

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

A copy of this document, which comprises a prospectus (the “Prospectus”) relating to EJV Investments Ltd (the “Company”) in connection with the issue of ordinary shares (the “Ordinary Shares”), C shares (the “C Shares”) and new zero dividend preference shares (the “New ZDP Shares” and together with the Ordinary Shares and the C Shares, the “Shares”) in the Company, prepared in accordance with the prospectus rules of the Financial Conduct Authority (the “FCA”) made pursuant to section 73A of the FSMA (the “Prospectus Rules”), has been approved and filed with the FCA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules.

The Shares are designed to be suitable for investors: (i) who are institutional, professional and highly knowledgeable (including those who are professionally advised); (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment, including the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company. The Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such investment. It should be remembered that the price of the Shares and the income from them can go down as well as up and that investors may not receive, on the sale or cancellation of the Shares, the amount that they invested.

The Ordinary Shares in issue are currently admitted to trading on the Specialist Fund Segment of the Main Market of London Stock Exchange plc (the “London Stock Exchange”). It is expected that any Admission of Ordinary Shares, C Shares or New ZDP Shares issued under the Placing Programme will become effective and that dealings in any new Ordinary Shares and/or C Shares and/or New ZDP Shares, as the case may be, will commence between 24 June 2019 and 23 June 2020. The Shares are not dealt in on any other recognised investment exchanges and no applications for the Shares to be admitted to listing or to be traded on any such other exchanges have been made or are currently expected to be made.

The Company and each of its directors (whose names appear on page 62 of this Prospectus) (the “Directors”) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

EJV Investments Manager LLC (the “Manager”) accepts responsibility for the information contained in this Prospectus relating to it and all statements made by it. To the best of the knowledge of the Manager (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Prospective investors should read the whole of this Prospectus when considering an investment in the Shares and, in particular, their attention is drawn to the section entitled “Risk Factors” of this Prospectus.**

## **EJV INVESTMENTS LTD**

*(a closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey with registered number 122353)*

### **Placing Programme of up to 150 million Ordinary Shares and/or C Shares and up to 75 million New ZDP Shares**

*Manager*

**EJV Investments Manager LLC**

*Financial Adviser and Bookrunner*

**Numis Securities Limited**

Numis Securities Limited (“Numis”), which is authorised and regulated in the United Kingdom by the FCA is acting exclusively for the Company and no one else in connection with the Placing Programme and the other transactions and arrangements referred to in this Prospectus. Numis will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to each Admission and Placing and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to any Admission or Placing, the contents of this Prospectus or any other transactions or arrangements referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on Numis by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Numis does not accept any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares, any Admission or any Placing and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Numis accordingly, to the fullest extent permitted by law, disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

This Prospectus does not constitute or form part of any offer or invitation to sell, or the solicitation of an offer to acquire or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for such securities by any person in any circumstances in which such offer or solicitation is unlawful.

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States or under the securities laws or with any securities regulatory authority of South Africa, Canada, Australia or Japan. The Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act (“Regulation S”)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. The Shares may not be offered or sold into or within South Africa, Canada or Australia or to, or for the account or benefit of any national, resident or citizen of South Africa, Canada or Australia. Subject to certain exceptions as described herein, any Placing of Shares is only being made outside the United States to non-US Persons in reliance on Regulation S under the US Securities Act.

The Company has not been and will not be registered under the United States' Investment Company Act of 1940, as amended (the "**US Investment Company Act**") and investors will not be entitled to the benefits of the US Investment Company Act. There will be no public offer of the Shares in the United States. **Neither the United States Securities and Exchange Commission (the "US SEC") nor any state securities commission has approved or disapproved of the Shares or passed upon or endorsed the merits of the offering of the Shares or the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

The Shares are being offered and sold in the United States in a transaction not involving a "public offering" subject to an exemption from the registration requirements of Section 5 of the US Securities Act only to persons who are all of the following: (i) qualified purchasers ("**QPs**") as defined in Rule 2(a)(51) of the US Investment Company Act; and (ii) "accredited investors" ("**AIs**", and persons who are both QPs and AIs, "**Entitled Qualified Purchasers**") as defined in Rule 501(a) of Regulation D under the US Securities Act ("**Regulation D**"). The Shares are being offered and sold outside the United States to non-US Persons (or to persons who are both US Persons and Entitled Qualified Purchasers) in reliance on Regulation S under the US Securities Act. Purchasers in the United States or who are US Persons will be required to execute and deliver a US investor representation letter (a "**US Investor Representation Letter**") in the form set forth in Part XIV: "*US Investor Representation Letter*" of this Prospectus. Prospective investors in the United States are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided for a transaction not involving a "public offering".

Except with the express written consent of the Company given in respect of an investment in the Company, the Shares may not be acquired by: (i) investors using assets of: (A) an "employee benefit plan" as defined in Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") that is subject to Title I of ERISA; (B) a "plan" as defined in Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**US Tax Code**"), including an individual retirement account or other arrangement that is subject to Section 4975 of the US Tax Code; or (C) a person or entity whose underlying assets are considered to include "plan assets" for purposes of Title I of ERISA or Section 4975 of the US Tax Code by reason of investment by an "employee benefit plan" or "plan" described in preceding clause (A) or (B) in such a person or entity pursuant to the US Department of Labor regulations promulgated and codified as 29 C.F.R. 2510.3-101 as they may be amended or modified from time to time (as modified by Section 3(42) of ERISA, the "**US Plan Assets Regulations**" or otherwise (each of (A)-(C), a "**Benefit Plan Investor**"); or (ii) a "governmental plan" within the meaning of Section 3(32) of ERISA, a "church plan" within the meaning of Section 3(33) of ERISA that has made no election under Section 410(d) of the US Tax Code, a "non-US plan" described in Section 4(b)(4) of ERISA or a benefit plan that is not a Benefit Plan Investor (any such plan, a "**Similar Plan**") (X) that is subject to a US federal, state, local, non-US or other law or regulation that contains one or more provisions that are substantially similar to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the US Tax Code (any such law or regulation, an "**Other Plan Law**") or (Y) that is subject to a US federal, state, local, non-US or other law or regulation that would have the same effect as the US Plan Assets Regulations so as to cause the underlying assets of the Company to be treated as assets of an entire investing entity by virtue of its investment (or any beneficial interest) in the Company and thereby subject the Company or the originator (or other persons responsible for the investment and operation of the Company assets) to any Other Plan Law (any such law or regulation, a "**Similar Law**"), unless its purchase, holding, and disposition of the Shares will not constitute or result in a violation of any Other Plan Law.

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

**In addition, the Shares are subject to restrictions on transferability and resale in certain jurisdictions and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors may be required to bear the financial risks of their investment in the Shares for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. For further information on restrictions on offers, sales and transfers of the Shares, please refer to the section entitled "*Purchase and Transfer Restrictions*" in Part VIII: "*Details of the Placing Programme*" of this Prospectus.**

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the relevant Placing including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on Numis or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus and any supplementary prospectus issued by the Company prior to the Admission of the relevant Shares. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and any supplementary prospectus and, if given or made, such information or representations must not be relied on as having been so authorised. Neither the delivery of this Prospectus nor any subscription or sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information in it is correct as at any subsequent time.

None of the Company, the Manager, Numis or any of their respective representatives, is making any representation to any prospective investor in respect of the Shares regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

**The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice. Regulatory requirements which may be deemed necessary for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company, you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced requirements accordingly. You are wholly responsible for ensuring that all aspects of**

**the Company and the Manager are acceptable to you. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless you fully understand and accept the nature of the Company and the potential risks inherent in this Company you should not invest in the Company.**

**Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the Jersey Financial Services Commission at [www.jerseyfsc.org](http://www.jerseyfsc.org).**

**This Prospectus is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds—Prospectuses) (Jersey) Order 2012. The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made or expressed in this Prospectus. The applicant is strongly recommended to read and consider this Prospectus before completing an application.**

This Prospectus is dated 24 June 2019.

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## SUMMARY

*Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered + in sections A—E (A.1—E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of “not applicable”.*

### PART A—THE COMPANY

SECTION A—INTRODUCTION AND WARNINGS		
Element	Disclosure requirement	Disclosure
A1	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the Shares should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this 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 this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares.
A2	Use of prospectus by financial intermediaries	Not applicable. The Company has not given its consent to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.

SECTION B—ISSUER		
Element	Disclosure requirement	Disclosure
B1	Legal / commercial name	EJF Investments Ltd (the “ <b>Company</b> ”)
B2	Domicile and legal form	The Company is a registered closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey on 20 October 2016 under the provisions of the Companies Law, with registered number 122353. The Company’s registered office and principal place of business is IFC1, The Esplanade, St Helier, Jersey, JE1 4BP. The principal legislation under which the Company operates is the Companies Law.
B5	Group description	The Company holds 100 per cent. of the Shares in EJF Investment Holdings Limited (“ <b>EJFIH</b> ”), which holds 100 per cent. of the Shares in EJF Investment Funding Limited (“ <b>EJFIF</b> ”) and a 49 per cent. interest in the CDO Manager (together, the “ <b>Group</b> ”). EJFIH and EJFIF are the registered holders of the investments in the Portfolio.
B6	Major shareholders	Not applicable. No interest in the Company’s capital or voting rights is notifiable under the Company’s national law.

## SECTION B—ISSUER

Element	Disclosure requirement	Disclosure																																																
		<p>None of the Company's Shareholders has or will have voting rights attached to the Shares they hold which are different from the voting rights attached to any other Shares of the same class in the Company and the Shares held by them will rank <i>pari passu</i> in all respects with the other Shares of the same class.</p> <p>As at 21 June 2019 (being the latest practicable date prior to the publication of this Prospectus), the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise, control over the Company.</p>																																																
B7	Key financial information	<p>The selected financial information set out below, which has been prepared in accordance with IFRS, has been extracted without material adjustment from the audited historical financial information of the Company for the period from 20 October 2016 (the date of the Company's incorporation) to 31 December 2017 and the year ended 31 December 2018.</p> <p><b>Statement of comprehensive income</b></p> <table> <thead> <tr> <th></th> <th style="text-align: right;">For the year ended 31 December 2018</th> <th style="text-align: right;">For the period from 20 October 2016 to 31 December 2017</th> </tr> <tr> <th></th> <th style="text-align: right;"><u>£ (audited)</u></th> <th style="text-align: right;"><u>£ (audited)</u></th> </tr> </thead> <tbody> <tr> <td>Dividend income . . . . .</td> <td style="text-align: right;">3,560,000</td> <td style="text-align: right;">—</td> </tr> <tr> <td>Investment income . . . . .</td> <td style="text-align: right;">511</td> <td style="text-align: right;">572,393</td> </tr> <tr> <td>Other income . . . . .</td> <td style="text-align: right;">—</td> <td style="text-align: right;">26,722</td> </tr> <tr> <td>Net foreign exchange (loss)/gain . . . . .</td> <td style="text-align: right;">(10,244)</td> <td style="text-align: right;">198,601</td> </tr> <tr> <td>Net gain on derivative financial assets held at fair value through profit or loss . . . . .</td> <td style="text-align: right;">—</td> <td style="text-align: right;">3,052,586</td> </tr> <tr> <td>Net gain on non-derivative financial assets held at fair value through profit or loss . . . . .</td> <td style="text-align: right;">16,945,046</td> <td style="text-align: right;">14,425,282</td> </tr> <tr> <td><b>Total revenue . . . . .</b></td> <td style="text-align: right;"><b><u>20,495,313</u></b></td> <td style="text-align: right;"><b><u>18,275,884</u></b></td> </tr> <tr> <td><b>Total operating expenses . . . . .</b></td> <td style="text-align: right;"><b><u>3,537,131</u></b></td> <td style="text-align: right;"><b><u>2,777,788</u></b></td> </tr> <tr> <td>Expenses reimbursed by the Manager . . . . .</td> <td style="text-align: right;">(1,466,714)</td> <td style="text-align: right;">(1,199,950)</td> </tr> <tr> <td><b>Net operating expenses . . . . .</b></td> <td style="text-align: right;"><b><u>2,070,417</u></b></td> <td style="text-align: right;"><b><u>1,577,838</u></b></td> </tr> <tr> <td><b>Operating profit before finance costs . . . . .</b></td> <td style="text-align: right;"><b><u>18,424,896</u></b></td> <td style="text-align: right;"><b><u>16,698,046</u></b></td> </tr> <tr> <td><b>Finance costs . . . . .</b></td> <td style="text-align: right;"><b><u>(995,308)</u></b></td> <td style="text-align: right;"><b><u>(430,821)</u></b></td> </tr> <tr> <td><b>Profit and total comprehensive income for the year/period attributable to shareholders . . . . .</b></td> <td style="text-align: right;"><b><u>17,429,588</u></b></td> <td style="text-align: right;"><b><u>16,267,225</u></b></td> </tr> <tr> <td>Basic and diluted earnings per Ordinary Share</td> <td style="text-align: right;"><u>£0.294</u></td> <td style="text-align: right;"><u>£0.317</u></td> </tr> </tbody> </table>		For the year ended 31 December 2018	For the period from 20 October 2016 to 31 December 2017		<u>£ (audited)</u>	<u>£ (audited)</u>	Dividend income . . . . .	3,560,000	—	Investment income . . . . .	511	572,393	Other income . . . . .	—	26,722	Net foreign exchange (loss)/gain . . . . .	(10,244)	198,601	Net gain on derivative financial assets held at fair value through profit or loss . . . . .	—	3,052,586	Net gain on non-derivative financial assets held at fair value through profit or loss . . . . .	16,945,046	14,425,282	<b>Total revenue . . . . .</b>	<b><u>20,495,313</u></b>	<b><u>18,275,884</u></b>	<b>Total operating expenses . . . . .</b>	<b><u>3,537,131</u></b>	<b><u>2,777,788</u></b>	Expenses reimbursed by the Manager . . . . .	(1,466,714)	(1,199,950)	<b>Net operating expenses . . . . .</b>	<b><u>2,070,417</u></b>	<b><u>1,577,838</u></b>	<b>Operating profit before finance costs . . . . .</b>	<b><u>18,424,896</u></b>	<b><u>16,698,046</u></b>	<b>Finance costs . . . . .</b>	<b><u>(995,308)</u></b>	<b><u>(430,821)</u></b>	<b>Profit and total comprehensive income for the year/period attributable to shareholders . . . . .</b>	<b><u>17,429,588</u></b>	<b><u>16,267,225</u></b>	Basic and diluted earnings per Ordinary Share	<u>£0.294</u>	<u>£0.317</u>
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## SECTION B—ISSUER

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		<b>Statement of financial position</b>									
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	As at 31 December 2018	As at 31 December 2017									
	<u>£</u>	<u>£</u>									
	<i>(audited)</i>	<i>(audited)</i>									
		<b>Non-current assets</b>									
		Non-derivative financial assets at fair value through profit or loss . . . . .									
		129,922,605      100,177,557									
		<b>Current assets</b>									
		Cash and cash equivalents . . . . .									
		648,319      3,194,538									
		Balance due from the Manager . . . . .									
		1,722,574      648,255									
		Balance due from brokers . . . . .									
		—      126,088									
		Prepaid expenses and other assets . . . . .									
		93,417      45,894									
		<b>Total current assets</b> . . . . .									
		<b>2,464,310      4,014,775</b>									
		<b>Total assets</b> . . . . .									
		<b>132,386,915      104,192,332</b>									
		<b>Non-current liabilities</b>									
		ZDP Shares . . . . .									
		15,545,525      14,556,533									
		<b>Total non-current liabilities</b> . . . . .									
		<b>15,545,525      14,556,533</b>									
		<b>Current liabilities</b>									
		Accounts payable and accrued expenses . . . . .									
		2,340,899      3,333,854									
		<b>Total current liabilities</b> . . . . .									
		<b>2,340,899      3,333,854</b>									
		<b>Total liabilities</b> . . . . .									
		<b>17,886,424      17,890,387</b>									
		<b>Net assets</b> . . . . .									
		<b>114,500,491      86,301,945</b>									
		<b>Equity</b>									
		Stated capital . . . . .									
		90,259,133      73,650,682									
		Retained earnings . . . . .									
		24,241,358      12,651,263									
		<b>Total equity</b> . . . . .									
		<b>114,500,491      86,301,945</b>									
		<b>Number of ordinary Shares in issue at year/period end (excluding Treasury Shares)</b> . . . . .									
		<b>64,175,306      54,543,142</b>									
		<b>Net Asset Value per Ordinary Share</b> . . . . .									
		<b>£1.7842      £1.5823</b>									

## SECTION B—ISSUER

Element	Disclosure requirement	Disclosure
		<b>Statement of cash flows</b>
		For the year ended 31 December 2018 <u>£ (audited)</u>
		For the period from 20 October 2016 to 31 December 2017 <u>£ (audited)</u>
		<b>Cash flows from operating activities</b>
		Profit and total comprehensive income for the year/period . . . . . 17,429,588 16,267,225
		<b>Adjustments for:</b> . . . . .
		Investment income . . . . . (511) —
		Dividend income . . . . . (3,560,000) —
		Amortisation of ZDP Shares, including finance costs . . . . . 988,992 81,533
		Net loss on derivative financial assets held at fair value through profit or loss . . . . . — (3,052,586)
		Net loss on non-derivative financial assets held at fair value through profit or loss . . (16,945,046) (14,425,582)
		Net foreign exchange loss/(gain) . . . . . 10,244 (198,601)
		<u>(2,076,733)</u> <u>(1,328,011)</u>
		<b>Changes in net assets and liabilities:</b>
		Balance due from the Manager . . . . . (1,074,319) (648,255)
		Balance due from brokers . . . . . 126,088 (126,088)
		Prepaid expenses and other assets . . . . . (47,523) (45,894)
		Accounts payable and accrued expenses . . . (992,955) 3,333,854
		<u>(1,988,709)</u> <u>2,513,617</u>
		<b>Net cash used in operating activities</b>
		Dividends received . . . . . 3,560,000 —
		Distributions received . . . . . — 3,575,210
		Interest income received . . . . . 509 286,043
		Purchase of financial assets held at fair value through profit or loss . . . . . (12,800,000) (27,434,143)
		Receipts from investments held at fair value through profit or loss . . . . . — (2,833,639)
		Receipts from the Partnership . . . . . — 4,153,190
		<u>(13,304,933)</u> <u>(15,400,455)</u>
		<b>Cash flow from financing activities:</b>
		Proceeds from issue of Ordinary Shares . . . 26,680,920 8,000,000
		Purchase of own Shares to hold in treasury . (16,380,000) —
		Sale of Treasury Shares . . . . . 6,577,731 —
		Ordinary Share issue costs . . . . . (270,200) (107,427)
		Proceeds on issue of ZDP Shares . . . . . — 15,000,000
		ZDP Share issue costs . . . . . — (449,166)
		Dividends paid . . . . . (5,839,493) (3,615,962)
		<u>10,768,958</u> <u>18,827,445</u>
		Net (decrease)/increase in cash and cash equivalents . . . . . (2,535,975) 3,426,990
		Cash and cash equivalents at the start of the year/period . . . . . 3,194,538 —
		Effect of movements in exchange rates on cash held . . . . . (10,244) (232,452)
		<u>648,319</u> <u>3,194,538</u>
		<b>Cash and cash equivalents at the end of the year/period . . . . .</b>



