of C Shares of that tranche, and the Company shall send to each holder of C Shares of that tranche a notice not less than 10 Business Days in advance of the relevant Redemption Date which will include details of the compulsory redemption, including:**

**(a) the Redemption Date;**

**(b) the total amount to be distributed;**

**(c) a statement that the redemption will be made at a price no less than the Net Asset Value per Share of each such shares of that given tranche; and**

**(d) any additional information that the Directors deem necessary in connection with the proposed redemption including any necessary arrangements in respect of certificated C Shares.**

**Upon the redemption of a C Share of a tranche being effected pursuant to the Articles, the former holder thereof shall cease to be entitled to any rights in respect thereof (excepting always the right to receive a dividend which has become due and payable in respect thereof prior to such redemption being effected and to receive the proceeds of such redemption) and accordingly his name shall be removed from the register of members with respect thereto. Any C Share so redeemed will be treated as cancelled on redemption and the amount of the Company’s share capital will be diminished accordingly.**

**For the purposes of this Article, “Valuation Date” means such date as is, in the opinion of the Directors, the nearest practicable date to the Redemption Date, and “Redemption Date” means the date upon which a redemption is effective as determined by the Company in its sole discretion.**”

2. It is proposed that the following wording at the end of the definition of the term “Calculation Time” after sub-paragraph (d) in the Articles be amended as follows:

~~“Notwithstanding any of the above, the C Shares in issue as at ~~20 November 2017~~ close of business on 25 May 2018 shall instead be converted into New Ordinary Shares on the earlier of:~~

~~(i) close of business on such date as the Directors may determine; or~~

~~(ii) ~~29 June 2018~~ **28 June 2019.**”~~

## PART 3 – TAXATION

### UK Taxation

#### 1 General

The following comments do not constitute tax advice and are intended only as a guide to current UK law and HMRC's published practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of the Proposal for Shareholders and (except insofar as express reference is made to the treatment of non-UK residents) are intended to apply only to Shareholders who for UK tax purposes are resident in and, in the case of individuals, domiciled in the UK and to whom "split year" treatment does not apply. The comments apply only to Shareholders who are the absolute beneficial owners of their Shares and the dividends payable on them and who hold their Shares as investments (and not as securities to be realised in the course of a trade).

The comments below may not apply to certain categories of Shareholder such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation (or who hold their Shares through an ISA) and Shareholders who have (or are deemed to have) acquired their Shares by virtue of any office or employment. Such persons may be subject to special rules.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK are strongly advised to consult their own professional advisers.

#### 2 The Company

The Directors intend to conduct the affairs of the Company in such a manner that it does not become resident in the UK for taxation purposes. The Directors do not consider the Company to be an "offshore fund" for UK tax purposes. If the Company were to be treated as an "offshore fund" for UK tax purposes, gains on disposals of Shares may be taxable as income, rather than capital gains. The statements below assume that the Company is not resident in the UK for taxation purposes and is not an offshore fund.

#### 3. The Proposal

##### *Variation of C Share Rights*

The proposal to vary the rights of C Shares should, for the purposes of UK taxation of chargeable gains, generally be treated as a reorganisation of the share capital of the Company. To this extent, the varied C Shares will be treated as the same asset as the Shareholder's original C Shares and as having been acquired at the same time as the original C Shares are treated as having been acquired. To the extent that this reorganisation treatment applies, the variation should not be treated as giving rise to a disposal of the Shareholder's C Shares for the purposes of UK taxation of chargeable gains.

##### *Redemptions of C Shares – individuals*

For UK resident individual Shareholders, a redemption of C Shares by the Company will generally be treated as a disposal of those C Shares for the purposes of UK capital gains tax. Accordingly, such a Shareholder may, depending on his particular circumstances and subject to any available exemption, allowance or relief, give rise to a chargeable gain (or allowable loss) for the purposes of UK capital gains tax.

##### *Redemptions of C Shares – companies*

For a Shareholder within the charge to UK corporation tax, a redemption of C Shares by the Company will generally be treated for tax purposes as giving rise to both:

- (i) a disposal by the Shareholder of the C Shares for the purposes of UK taxation of chargeable gains; and
- (ii) to the extent that proceeds of the redemption exceed the amount which is treated for tax purposes as paid-in share capital attributable to the C Shares, a distribution by the Company to the Shareholder (the "distribution element"). Shareholders should note that the amount treated for tax purposes as paid-in share capital attributable to the C Shares may be less than the amount paid by the Shareholder for those shares.

The distribution element will generally be taxed as if it were a dividend. Accordingly, Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of distributions) will generally be subject to UK corporation tax on the distribution element. Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on the distribution element so long as the distribution falls within an exempt class and certain conditions are met. Although it is likely that such a distribution would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

Where the distribution element is exempt from corporation tax on income (as to which see above) this exempt distribution element would not generally fall to be taken into account in computing any chargeable gains subject to corporation tax.

**Shareholders should note that the statement above in relation to redemptions of C Shares is general in nature and that there are a number of detailed rules which, depending on the circumstances, may affect the tax treatment of redemptions for particular Shareholders. Shareholders should therefore seek independent professional advice as to the tax consequences of any proposed redemption of Shares.**

### **Stamp Duty and Stamp Duty Reserve Tax**

Neither the proposed amendment to the rights attaching to the C Shares, nor a redemption of C Shares by the Company, should give rise to any liability to UK stamp duty or UK stamp duty reserve tax for Shareholders.

### **Information reporting**

The UK 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, an Inter-governmental Agreement with the US in relation to FATCA, and the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions.

### **Guernsey Taxation**

The following paragraphs are intended only as a general guide to certain aspects of the Proposal and are based on current Guernsey law and published practice of the Director of Income Tax in Guernsey. They are of a general nature, do not constitute tax advice and apply only to Shareholders who are the absolute beneficial owners of their shares and who hold their shares as an investment. They may not apply to certain classes of Shareholders including (but not limited to) dealers in securities, charities, registered pension schemes, collective investment schemes, persons who acquired their shares by reason of any office or employment or persons who acquired, hold or dispose of their shares otherwise than for *bona fide* commercial purposes or as part of arrangements to obtain a tax advantage.

Shareholders who are unsure about any aspect of their tax treatment, should consult their own professional tax advisers without delay.

### **Capital taxes and stamp duty**

Guernsey does not currently 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 or redemption of Shares in the Company.

### **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 distributions 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 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 any tax paid.

## PART 4 – DEFINITIONS

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

<b>“Articles”</b>	the articles of incorporation of the Company, as amended from time to time
<b>“Business Day”</b>	a day on which the London Stock Exchange plc and banks in London and Guernsey are normally open for business
<b>“C Class Meeting”</b>	the meeting of the holders of C Shares to consider the Proposal, convened for 2.10 p.m. BST on 22 May 2018 or any adjournment thereof
<b>“C Share Conversion Extension”</b>	has the meaning given to it in paragraph 1 of Part 1 of this document
<b>“C Shares”</b>	the redeemable shares of no par value each in the capital of the Company and designated as “C Shares”
<b>“Calculation Time”</b>	has the meaning given to it in the Articles
<b>“Capital Return”</b>	has the meaning given to it in paragraph 1 of Part 1 of this document
<b>“certificated” or “in certificated form”</b>	not in uncertificated form
<b>“Company”</b>	SQN Asset Finance Income Fund Limited
<b>“Conversion”</b>	has the meaning given to it in paragraph 3 of Part 1 of this document
<b>“CREST”</b>	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
<b>“Directors” or “Board”</b>	the directors of the Company, whose names appear on at the beginning of Part 1 of this document
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“Excess Capital”</b>	has the meaning given to it in paragraph 2 of Part 1 of this document
<b>“Form(s) of Proxy”</b>	the form(s) of proxy provided with this document for use by Shareholders in connection with the General Meeting, Ordinary Class Meeting and C Class Meeting
<b>“General Meeting”</b>	the general meeting of the Company to consider the Proposal, convened for 2.00 p.m. BST on 22 May 2018 or any adjournment thereof
<b>“Investment Managers”</b>	SQN Capital Management, LLC and SQN Capital Management (UK) Limited
<b>“Law”</b>	the Companies (Guernsey) Law, 2008 (as amended)
<b>“Listing Rules”</b>	the Listing Rules made by the Financial Conduct Authority under section 74 of the Financial Services and Markets Act 2000
<b>“Net Asset Value”</b>	has the meaning given to it in the Articles
<b>“Net Asset Value per Share”</b>	the Net Asset Value divided by the number of C Shares of the relevant tranche in issue at the relevant time
<b>“New ISIN”</b>	has the meaning given to it in paragraph 2 of Part 1 of this document
<b>“Old ISIN”</b>	has the meaning given to it in paragraph 2 of Part 1 of this document