**SECTION B—ISSUER**

Element	Disclosure requirement	Disclosure
		<p>The following significant changes in the Company’s financial condition and operating results have occurred during the period from 20 October 2016 (being the date of the Company’s incorporation) to 31 December 2018 (being the period covered by the historical key financial information) and subsequently to such period:</p> <ul style="list-style-type: none"> <li>• the first restructuring pursuant to which the Company became the ultimate holding company of the Group and the majority-holder of Partnership Units in the Partnership;</li> <li>• the incorporation into the Group of EJFIH and EJFIF;</li> <li>• the exercise of warrants granted by the Company to Wolfson Equities LLC and CNF Investments II, LLC;</li> <li>• the Company’s entry into the Revolving Credit Facility and subsequent amendments thereto;</li> <li>• the entry by EJFIF into the Repurchase Agreement and the guarantee by the Company of EJFIF’s obligations under the Repurchase Agreement;</li> <li>• placings of Shares carried out by the Company in July 2017, November 2017, March 2018 and May 2018 and sales of Shares from treasury carried out by the Company in December 2018; and</li> <li>• the payment of an interim dividend of 2.675 pence per Ordinary Share in respect of the quarter ended 31 December 2018 in March 2019 and the payment of an interim dividend of 2.675 pence per Ordinary Share in respect of the quarter ended 31 March 2019 in June 2019.</li> </ul> <p>Save as set out above, there has been no significant change in the financial condition or operating results of the Company during the period from 20 October 2016 (being the date of the Company’s incorporation) to 31 December 2018 (being the period covered by the historical key financial information) or subsequently to such period.</p>
B8	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information is included in this Prospectus.
B9	Profit forecast	Not applicable. No profit estimate or forecast for the Company is made.
B10	Qualifications in the audit report	Not applicable. The independent auditor’s reports on the historical financial information incorporated by reference in this Prospectus are not qualified.
B11	Working capital qualifications	Not applicable. The Company is of the opinion that the working capital available to the Company is sufficient for its present requirements, that is for at least the next 12 months from the date of this Prospectus.
B34	Investment objective and policy	<p>The Company seeks to generate attractive risk adjusted returns for its Shareholders, by investing in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities are anticipated to include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats issued by entities domiciled in the US, UK and Europe.</p> <p>The Company seeks to achieve its Investment Objective by pursuing a policy of investing in a diversified portfolio of investments that are derived</p>

**SECTION B—ISSUER**

Element	Disclosure requirement	Disclosure
		<p>from the changing financial services landscape. The Company relies to a material extent on the Manager and the employees of EJF for the sourcing and origination of investments, but the investment process may involve working with third parties to design an investment. Debt investments, whether or not listed on a recognised market, may also be purchased on an opportunistic basis.</p> <p>The Company currently seeks to achieve its Investment Objective primarily by investing the majority of its assets in Target Investments which fall within two subsets, being (i) Securitisation and Related Investments, which comprise Risk Retention and Related Investments (being Risk Retention Investments, together with investments in non-risk retention securities of EJF Securitisations and other non-EJF sponsored securitisations), Capital Solutions and ABS Investments and the CDO Manager and (ii) Specialty Finance Investments.</p> <p>The Company has the following investment limits and restrictions: (i) no more than 25 per cent. of the Company’s gross assets shall be invested in any single EJF-sponsored Risk Retention Investment; (ii) no more than 20 per cent. of the Company’s gross assets shall be invested in any single non-EJF sponsored Risk Retention Investment; (iii) no more than 20 per cent. of the Company’s gross assets shall be invested in any single Securitisation Investment, Capital Solutions or ABS Investment; (iv) no more than 20 per cent. of the Company’s gross assets shall be invested in any single Specialty Finance Investment; (v) investment in publicly listed equity is not permitted. For the avoidance of doubt, if an existing debt or private equity investment is exchanged for equity listed on the public markets, such investment may be held at the Manager’s discretion if the resultant investment otherwise remains in compliance with the Investment Policy; (vi) investments will be made where the underlying issuer is domiciled in the US, UK or other current members of the EEA or EFTA or has the majority of its underlying assets exposed to the US, UK and/or other current members of the EEA or EFTA; and (vii) any investments that are not Target Investments will be limited to an aggregate total of 20 per cent. of gross assets (and for the avoidance of doubt, shall be limited to investments that are permitted investments for UCITS under the UCITS Eligible Assets Directive (Commission Directive 2007/16/EC) as at 30 November 2017).</p>
B35	Borrowing limits	<p>The Company shall be permitted to borrow up to 35 per cent. of its Net Asset Value (calculated at the time of drawdown) for the purposes set out below, provided that (i) the maximum amount for borrowings for long-term investment purposes within such limit will be 30 per cent. of the Net Asset Value and (ii) borrowings for long-term investment purposes may only be incurred when the Minimum Cover Amount in respect of each Class of ZDP Shares in issue is met (calculated at the time of drawdown).</p> <p>The 2022 ZDP Shares, the New ZDP Shares and any other ZDP Shares issued from time to time will constitute borrowings for long-term investment purposes and accordingly count towards such limit. The Company will be able to utilise any borrowings not used for long-term investment purposes for short-term liquidity purposes and efficient portfolio management purposes, including foreign exchange hedging arrangements and the ability to smooth the receipt of cashflows and payment of dividends. For the avoidance of doubt, should the Minimum Cover Amount in respect of any Class of ZDP Shares in issue be breached due to, <i>inter</i></p>

**SECTION B—ISSUER**

Element	Disclosure requirement	Disclosure
		<i>alia</i> , a fall in Net Asset Value from time to time, there shall be no requirement on the Company to reduce any borrowings for investment purposes which are already in place at the relevant time.
B36	Regulatory status	The Company is a registered closed-ended investment company incorporated in Jersey with limited liability on 20 October 2016 under the provisions of the Companies Law, with registered number 122353. The Company is regulated by the Jersey Financial Services Commission (the “ <b>JFSC</b> ”), and is not regulated by any regulator other than the JFSC. The JFSC is protected by both the Collective Investment Funds (Jersey) Law 1988 and the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under such laws. The Company is subject to the Prospectus Rules, the Market Abuse Regulation, the admission and disclosure standards of the London Stock Exchange, certain provisions of the Disclosure Guidance and Transparency Rules and those Listing Rules that the Company has elected to comply with on a voluntary basis.
B37	Typical investors	The Shares are designed to be suitable for investors: (i) who are institutional, professional and highly knowledgeable (including those who are professionally advised); (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment, including the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company. The Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in the Shares being issued under any Placing.
B38 / B39	Investment of 20% or more or 40% or more in single underlying asset or investment company	Not applicable.
B40	Applicant’s service providers	<p><b>Manager</b></p> <p>EJF Investments Manager LLC acts as Manager to the Company. In such capacity, the Manager is responsible for the portfolio and risk management of the Company, including managing the Company’s assets and its day-to-day operations.</p> <p>The Manager is entitled to receive a base management fee, calculated monthly and paid quarterly in arrear, in a monthly amount equal to the product of 1/12 of the NAV attributable to Ordinary Shares at the end of the relevant month multiplied by one per cent. Where there are C Shares in issue, the Management Fee will be calculated on the bases set out above on the NAV attributable to Ordinary Shares and the net assets attributable to C Shares, respectively.</p> <p>In addition, the Manager is also entitled, subject to the satisfaction of certain conditions, to an Incentive Fee which is calculated by reference to</p>

**SECTION B—ISSUER**

Element	Disclosure requirement	Disclosure
		<p>movements in the Adjusted NAV attributable to Ordinary Shares from time to time. In the event that C Shares are in issue, the Manager will be entitled, subject to the satisfaction of certain conditions, to an incentive fee payable in Ordinary Shares or, if applicable, cash in respect of movements in the adjusted net assets attributable to the C Shares on substantially the same basis as the Incentive Fee payable in relation to the Adjusted NAV attributed to Ordinary Shares.</p> <p>As a result of the Manager’s relationship with EJF, the Company, through the Partnership, will, for so long as EJF Investments Manager LLC is the Manager, have the benefit of a right of first refusal to purchase or subscribe for EJF Risk Retention Securities to be issued in connection with all future EJF Securitisations, in an amount equivalent to the minimum interest that a sponsor is required to retain.</p>
		<p><b>Financial Adviser, Bookrunner and Broker</b></p> <p>Numis has been appointed as Financial Adviser and sole Bookrunner to the Company in relation to any Placing under the Placing Programme. Numis has agreed to use its reasonable endeavours to procure subscribers for Shares at the relevant Placing Price pursuant to each Placing under the Placing Programme. In consideration for its services in relation to each Placing, and conditional upon completion of each Placing, Numis will be paid a customary corporate finance fee and a placing commission by the Company, calculated on the value of the Shares in respect of which it has procured Places (excluding any Shares subscribed for by EJF or its directors, employees or affiliates or any investors introduced by EJF or its affiliates). Numis also acts as corporate broker to the Company and is paid an annual fee for performing that role by the Company.</p>
		<p><b>CDO Manager</b></p> <p>The CDO Manager, which is 51 per cent. owned by the Manager and 49 per cent. owned by EJFIH, provides collateral management services to various CDO structures. For these purposes, the CDO Manager provides such services directly to those CDO structures on commercially reasonable terms.</p> <p>The CDO Manager is also expected to provide collateral management services to future EJF Securitisations as it will have the benefit, for so long as EJF Investments Manager LLC is the Manager, of a right of first refusal to be appointed as the provider of collateral administration, monitoring and management services in respect of each EJF Securitisation. The CDO Manager may also provide collateral management services to non-EJF securitisations as well, either via a Risk Retention Investment or a CDO structure. The CDO Manager is expected to benefit from collateral management fees on all CDOs it services and manages until maturity of such CDOs.</p>
		<p><b>Administrator and Company Secretary</b></p> <p>BNPP acts as Administrator and Company Secretary to the Company. It is entitled to an administration fee comprising a fixed fee of £233,000 per annum and variable fees which are charged at market rates, depending on the nature of the services provided. Total fees payable to BNPP are not expected to exceed £275,000 per annum.</p>

SECTION B—ISSUER		
Element	Disclosure requirement	Disclosure
		<p><b>Registrar</b></p> <p>Computershare Investor Services (Jersey) Limited acts as Registrar to the Company pursuant to the Registrar Services Agreement to provide share registration services. The Registrar is entitled to an annual fee of £12,000. Other registrar activity outside of the agreed scope of services will be charged for in accordance with the Registrar’s normal tariff as published from time to time.</p>
		<p><b>Custodian</b></p> <p>Citigroup Global Markets Inc. and Citibank N.A. are authorised to provide prime brokerage and/or custody services to the Company pursuant to the Custody Agreement. For the provision of prime brokerage and custody services in relation to the Company’s interest in the Discounted CDO Securities Portfolio, Citigroup Global Markets Inc. is entitled to a monthly fee of US\$10,000. For the provision of custody services in relation to the Company’s interest in the Armadillo Portfolio, Citibank, N.A. is entitled to a monthly servicing fee of approximately US\$208.</p>
		<p><b>Valuation Agent</b></p> <p>The Board may appoint such recognised independent third party valuation agent(s) as it deems appropriate from time to time on arms-length commercial terms.</p>
		<p><b>Directors</b></p> <p>Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for Neal J. Wilson, the Directors are remunerated for their services at a fee of £40,000 per annum, plus an additional annual Chair’s fee of £10,000 and an annual fee of £5,000 for the chair of the audit committee. Neal J. Wilson has agreed to waive his fee.</p>
B41	Regulatory status of Manager	The Manager has no employees and acts exclusively through its managing member, EJF. Accordingly, the Manager is operationally integrated into, and is a relying adviser of, EJF, which is a registered investment adviser with the US SEC and a registered commodity pool operator and commodity trading adviser with the CFTC.
B42	Calculation of Net Asset Value	The NAV is calculated as at the last Business Day of each month (or at any other times at the Board’s discretion) by the Administrator, based on the valuations calculated in accordance with the Company’s valuation policies and in consultation with the Manager. The Company intends to publish the NAV and NAV per Ordinary Share within fifteen Business Days following the date of calculation or as soon as practicable thereafter by an RIS announcement and made available on the website of the Company ( <a href="http://www.EJFI.com">www.EJFI.com</a> ).
B43	Cross liability	Not applicable. There is no cross liability between classes or investments in other collective investment undertakings.
B44	CIUs which have not commenced operations	Not applicable. The Company has commenced operations.

SECTION B—ISSUER		
Element	Disclosure requirement	Disclosure
B45	Portfolio	As at the date of this Prospectus, the Portfolio consists of long-term assets consistent with the Company's investment focus on regulatory-driven lending opportunities, securitisation financing and specialty finance opportunities, specifically: (a) Securitisation and Related Investments, comprising (i) a portfolio of investments in the equity tranches of five securitisations sponsored by EJF; (ii) a 49 per cent. ownership interest in the CDO Manager; (iii) a portfolio of TruPS CDO bonds; and (iv) an investment in US bank subordinated debt eligible for future securitisation, and (b): Speciality Finance Investments, comprising (i) an interest in a bridge loan to an affiliate of a publicly listed insurer and (ii) a portfolio of high interest rate loans to US law firms engaged in mass tort litigation by way of its holding of limited partner interests in Armadillo I and Armadillo II.
B46	Net Asset Value	As at 30 April 2019 (being the latest practicable date prior to the date of this Prospectus on which the Portfolio was valued), the unaudited NAV was £122.2 million.

SECTION C—SECURITIES		
Element	Disclosure requirement	Disclosure
C1	Type and class of securities	<p>The Company intends to issue up to 150 million Ordinary Shares and/or C Shares and up to 75 million New ZDP Shares pursuant to the Placing Programme. No new 2022 ZDP Shares will be issued pursuant to the Placing Programme.</p> <p>The ISIN of the Ordinary Shares is JE00BF0D1M25, the SEDOL code is BF0D1M2 and the ticker is EJFI. The ISIN of the C Shares is JE00BF0D1P55, the SEDOL code is BF0D1P5 and the ticker is EJFC. The ISIN of the 2022 ZDP Shares is JE00BDG12N48, the SEDOL code is BDG12N4 and the ticker is EJFZ. The ISIN of the New ZDP Shares will be JE00BK1WV903, the SEDOL code will be BK1WV90 and the ticker will be EJF0.</p>
C2	Currency of issue	Pounds Sterling
C3	Issued share capital	As at the date of this Prospectus, the Company has 69,557,192 Ordinary Shares of no par value in issue (of which 5,381,886 Ordinary Shares are held in treasury by the Company) and 15,000,000 2022 ZDP Shares in issue. There are no non-paid up Ordinary Shares in issue. There are no C Shares or New ZDP Shares currently in issue. Any C Shares and New ZDP Shares to be issued pursuant to any Placing under the Placing Programme will be of no par value.
C4	Description of the rights attaching to the Shares	All dividends paid by the Company are attributable to the Ordinary Shares and C Shares only. The Directors may only pay dividends provided that the Dividends Minimum Cover Amount in respect of each Class of ZDP Shares in issue is met, save where each relevant Class of ZDP Shareholders have approved such payment. The Dividends Minimum Cover Amount in respect of the 2022 ZDP Shares is 2.0 times. The Dividends Minimum Cover Amount in respect of the New ZDP Shares will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme.

**SECTION C—SECURITIES**

Element	Disclosure requirement	Disclosure
		<p>In relation to capital on a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Ordinary Shares or C Shares), the surplus assets of the Company remaining after payment of all creditors shall be distributed as follows: (i) firstly, to the 2022 ZDP Shareholders in respect of each 2022 ZDP Share held by them, the 2022 ZDP Final Capital Entitlement; (ii) secondly, to the New ZDP Shareholders in respect of each New ZDP Share held by them, the New ZDP Final Capital Entitlement; and (iii) thirdly, on a pro-rata basis to Ordinary Shareholders and C Shareholders (subject to the rights of any Ordinary Shares and C Shares that may be issued with any special rights and privileges).</p> <p>At a general meeting of the Company each Ordinary Shareholder or C Shareholder has one vote on a show of hands and one vote for every Ordinary Share or C Share held on a poll. The 2022 ZDP Shares and the New ZDP Shares do not normally carry the right to vote at general meetings of the Company. 2022 ZDP Shareholders and New ZDP Shareholders will, however, have a right to vote in certain limited circumstances and their respective separate approval as a class will be required for certain proposals which would be likely to affect their respective position materially.</p> <p>The Ordinary Shares and C Shares carry no right of redemption. The 2022 ZDP Shares will be redeemed on the 2022 ZDP Repayment Date. The New ZDP Shares will be redeemed on the New ZDP Repayment Date, which will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme.</p>
C5	Restrictions on transfer	The Shares are free from any restriction on transfer, subject to compliance with applicable securities laws.
C6	Admission to trading on a regulated market	The Ordinary Shares and the 2022 ZDP Shares in issue are currently admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange. It is expected that admission of Ordinary Shares and/or C Shares and/or New ZDP Shares issued pursuant to the Placing Programme will become effective and that dealings in such Ordinary Shares and/or C Shares and/or New ZDP Shares, as the case may be, will commence between 24 June 2019 and 23 June 2020. The Shares are not dealt in on any other recognised investment exchanges and no applications for the Shares to be admitted to listing or to be traded on any such other exchanges have been made or are currently expected to be made.
C7	Dividend policy	<p>Whilst not forming part of its Investment Policy, the Company targets the payment of dividends on the Ordinary Shares and C Shares which equate to a yield of six per cent. per annum based on the Company's NAV per Ordinary Share on 31 December 2018, payable in quarterly instalments shortly after each dividend is declared in April, July, October and January in each year.</p> <p>The Directors may only pay dividends provided that the Dividends Minimum Cover Amount in respect of each Class of ZDP Shares in issue is met. The Dividends Minimum Cover Amount in respect of the 2022 ZDP Shares is 2.0 times. The Dividends Minimum Cover Amount in respect of the New ZDP Shares will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme.</p>

SECTION C—SECURITIES		
Element	Disclosure requirement	Disclosure
		No dividends are or will be paid in respect of the 2022 ZDP Shares and no dividends will be paid in respect of the New ZDP Shares.

SECTION D—RISKS		
Element	Disclosure requirement	Disclosure
D1 D2	Key information on the key risks specific to the Company or its industry	<ul style="list-style-type: none"> <li>• The Company’s target dividend yield and target return are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual dividend yield and return may be materially lower than the target dividend yield and target return and could be negative. A Shareholder could lose all or a substantial portion of their investment in the Company. Shareholders must have the financial ability, sophistication, experience and willingness to bear the risks of an investment in the Company.</li> <li>• Material changes affecting global debt and equity capital markets may have a negative effect on the Company’s business, financial condition, results of operations, NAV and/or the market price of the Shares.</li> <li>• The Company’s NAV is calculated based on the NAV of the Portfolio and, as such, is subject to valuation risk and the Company can provide no assurance that the NAVs it records from time to time will ultimately be realised. The Company’s NAV is calculated as at the last Business Day of each month (or at any other time at the Board's discretion) and therefore, the actual value of the Portfolio at any given time may be different from the value based on which the Company’s latest NAV has been calculated.</li> <li>• The Company will be reliant on third party service providers to carry on their respective businesses and a failure by one or more service providers may materially disrupt the businesses of the Company and its Portfolio. The Company is reliant on the controls of its service providers to ensure day to day operations are adequately protected against cyber threats.</li> <li>• The Company is reliant on EJV for the sourcing of its Target Investments. As a result, failure by EJV to structure or source applicable Target Investments for the Company or any deterioration or termination of the relationship between the Company, the Manager and EJV could have a material adverse effect on the Company’s business, financial condition, results of operation, NAV and/or the market price of the Shares.</li> <li>• The Company’s success depends on its continued relationship with the Manager and, in turn, on the Manager’s relationship with EJV. If this relationship were to end or key EJV or Manager professionals were to depart, it could have a material adverse effect on the Company’s business, investments and results of operations. If the Manager were to cease to provide services under the Management Agreement or to cease to provide investment management, operational and financial advisory services to the Company for any reason, the Company could experience difficulty in making new investments and servicing its existing investments, assets and obligations, the Company’s business and prospects could be materially harmed and the value of its existing</li> </ul>



SECTION D—RISKS		
Element	Disclosure requirement	Disclosure
		<p>investments and its results of operations and financial condition could be likely to suffer materially.</p> <ul style="list-style-type: none"> <li>The Company is exposed to foreign exchange risk.</li> </ul>
D3	Key information on the key risks specific to the Shares	<ul style="list-style-type: none"> <li>The Shares may trade at a discount to their respective NAV per Share and Shareholders may be unable to realise their Shares on the market at the relevant NAV per Share or at any other price.</li> <li>Ordinary Shareholders and C Shareholders have no right to have their Ordinary Shares or C Shares redeemed or repurchased by the Company.</li> <li>The existence of a liquid market in the Shares cannot be guaranteed.</li> <li>Issuance of additional Shares could have a detrimental effect on the Net Asset Value and the market price of the Shares.</li> <li>The underlying value of assets attributable to the Ordinary Shares and C Shares will be geared by the rising capital entitlements of the 2022 ZDP Shares and the New ZDP Shares and therefore should be regarded as carrying above average risk.</li> <li>A reduction in the Company's revenue return from its investments would adversely affect the yield on the Ordinary Shares and C Shares.</li> <li>Interest rate changes may affect the market price of the ZDP Shares.</li> <li>The Ordinary Shares and C Shares rank for repayment of capital after the 2022 ZDP Shares and the New ZDP Shares and any creditors of the Company from time to time.</li> <li>Holder of ZDP Shares may receive less than the respective ZDP Final Capital Entitlement.</li> <li>There are structural conflicts of interest between the Ordinary Shareholders, the C Shareholders and the ZDP Shareholders.</li> <li>The Shares will be subject to purchase and transfer restrictions in the Placing Programme and in secondary transactions in the future.</li> </ul>

SECTION E—OFFER		
Element	Disclosure requirement	Disclosure
E1	Net proceeds / expenses	<p>The net proceeds of the Placing Programme are dependent, among other things on: (i) the Directors determining to proceed with an issue of Shares under the Placing Programme; (ii) the level of subscriptions received; (iii) the number of Shares issued under the relevant Placing; and (iv) the Placing Price of any such Placing.</p> <p>The Placing Price in respect of any Placing will be determined by the Directors (in consultation with Numis) and, to the extent that: (i) Ordinary Shares are to be issued, the Placing Price will be not less than the prevailing Net Asset Value per Ordinary Share, plus a premium; (ii) C Shares are to be issued, the Placing Price will be 100 pence per C Share; and (iii) New ZDP Shares are to be issued: (x) in respect of the first Placing of New ZDP Shares under the Placing Programme, the Placing Price will be 100 pence per New ZDP Share; and (y) in respect of any subsequent</p>

**SECTION E—OFFER**

Element	Disclosure requirement	Disclosure
		<p>Placing of New ZDP Shares, the Placing Price will be not less than the prevailing NAV per New ZDP Share, plus a premium.</p> <p>The costs and expenses to be paid by the Company in connection with establishing the Placing Programme (including the publication of this Prospectus), include, without limitation, a corporate finance fee payable to Numis, legal fees, printing, advertising and distribution costs and FCA and JFSC fees, and are not expected to exceed £490,000.</p> <p>The variable costs and expenses to be paid by the Company in connection with any Placing under the Placing Programme are expected to include, without limitation, placing fees payable to Numis, LSE admission fees (which each will depend on the number of Shares to be issued pursuant to such Placing and the relevant Placing Price), legal fees and printing, advertising and distribution costs. Such variable costs are expected to be covered, where possible, by any premium generated on the issue of any Ordinary Shares or New ZDP Shares (as the case may be), or in respect of the issue of C Shares, from the proceeds of the issue of such C Shares.</p> <p>No costs or expenses will be charged to any subscriber for Shares pursuant to any Placing under the Placing Programme by the Company.</p>
E2a	Reasons for the Placing Programme and use of proceeds	<p>The Placing Programme is being undertaken to enable the Company to raise capital on an ongoing basis as it is required. The Company will invest the net proceeds of any Placing in investments in line with its Investment Objective and Investment Policy, subject to the availability of sufficient investment opportunities. Prior to making the investments the Company will hold the proceeds from any Placings in cash or cash equivalents.</p>
E3	Terms and Conditions of the Placing Programme	<p>Up to 150 million Ordinary Shares and/or C Shares and up to 75 million New ZDP Shares may be made available pursuant to the Placing Programme. Each allotment and issue of Shares pursuant to a Placing is conditional, amongst other things, on:</p> <ul style="list-style-type: none"> <li>• the applicable Placing Price being determined by the Directors (in consultation with Numis) (to the extent that Ordinary Shares or New ZDP Shares are issued);</li> <li>• Admission of the Shares issued pursuant to the Placing;</li> <li>• the Placing Agreement not being terminated in accordance with its terms and each Placing becoming unconditional, in each case in accordance with the terms of the Placing Agreement, prior to the completion of the relevant Placing;</li> <li>• to the extent required, a valid supplementary prospectus being published by the Company; and</li> <li>• for a Placing of New ZDP Shares only, the New ZDP Minimum Cover Amount (which will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme) being met and the Company’s borrowing limit not being breached following completion of the Placing.</li> </ul> <p>In circumstances in which these conditions are not fully met, the relevant issue of Shares pursuant to the Placing Programme will not take place and any application monies received by or on behalf of the Company will be returned to applicants without interest at the applicants’ risk.</p>

**SECTION E—OFFER**

Element	Disclosure requirement	Disclosure
E4	Material interests	Not applicable. There are no interests that are material to the Placing Programme and no conflicting interests.
E5	Selling shareholders and lock ups	<p>No person or entity is offering to sell Shares.</p> <p>The Manager is subject to a lock-up deed with the Company and Numis which was entered into on Original Admission (initially with Liberum Capital Limited, which assigned its rights to Numis on 13 September 2018) (the “<b>Manager Lock-up Deed</b>”), pursuant to which the Manager has undertaken that it will not, and it will use all reasonable endeavours to procure that no person who is a connected person to it will, dispose of Shares which it receives pursuant to the Management Agreement or otherwise (for example, any Incentive Shares) for a period of 12 months from the date on which such Shares are received by it, subject to certain limited exceptions and following which the Manager will then be subject to certain orderly market arrangements in respect of such Shares for a further six months. Certain employees, affiliates and officers of the Manager entered into deeds of adherence with the Company and Numis, whereby such persons have agreed to also be bound by the terms of the Manager Lock-up Deed.</p>
E6	Dilution	If 150 million Ordinary Shares are issued pursuant to the Placing Programme, assuming that persons who were Ordinary Shareholders immediately prior to the date of this Prospectus do not subscribe for Ordinary Shares in the Placing Programme, there would be a dilution of approximately 70 per cent. in the voting control of existing Ordinary Shareholders.
E7	Estimated expenses charged to investors	<p>Not applicable. The variable costs and expenses to be paid by the Company in connection with any Placing under the Placing Programme are expected to be covered, where possible, by any premium generated on the issue of any Ordinary Shares or New ZDP Shares (as the case may be), or in respect of the issue of C Shares, from the proceeds of the issue of such C Shares.</p> <p>No costs or expenses will be charged to any subscriber for Shares pursuant to any Placing under the Placing Programme by the Company.</p>

## RISK FACTORS

Investment in the Company should be regarded as long-term in nature and involving a high degree of risk. Accordingly, prospective investors should consider carefully all of the information set out in this Prospectus and the risks relating to the Company and the Shares including, in particular, the risks described below which are not presented in any order of priority and may not be an exhaustive list or explanation of all the risks which investors may face when making an investment in the Shares and should be used as guidance only.

Only those risks which are believed to be material and currently known to the Company in relation to itself and its industry as at the date of this Prospectus have been disclosed. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the business, results of operations, financial conditions and prospects of the Company, Net Asset Values, and the market price of the Shares. Prospective investors should review this Prospectus carefully, and in its entirety, and consult with their professional advisers before making an application to invest in the Shares.

Prospective investors should note that the risks relating to the Company and the Shares summarised in the section of this document headed “*Summary*” are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed “*Summary*” but also, among other things, the risks and uncertainties described below.

### 1. RISKS RELATED TO THE COMPANY

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

The Company’s target dividend yield and target return set forth in this Prospectus are targets only and are based on estimates and assumptions concerning the performance of the Portfolio and of the investments expected to be made, in line with the Company’s Investment Policy, which will be subject to a variety of factors including, without limitation, the availability of investment opportunities, asset mix, value, volatility, holding periods, performance of underlying portfolio debt issuers, investment liquidity, borrower default, changes in current market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances or the occurrence of any of the risks described elsewhere in this Prospectus, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the control of the Company and the Portfolio, and which may adversely affect the Company’s ability to achieve its target dividend yield and target return. Such targets are based on market conditions and the economic environment at the time of assessing the proposed targets and the assumption that the Company will be able to implement its Investment Policy and strategy successfully, and are therefore subject to change. There is no guarantee or assurance that the target dividend yield and/or target return can be achieved at or near the levels set forth in this Prospectus. Accordingly, the Company’s actual rate of return and actual dividend yield achieved may be materially lower than the targets, or may result in a loss. A failure to achieve the target return and/or target dividend yield set forth in this Prospectus may adversely affect the Company’s business, financial condition, results of operations, NAV and/or the market price of the Shares.

An investment in the Company will be a speculative investment of a medium to long-term nature and, as with any investment, involves a degree of risk. A Shareholder could lose all or a substantial portion of their investment in the Company. Shareholders must have the financial ability, sophistication, experience and willingness to bear the risks of an investment in the Company.

#### 1.2 Material changes affecting global debt and equity capital markets may have a negative effect on the Company’s business, financial condition, results of operations, NAV and/or the market price of the Shares

The global financial markets have experienced extreme volatility and disruption in recent years, as evidenced by a lack of liquidity in the equity and debt capital markets, significant write-offs in the

financial services sector, the repricing of credit risk in the credit market and the failure of major financial institutions. Despite actions of governmental authorities, these events contributed to general economic conditions that have materially and adversely affected the broader financial and credit markets and reduced, and in certain circumstances, significantly reduced, the availability of debt and equity capital. Additionally, adverse economic, political and regulatory conditions may negatively impact the Company's business and financial performance, including through higher impairment charges, increased capital losses on assets and reduced opportunities for the Company to invest in. For example, the extent of the impact of the UK's exit from the EU on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the European Union following such exit and the extent to which the UK continues to apply laws that are based upon European Union legislation. In addition, the macroeconomic effect of the UK's proposed exit from the EU is unknown. As such, it is not possible to specify the impact that such exit will have on the Company and its investments.

Further, within the banking sector, the default of any institution could lead to defaults by other institutions. Concerns about, or default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions, because the commercial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect other third parties involved in the Target Investments. The Portfolio and, by extension the Company, may therefore be exposed to systemic risk when the Group deals with various third parties whose creditworthiness may be exposed to such systemic risk.

Recurring market deterioration may materially adversely affect the ability of an issuer whose debt obligations form part of the portfolio to service its debts or refinance its outstanding debt. Further, such financial market disruptions may have a negative effect on the valuations of the investments (and, by extension, on the NAV and/or the market price of the Shares), and on the potential for liquidity events involving such investments. In the future, non-performing assets in the Portfolio may cause the value of that portfolio to decrease (and, by extension, the NAV and/or the market price of the Shares to decrease). Adverse economic conditions may also decrease the value of any security obtained in relation to any of the investments.

Conversely, in the event of sustained market improvement, the Company may have access to a reduced number of attractive potential investment opportunities, which also may result in limited returns to Shareholders.

Many financial institutions, including banks, continue to suffer from capitalisation issues. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Portfolio, particularly if such financial institution is a grantor of a participation in an asset or is a hedge counterparty or a counterparty to a buy or sell trade that has not settled with respect to an asset. The bankruptcy or insolvency of another financial institution may result in the disruption of payments to the Company. In addition, the bankruptcy or insolvency of one or more additional financial institutions may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Portfolio and the collateral of the Portfolio.

It is apparent that the effects of the global credit crisis and the failure of financial institutions has introduced a restrictive regulatory environment including the implementation of new accounting and capital adequacy rules in addition to further regulation of derivative or securitised instruments. Despite the introduction of further restrictive measures taken by the regulators, recent political developments may alter or delay any planned regulatory changes. Such additional rules and regulations could, among other things, adversely affect the Portfolio as well as the flexibility of the Manager in managing and investing on behalf of the Company. While it is possible that current conditions may improve for certain sectors of the global economy, there can be no assurance that CDO, leveraged finance or structured finance markets will recover at the same time or to the same degree as such other recovering sectors.

### **1.3 The Company's NAV is calculated based on the NAV of the Portfolio and, as such, is subject to valuation risk and the Company can provide no assurance that the NAVs it records from time to time will ultimately be realised**

The Company's NAV is calculated with reference to the NAV of the Portfolio and the NAV of the Portfolio will be subject to valuation risk (see the risk factor entitled "*The investments may be difficult to value accurately and, as a result, the Company may be subject to valuation risk*"). If a valuation estimate provided to the Company by an investment subsequently proves to be incorrect, no adjustment to any

previously calculated NAV will be made. Any acquisitions or disposals of Shares based on previous erroneous NAVs may result in losses for Shareholders.

The Company's NAV is calculated as at the last Business Day of each month (or at any other time at the Board's discretion). Therefore, the actual value of the Portfolio at any given time may be different from the value based on which the Company's latest NAV has been calculated.

Additionally, if, for any reason, a Risk Retention Investment or other investment suspends their calculation of NAV, the Company may also have to suspend the calculation of its NAV. Further, in certain other situations the Company can suspend its calculation of NAV. In such circumstances, the Shares may become subject to speculation regarding the value of the Portfolio and this may have an adverse effect on the market price of the Shares.

**1.4 The Company will, to some extent, be reliant on third party service providers to carry on its business and a failure by one or more service providers may materially disrupt the business of the Company and its Portfolio**

The Company has no employees and the Directors have all been appointed on a non-executive basis. BNPP is responsible for providing the Company with the necessary human resources and other service support resources to perform the functions necessary to the business of the Company. EJV Investments Manager LLC, in its capacity as Manager, provides the investment advice per the Management Agreement. In addition, EJV CDO Manager LLC acts as CDO Manager in respect of the Risk Retention Investments. However, the CDO Manager has no employees of its own and relies on the Manager to provide it with the necessary support services. Therefore, the Company and the CDO Manager are to some extent reliant upon the performance of BNPP, the Manager and/or its affiliates and other third party service providers for the performance of certain functions.

The Company is reliant on the controls of its service providers to ensure day to day operations are adequately protected against cyber threats. Inadequacies or failures in these systems due to external factors could result in financial or reputational damage to the Company or the Group.

Failure by any service provider to carry out its obligations to the Company or any Risk Retention Investments in accordance with the applicable duty of care and skill, or at all, or termination of any such appointment may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

In the event that it is necessary for the Company or any Risk Retention Investments to replace any third party service provider, it may be that the transition process takes time, increases costs and may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

**1.5 The Company is to a material extent reliant on EJV for the sourcing of its Target Investments**

The Company and the Manager are to a material extent reliant on EJV as a source for future investments. As a result of the Manager's relationship with EJV, the Company, through the Partnership, will, for so long as EJV Investments Manager LLC is the Manager, have the benefit of a right of first refusal to purchase or subscribe for EJV Risk Retention Securities to be issued in connection with all future EJV Securitisations, in an amount equivalent to the minimum interest that a Sponsor (as that term is used in the relevant Securitisation and Risk Retention Regulations) is required to retain. Additionally, many of the Company's Target Investments will be structured or sourced by EJV or its affiliates. As a result, any failure by EJV to structure or source applicable Target Investments for the Company, or any deterioration or termination of the relationship between the Company, the Manager and EJV, could have a material adverse effect on the Company's business, financial condition, results of operation, NAV and/or market price of the Shares.

**1.6 The investments may be difficult to value accurately and, as a result, the Company may be subject to valuation risk**

Many of the Target Investments where there is limited or no liquidity, which makes them difficult to value on a mark to market basis, are valued based on assumptions with regards to cash flow and credit quality. Additionally, the Company relies on third party valuations for certain of its investments and will likely rely on third party valuations for certain of its Target Investments. All of these factors could make it difficult for the Company to accurately determine the value of the Portfolio.

The Company holds all of the shares in EJFIH, which is a holding vehicle used to hold the Company's investments. EJFIH is not traded and contains unobservable inputs and is therefore classified as a Level 3 investment under IFRS 13 "Fair Value Measurement". The Directors consider that the net asset value of EJFIH is representative of its fair value. EJFIH itself holds a number of Level 3 investments which are also measured at fair value.

Further, the Company is required to periodically evaluate its investments for impairment indicators. The value of an investment is impaired when the Company's analysis indicates that, with respect to a loan, it is probable that it will not be able to collect the full amount it intended to collect from the loan or, with respect to a security, it is probable that the value of the security is other than temporarily impaired. The judgment regarding the existence of impairment indicators is based on a variety of factors depending upon the nature of the investment and the manner in which the income related to such investment was calculated for purposes of the Company's financial statements. If the Company determines that an impairment has occurred, it is required to make an adjustment to the fair value of the investment. Any difficulty in valuing the Portfolio or having to impair the value of certain investments in the Portfolio could adversely affect the Company's results of operations, NAV and/or the market price of the Shares.

#### **1.7 The use of leverage will expose the Company to additional levels of risk**

In addition to the embedded leverage in a Risk Retention Investment, the Company may apply leverage to the investments in its portfolio. Under the Investment Policy the Company may apply leverage of up to 35 per cent. of Net Asset Value calculated at the time of the drawdown. The Company may seek leverage via bank financing, term loans, or debt instruments. The Company is permitted to issue private or public debt and may encumber its assets to collateralise secured borrowings. The amount of debt financing which the Company may have outstanding at any time may be large in relation to its capital. Consequently, the level of interest rates generally and the rates at which the Company can borrow in particular will affect the operating results of the Company, and an increase in interest rates could affect the Company's ability to pay dividends on the Shares. The Company's return on investments and cash available for distribution to Shareholders would be reduced to the extent that its interest expense increases relative to income, such as may occur in the event of a general rise in interest rates, or in the event of losses arising from the sale of assets. Interest rates are highly sensitive to factors beyond the Company's control, including, among other things, governmental monetary and tax policies and domestic and international economic and political conditions. Leverage also has the effect of magnifying both profits and losses compared with unleveraged positions.

Although the use of leverage may increase Shareholder returns if the Company earns a greater return on leveraged investments than the Company's cost of such leverage, the use of leverage exposes the Company to additional levels of risk. Where an investment fails to earn a return that equals or exceeds the Company's cost of leverage related to such investments, the Company's ability to generate cash flow and pay dividends would be adversely affected. In addition, should the securities pledged to brokers to secure the Company's margin accounts decline in value, the Company could be subject to a "margin call" pursuant to which the Company will be required to either deposit additional funds with the lender or suffer mandatory liquidation of the pledged securities to compensate for the decline in the securities' value.

#### **1.8 If the Company, over the longer term, breaches the covenants under its financing agreements it could be forced to sell assets**

The Company is party to the Revolving Credit Facility which contains, and may in the future become party to various other loan, repurchase or other financing arrangements which are likely to contain, financial and other covenants that could, among other things, require it to maintain certain financial ratios. Whilst the Company believes that the covenants in the Revolving Credit Facility will not be breached in the period covered by the working capital statement in paragraph 16, "Working Capital" of Part XII: "Additional Information" of this Prospectus, should the Company breach, over the longer term, the financial or other covenants contained in any loan, repurchase or other financing agreement, the Company may be required immediately to repay such borrowings in whole or in part, together with any attendant costs. If the Company does not have sufficient cash resources or other credit facilities available to make such repayments, it may be forced to sell some or all of the assets constituting its Portfolio. To the extent that the Company's loans are secured against all or a portion of its assets, a lender may be able to sell those assets. Sales of assets in such circumstances may not yield excess value for the Company. Moreover, any failure to repay such borrowings or, in certain circumstances, other breaches of covenants,

over the longer term, under the Company's loan or repurchase agreements could result in the Company being required to suspend payment of its dividends.