<b>“Ordinary Class Meeting”</b>	the meeting of the holders of Ordinary Shares to consider the Proposal, convened for 2.05 p.m. BST on 22 May 2018 or any adjournment thereof
<b>“Ordinary Shares”</b>	the ordinary shares of no par value each in the capital of the Company
<b>“Proposal”</b>	has the meaning given to it in paragraph 1 of Part 1 of this document
<b>“Redemption Date”</b>	has the meaning given to it in paragraph 2 of Part 1 of this document
<b>“Redemption Price”</b>	has the meaning given to it in paragraph 2 of Part 1 of this document
<b>“Registrar”</b>	Link Asset Services
<b>“Resolution”</b>	the special resolution to be proposed at the General Meeting
<b>“Shareholder”</b>	a holder of Shares
<b>“Shares”</b>	the Ordinary Shares and/or the C Shares as the context requires
<b>“uncertificated” or “in uncertificated form”</b>	a Share recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“Valuation Date”</b>	such date as is, in the opinion of the Directors, the nearest practicable date to the Redemption Date

**NOTICE OF GENERAL MEETING**  
**SQN ASSET FINANCE INCOME FUND LIMITED**

*(Incorporated in Guernsey with registration number 58519)*

**Notice is hereby given** that a General Meeting of the Company will be held at BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA on 22 May 2018 at 2.00 p.m. BST to consider and, if thought fit, approve the following resolution as a special resolution:

**SPECIAL RESOLUTION**

1 **THAT**, conditional on the passing of the resolutions to be proposed at the ordinary shareholders' class meeting to be held on 22 May 2018 at 2.05 p.m. BST and the C shareholders' class meeting to be held on 22 May 2018 at 2.10 p.m. BST, the notices convening such class meetings as contained in the circular to shareholders dated 1 May 2018:

(i) the existing article 52.9 and article 52.10 of the Company's articles of incorporation ("Articles") be deleted in their entirety and replaced by the following:

*"52.9 The C Shares may be redeemed subject to the provisions of the Law and upon and subject to the following terms and conditions."*

*"52.10 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). In addition, the Company shall also have the right, at any time after the date of issue but prior to Conversion, to redeem such number of C Shares of a tranche as it shall, in its sole discretion, determine at a price no less than the Net Asset Value per Share of such shares applying at the Valuation Date and, in the case of a partial redemption, proportionately in respect of each holding of C Shares of that tranche and the Company shall send to each holder of C Shares of that tranche a notice not less than 10 Business Days in advance of the relevant Redemption Date which will include details of the compulsory redemption, including:*

- (a) the Redemption Date;*
- (b) the total amount to be distributed;*
- (c) a statement that the redemption will be made at a price no less than the Net Asset Value per Share of each such shares of that given tranche; and*
- (d) any additional information that the Directors deem necessary in connection with the proposed redemption including any necessary arrangements in respect of certificated C Shares.*

*Upon the redemption of a C Share of a tranche being effected pursuant to the Articles, the former holder thereof shall cease to be entitled to any rights in respect thereof (excepting always the right to receive a dividend which has become due and payable in respect thereof prior to such redemption being effected and to receive the proceeds of such redemption) and accordingly his name shall be removed from the register of members with respect thereto. Any C Share so redeemed will be treated as cancelled on redemption and the amount of the Company's share capital will be diminished accordingly.*