In addition, the Company's financing arrangements may contain cross-default provisions such that a default under one particular financing arrangement could automatically trigger defaults under other financing arrangements. Such cross-default provisions could therefore magnify the effect of an individual default, and, if such a provision were exercised, result in a substantial loss for the Company.

**1.9 The rights of the Shareholders and the fiduciary duties owed by the Board of Directors to the Company will be governed by Jersey law and the Articles of Association and may differ from the rights and duties owed to companies under the laws of other countries**

The Company is an investment company that has been registered under the laws of Jersey. The rights of its Shareholders and the fiduciary duties that the Board of Directors owes to the Company and the Shareholders are governed by Jersey law and the Articles of Association. As a result, the rights of the Shareholders and the fiduciary duties that are owed to them and the Company may differ in material respects from the rights and duties that would be applicable if the Company were organised under the laws of a different jurisdiction or if it were not permitted to vary such rights and duties in the Articles.

**1.10 The liability of the Manager is limited under the Company's arrangements with it, and the Company has agreed to indemnify the Manager against claims that it may face in connection with such arrangements, which may lead the Manager to assume greater risks when making investment-related decisions than it otherwise would if investments were being made solely for its own account**

Under the Management Agreement, the Manager has not assumed any responsibilities other than to perform the obligations, duties and responsibilities described, and in accordance with the standard of care set out, in the Management Agreement. As a result, the right of the Company to recover against the Manager may be limited to damages arising out of the performance or non-performance of its responsibilities explicitly provided for in the Management Agreement.

In addition, under the Management Agreement, the Manager will not be liable for any of its acts or omissions pursuant to or in accordance with the Management Agreement, except by reason of acts constituting fraud, gross negligence, reckless disregard of the Manager's duties under the Management Agreement or wilful misconduct, and the Manager is indemnified from any and all expenses, losses, damages, liabilities, demands, charges and claims in respect of or arising from any acts or omissions of an indemnified party made in good faith in performance of the Manager's duties under the Management Agreement and not constituting such indemnified party's bad faith, wilful misconduct, gross negligence or reckless disregard of the Manager's duties under the Management Agreement. Accordingly, the rights of the Company to recover against the Manager as a result of default by the Manager of its obligations under the Management Agreement is limited, and any such recovery may be significantly lower than any losses that the Company or the Shareholders have suffered.

These limitations of liability and indemnification provisions may result in the Manager taking greater risks when making investment-related decisions than otherwise would be the case, including when determining the appropriate amount of leverage to be used in connection with investments.

**1.11 The Company may not be able to raise sufficient funds to take full advantage of investment opportunities as and when they arise**

The Company requires regular ongoing funding to be in a position to take full advantage of investment opportunities as and when they arise. The risk of the Company having insufficient funding in place to meet investment opportunities is increasing due to several factors: (i) the impact of the uncertainty surrounding the UK's proposed exit from the EU and increased weakness of Sterling has required previously unencumbered cash to be used to meet margin calls on the Company's currency hedge; (ii) current investor sentiment has seen a reduction in the number of initial public offerings and amounts of capital raised, which impacts all investment funds, including the Company; (iii) the complex nature of the underlying investments continues to have the potential to deter some investors from investing. If the Company is unable to invest in investment opportunities as and when they arise due to insufficient funding resources then this could have a material adverse effect on the Company's ability to expand its portfolio and grow its Net Asset Value.



**1.12 The Company may not be able to deploy the net proceeds of any Placing under the Placing Programme as quickly as it currently expects, and will operate in a highly competitive market for investment opportunities**

Although the Company expects to fully deploy substantially all of the net proceeds of any Placing under the Placing Programme rapidly following the closing of such Placing, including in investments that the Manager has already identified for potential investment, the Company may not be able to deploy such proceeds as quickly as it currently expects. In addition, the Company may be subject to significant competition in seeking investments in the future as its current investments liquidate and it looks to reinvest the proceeds. Some of the Company's competitors may have greater resources than it does and the Company may not be able to compete successfully for investments. Furthermore, competition for investments in the Company's target asset classes may lead to the price of such investments increasing, which may limit the Company's ability to generate its desired returns.

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

The Company has not been and does not intend to become registered as an investment company under the US Investment Company Act and related rules. The US Investment Company Act and related rules provide certain protections to investors and impose certain restrictions on companies that are registered as investment companies. None of these protections or restrictions is or will be applicable to the Company. In addition, in order to avoid registration as an investment company under the US Investment Company Act and related rules, the Company has implemented restrictions on the ownership and transfer of the Shares, which may materially affect Shareholders' ability to hold or transfer the Shares. In particular, US investors will be required to hold Shares in certificated form, which will require certain steps to be taken by such investors in order to dispose of their Shares.

**2. RISKS RELATED TO MANAGER AND SERVICE PROVIDERS**

**2.1 The Company's success depends on its continued relationship with the Manager and, in turn, on the Manager's relationship with EJF. If this relationship were to end or key EJF or Manager professionals were to depart, it could have a material adverse effect on the Company's business, investments and results of operations**

The Company relies exclusively on the Manager and the employees of EJF for the management of its Portfolio. The Company is highly dependent on the financial and managerial experience of the Manager and the other investment professionals it employs or has access to. The employees of EJF support the Manager and also help manage the CDO Manager. If such persons ceased for any reason to participate in the management of the Manager, the consequence to the Company could be material and adverse. In addition, the Company is not a direct beneficiary of any employment arrangements between such individuals and the Manager, and such arrangements are in any event subject to change without notice to, or the consent of, the Company.

The Company will depend on the diligence, skill and business contacts of the Manager, and on the information and deal flow they generate during the normal course of their activities. The Company's future success will depend on the continued service of these individuals, who are not obligated to remain associated with the Manager. The Company cannot predict the impact that any such departures would have on its ability to achieve its Investment Objective or pursue its Investment Policy. The departure of any of such persons, or a significant number of its other investment professionals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on the Company's ability to achieve its Investment Objective or pursue its Investment Policy. In addition, a transfer of control over the Manager could result in the departure or reassignment of some or all of the Manager's investment professionals that are involved in the Company's business.

In addition, the Company depends on the services provided to the Manager by EJF as its managing member. Any termination of these services could materially and adversely affect the Company's business.

There can be no assurance that any successor to the Manager will have the same level of skill in performing the obligations of the Manager, in which event the ability of the Company to pay dividends could be adversely affected. If the Manager were to cease to provide services under the Management Agreement or to cease to provide investment management, operational and financial advisory services to the Company for any reason, the Company could experience difficulty in making new investments and servicing its existing investments, assets and obligations, the Company's business and prospects could be

materially harmed and the value of its existing investments and its results of operations and financial condition could be likely to suffer materially.

**2.2 The Company will be reliant on the skill and judgment of the Manager in valuing and determining an appropriate purchase price for its investments. Any determinations of value that differ materially from the values the Company realises at the maturity of the investments or upon their disposal will likely have a negative impact on the Company and the price of its Shares**

The Company will be dependent on the Manager's assessment of an appropriate acquisition price for, and ongoing valuation of, all of its investments including Risk Retention Investments and certain other illiquid investments. The acquisition price determined by the Manager in respect of a residual income position will be based on the returns (internal rate of return or discount rates for such asset as well as the expected cash flow returns) that the Manager expects the investment to generate, utilising a financial model that reflects numerous variables including, among other things, the Manager's assessment of the nature of the investment and the relevant collateral, security position, risk profile, historical default rates and the originator and servicer of the position. As each of these factors involves subjective judgments and forward-looking determinations by the Manager, the Manager's experience and knowledge is instrumental in the valuation process.

Since the Manager's valuations will be based on assumptions and estimates, not all of which can be confirmed, whether readily or at all, the Manager's, and therefore the Company's, determinations of fair value of relevant financial assets, including in particular the Company's determination of the value of the Risk Retention Investments, may differ materially from the values that might have been used if a ready market for those investments existed. In the event that the Manager misprices an investment (for whatever reason), the actual returns on the investment may be less than anticipated at the time of acquisition, and a write-down of the carrying value for financial reporting purposes or the NAV of such investment might result. Also the value of the Shares could be adversely affected if the Manager's determinations regarding the fair value of these investments are materially higher than the values that the Company ultimately realises to maturity of the investments or upon their disposal.

**2.3 The Manager's compensation structure may encourage the Manager to invest in high risk investments**

In addition to receiving a management fee, the Manager will also receive, pursuant to the Management Agreement, an incentive fee from the Company based upon the appreciation, if any, in the net assets of the Company. Because the incentive fee is unrelated to any amount of capital which may be contributed by EJV and EJV's affiliates to the Company or the market value of the Shares, the Manager may have an incentive to make investments that are generally more risky than would be the case in the absence of such arrangements or to use leverage to increase returns on investments.

Under certain circumstances, the use of leverage may increase the likelihood of a loss that would adversely affect the market value of the Shares. In addition, because the incentive fee is calculated on a basis which includes unrealised appreciation, it may be greater than if such compensation were based solely on realised gains, which in turn may result in the Company's inability to pay dividends.

**2.4 The compensation of the Manager's personnel contains significant performance-related elements, and poor performance by the Company or any other entity for which the Manager provides services may make it difficult for the Manager to retain staff**

In common with most investment managers, the compensation of the Manager's personnel contains significant performance-related elements which are funded by performance-related fees payable to the Manager by its managed entities in respect of strong performance. Poor performance by any of the Manager's managed entities, including the Company, may reduce the amount available to pay performance-related compensation to the Manager's personnel, which may result in those persons obtaining other employment. In that case, poor performance of the Company may be further compounded by Manager staff departures. In addition, as the performance-related compensation of the Manager's personnel will depend on the performance of more than one fund and not just that of the Company, poor performance of one managed entity, other than the Company, could adversely impact the Company if it led to the departure of Manager personnel.

**2.5 The management fee payable to the Manager may create an incentive for such entity to make investments and take other actions that increase or maintain the Company's NAV over the near term even though other investments or actions may be more favourable**

The Manager will be entitled to receive a fee, calculated monthly and paid quarterly in arrears, in a monthly amount equal to one per cent. of 1/12 of the NAV of the Company under the Management Agreement. Although this fee is small in relation to the incentive fees potentially payable under the Management Agreement, it is payable irrespective of the Manager's operating performance. Accordingly, it may create an incentive for the Manager to cause the Company to make investments and take other actions that increase or maintain the NAV of the Company over the near term even though other investments or actions may be more favourable to the Company or the Shareholders.

**2.6 The Management Agreement may only be unilaterally terminated by the Company in limited circumstances**

The Management Agreement can only be unilaterally terminated in limited circumstances, namely: (a) by the Company, effective upon 30 days' prior written notice of termination, if (among other matters) the Manager: (i) materially breaches any provision of the Management Agreement without remedying such breach; (ii) engages in any act of fraud, misappropriation of funds or embezzlement; (iii) is grossly negligent in its performance of its duties under the Management Agreement; (iv) is the subject of any proceeding relating to its bankruptcy or insolvency; (v) is dissolved; or (vi) suffers a change of control (unless approved by a majority of the Company's independent Directors); and (b) by the Manager in the event that the Company: (i) effective upon 60 days' prior written notice of termination, defaults in the performance or observance of any material term, condition or covenant contained in the Management Agreement without remedying such default; or (ii) becomes regulated as an "investment company" under the US Investment Company Act, with such termination deemed to have occurred immediately prior to such event. In addition, upon any termination of any services rendered by the Manager to the Company, the Manager will still provide services to the Partnership and any of its subsidiaries that hold EJF Risk Retention Securities, in order to comply with applicable Securitisation and Risk Retention Regulations. As a result, the Company may not be able to immediately and/or unilaterally replace the Manager because of poor performance, disagreements over investment decisions and strategic decisions or other factors. The inability to replace the Manager may adversely affect the NAV or market price of the Shares.

**3. RISKS RELATED TO THE COMPANY'S INVESTMENT PORTFOLIO AND ITS INVESTMENT STRATEGY**

**3.1 General**

**(a) *Market factors may result in the failure of the investment strategy***

Strategy risk is associated with the failure or deterioration of an investment strategy such that most or all investment managers employing that strategy suffer losses. Strategy-specific losses may result from excessive concentration by multiple market participants in the same investment or general economic or other events that adversely affect particular strategies (for example the disruption of historical pricing relationships). Furthermore, an imbalance of supply and demand favouring borrowers could result in yield compression, higher leverage and less favourable terms to the detriment of all investors in the relevant asset class. The investment strategy employed by the Company is speculative and involves substantial risk of loss in the event of a failure or deterioration in the financial markets, although the Company has certain investment limits which define to a degree how it will invest. As a result, the Company's investment strategy may fail, and it may be difficult for the Directors to amend the Company's investment strategy quickly or at all should certain market factors appear, which may adversely affect the performance of the Portfolio and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

**(b) *The Company may hold a relatively concentrated portfolio***

The Company may hold a relatively concentrated portfolio, although the Company will comply in all cases with its Investment Policy, including the Investment Limits and Restrictions set out therein. There is a risk that the Company could be subject to significant losses if any obligor, especially one with whom the Company had a concentration of investments, were to default or suffer some other material adverse change. The level of defaults in the portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions. Any of these factors could

adversely affect the value of the portfolio and, by extension, the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

(c) ***Up to 20 per cent. of the Company's gross assets are not subject to any investment restrictions, and the Manager will have substantial discretion when making investment decisions***

Up to 20 per cent. of the Company's gross assets are not subject to any investment restrictions. The Manager may cause the Company to make any investment that the Manager in its sole discretion deems consistent with the Company's Investment Objective of generating distributable income and capital appreciation. As a result, the Manager has very broad discretion when selecting, acquiring and disposing of investments, including in determining the types of investments that it deems appropriate, the investment approach that it follows when making investments and the timing of investments for up to 20 per cent. of the Company's gross assets. The strategies currently employed by the Manager may be modified and altered from time to time, so it is possible that the strategies used by the Manager in the future may be different from those presently used, which could result in changes to, and expansion of, the Company's investment and underlying asset mix in the future.

(d) ***The Company is exposed to foreign exchange risk***

Certain of the Company's assets may be invested in securities and other investments which are denominated in currencies other than the Company's base currency, Sterling. Accordingly, the Company will necessarily be subject to foreign exchange risks and the value of its assets may be affected unfavourably by fluctuations in currency rates.

In particular, the Company's investments that are denominated in currencies other than Sterling may be subject to the risk that the value of such currency will decrease in relation to the Sterling. Although the Company generally hedges its non-Sterling exposures back to Sterling, an increase in the value of the Sterling compared to other currencies in which the Company makes its investments would otherwise reduce the effect of increases and magnify the effect of decreases in the prices of the Company's non-Sterling denominated investments in their local markets. Fluctuations in currency exchange rates will similarly affect the Sterling equivalent of any interest, dividends or other payments made to the Company denominated in a currency other than Sterling. Moreover, it may not be possible for the Company to hedge against a particular change or event at an acceptable price or at all.

In addition, there can be no assurance that any attempt to hedge against a particular change or event would be successful. Further, the Company's forward and hedging contracts could be subject to margin calls related to currency exchange losses on those forward or hedging contracts and the Company may be forced to take off such forward contracts and be unhedged. Given the continued weakness of Sterling, this risk is increasing. In particular, as at 31 December 2018 the Company had US\$20.6 million of previously unencumbered cash posted with Citibank N.A. to meet the margin calls made on its hedging arrangements (and which could therefore then not be used for investment opportunities). As a result, any such currency exchange movements or and any such hedging failure could materially and adversely affect the performance of the Portfolio and, by extension, the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Shares.

(e) ***The Company and its securitisation investments are subject to interest rate risk***

The fair value of certain of the Company's investments, especially its securitisation investments, may be significantly affected by changes in interest rates. The Company's investments may generate LIBOR plus returns and are sensitive to interest rate levels and volatility. Although securitisations are structured to hedge interest rate risk through the use of matched funding, there may be some difference between the timing of LIBOR resets on the liabilities and assets of a securitisation, which could have a negative effect on the amount of funds distributed to equity tranche holders. In addition, many obligors have the ability to choose their loan base from among various terms of LIBOR, EURIBOR and the Prime Rate thereby generating an additional source of potential mismatch. Additionally, if the Company utilises any financing, the cost of such financing could increase if rates were to rise. Furthermore, in the event of a significant rising interest rate environment and/or economic downturn, defaults may increase and result in credit losses that may be expected to affect the Company's cash flow, fair value of its assets and operating results adversely.

(f) ***The Company may be exposed to counterparty risk***

The Company may hold investments (including synthetic securities) which would expose it to the credit risk of its counterparties or the counterparties of the securitisations in which it invests. In the event of a bankruptcy or insolvency of such a counterparty, the Company or a securitisation in which such an investment is held could suffer significant losses, including the loss of that part of the Company's or securitisation's portfolio financed through such a transaction, declines in the value of its investment, including declines that may occur during an applicable stay period, the inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

In addition, with respect to certain swaps and synthetic securities, neither the securitisation nor the Company usually has a contractual relationship with the entities (each, a "**Reference Entity**") whose payment obligations are the subject of the relevant swap agreement or security. Therefore, neither the securitisation nor the Company generally has a right to directly enforce compliance by the Reference Entity with the terms of this kind of underlying obligation, any rights of set-off against the Reference Entity or any voting rights with respect to the underlying obligation. Neither the securitisation nor the Company will directly benefit from the collateral supporting the underlying obligation and will not have the benefit of the remedies that would normally be available to a holder of such underlying obligation.

(g) ***The Company may achieve a lower than expected rate of return on its investments, some of which may have limited or no liquidity***

Many of the Company's Target Investments are difficult to value. Further, the securities issued by securitisations are, in general, privately placed and offer less liquidity than other investment grade or high-yield corporate debt. Other investments that the Company may purchase in privately negotiated (also called "**over-the-counter**" or "**OTC**") transactions may also be illiquid or subject to legal restrictions on their transfer, sale, pledge or other disposition.

Although the Company's valuations and projections may take into account certain expected levels of prepayments, underlying assets may be prepaid more quickly than expected. Like defaults, prepayment rates are influenced by changes in interest rates and a variety of economic, geographic and other factors beyond the Company's control and consequently cannot be accurately predicted. Early prepayments give rise to increased reinvestment risk, as the asset manager or the Company might realise excess cash from prepayments earlier than expected. If an asset manager or the Company is unable to reinvest such cash in a new investment with an expected rate of return at least equal to that of the investment repaid, this may reduce the Company's net income and the fair value of that asset.

Adverse publicity and investor perceptions, whether or not based on facts or fundamental analysis, may also decrease the liquidity of lower rated securities, especially in a thinly traded market. As a result of this illiquidity, the Company's ability to sell certain investments quickly, or at all, in response to changes in economic and other conditions and to receive a fair price when selling such investments may be limited, which could prevent the Company from making sales to mitigate losses on such investments. In addition, securitisations are subject to liquidation upon the failure of certain tests relating to the underlying assets, which can result in substantial loss of value to the holders of interests in securitisation. Equity Tranches are the most illiquid and subordinated class of interests in securitisation and the most likely tranche to suffer a loss of all or a portion of its value in these circumstances. As a result of these factors, the Company may achieve a lower than expected rate of return on its investments, particularly if it is forced to sell such investments prior to maturity.