*For the purposes of this Article, "Valuation Date" means such date as is, in the opinion of the Directors, the nearest practicable date to the Redemption Date, and "Redemption Date" means the date upon which a redemption is effective as determined by the Company in its sole discretion." and*

- (ii) the existing wording at the end of the definition of the term “Calculation Time” which is found immediately after sub-paragraph 2 of the Articles be deleted in its entirety and replaced by the following:

*“Notwithstanding any of the above, the C Shares in issue as at close of business on 25 May 2018 shall instead be converted into New Ordinary Shares on the earlier of:*

- (i) close of business on such date as the Directors may determine; or  
(ii) 28 June 2019.”

Words and expressions defined in the circular to Shareholders dated 1 May 2018 shall, save where the context otherwise requires, have the same meanings in the Resolution.

1 May 2018

*By order of the Board*

BNP Paribas Securities Services S.C.A.,  
Guernsey Branch Secretary

*Registered Office:*  
BNP Paribas House  
St Julian’s Avenue  
St Peter Port  
Guernsey GY1 1WA

**Notes:**

1. Only those shareholders registered in the Company's register of members at the close of business on 18 May 2018 or, if the meeting is adjourned, at the close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. Any member entitled to attend and vote at the meeting is entitled to appoint another person (who need not be a member) as his proxy to exercise all or any of his rights to attend and speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares. A white Form of Proxy is enclosed which, if required, should be completed in accordance with the instructions.
3. To be valid the white Form of Proxy must be deposited, by hand or by post, at the offices of Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 2.00 p.m. BST on 18 May 2018. The Company will also accept Forms of Proxy deposited in accordance with the Articles.
4. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by Link Asset Services by no later than 2.00 p.m. BST on 18 May 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your white Form of Proxy must be received by the Company's Registrar no later than 2.00 p.m. BST on 18 May 2018.
5. Members who return the white Form of Proxy or register the appointment of a proxy electronically will still be able to attend the General Meeting and vote in person if they so wish.
6. If, within half an hour of the appointed time for the meeting, a quorum is not present, then the meeting will stand adjourned for fourteen days at the same time and place and no notice of adjournment need be given.
7. As at close of business on 30 April 2018, the Company's issued share capital comprised 357,707,507 Ordinary Shares, and 180,000,000 C Shares. Each Ordinary Share and each C Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business on 30 April 2018 is 537,707,507.

**If you do not wish to attend the meeting please complete and return the white Form of Proxy as soon as possible.**

## NOTICE OF ORDINARY SHAREHOLDERS' CLASS MEETING

### SQN ASSET FINANCE INCOME FUND LIMITED

*(Incorporated in Guernsey with registration number 58519)*

**Notice is hereby given** that a separate general meeting of the holders of Ordinary Shares in the Company will be held at BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA on 22 May 2018 at 2.05 p.m. BST for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as special resolutions, namely:

#### **Special Resolution**

**THAT** the holders of the Ordinary Shares hereby sanction and consent to:

- (a) the passing of the special resolution set out in the notice convening a general meeting of the Company to be held on 22 May 2018 contained in the circular of the Company dated 1 May 2018 (the "**Circular**"), a copy of which has been laid before the meeting and signed for the purpose of identification by the Chairman of the meeting, and the carrying into effect of the resolution; and
- (b) any and all variations or abrogations (including any deemed variation or abrogation) of the rights and privileges attached to the said Ordinary Shares which will or may result from the passing and the carrying into effect of the resolutions or otherwise as may be effected thereby or involved therein.