(h) ***The Company's interest in certain of its investments may be diluted or, in certain circumstances, redeemed***

Pursuant to the terms of the CDO Manager LLC Agreement, the management of the CDO Manager is vested in the Manager, in its capacity as the CDO Manager's managing member, and, in such capacity, has the power to manage the business and affairs of the CDO Manager. Furthermore, the managing member of the CDO Manager is, in limited circumstances, entitled to require its members (one of which is the Company) to make further capital contributions in exchange for the issuance of further units in the CDO Manager, on a *pro rata* basis to each member's holding of units in the CDO Manager. In the event that the Company fails to comply with a request to fund its portion of a capital contribution to the CDO Manager, the Company's ownership interest in the CDO Manager may be

diluted if, upon such failure, the CDO Manager's other member(s) provide adequate funding to meet any shortfall arising from such failure to fund by the Company. Furthermore, depending on the level of any such dilution, the Company's rights to (among other matters) vote at meetings of the members of the CDO Manager, consent to changes to the CDO Manager LLC Agreement and consent or withhold its consent in relation to the CDO Manager's dissolution, may be restricted or revoked.

Furthermore, it should be noted that if a redemption occurs in relation to any of the CDOs in which the Company invests, then the CDO Manager will lose such contract and this will decrease the Company's revenues from the CDO Manager. In addition, the Company may be a minority shareholder in certain of the CDOs in which it invests, where the majority shareholders are Other EJV Accounts. Generally, the ability to determine to redeem a CDO may be made by the majority shareholders, such that there may be circumstances where there are conflicts of interests between the Company and Other EJV Accounts. See also the risk factors under paragraph 4 "Risks relating to Conflicts of Interest".

In addition, pursuant to the terms of the Partnership Agreement, the General Partner has the power to manage the business and affairs of the Partnership. By way of example, it is entitled to (i) issue further units in the Partnership to new or existing partners otherwise than on a *pro rata* or preemptive basis, which may result in the Company's limited partner interest in the Partnership being diluted or (iii) redeem existing units in the Partnership for value. Furthermore, the Company, as a limited partner in the Partnership, requires the General Partner's consent to transfer all its rights as such a limited partner to a third party.

### 3.2 Risks related to Risk Retention Investments

(a) ***The Company may make certain representations or warranties with respect to its Risk Retention Investments***

The arranger and certain other parties of a securitisation in which the Company agrees to hold, directly or indirectly through the Partnership, the Securitisation Retention Equity (as defined below in 3.2(d)) or Securitisation Retention Securities (as defined below in 3.2(d)) may require the Company, the CDO Manager or the Partnership to make certain representations or warranties. These could include, amongst other things, certain representations, warranties and undertakings in relation to its acquisition and retention of the Securitisation Retention Equity or Securitisation Retention Securities (as applicable) for the life of the securitisation (or, in the case of securitisations intended to be compliant only with the US Risk Retention Regulations, the US Risk Retention Hedging Prohibition End Date). If the Company, the CDO Manager or the Partnership breaches any relevant representations, warranties or undertakings, the arranger of the relevant securitisation and the other parties may have recourse to the Company, the CDO Manager or the Partnership for losses incurred as a result of such breach. Such claims may reduce, or entirely diminish any cash or assets of the Company.

(b) ***The Company will be unable to liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Securitisation Retention Equity and Securitisation Retention Securities, except to the extent permitted by the US Risk Retention Regulations***

The Company, directly or indirectly through the Partnership, may invest in securitisations which are intended to be compliant with the US Risk Retention Regulations by virtue of the Company, directly or indirectly through the Partnership, retaining Securitisation Retention Securities and/or Securitisation Retention Equity. In connection with this intention, the applicable retention holder would have to, among other things: (i) on the closing date of a securitisation, purchase either: (a) Securitisation Retention Equity representing at least 5 per cent. of the credit risk relating to the assets collateralising the securitisation; or (b) Securitisation Retention Securities representing at least 5 per cent. of the principal amount of each class of Securitisation Retention Securities issued; and (ii) undertake that, until at least the US Risk Retention Hedging Prohibition End Date, it will retain its interest in the Securitisation Retention Securities or Securitisation Retention Equity and will not (except to the extent permitted by the US Risk Retention Regulations) sell, hedge or otherwise mitigate its credit risk under or associated with such Securitisation Retention Securities or Securitisation Retention Equity. Such purchase and retention of Securitisation Retention Securities or Securitisation Retention Equity would need to be undertaken by the applicable retention holder either in its capacity as the sponsor of the relevant securitisation or as a majority-owned affiliate of the sponsor of such securitisation.

The applicable retention holder may be required to make certain representations and/or give certain undertakings in favour of new securitisations (and/or certain other transaction parties) in respect of its ongoing retention of the Securitisation Retention Securities or Securitisation Retention Equity. Where the Company, directly or indirectly through the Partnership, holds Securitisation Retention Securities or Securitisation Retention Equity and the relevant securitisation is intended to be compliant only with the US Risk Retention Regulations, the relevant Partnership will be unable (except to the extent permitted by the US Risk Retention Regulations) to liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Securitisation Retention Securities or Securitisation Retention Equity, as applicable, until the US Risk Retention Hedging Prohibition End Date. Consequently, if the Company has exposure to the applicable risk retention holder and such investment was to become due and repayable in connection with an early redemption or were subject to partial-redemption, the risk retention holder will not be obliged under the terms of the relevant investment instruments to immediately sell, transfer or liquidate the Securitisation Retention Securities or Securitisation Retention Equity, and the proceeds of such Securitisation Retention Securities or Securitisation Retention Equity (if any) will not be available until a later time.

(c) ***Potential non-compliance with or changes to the US Risk Retention Regulations***

The US Risk Retention Regulations generally require “sponsors” of securitisation transactions, including collateral managers of securitisations, or their “majority-owned affiliates” (each as defined in the US Risk Retention Regulations) to retain not less than five per cent. of the credit risk of the assets collateralising such securitisation transactions (the “**Retention Interest**”) unless an exemption applies. The US Risk Retention Regulations are applicable to asset-backed securities, including securitisations, issued on or after 24 December 2016 and, given the novelty of the US Risk Retention Regulations there are no judicial decisions, and limited other guidance, with which to gain clarity on how to interpret them.

The US Risk Retention Regulations define the “sponsor” as “a person who organises and initiates a securitisation transaction by selling or transferring assets, either directly or indirectly, including through an affiliate, to the issuing entity”. The “sponsor” (or its “majority-owned affiliate”) must retain the required Retention Interest in the form of an eligible vertical interest, eligible horizontal residual interest or combination interest. A “majority-owned affiliate” is defined as “an entity (other than the issuing entity) that, directly or indirectly, majority controls, is majority controlled by or is under common majority control with, the “sponsor”. Majority control means “ownership of more than 50 per cent. of the equity of an entity, or ownership of any other “controlling financial interest” in the entity, as determined under US GAAP”. The Company and its subsidiaries have been structured to comply with the definition of “majority-owned affiliate” set forth in the US Risk Retention Regulations and, in consultation with a nationally-recognised accounting firm and with their concurrence, it has been determined that EJV will have a “controlling financial interest” in the Partnership, as determined under US GAAP. However, there can be no assurance or guarantee that the United States federal agencies tasked with enforcing the US Risk Retention Regulations will agree that the structure utilised by EJV is in compliance with the US Risk Retention Regulations. Specifically, there is a risk that placing Retention Interests in “majority-owned affiliates” which fall under the “controlling financial interest” limb will be seen as a “loophole” designed to evade the US Risk Retention Regulations, particularly where the capital contributed to such “majority-owned affiliates” is less than 50 per cent. As such, even if the proposed structure meets the literal requirements of the US Risk Retention Regulations, there is no guarantee that the proposed structure does not garner additional regulatory scrutiny as a possible evasion of the spirit of the US Risk Retention Regulations. Furthermore, the various GAAP rules and interpretations regarding a “controlling financial interest” (or related concepts such as consolidation or “variable interest entities”) are also subject to change. Thus, even if the relevant facts pertaining to the proposed structure remain the same, the legal analysis supporting the proposed structure could change to the extent EJV is no longer considered to have a “controlling financial interest” in the Partnership due to, among other things, modifications of the accounting rules or evolving interpretations under GAAP, including regarding what constitutes a “controlling financial interest”. No assurance or representation can be given that EJV’s interest in the Partnership will continue to constitute a “controlling financial interest”, particularly if the applicable GAAP standards or interpretations change over time. Furthermore, even to the extent a nationally-recognised accounting firm has provided EJV or its affiliates with guidance regarding the “controlling financial interest”, there is no guarantee that the relevant regulators charged with enforcing the US Risk Retention Regulations will not challenge such a conclusion (and, as a consequence, may challenge the proposed structure and/or securitisations

undertaken by EJF). Any failure by the Company or its subsidiaries to qualify as a “majority-owned affiliate” for purposes of the US Risk Retention Regulations, or any failure by the business of the Company or its subsidiaries as currently contemplated to be determined to be in compliance with the US Risk Retention Regulations, could adversely affect the business of the Company, perhaps significantly.

In addition, the US Risk Retention Regulations may be amended, supplemented or revoked, or their interpretation may change, from time to time. There is no guarantee that existing securitisations will be grandfathered into the regime which results from such amendments, supplements or revocations or re-interpretation and, as such, securitisations which were intended to be compliant with the US Risk Retention Regulations at the time they were issued may become, or be determined to be, non-compliant with the US Risk Retention Regulations. The US Risk Retention Regulations also include additional disclosure and other requirements that would need to be satisfied by the relevant risk retention holder or (if it is a different entity) the collateral manager of the securitisation on or prior to the date of issuance of the securitisation securities. If an applicable regulatory authority were to conclude that the relevant risk retention holder was not holding the Securitisation Retention Securities or Securitisation Retention Equity in accordance with the US Risk Retention Regulations or that the additional disclosure and other requirements of the US Risk Retention Regulations were not complied with, this could result in regulatory action taken against the risk retention holder as well as liability on the part of the risk retention holder to the securitisations and their investors.

In the event that the US Risk Retention Regulations are revoked or amended such that the amount of Retention Interest required to be retained falls below five per cent., the applicable retention holder may have the right to dispose of any Securitisation Retention Securities and/or Securitisation Retention Equity held by it subject to any such reduced Retention Interest requirements under the US Risk Retention Regulations. Such disposal of Securitisation Retention Securities and/or Securitisation Retention Equity by the applicable retention holder may not be a breach of any transaction document to which applicable retention holder is a party.

It is possible that the US Risk Retention Regulations may reduce the number of issuers active in the securitisation market, which may result in fewer new-issue securitisations and reduce the liquidity provided by securitisations to the market generally. A contraction or reduced liquidity in the market could reduce opportunities for issuers of securitisations to sell collateral or to invest in collateral when they believe it is in the interest of the relevant securitisation issuer to do so.

If the Company, directly or indirectly through the Partnership, were to become exposed to a risk retention holder in relation to a securitisation intending to be compliant with the US Risk Retention Regulations, as described above, such a contraction may adversely affect the Company’s ability to pursue its commercial objectives.

- (d) ***The Company will be unable to liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Securitisation Retention Equity and Securitisation Retention Securities, except to the extent permitted by the EU Securitisation Regulations***

The securitisations in which the Company, directly or indirectly through the Partnership, may invest are intended to be compliant with the European securitisation requirements for securitisation transactions, namely Regulation (EU) 2017/2402 and the associated Regulation (EU) 2017/2401 (together the “**EU Securitisation Regulations**” and together with the US Risk Retention Obligations, the “**Risk Retention Obligations**”).

In connection with this intention and as a result of possibly having to enter into an agreement under which it will undertake to comply with the EU Securitisation Regulations, the Company will need to, amongst other things: (i) on the closing date of a relevant securitisation, commit to purchase: (a) an amount of the securitisation equity equal to at least 5 per cent. of the maximum portfolio principal amount of the assets in the securitisation (the “**Securitisation Retention Equity**”); or (b) an amount equal to 5 per cent. of the face amount of each tranche of the debt and equity sold or transferred to investors of the securitisation (the “**Securitisation Retention Securities**”); and (ii) undertake that, for so long as any securities of the securitisation remain outstanding (including the Securitisation Retention Equity or Securitisation Retention Securities (as applicable)), it will retain its interest in the Securitisation Retention Equity or Securitisation Retention Securities (as applicable) and will not (except to the extent permitted by the EU Securitisation Regulations) sell, hedge or otherwise mitigate its credit risk under or associated with such Securitisation Retention Equity or Securitisation Retention Securities (as applicable).



In addition, in order to be classified as an “originator” (as defined in the EU Securitisation Regulations) and complying with the EU Securitisation Regulations, in connection with securitisations intended to be compliant with EU Securitisation Regulations the Company will be required to commit to: (i) establishing the relevant securitisation; (ii) selling investments to the relevant securitisation which it has: (a) purchased for its own account initially; or (b) itself or through related entities, directly or indirectly, been involved in the original agreement which created such obligations; and (iii) agreeing to sell investments to the relevant securitisation from time to time so that, for so long as the securities of the securitisation are outstanding, the required percentage of the total securitised exposures held by the securitisation issuer will come from the entity (such percentage calculated including the principal proceeds received by the relevant securitisation in respect of any entity-sourced assets). Where the Company holds, directly or indirectly through the Partnership, Securitisation Retention Securities or Securitisation Retention Equity and the relevant securitisation is intended to be compliant with the EU Securitisation Regulations, the Company will be unable (except to the extent permitted by the EU Securitisation Regulations) to liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with the Securitisation Retention Equity or Securitisation Retention Securities until such time as the securities of the relevant securitisation have been redeemed in full (whether at final maturity or early redemption).

There are currently transactions in the market which are similar or comparable to EJV Securitisations; however, if an applicable regulatory authority supervising investors in an EJV Securitisation were to conclude that the Company itself, or indirectly through the Partnership, was not holding the Securitisation Retention Equity or Securitisation Retention Securities (as applicable) in accordance with the EU Securitisation Regulations or otherwise to comply with the EU Securitisation Regulations, it is possible that this may negatively impact upon the investors in such EJV Securitisation. If such investors decided to take action against the Company as a result of any negative impact, this may have an adverse effect on the Company’s business and financial position.

(e) ***Potential non-compliance with or changes to the EU Securitisation Regulations and/or the US Risk Retention Regulations***

The purchase and retention of the Securitisation Retention Equity or Securitisation Retention Securities in a securitisation will be undertaken by the Company, the CDO Manager and the Partnership with the intention of achieving compliance initially with only the EU Securitisation Regulations and/or the US Risk Retention Regulations (as applicable) by the relevant securitisation. The EU Securitisation Regulations and/or the US Risk Retention Regulations may be amended, supplemented or revoked from time to time. There is no guarantee that existing securitisations will be grandfathered into the regime which results from such amendments, supplements or revocations and, as such, the securitisations in which the Company, directly or indirectly through the Partnership, is retaining the Securitisation Retention Equity or Securitisation Retention Securities may become non-compliant with the EU Securitisation Regulations and/or the US Risk Retention Regulations.

(f) ***The Company may need to sell Securitisation Retention Equity or Securitisation Retention Securities below market value***

The Company, directly or indirectly through the Partnership, may be contractually obligated to transfer Securitisation Retention Securities or Securitisation Retention Equity in the event it acts as, and is replaced as, collateral manager of a securitisation. The terms of such transfer may not reflect the market price of the Securitisation Retention Securities or Securitisation Retention Equity at such time.

### 3.3 Risks related to investments in Asset Backed Securities

(a) ***Many of the Company’s current investments are in the form of highly subordinated securities of securitisations (and future investments in similar securities may have different underlying asset classes), which are susceptible to losses of up to 100 per cent. of the initial investments, including losses resulting from changes in the financial rating ascribed to, or changes in the market value or fair value of, the underlying assets of a securitisation***

The Company’s current investment portfolio includes investments in securitisations. The primary assets underlying the Company’s current securitisation portfolio are real estate TruPS, although the Company may also invest in securitisations secured by interests in other asset classes including, but not restricted to bank and insurance trust preferred securities, corporate securities such as secured and unsecured loans and bonds, commercial real estate, residential mortgages, consumer lending, auto

lending, student lending and structured finance securities with underlying exposure to residential mortgage based securities, commercial mortgage backed securities and other types of securitisations.

The Company's Target Investments include investments in subordinated equity tranches ("**Equity Tranches**") of securitisations. The securitisations in which the Company may invest are collateralised by underlying assets assembled by asset managers and divided into tranches based on their degree of credit risk. The Equity Tranches are the lowest ranking tranches, incurring first losses and are paid last out of the proceeds received by securitisations from their underlying assets.

The Company's investments in Equity Tranches represent leveraged investments in the underlying assets of the securitisations. The fair value of these investments could be significantly affected by, among other things, changes in the financial rating ascribed to the underlying assets of a securitisation by financial rating agencies, changes in the market value or fair value of the underlying assets, changes in payments, defaults, recoveries, capital gains and losses, prepayment and the availability, prices and interest rate of underlying assets. Moreover, market developments generally (including, without limitation, deteriorating economic outlook, rising defaults and rating agency downgrades) may impact the fair value of an investment and/or its underlying assets. Changes in the market value or fair value of such underlying assets could result in defaults under the terms of the securitisation that may in turn reduce or halt the distribution of funds to Equity Tranche holders or trigger a liquidation of such securitisation. The leveraged nature of an Equity Tranche increases the risk that a change in market conditions or the default of an issuer of underlying assets could result in significant losses. Accordingly, Equity Tranches may not be paid in full and may be subject to substantial losses, including a loss of 100 per cent. of the Company's investment in them.

(b) ***The modelled cash flow predictions and assumptions used to calculate internal rate of return and fair value of each securitisation investment may prove inaccurate and require adjustment***

The Company utilises investment modelling software to model expected cash flows on the Company's securitisation investments. These modelled cash flows are then used to calculate the IRR and the fair value of each securitisation investment, under certain specified assumptions, including without limitation, annual default rates, recovery rates, prepayment rates and reinvestment prices and spreads, as well as their timing and duration, which in certain instances may be several years or otherwise as long as the stated maturity of the investment. These modelled cash flows and assumptions may prove to be inaccurate and require adjustment. Factors affecting the accuracy of such modelled cash flow predictions include: (1) uncertainty in predicting future market values of certain assets (including, defaulted and deferring securities) utilised in determining over-collateralisation or similar ratios, (2) changes in regulatory capital treatment which may directly or indirectly cause early redemptions of certain assets, (3) the inability to accurately model securitisation manager behaviour such as trading gains/losses or cash holding levels, and (4) the divergence over the period covered by the model of assumed variables from realised levels, including reinvestment spreads/prices, the timing and severity of defaults and downgrades, prepayment levels as well as LIBOR and foreign exchange volatility.

In addition, the underlying securitisation trustee reports used to assemble applicable investment data for the cash flow models are subject to data entry and other human errors, which may not be immediately discovered, if at all, in the course of the Company's Portfolio updates and valuation procedures.

(c) ***Securitisations generally invest in fixed income securities rated lower than Baa by Moody's or lower than BBB by S&P (or, if not rated, of comparable quality) and may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments***

Securities rated Baa or lower are considered by Moody's to have some speculative characteristics. Lower-rated securities may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments. Analysis of the creditworthiness of issuers of lower-rated securities may be more complex than for issuers of higher quality debt securities.

In addition, high yield or speculative securities may be less liquid and more likely to default than securities of higher credit quality. Lower-rated securities may be more susceptible to losses and real or perceived adverse economic and competitive industry conditions than higher grade securities. The secondary markets on which lower-rated securities are traded are generally less liquid than the market for higher grade securities. Consequently, there may be limited liquidity if a securitisation is required

to sell or otherwise dispose of its underlying assets. Less liquidity in the secondary trading markets could adversely affect, and cause large fluctuations in, the fair value of the Portfolio. Adverse publicity and investor perceptions, whether or not based on facts or fundamental analysis, may decrease the market values and liquidity of lower-rated securities, especially in a thinly traded market.

(d) ***Defaults, their resulting losses and other losses on underlying securitisation assets may have a negative impact on the fair value of the Company's securitisation investment portfolio and cash flows received***

A default and/or any resulting loss as well as other losses on an underlying securitisation asset will reduce the fair value of such underlying asset and, consequently, the fair value of the related investment and the Portfolio. A wide range of factors, including the type of issuer and the type of asset, could adversely affect the ability of the issuer of an underlying asset to make interest or other payments on that asset. The ability to make payments may be significantly affected by economic downturns, government regulatory actions, general regulatory actions or general economic conditions beyond the Company's control and beyond the control of individual issuers and borrowers. The information in this and the following paragraphs represents a brief summary of certain risks only, is not intended to be an extensive summary of all risks associated with each type of asset class.

(i) ***Securities of insurance companies:*** the securities collateralising many of the Company's future TruPS CDOs may consist of senior unsecured notes issued by insurance holding companies, surplus notes issued by insurance companies, and/or capital securities issued by trust subsidiaries of insurance holding companies.

The ability of an insurance company to repay its obligations may be affected by adverse changes to the operations, results of operations or financial condition of the insurance company, resulting from factors such as the occurrence of natural disasters, including hurricanes, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, significant and/or rapid changes in loss costs, including changes in loss frequency and/or severity; the availability and cost of the reinsurance purchased; prior approval and restrictions in certain states for price increases; intense price competition; less restrictive underwriting standards; economic conditions, interest rates and as well as other factors.

Furthermore, insurance companies are subject to extensive regulation and supervision in the jurisdictions in which they do business, which may reduce the profitability and growth of insurance companies and adversely affect the ability to repay its obligations. Each jurisdiction has a unique and complex set of laws and regulations. Changes in insurance regulations may adversely affect the financial condition and results of operations of insurance companies.

There are also various legal and regulatory limitations on the extent to which an insurance holding company's insurance company subsidiaries may extend credit, pay dividends or distributions or otherwise supply funds to the insurance holding company or certain of its affiliates. In particular, payments of dividends or other distributions to an insurance holding company or its respective affiliates by insurance company subsidiaries are subject to the various insurance regulatory restrictions of the states having jurisdiction over such insurance company subsidiaries.

(ii) ***Securities of bank institutions:*** the securities collateralising many of the Company's future TruPS CDOs may also consist of unsecured subordinated notes issued by bank institution holding companies and/or capital securities issued by wholly-owned trust subsidiaries of bank institution holding companies.

The ability of a bank institution to repay its obligations may be affected by adverse changes in the financial condition of such issuer or the regions in which it operates; interest rates, the rate of unemployment, the level of consumer confidence, residential and commercial real estate values, the value of the US dollar, energy prices, changes in consumer spending, the number of personal bankruptcies, disruptions in the credit markets; counterparty risks; systemic risk in the financial and settlement systems; changes in law and taxation; a downturn in general economic conditions; natural disasters, terrorism, social unrest and civil disturbances; and other factors.

There are also various legal and regulatory limitations on the extent to which the bank institution subsidiaries of an affiliated bank institution may extend credit, pay dividends or otherwise supply funds to such affiliated bank institution holding company or various of their respective

affiliates. Dividend payments from the bank institution subsidiaries of an affiliated bank institution holding company are subject to regulatory limitations, generally based on current and retained earnings of the bank institution subsidiary and other factors, imposed by law or regulation and, in some cases, require prior regulatory approval. Payment of dividends is also subject to regulatory restrictions if such dividends would impair the capital of the bank institution subsidiary and in certain other cases. All such legal and regulatory limitations and restrictions may change at any time with respect to any bank institution.

- (iii) *Corporate debt securities*: The ability of a corporate issuer to repay its obligations may be affected by adverse changes in the financial condition of such issuer or the industries or regions in which it operates; its exposure to counterparty risks; systemic risk in the financial and settlement systems; changes in law and taxation; a downturn in general economic conditions; changes in governmental regulations or other policies; and natural disasters, terrorism, social unrest and civil disturbances.
- (iv) *Commercial real estate loans*: the ability of a commercial real estate borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of the property, as opposed to the borrower's independent income or assets. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. The net operating income of an income-producing property can be affected by numerous factors, including: tenant mix and quality; property management decisions including decisions on capital improvements; property location and condition; competition from similar properties, changes in national, regional or local economic conditions; changes in regional or local real estate values; changes in regional or local rental or occupancy rates; changes in interest rates and in the state of the debt and equity capital markets, including the availability of debt financing for commercial real estate; changes in governmental rules, regulations and fiscal policies, including real estate taxes, environmental legislation and zoning laws; environmental contamination; and acts of God, terrorism, social unrest and civil disturbances, which may result in property damage, decrease the availability of or increase the cost of insurance or otherwise result in uninsured losses.
- (v) *Residential mortgage loans*: the ability of a residential mortgage borrower to repay a loan secured by a residential property may depend on: the availability of mortgage credit; the relative economic vitality of the area in which the related properties are located; the average remaining life of the loans, the average size of the remaining loans; the servicing of the mortgage loans, changes in tax laws; other opportunities for investment; homeowner mobility; prevailing interest rates; the rate of unemployment; the level of consumer confidence; residential real estate values; the value of the US dollar; energy prices; changes in consumer spending; the number of personal bankruptcies; disruptions in the credit markets; and other economic, social, geographic, demographic and legal factors.
- (vi) *Auto loans*: the ability of a borrower to repay a loan secured by an automobile may depend on: the availability of auto credit; changes in the supply or demand for automobiles; the average remaining life of the loans; the average size of the remaining loans; the servicing of the auto loans prevailing interest rates; the rate of unemployment; the level of consumer confidence; residential real estate values; the value of the US dollar; energy prices; changes in consumer spending; the number of personal bankruptcies; disruptions in the credit markets; and changes in tax laws and other economic, social, geographic, demographic and legal factors.
- (vii) *Consumer loans*: consumer loans are unsecured obligations of borrowers and may include student loans and personal loans. They are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way. The ability of a borrower to repay a consumer loan may be significantly affected by economic downturns or general economic conditions beyond the Company's control and beyond the control of individual borrowers. In particular, default rates may increase due to factors such as prevailing interest rates, the rate of unemployment, the level of consumer confidence, residential real estate values, the value of the US dollar, energy prices, changes in consumer spending, the number of personal bankruptcies, disruptions in the credit markets and other factors.

To the extent that actual defaults and losses on the underlying assets of an investment exceed the level of defaults and losses factored into the purchase price of such investment, the value of the anticipated return from the investment will be reduced. The more deeply subordinated the

tranche of securities in which the Company invests, such as investments in Equity Tranches, the greater the risk of loss upon a default. Any defaults and losses in excess of expected default rate and loss model inputs will have a negative impact on the fair value of the Company's investments, will reduce the cash flows that the Company receives from its investments, adversely affect the fair value of the Company's assets and could adversely impact the Company's ability to pay dividends.

(e) ***Deferrals on underlying securitisation assets may have a negative impact on the fair value of the Company's securitisation investment portfolio and cash flows received***

A deferral of interest payments on an underlying securitisation asset will reduce the cash flows and fair value of such underlying asset and, consequently, the cash flows and fair value of the related investment and the Portfolio. Payments under bank TruPS and insurance TruPS are dependent on payments received from affiliated holding companies on subordinated debt issued to the trust subsidiaries ("**Corresponding Debentures**"). As long as any affiliated holding company is not in default in the payment of interest on its Corresponding Debentures, it may generally defer interest payments on its Corresponding Debentures for up to 20 consecutive quarterly periods, in which event distributions on the related TruPS would be similarly deferred. Any TruPS with respect to which interest or dividend payments are being deferred or are accrued and unpaid, as the case may be, will be deemed to be a "Defaulted Obligation" under the securitisation's indenture even though such deferral or accrual is permitted by the terms of such TruPS and, if applicable, the Corresponding Debentures.

(f) ***In the event of a bankruptcy or insolvency of a securitisation or an issuer or borrower of underlying assets in a securitisation in which the Company invests, a court or other governmental entity may determine that the claims of the relevant securitisation are not valid or not entitled to the treatment the Company expected when making its initial investment decision***

Various laws enacted for the protection of creditors may apply to the underlying assets in the Company's Portfolio. The information in this and the following paragraph represents a brief summary of certain points only, is not intended to be an extensive summary of the relevant issues and is applicable with respect to US issuers and borrowers only. The following is not intended to be a summary of all relevant risks. Similar avoidance provisions to those described below are sometimes available with respect to non-US issuers or borrowers, but there is no assurance that this will be the case which may result in a much greater risk of partial or total loss of value in that underlying asset.

If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an issuer or borrower of underlying assets, such as a trustee in bankruptcy, were to find that such issuer or borrower did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting such underlying assets and, after giving effect to such indebtedness, the issuer or borrower (i) was insolvent; (ii) was engaged in a business for which the remaining assets of such issuer or borrower constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could decide to invalidate, in whole or in part, the indebtedness constituting the underlying assets as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the issuer or borrower or to recover amounts previously paid by the issuer or borrower in satisfaction of such indebtedness. In addition, in the event of the insolvency of an issuer or borrower of underlying assets, payments made on such underlying assets could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year under US Federal bankruptcy law or even longer under state laws) before insolvency.

The Company's underlying assets may be subject to various laws for the protection of creditors in other jurisdictions, including the jurisdiction of incorporation of the issuer or borrower of such underlying assets and, if different, the jurisdiction from which it conducts business and in which it holds assets, any of which may adversely affect such issuer's or borrower's ability to make, or a creditors ability to enforce, payment in full, on a timely basis or at all. These insolvency considerations will differ depending on the jurisdiction in which an issuer or borrower or the related underlying assets are located and may differ depending on the legal status of the issuer or borrower.

(g) ***The performance of many of the Company's securitisation investments may depend to a significant extent upon the performance of the securitisation managers***

The Company relies on securitisation managers (internal and external) to administer and review the portfolios of the underlying assets managed by them. Particularly in the case of Equity Tranches, the actions of the securitisation managers may significantly affect the Company's return on its investments.

The ability of each securitisation manager to identify and report on issues affecting its securitisation on a timely basis could also affect the Company's return on its investments, as the Company may not be provided with information on a timely basis in order to take appropriate hedging or other measures to manage its risks in the relevant securitisation. In addition, concentration of a significant number of the Company's investments with one or a few securitisation managers (including, securitisation managers, if any, affiliated with the Company), whether having resulted from industry consolidation or otherwise, could affect the Company adversely in the event that the securitisation manager fails to fulfil its function effectively or at all.

(h) ***The ability of securitisations in which the Company invests to sell assets and reinvest the proceeds may be restricted, which may reduce the yield from the Company's investment in those securitisations***

The ability of securitisations in which the Company invests to sell assets and reinvest the proceeds may be restricted. As part of the ordinary management of its portfolio, a securitisation may typically dispose of certain of its assets and reinvest the proceeds thereof in substitute assets, subject to compliance with its investment guidelines and certain other conditions, including the terms of the debt securities issued by it. The earnings with respect to such substitute assets will depend on the quality of reinvestment opportunities available at the time and on the availability of assets that satisfy the securitisation's investment guidelines and that are acceptable to the asset manager, among other factors. The need to satisfy such guidelines and identify acceptable assets may require the asset manager to purchase substitute assets at a lower yield than those initially acquired or require that the sale proceeds be maintained temporarily in cash, either of which may reduce the yield that the asset manager is able to achieve. This will reduce the return to the Company and may have a negative effect on the fair value of the Company's assets and the market value of the Shares.

### **3.4 Risks related to investments in Specialty Finance**

(a) ***Investments in Other Investment Vehicles***

Regardless of the form that an investment is in "specialty finance", the ability of the Company to earn revenue is dependent upon payments being made by the underlying borrowers in a timely and complete manner. The Company will receive payments only if the underlying borrower makes payments on the relevant loan. Where loans benefit from security the Company's recovery will be dependent on the amounts recovered following the enforcement of such security being sufficient to cover the outstanding amounts due to the Company. Where the Company invests on a subordinated loan, there is a greater risk that amounts recovered following the default of a borrower will be insufficient to cover outstanding amounts due to the Company, as the recovered amounts must first be applied to discharge obligations which rank ahead of the Company's claims. Where an underlying borrower defaults, the Company must rely on the collection efforts of the Servicer and their respective designated collection agencies. Any fees and expenses incurred by the Company in connection with defaulted loans will reduce the amount which the Company may recover in the event of a partial or complete collection. If an underlying borrower neglects its payment obligations on a loan or chooses not to repay its loan entirely, the Company may not be able to recover any portion of its outstanding principal and interest in an investment in that loan.

Investment default rates may be significantly affected by economic factors and conditions beyond the Company's control. In particular, default rates may increase due to factors such as prevailing interest rates, unemployment rates, consumer confidence, residential real estate values, changes in consumer spending, the number of personal bankruptcies, and disruptions in the credit markets. The default history for loans originated via or issued by direct lenders such as the Partnership is limited and actual defaults over a full market cycle may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations. In addition, general economic factors and conditions, including the general interest rate environment, unemployment rates and

residential collateral asset values may affect borrower willingness to seek loans and investor ability and desire to invest in loans.

Underlying borrowers may decide to prepay all or a portion of the remaining principal amount due under a loan at any time and, at times, without significant penalty. The degree to which borrowers prepay loans, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the borrower's financial condition and competitive conditions among lenders. In the event of a prepayment of the entire remaining unpaid principal amount of a loan, the Company will receive such prepayment (or the relevant part thereof) but further interest may not accrue on such loan after the date of the prepayment. If the borrower prepays a portion of the remaining unpaid principal balance, interest may cease to accrue on the prepaid portion and the Company may not receive all of the interest payments that it expected to.

(b) ***Equity Securities and Equity-Related Securities***

The Company may purchase equity and equity-related securities, such as convertible securities, warrants and stock options. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of a key executive, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition or costs of production or consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets generally, such as an increase in interest rates or consumer confidence, that are unrelated to the issuer itself or its industry. These factors and others can cause significant fluctuations in the prices of the securities in which the Company invests and can result in significant losses.

(c) ***Convertible Securities and Warrants***

The Company may invest in convertible securities and warrants. The value of convertible securities and warrants will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information. With respect to warrants, their value may decrease or may be zero and thus not be exercised if the market price of the underlying securities remains lower than the specified price at which holders of warrants are entitled to buy such securities, resulting in a loss to the Company of the purchase price of the warrant (or the embedded warrant price in the case of securities issued with warrants attached).

With respect to convertible securities, as with all fixed income securities, the market value of such securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. Convertible securities rank senior to common stock in an issuer's capital structure and consequently entail less risk than the issuer's common stock. If a convertible security held by the Company is called for redemption, the Company will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on the Company's ability to achieve its Investment Objective.

(d) ***Private Investments in Public Equities***

From time to time, the Company may make private investments in public equities in which the Company would take a minority position in a public company. Such investments usually take the form of convertible preferred stock. To the extent that the public market for such companies declines, it is possible that private investments in public equities transactions may generate losses or returns that do not justify the risk associated with such investments.

(e) ***Distressed Companies***

The Company may invest in securities and obligations of companies that are currently experiencing financial and/or operational distress, including but not limited to debt obligations that are in covenant or payment default. Such investments are considered speculative. Under such circumstances, the returns generated from any such investment may not compensate the Company investors adequately

for risks assumed. There is no assurance that the Company will correctly evaluate the prospects for a successful restructuring or similar action.

(f) ***Certain investment strategies, including co-investments and joint ventures, may limit the Company's control over particular investments***

If the Company co-invests, including co-investments in real estate assets, or enters into joint ventures, the ability of the Company or the Manager to exercise control over these investments may be limited. As part of these co-investment and joint venture relationships the Company may rely on third-parties to identify investments and may not retain control over which specific investments are made, including the timing of such investments. In addition, the interests of the Company's joint venture partners and any persons with which it co-invests may conflict with the interests of the Company. There can be no assurance that any such conflict would be resolved in favour of the Company and its Shareholders and this may negatively affect the value of the Company and/or the Shares.

#### **4. RISKS RELATING TO CONFLICTS OF INTEREST**

Certain inherent conflicts of interest arise from the fact that EJV and their affiliates (collectively, "**EJV Affiliates**") may provide investment management, advisory and support services to EJV Securitisations, the Manager, the CDO Manager, the Company and to other clients, including other securitisation vehicles, other investment funds, and any other investment vehicles that the EJV Affiliates may establish from time to time, as well as client accounts (including one or more managed accounts (or other similar arrangements, including those that may be structured as one or more entities), collectively, the "**EJV Managed Accounts**") and proprietary accounts managed by EJV Affiliates in which none of EJV Securitisations or the Company will have an interest (such other clients, funds and accounts, collectively the "**Other EJV Accounts**"). Specifically, while the Manager itself does not manage any Other EJV Accounts, the employees of EJV who support the Manager do work for other EJV Managed Accounts.

##### **4.1 Allocation of opportunities between EJV Securitisations, the Company and Other EJV Accounts**

While EJV, the Manager and the Company (as applicable in their relevant roles) will seek to manage potential conflicts of interest in good faith, the portfolio management or advisory strategies employed by EJV in managing its respective Other EJV Accounts could conflict with the transactions and strategies employed: (i) by EJV in managing the portfolio of an EJV Securitisation; (ii) by EJV in providing services to the Company through the Manager and the CDO Manager; (iii) by the Company in managing its own Portfolio; and/or (iv) by EJV in advising the Company under the Management Agreement. The portfolio strategies employed by EJV may also affect the prices and availability of the securities and instruments in which EJV Securitisations invest and in which the Company may invest.

In addition, in certain circumstances a specific investment opportunity may be appropriate, at times, for the Company, EJV Securitisations and/or Other EJV Accounts, as applicable. It is the policy of the EJV Affiliates to generally share appropriate investment opportunities (including purchase and sale opportunities) with the Other EJV Accounts (and by association, with the Company and EJV Securitisations). Each of EJV and the Manager is committed to transacting in securities and loans in a manner that is consistent with the investment objectives of its clients, and to allocating investment opportunities (including purchase and sale opportunities) among its clients on a fair and equitable basis. In allocating investment opportunities, EJV and the Manager will determine which clients' investment mandates are consistent with the investment opportunity (such clients, which may include applicable Other EJV Accounts, "**Relevant Clients**"), taking into account each client's risk/return profile, investment guidelines and objectives, liquidity objectives and other factors such as exposure and diversification requirements, investment period and capacity. As a general matter, investment opportunities will be allocated *pro rata* among Relevant Clients based on their respective targeted acquisition size (which may be based upon available capacity or, in some cases, a specified maximum target size of a client) or targeted sale size (which is generally based upon the position size held by selling clients), in a manner that takes into account the applicable factors listed below.

In addition, each of EJV, the Manager and, if applicable, the Company, will comply with specific allocation procedures set forth in the documents governing its relationship with its clients and described during the marketing process. While no client will be favoured over any other client, in allocating investment opportunities certain clients may have priority over other clients consistent with disclosures made to the applicable investors. Consistent with the foregoing, EJV and the Manager will generally allocate investment opportunities pursuant to certain allocation methodologies as appropriate depending on



the nature of the investment. However, in the case of Risk Retention Investments, as a result of the Manager's relationship with EJV, the Company, through the Partnership, will, for so long as EJV Investments Manager LLC is the Manager, have the benefit of a right of first refusal to purchase or subscribe for EJV Risk Retention Securities to be issued in connection with all future EJV Securitizations, in an amount equivalent to the minimum interest that a Sponsor (as that term is used in the relevant Securitization and Risk Retention Regulations) is required to retain.