1 May 2018

*By order of the Board*

BNP Paribas Securities Services S.C.A.,  
Guernsey Branch Secretary

*Registered Office:*  
BNP Paribas House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 1WA

**Notes:**

1. Only those Ordinary Shareholders registered in the Company's register of members at the close of business on 18 May 2018 or, if the meeting is adjourned, at the close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. Any member entitled to attend and vote at the meeting is entitled to appoint another person (who need not be a member) as his proxy to exercise all or any of his rights to attend and speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares. A blue Form of Proxy is enclosed which, if required, should be completed in accordance with the instructions.
3. To be valid the blue Form of Proxy must be deposited, by hand or by post, at the offices of Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 2.05 p.m. BST on 18 May 2018. The Company will also accept Forms of Proxy deposited in accordance with the Articles.
4. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by Link Asset Services by no later than 2.05 p.m. BST on 18 May 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your blue Form of Proxy must be received by the Company's Registrar no later than 2.05 p.m. BST on 18 May 2018.
5. Members who return the blue Form of Proxy or register the appointment of a proxy electronically will still be able to attend the General Meeting and vote in person if they so wish.
6. If, within half an hour of the appointed time for the meeting, a quorum is not present, then the meeting will stand adjourned for fourteen days at the same time and place and no notice of adjournment need be given.
7. As at close of business on 30 April 2018, the Company's issued share capital comprised 357,707,507 Ordinary Shares, and 180,000,000 C Shares. Each Ordinary Share and each C Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business on 30 April 2018 is 537,707,507. The total voting percentage of the Ordinary Shares is 66.53 per cent.

**If you do not wish to attend the meeting please complete and return the blue Form of Proxy as soon as possible.**

**NOTICE OF C SHAREHOLDERS' CLASS MEETING**  
**SQN ASSET FINANCE INCOME FUND LIMITED**

*(Incorporated in Guernsey with registration number 58519)*

**Notice is hereby given** that a separate general meeting of the holders of C Shares in the Company will be held at BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA on 22 May 2018 at 2.10 p.m. BST for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as special resolutions, namely:

**Special Resolution**

**THAT** the holders of the C Shares hereby sanction and consent to:

- (a) the passing of the special resolution set out in the notice convening a general meeting of the Company to be held on 22 May 2018 contained in the circular of the Company dated 1 May 2018 (the "**Circular**"), a copy of which has been laid before the meeting and signed for the purpose of identification by the Chairman of the meeting, and the carrying into effect of the resolution; and
- (b) any and all variations or abrogations (including any deemed variation or abrogation) of the rights and privileges attached to the said C Shares which will or may result from the passing and the carrying into effect of the resolution or otherwise as may be effected thereby or involved therein.

1 May 2018

*By order of the Board*

BNP Paribas Securities Services S.C.A.,  
Guernsey Branch Secretary

*Registered Office:*  
BNP Paribas House  
St Julian's Avenue  
St Peter Port  
Guernsey GY1 1WA

**Notes:**

1. Only those C Shareholders registered in the Company's register of members at the close of business on 18 May 2018 or, if the meeting is adjourned, at the close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. Any member entitled to attend and vote at the meeting is entitled to appoint another person (who need not be a member) as his proxy to exercise all or any of his rights to attend and speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares. A red Form of Proxy is enclosed which, if required, should be completed in accordance with the instructions.
3. To be valid the red Form of Proxy must be deposited, by hand or by post, at the offices of Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 2.10 p.m. BST on 18 May 2018. The Company will also accept Forms of Proxy deposited in accordance with the Articles.
4. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by Link Asset Services by no later than 2.10 p.m. BST on 18 May 2018. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your red Form of Proxy must be received by the Company's Registrar no later than 2.10 p.m. BST on 18 May 2018.
5. Members who return the red Form of Proxy or register the appointment of a proxy electronically will still be able to attend the General Meeting and vote in person if they so wish.
6. If, within half an hour of the appointed time for the meeting, a quorum is not present, then the meeting will stand adjourned for fourteen days at the same time and place and no notice of adjournment need be given.
7. As at close of business on 30 April 2018, the Company's issued share capital comprised 357,707,507 Ordinary Shares, and 180,000,000 C Shares. Each Ordinary Share and each C Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business on 30 April 2018 is 537,707,507. The total voting percentage of the C Shares is 33.47 per cent.

**If you do not wish to attend the meeting please complete and return the red Form of Proxy as soon as possible.**