Notwithstanding the foregoing, investment opportunities may be allocated in a manner that differs from such methodologies, but is otherwise fair and equitable to clients, taken as a whole (including, in certain circumstances, a complete opt-out of the allocation). In instances where a particular investment fits different strategies targeted by multiple Relevant Clients, EJV and the Manager may determine that a particular investment most appropriately fits within the portfolio and strategy focus of particular Relevant Clients and may allocate the investment to those clients. Any such allocations must be: (i) documented in accordance with their procedures; and (ii) undertaken with reference to one or more allocation considerations.

Because of these and other factors, certain other accounts may effectively have priority in investment allocation over the Partnership and/or the Company, notwithstanding policies of *pro rata* distribution. Investment orders may be combined for the Company, the Partnership, EJV or the Other EJV Accounts, and if any order is not filled at the same price, they may be allocated on an average price basis between such accounts. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities or loans may be allocated among the different accounts on a basis which the relevant party or their respective affiliates consider equitable. As a result, the Company may not be able to invest as much as it would like in certain investments, if at all, which could have a material adverse effect on the Company's business.

From time to time, the Company, the Partnership, EJV and Other EJV Accounts may make investments at different seniority levels of an obligor's or issuer's capital structure or otherwise in different classes of an obligor's or issuer's securities. When making such investments, the Manager and EJV anticipate that their clients will have conflicts of interest or perceived conflicts of interest between or among the various classes of securities or loans that may be held by such entities. Neither EJV nor the Other EJV Accounts are under any obligation to offer investment opportunities of which they become aware to EJV Securitizations or the Company or to share with EJV Securitizations or the Company or to inform EJV Securitizations or the Company of any such transaction or any benefit received by them from any such transaction, or to inform EJV Securitizations or the Company of any investments before offering any investments to other funds or accounts that EJV and/or its affiliates manage or advise.

Furthermore, EJV Affiliates may make an investment on their own behalf or on behalf of their clients without offering the opportunity to add such investment, or adding such investment, to the portfolios of EJV Securitizations or the Company. Affirmative obligations may exist or may arise in the future, whereby EJV Affiliates may be obligated to offer certain investments to funds or accounts that such affiliates manage or advise before or without EJV offering those investments to EJV Securitizations or the Company. EJV may invest in or, in the capacity as securitization manager (as applicable), provide services in respect of, assets held by EJV Securitizations or the Company (as applicable) in which it or any of its clients has declined to invest for its own account, the account of any of its affiliates or the account of its other clients. As a result, the Company may not be able to invest as much as it would like in certain investments, if at all, which could have a material adverse effect on the Company's business.

#### **4.2 Co-investments among the Company, the Partnership, EJV and Other EJV Accounts**

From time to time, the Company, the Partnership, EJV and the Other EJV Accounts may make investments at different levels of an obligor's or issuer's capital structure or otherwise in different classes of an obligor's or an issuer's securities. When making such investments, the Manager and EJV anticipate that their clients will have conflicts of interest or perceived conflicts of interest between or among the various classes of securities or loans that may be held by such entities. To the extent that the Company holds securities that are different (i.e. more senior or junior) from those held by the Partnership, EJV, an EJV Affiliate or an Other EJV Account, EJV and the Manager are likely to be presented with decisions involving circumstances where the interests of the Company and those of the Partnership, EJV and such Other EJV Account are in conflict. Furthermore, it is possible that the Company's interest may be subordinated or otherwise adversely affected by virtue of such Other EJV Account's involvement and actions relating to their investment. If the Company makes or has an investment in, or, through the purchase of debt obligations, becomes a lender to, a company in which an Other EJV Account has a debt

or an equity investment, EJV may have conflicting loyalties between their duties to the Company and to the Other EJV Account.

In addition, conflicts may arise in determining the amount of an investment, if any, to be allocated among potential investors and the respective terms thereof. In that regard, actions may be taken for the Other EJV Accounts that are adverse to the Company. In connection with negotiating securities in respect of transactions sponsored by EJV, EJV and/or the Manager may obtain the right to participate on its own behalf (or on behalf of vehicles that it manages) in a portion of the securities with respect to such transactions on an agreed upon set of terms. EJV does not, however, believe that the foregoing arrangements have an effect on the overall terms and conditions negotiated with the arrangers of such securities. Notwithstanding this, there is no guarantee that such conflicts will be resolved in favour of any of the Company and, if the conflict is resolved in a manner which is considered by the Company (or its investors) to be adverse to its interests, this may have a material adverse effect on the performance of the Company.

The collateral to be held by Citibank, N.A. pursuant to EJV Securitizations may impose obligations issued by entities in which EJV or Other EJV Accounts have made investments, obligations that EJV has assisted in structuring but in which it has or has not chosen to invest and obligations in respect of which EJV or Other EJV Accounts participated in the original lending group and/or acted or act as an agent. In addition, the collateral may include obligations previously held by EJV or Other EJV Accounts, and EJV Securitizations may purchase collateral from, or sell collateral to, EJV or one or more Other EJV Accounts, including in the event of a wind-down of the portfolio of collateral obligations. Although any such purchase or sale must comply with certain criteria set forth in the management and administration agreement and other transaction documents entered pursuant to such EJV Securitizations and the requirement that any such purchase or sale be on an arm's length basis), EJV may take into consideration the interests of the Other EJV Accounts when making decisions regarding the purchase and sale of collateral held in connection with of EJV Securitizations under the relevant management and administration agreement. EJV's consideration of the interests of Other EJV Accounts may result in the Company purchasing different assets than they would have purchased had EJV not considered such interests, and depending on the performance of such assets, this may have a material adverse effect on the performance of the Company.

Further conflicts could arise once the Company, the Partnership, EJV and the Other EJV Accounts have made their respective investments. For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of the Partnership, EJV and the Other EJV Accounts to provide such additional financing. If the Company were to lose its investments as a result of such difficulties, the ability of the securitisation manager to recommend actions in the best interests of EJV Securitizations might be impaired. These or any other of the above conflicts could then have a material adverse effect on the performance of the Company.

#### **4.3 Acquisition and disposal of EJV Securitisation Equity, Other Notes or Securitisation Retention Securities by EJV or Other EJV Accounts**

EJV or Other EJV Accounts may from time to time purchase any of the Securitisation Retention Equity issued by EJV Securitizations (in this risk factor, referred to as the "**EJV Securitisation Equity**") or other classes of notes of EJV Securitizations ("**Other Notes**"). EJV or Other EJV Accounts (other than the Company in relation to the Securitisation Retention Equity or Securitisation Retention Securities) will not be required to retain all or any part of EJV Securitisation Equity or Other Notes acquired by them. If EJV or Other EJV Accounts were to purchase any EJV Securitisation Equity or Other Notes, EJV (as applicable) may face a conflict of interest in the performance of its duties as the securitisation manager because of the conflicting interests of the holders of classes of Securitisation Retention Securities that are senior to the Securitisation Retention Securities to be held by the Company. Such purchases may be in the secondary market, may occur a significant amount of time after the issue date of the relevant EJV Securitization and may be at a different price than what the Company acquired the securities for or at which it values the securities.

If this were to occur, resulting conflicts of interest could include (a) divergent economic interests between EJV or Other EJV Accounts that hold such notes, on the one hand, and the Company, on the other hand, (b) voting of notes by EJV or Other EJV Accounts, or a recommendation to vote by the same, to cause, among other things, an early redemption of the notes and/or an amendment of the transaction documents relating to the notes, (c) an increase or decrease in the NAV of the Company, and (d) an increase or decrease in the fees paid to EJV. If EJV, in its capacity as the securitisation manager, were to perform its

duties in a manner which was considered favourable to the interests of the Other Notes, this may have a material adverse effect on the performance of the Company due to a lower relative return on its investment in EJV Securitisation Equity. EJV may have an incentive to manage EJV Securitisations' investments in a manner as to seek to maximise the yield on the collateral and maximise the yield on the Securitisation Equity but which may result in an increase of defaults or volatility that adversely affects the return on Other Notes which, depending on the investment held by the Company, could have a material adverse effect on its performance.

Furthermore, EJV (as applicable), in its capacity as the securitisation manager, acting in its sole discretion on behalf of the applicable securitisation issuer or EJV Securitisation, will be entitled to designate amounts that would otherwise be treated as interest proceeds to be treated as principal proceeds and *vice versa* in certain limited circumstances. There can be no assurance that EJV, in its capacity as the securitisation manager, will not make such designations in a manner that seeks to maximise the yield on any Securitisation Retention Securities held by it or an EJV Affiliate while increasing the probability of reductions or delays in payments on the more senior Securitisation Retention Securities. Any change in the allocation or payments of interest or principal could have a material adverse effect on the value of the investment or the market value of the investment in the Company's calculation of its NAV.

In addition, EJV may enter into agreements with one or more noteholders of EJV Securitisations pursuant to which EJV may agree, subject to its obligations under the relevant share trust deeds, indentures, management and administration agreements and applicable law, to take actions with respect to such noteholder or noteholders that it will not take with respect to all of the noteholders (including the Company). If EJV were to enter into such agreements, the information or rights which the Company may receive regarding the relevant EJV Securitisation may differ from that received by another investor in Securitisation Retention Securities. This could result in a differing relative performance between the Securitisation Retention Equity held by the Company and the other Securitisation Retention Securities. Management and administration agreements or indentures for an EJV Securitisation may place significant restrictions on EJV's ability to invest in and dispose of collateral. If EJV Affiliates or Other EJV Accounts hold or otherwise have discretionary voting authority over the requisite percentage of the outstanding principal amount of the Securitisation Retention Equity, the securitisation manager affiliates will control certain matters under the indenture, trust deed and/or the collateral management agreement (as applicable) that may affect the performance of the collateral obligations and the return on one or more classes of the EJV Securitisation, including, without limitation: (i) an optional redemption at the direction of a majority of the Securitisation Retention Equity; and (ii) the appointment of a successor collateral manager. Accordingly, during certain periods or in certain circumstances, EJV may be unable as a result of such restrictions to invest in or dispose of collateral or to take other actions that it might consider to be in the best interests of EJV Securitisations and the holders of EJV Securitisation Equity, including the Company. This may lead to a reduced relative return on EJV Securitisations' investments and/or those of the Company.

#### **4.4 Allocation of Expenses**

EJV and/or an EJV Affiliate may from time to time incur expenses jointly on behalf of EJV Securitisations, the Company or other accounts managed or advised by them and one or more subsequent entities established or advised by them. Although EJV and/or EJV Affiliates, such as the Manager, will attempt to allocate such expenses on a basis that they consider equitable, there can be no assurance that such expenses will, in all cases, be allocated appropriately among such parties. The level of expenses allocated to EJV Securitisations, and the Company may have an adverse effect on each of them. A high level of expenses may: (i) in relation to EJV Securitisations, result in a decreased return on the Company's investments in Securitisation Retention Equity or the Securitisation Retention Securities; (ii) in relation to the Company, result in a significant reduction in its cash reserves available for investment; and (iii) in relation to the Company, result in a reduction of its working capital. In each case, the level of expenses may have a material adverse effect on the performance of EJV Securitisations and the Company.

#### **4.5 Risks arising out of the broad spectrum of activities engaged in by EJV (including its affiliates)**

EJV engages in a broad spectrum of activities. In the ordinary course of its business activities, EJV may engage in activities where the interests of certain divisions of EJV or the interests of its clients may conflict with the interests of the Company. Other present and future activities of EJV may give rise to additional conflicts of interest. In the event that a conflict of interest arises, EJV (as applicable) will attempt to resolve such conflict in a fair and equitable manner.

EJF (as applicable) will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on the Company. Investors should be aware that conflicts will not necessarily be resolved in favour of the Company's. As a result, if conflicts were resolved in a manner perceived to be adverse to the Company, this may have a material adverse effect on the performance of the Company.

In addressing related conflicts and the regulatory, legal and contractual requirements across its various businesses, EJF has implemented certain policies and procedures (e.g. information walls) that may reduce the positive synergies that the Company expects to utilise for purposes of finding attractive investments. For example, EJF may come into possession of material non-public information with respect to companies in which the Company may be considering making an investment or companies that are clients of EJF. Additionally, there are expected to be circumstances in which EJF Affiliates will be precluded from providing services related to EJF Securitisations' or the Company' activities because of certain confidential information available to those individuals or to other parts of EJF (e.g. trading may be restricted). Further, EJF may possess information relating to issuers of the portfolio of an EJF Securitisation which is not known to the individuals at EJF responsible for monitoring the portfolio of such EJF Securitisation and performing the other obligations under the relevant collateral management agreement. In certain situations, the Company's or EJF Securitisations' activities could be restricted even if such information, which could be of benefit to the Company, was not made available to EJF. Should this occur, EJF (as applicable) would be restricted from buying or selling securities, derivatives or loans of the issuer on behalf of EJF Securitisations or providing support to the Company (under any applicable portfolio support agreement or similar document) in respect thereof until such time as the information became public or was no longer deemed material to preclude the Company from participating in an investment. As a result, EJF Securitisations and/or the Company may miss out on opportunities which could have resulted in greater returns on their investments. Disclosure of such information to EJF's personnel responsible for the affairs of EJF Securitisations or providing support to the Company will be on a need-to-know basis only, and EJF Securitisations or the Company may not be free to act upon any such information. Therefore, EJF Securitisations or the Company may not have access to material non-public information in the possession of EJF which might be relevant to an investment decision to be made by EJF Securitisations or the Company, and EJF Securitisations or the Company may initiate a transaction or sell an asset which, if such information had been known to it, may not have been undertaken. Due to these restrictions, EJF Securitisations or the Company may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold, all of which could have a material adverse effect on the performance of EJF Securitisations or the Company.

Additionally, EJF may limit a client and/or its portfolio companies from engaging in agreements with, or related to, companies of any client in respect of which EJF has, or has considered making, an investment or which is otherwise an advisory client of EJF and/or from time to time restrict or otherwise limit the ability of EJF Securitisations or the Company to make investments in or otherwise engage in businesses or activities competitive with companies or other clients of EJF, either as a result of contractual restrictions or otherwise. Finally, EJF has in the past entered, and is likely in the future to enter into one or more strategic relationships in certain regions or with respect to certain types of investments that, although possibly intended to provide greater opportunities for EJF Securitisations (in connection with the management services EJF or their affiliates provide to them) or the Company (in connection with the service support, if any, EJF may provide or otherwise), may require EJF Securitisations or the Company to share such opportunities or otherwise limit the amount of an opportunity EJF Securitisations or the Company can otherwise take, in each case, as applicable. Any of the foregoing restrictions on EJF may (either directly, or indirectly via restrictions on the Company's or EJF Securitisations' ability to participate in any relevant investments), result in a relative decrease in the performance of EJF Securitisations, and the Company.

Any of the foregoing restrictions on EJF may (either directly, or indirectly via restrictions on the Company' or EJF Securitisations' ability to participate in any relevant investments) result in a relative decrease in the performance of EJF Securitisations, and the Company. EJF has long-term relationships with a significant number of corporations and their senior management. In determining whether to invest in a particular transaction on behalf of EJF Securitisations, in providing support to the Company, EJF (as applicable) will consider those relationships, which may result in certain transactions that EJF (as applicable) will not undertake on behalf of EJF Securitisations, will not assist the Company in relation to or will not advise the Company in respect of, in view of such relationships. This may result in a lack of availability of the resources, support or advice which the Company and EJF Securitisations require to manage effectively their respective businesses and investments.

EJF, or the Company, may also co-invest with clients of EJF in particular investment opportunities, and the relationship with such clients could influence the decisions made by EJF (as applicable) with respect to such investments. Any such relationships may have an adverse relative effect on the performance of EJF Securitizations, the Manager and the Company.

From time to time employees of EJF may serve as directors or advisory board members of certain portfolio companies or other entities. In connection with such services and subject to applicable law, EJF may receive directors' fees or other similar compensation. Such amounts may, but are not expected to be, material, and will not be passed through to EJF Securitization or the Company. In addition, employees of EJF who are also directors of the Manager may be employees of Other EJF Accounts which could create conflicts of interest in terms of time and effort as well as allocation decisions.

In addition, EJF may invest in loans and securities that are senior to, or have interests different from or adverse to, the collateral making up the portfolios EJF Securitizations. It is intended that all collateral will be purchased and sold by the securitization issuers on terms prevailing in the market. EJF's activities (including, without limitation, the holding of securities positions or having one of its employees on the board of directors of an obligor) could result in securities law restrictions on transactions in securities held by EJF Securitizations or the Company or affect the prices of such securities or the ability of such entities to purchase, retain or dispose of such investments.

EJF may from time to time consult with, receive input from and provide information to third parties (who may or may not be or become direct and indirect owners of interests in EJF Securitizations) in respect of obligations being considered for acquisition by a securitization issuer. Some of those same third parties may have interests adverse to those of EJF Securitizations and may take a short position (for example, by buying protection under a credit default swap) relating to any such obligations or securities. EJF may hire, or advise to hire, as applicable, consultants, advisers or other professionals on behalf of the Company or EJF Securitizations from time to time. There can be no assurance that the advice offered by any such professionals will not conflict with the interest of investors in the Company or EJF Securitizations.

EJF and their members, partners, officers and employees will devote as much of their time to the activities of EJF Securitizations (under the Securitization Management Agreements), as they deem necessary and appropriate (as applicable), in accordance with the relevant agreement and reasonable commercial standards. Subject to the terms of the applicable offering and/or governing documents, EJF expects to form additional investment funds, enter into other investment advisory relationships and engage in other business activities, even though such activities may be in competition with EJF Securitizations or the Company and/or may involve substantial time and resources of EJF. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of EJF and their officers, managers, members and employees will not be devoted exclusively to the business of EJF Securitizations or the Company but will be allocated between the business of EJF Securitizations, the Company and the management of the monies of other clients of EJF. Some of these services or activities may lead to conflicts of interest with EJF or the relevant member of EJF and EJF Securitizations and may lead individual officers or employees of EJF or the relevant member of EJF to act in a manner adverse to EJF Securitizations.

In the event that sufficient EJF resources are not (or not able to be) devoted to EJF Securitizations or the Company, the Company or the Manager's ability to implement the Company's Investment Policy may be adversely affected. This could have an adverse effect on the financial performance of EJF Securitizations or the Company. No provision in the collateral management agreements or the management agreement prevents either EJF or any member of EJF from rendering services of any kind, including but not limited to acting as corporate services provider, to any person or entity, including the issuer of any obligation included in the portfolios of EJF Securitizations or the Company, transaction parties of any EJF Securitization or the holders of notes issued by any EJF Securitization.

EJF and their affiliates may expand the range of services that they provide over time. Except as described in this Prospectus, EJF and their affiliates will not be restricted in the scope of their business or in the performance of any such services (whether now offered or undertaken in the future) even if such activities could give rise to conflicts of interest, and whether or not such conflicts are described herein. EJF and their affiliates have, and will continue to develop, relationships with a significant number of companies, financial sponsors and their senior managers, including relationships with clients who may hold or may have held investments similar to those intended to be made by EJF Securitizations or the Company. These clients may themselves represent appropriate investment opportunities for EJF Securitizations or the Company or may compete with EJF Securitizations or the Company for investment opportunities. As

compared to a situation where EJV and their affiliates were bound not to advise clients on similar (and potentially competing) interests as those held by EJV Securitizations or the Company, the relative performance of EJV Securitizations and the Company may be lower.

#### **4.6 Investments by EJV Securitizations, the Company and Other EJV Accounts in separate securities issued by an obligor**

The EJV Securitizations' or the Company's service providers (including lenders, brokers, attorneys and investment banking firms) may be investors in other funds, Other EJV Accounts and/or sources of investment opportunities and counterparties therein. This may influence EJV or an affiliate in deciding whether to select such a service provider or have other relationships with EJV. In situations where EJV or their affiliates were influenced to not use a particular service provider as a result of the above and it was considered that the refused service provider would have performed in a manner considered to be relatively better than the service provider actually chosen, this may be perceived to have an adverse relative effect on the performance of EJV Securitizations and the Company.

Notwithstanding the foregoing, investment transactions for EJV Securitizations or the Company that require the use of a service provider will generally be allocated to service providers on the basis of best execution (and possibly to a lesser extent in consideration of such service provider's provision of certain investment-related and other services that are believed to be of benefit for EJV Securitizations or the Company). The allocation is not guaranteed, however, and if an allocation was not able to be made on the basis of best execution, this could result in an adverse relative effect on the performance of EJV Securitizations and the Company. Advisers, such as EJV, and their service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. In addition, service providers, or their affiliates, often charge different rates or have different arrangements for specific types of services. Therefore, based on the types of services used by clients (such as the Company and EJV Securitizations) as compared to EJV and its affiliates and the terms of such services, EJV or its affiliates may benefit to a greater degree from such vendor arrangements than the clients (such as the Company and EJV Securitizations). EJV Securitizations may invest in the securities of companies affiliated with EJV or companies in which EJV or its affiliates have an equity or participation interest. The purchase, holding and sale of such investments by EJV Securitizations may enhance the profitability of EJV's own investments in such companies. It is possible that one or more affiliates of EJV may also act as counterparty with respect to one or more participations.

#### **4.7 Sale Price of securities**

Where the Company sells or commits to sell securities which are assets that it has purchased on the same day of such sale or commitment to sell to a securitization, the transfer price for such loans or other securities may be the Company's purchase price. The Company may enter into forward purchase agreements to sell loans or other securities to a securitization on or after the issue date of such securitization and the prices of such transactions will be the prices at the time that such forward purchase agreements are entered into by the Company and not the settlement date thereof.

#### **4.8 Cross Transactions and Principal Transactions**

It is expected that a portion of the assets the Company acquires may be securities in respect of which EJV, EJV Affiliates or Other EJV Accounts either participated in the original lending group or structured or originated the asset (in each case, an "**EJV Related Security**"). Additionally, a significant portion of the assets that the Company may acquire may be purchased from and will be sold to funds or Other EJV Accounts that EJV or EJV Affiliates manage or otherwise provide advice in respect of ("**Related Accounts**"). Any of the aforementioned transactions may be considered to be affiliate transactions (as defined below). The Manager will be authorized by the Company to consent or decline to consent, on the Company's behalf, to the terms of any affiliate transaction where a potential conflict of interest may arise by reason of, amongst other things, the involvement of EJV Affiliates or EJV Accounts, such as a purchase or sale of an asset (including an EJV-Related Security) from EJV or Other EJV Accounts, or the purchase of assets by the Company from Related Accounts. In the case of an asset purchase or sale by the Company from EJV or an EJV Affiliate or an entity (including a Related Account) in which EJV and/or an EJV Affiliate has an ownership interest of 25 per cent. or more, the consent of the Board of Directors of the Company to such purchase or sale will be obtained prior to settlement thereof. In any other case, the Board of Directors of the Company must consent to the applicable transaction on a quarterly basis, and such consent may occur after the applicable transaction has settled. In any transaction involving a Related

Account, the Manager will obtain, when available, a price contemporary with the transaction for the EJF-Related Securities from a disinterested third-party.

If any transaction is subject to the disclosure and consent requirements of Section 206(3) of the US Investment Advisers Act of 1940, such requirements will be deemed to be satisfied with respect to the Company if the procedures described above are followed. Each investor will be deemed to have consented to the procedures described herein with respect to affiliate transactions. For the purposes of the paragraph above, an “**affiliate transaction**” shall mean: (i) a purchase or sale of an asset between the Company and a fund managed by EJF or EJF Affiliates; or (ii) a transaction involving the Company and EJF or an EJF Affiliate, where EJF or EJF Affiliate is acting as principal for its own account.

#### **4.9 Additional conflicts of interest**

There is no limitation or restriction on EJF, the Company or any of their respective affiliates with regard to acting as securitisation manager or retention holder (or in a similar role) to other parties or persons. This and other future activities of EJF, the Company and/or their respective Affiliates may give rise to additional conflicts of interest.

### **5. RISKS RELATED TO AN INVESTMENT IN THE SHARES**

#### **5.1 The Ordinary Shares, C Shares, 2022 ZDP Shares and/or New ZDP Shares may trade at a discount to their respective NAV per Share and Shareholders may be unable to realise their Shares on the market at the relevant NAV per Share or at any other price**

The Ordinary Shares, C Shares, 2022 ZDP Shares and/or New ZDP Shares may trade at a discount to their respective NAV per Share for a variety of reasons, including due to market or economic conditions or to the extent investors undervalue the Company. As a result, the amount a Shareholder could receive upon sale of their Shares may be less than the relevant NAV per Share reported by the Company.

Subject to the Companies Law, under its Articles, the Company may issue additional securities, including Shares, for any purpose. Any additional issuances by the Company, or the possibility of such issue, may cause the market price of the Shares to decline. Further, the price of Shares in the Company and the income from them (in the case of the Ordinary Shares and/or C Shares) can go down as well as up and that the holders of Shares may not receive, on sale of their Shares, the amount that they invested.

#### **5.2 Ordinary Shareholders and C Shareholders have no right to have their Ordinary Shares or C Shares redeemed or repurchased by the Company.**

The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to the Ordinary Shares or C Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder.

#### **5.3 The existence of a liquid market in the Shares cannot be guaranteed**

The Ordinary Shares and 2022 ZDP Shares in issue are, and any new Ordinary Shares, C Shares or New ZDP Shares issued pursuant to the Placing Programme will be, admitted to the Specialist Fund Segment of the Main Market of the London Stock Exchange, however there can be no guarantee that a liquid market in the Shares will develop (in the case of any C Shares or New ZDP Shares) or be sustained (in the case of any of the Ordinary Share or 2022 ZDP Shares) or that the Shares will trade at prices close to their respective NAV per Share.

The number of Shares to be issued pursuant to the Placing Programme is not yet known, and there may be a limited number of holders of Shares. Limited numbers and/or holders of Shares may mean that there is limited liquidity in such Shares which may affect: (i) a Shareholder’s ability to realise some or all of their investment; (ii) the price at which such Shareholder can effect such realisation; and/or (iii) the price at which Shares trade in the secondary market. Accordingly, Shareholders may be unable to realise their investment at NAV per Share or at all.

An investment in zero dividend preference shares should be regarded as long-term in nature and may not be suitable as a short-term investment. The market price and the realisable value of the 2022 ZDP Shares and New ZDP Shares, as well as being affected by the underlying value of the Company’s assets, will be affected by interest rates, supply and demand for the 2022 ZDP Shares and New ZDP Shares, market conditions and general investor sentiment as to the ability of the Company to pay the respective ZDP Final Capital Entitlement on the 2022 ZDP Shares and the New ZDP Shares. As such, the market value and the

realisable value (prior to redemption) of the 2022 ZDP Shares and the New ZDP Shares will fluctuate and may vary considerably. The 2022 ZDP Shares and the New ZDP Shares may trade at a discount to the 2022 ZDP Accrued Capital Entitlement or New ZDP Accrued Capital Entitlement (as the case may be). In addition, the published market price of the 2022 ZDP Shares and the New ZDP Shares will be, typically, their middle market price. Due to the potential difference between the middle market price of the 2022 ZDP Shares and the New ZDP Shares and the price at which such ZDP Shares can be sold, there is no guarantee that the realisable value of the ZDP Shares will be the same as the published market price.

Save where a ZDP Exempted Resolution is passed, ZDP Shareholders only have the right to receive the respective ZDP Final Capital Entitlement on the relevant ZDP Repayment Date and not before. ZDP Shareholders wishing to realise their investment prior to the relevant ZDP Repayment Date will be required to dispose of their ZDP Shares on the stock market.

#### **5.4 Issuance of additional Shares could have a detrimental effect on the Net Asset Value and the market price of the Shares**

Under the Companies Law, to which the Company is subject, there are no rules restricting the ability of the Directors to issue additional Shares on a non-pre-emptive basis at any time, or otherwise. However, the Company has elected to include pre-emption rights in its Articles. Such pre-emption rights were disappplied in relation to (i) 150,000,000 Ordinary Shares and/or C Shares, such authority to expire on expiry of the Placing Programme and (ii) in addition 13,911,438 Ordinary Shares (representing approximately 20 per cent. of the Ordinary Shares in issue as at 14 May 2019, being the last practicable date prior to publication of the notice of the 2019 AGM), such authorities to expire on conclusion of the Company's 2020 AGM (or, if earlier, 31 July 2020). To the extent that such authorities are used before their expiration, the Directors may convene a general meeting to refresh the authorities. In addition, to the extent the Directors determine to undertake a Placing of New ZDP Shares pursuant to the Placing Programme, the Directors will need to convene a general meeting to obtain authority to create the New ZDP Shares and disapply pre-emption rights in relation to the New ZDP Shares.

Subject to the terms of issue of any such Shares, if the Directors were to issue further Shares in the future this could have a detrimental dilutive effect on the Net Asset Value and on the market price of the Shares.

#### **5.5 The underlying value of assets attributable to the Ordinary Shares and C Shares will be geared by the rising capital entitlements of the 2022 ZDP Shares and any New ZDP Shares issued under the Placing Programme and therefore should be regarded as carrying above average risk**

The Company's capital structure is such that the underlying value of assets attributable to the Ordinary Shares and C Shares will be geared by the rising capital entitlements of the 2022 ZDP Shares and any New ZDP Shares issued under the Placing Programme. The Ordinary Shares and C Shares should therefore be regarded as carrying above average risk since a positive Net Asset Value for the Ordinary Shareholders and C Shareholders will be dependent upon the Company's assets being sufficient to meet those prior entitlements of the holders of the 2022 ZDP Shares and any New ZDP Shares issued under the Placing Programme. Whilst the use of gearing should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of gearing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares.

#### **5.6 A reduction in the Company's revenue return from its investments would adversely affect the yield on the Ordinary Shares and C Shares**

The Ordinary Shareholders and C Shareholders will be entitled to all of the amounts resolved by the Directors to be distributed as dividend in accordance with the Companies Law. Dividend growth from the Ordinary Shares will depend on growth in the Company's revenue returns from its portfolio of investments. The Net Asset Value of the Ordinary Shares will be determined by the performance of the Portfolio as geared by the capital entitlement of the 2022 ZDP Shares and any New ZDP Shares issued under the Placing Programme. Ordinary Shareholders and C Shareholders will benefit from any out-performance and will suffer any under-performance in respect of the Portfolio.

Any change in the tax treatment of dividends paid or income received by the Company may reduce the dividends paid to the holders of the Ordinary Shares and C Shares. A reduction in the Company's revenue return from its investments would adversely affect the yield on the Ordinary Shares and C Shares. Such a reduction could arise, for example, from lower rates of dividend paid on investments.



### **5.7 Interest rate changes may affect the market price of the ZDP Shares**

The market value of the ZDP Shares will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the ZDP Shares.

### **5.8 The Ordinary Shares and C Shares rank for repayment of capital after the 2022 ZDP Shares and the New ZDP Shares and any creditors of the Company from time to time**

The Ordinary Shares and C Shares rank for repayment of capital after the 2022 ZDP Shares and any New ZDP Shares issued under the Placing Programme (which will rank after the 2022 ZDP Shares) and any creditors of the Company from time to time. On a return of assets, including the winding-up of the Company, Ordinary Shareholders and C Shareholders will only receive payment if there are sufficient assets after the payment of creditors and 2022 ZDP Shareholders and New ZDP Shareholders and New ZDP Shareholders will only receive payment if there are sufficient assets after the payment of creditors and 2022 ZDP Shareholders.

### **5.9 Holders of ZDP Shares may receive less than the respective ZDP Final Capital Entitlement**

The New ZDP Final Capital Entitlement will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme.

However, the respective ZDP Final Capital Entitlement payable on the 2022 ZDP Shares and New ZDP Shares is not guaranteed and holders of ZDP Shares may receive less than the respective ZDP Final Capital Entitlement.

On a winding-up of the Company prior to a relevant ZDP Repayment Date, respectively, the holders of the ZDP Shares have a prior entitlement to the assets of the Company after (i) in the case of New ZDP Shareholders, payment of 2022 ZDP Shareholders and (ii) in each case other creditors. However, if the gross assets of the Company fall at a rate which erodes the Cover on the ZDP Shares to a ratio of less than one, this would result in a lower payment than the respective ZDP Final Capital Entitlement.

On each ZDP Repayment Date, the Company's ability to pay the respective ZDP Final Capital Entitlement will be dependent on it having sufficient cash resources to meet such obligation. If the Company has insufficient resources to do so, ZDP Shareholders will receive a lower payment than the respective ZDP Final Capital Entitlement and could potentially lose all of their investment.

### **5.10 There may be structural conflicts of interest between the Ordinary Shareholders, the C Shareholders, the 2022 ZDP Shareholders and the New ZDP Shareholders**

The respective rights and expectations of Ordinary Shareholders, C Shareholders, 2022 ZDP Shareholders and New ZDP Shareholders are likely to differ and may give rise to conflicts of interest between them. Holders of the 2022 ZDP Shares and the New ZDP Shares can be expected to have little or no interest in the revenue produced by the Portfolio, save to the extent that the Company's operating costs exceed that revenue. 2022 ZDP Shareholders and New ZDP Shareholders can be expected to want the capital value of the Portfolio to be sufficient to repay the ZDP Final Capital Entitlement of the 2022 ZDP Shares or the New ZDP Shares, as the case may be, on their respective ZDP Repayment Date, but can be expected to have little or no interest in any growth in capital in excess of that amount. Conversely, holders of Ordinary Shares and/or C Shares can be expected to be interested in both the revenue that the Portfolio produces (and hence the level of dividends which will be capable of being paid on Ordinary Shares and the C Shares) and increases in the capital value of the Portfolio.

In certain circumstances, such as a major fall in the capital value of the Portfolio such that the 2022 ZDP Final Capital Entitlement and/or the New ZDP Final Capital Entitlement, is uncovered but where the Portfolio is still generating revenue, the interests of 2022 ZDP Shareholders and/or New ZDP Shareholders on the one hand and the Ordinary Shareholders and C Shareholders on the other hand may conflict. The 2022 ZDP Shareholders and the New ZDP Shareholders may wish the Portfolio to be re-balanced towards capital preservation in order to meet the 2022 ZDP Final Capital Entitlement and/or the New ZDP Final Capital Entitlement, as the case may be, while the holders of Ordinary Shares and/or C Shares may recognise that they then have little prospect of a capital return and so may be more concerned with maximising dividends in the period to the 2022 ZDP Repayment Date and subsequently the New ZDP Repayment Date. In such circumstances, the Directors may find it impossible to meet fully both sets of expectations and so will need to act in a manner which they consider to be fair and equitable

to Ordinary Shareholders, C Shareholders, 2022 ZDP Shareholders and New ZDP Shareholders but having regard to the entitlements of each class of Shares.

If the Company is unable or fails to redeem all of the 2022 ZDP Shares on the 2022 ZDP Repayment Date or all of the New ZDP Shares on the New ZDP Repayment Date and/or fails to make payment of the 2022 ZDP Final Capital Entitlement or the New ZDP Final Capital Entitlement on the respective ZDP Payment Date (except by reason of an administrative error which is rectified within seven business days), the Directors will convene an extraordinary general meeting at which a special resolution will be proposed (and recommended) requiring the Company to be summarily wound up and all votes cast in respect of such resolution will be deemed to be votes in favour. Accordingly, the Ordinary Shareholders and/or C Shareholders will not be able to prevent any resolution for the winding up of the Company being passed.

#### **5.11 The Shares will be subject to purchase and transfer restrictions in the Placing Programme and in secondary transactions in the future**

The Company has restricted the ownership and holding of its Shares so that none of its assets constitute “plan assets” under the US Plan Assets Regulations. The Company has imposed such restrictions based on deemed representations in the case of a subscription of Shares. If the Company’s assets were deemed to be “plan assets” of a Benefit Plan Investor, then: (i) the prudence and other fiduciary responsibility standards of ERISA would apply to investments made by the Company; and (ii) certain transactions that the Company or a subsidiary of the Company may enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA or Section 4975 of the US Tax Code and might have to be rescinded. Similar Plans, while not subject to Title I of ERISA or Section 4975 of the US Tax Code, may nevertheless be subject to any Other Plan or any Similar Law.

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

In addition, to avoid being required to register as an investment company under the US Investment Company Act and to avoid violating the US Investment Company Act, the Company has implemented restrictions on the purchase of Shares by persons who are located in the United States or are US Persons (or are acting for the account or benefit of any US Person). For more information, refer to “*Risks related to the Company—The Company is not, and does not intend to become, regulated as an investment company under the US Investment Company Act and related rules*” in this section of this Prospectus.

For more information on the purchase and transfer restrictions, prospective investors should refer to the section entitled “Purchase and Transfer Restrictions” in Part VIII: “*Details of the Placing Programme*” of this Prospectus.

### **6. RISKS RELATED TO THE REGULATORY LANDSCAPE IN THE EUROPEAN ECONOMIC AREA**

#### **6.1 Proposed reforms to passporting under the AIFMD could have adverse impact upon the ability of the Company to market to investors in certain jurisdictions**

As used herein, the “AIFMD” refers to Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, together with EU Commission delegated Regulation (EU) No. 231/2013 of 19 December 2012, supplementary Directive 2011/61/EU of the European Parliament and of the Council, and the national laws transposing Directive 2011/61/EU in any EEA Member State in which the Company is marketed.

Among other things, the AIFMD regulates and imposes regulatory obligations in respect of the active marketing in the EEA by AIFMs (irrespective of whether they have their registered office in an EEA Member State or elsewhere) of AIFs (whether established in an EEA Member State or elsewhere). The Manager is a non-EEA AIFM for the purposes of the AIFMD. Non-EEA AIFMs are currently not able to become authorised under the AIFMD. In order to market to investors resident, domiciled or with a registered office in the EEA, non-EEA AIFMs must market AIFs in accordance with the applicable national private placement regimes of the EEA member states in which they wish to market and comply with a sub-set of requirements under the AIFMD (which are much more limited in scope than those applicable to AIFMs that are established in the EEA). These requirements are: (i) “point-of-sale” disclosures (as to which, please see Part XIII: “*Terms and Conditions of each Placing*”), (ii) ongoing investor disclosures required pursuant to Articles 23(4) and (5) of the AIFMD (as to which, please see below), (iii) provision of information relating to the Manager’s investments and its assets under management to the regulators of any EEA Member State into which Shares in the Company are actively marketed, and (iv) the “asset-stripping” rules (in the event that the Company acquires control of an EEA based portfolio company).

The information in respect of the Manager required to be disclosed pursuant to Articles 23(4) and (5) of the AIFMD will be made available to each Shareholder, as follows: (a) the percentage of the Company’s assets which are subject to special arrangements arising from their illiquid nature will be notified to the Shareholders; (b) any new arrangements for managing the liquidity of the Company will be provided without undue delay in a disclosure notice delivered to each Shareholder; (c) the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks may be provided in each annual report of the Manager; (d) any changes to the maximum level of leverage which the Manager may employ on behalf of the Company, as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement, will be provided without undue delay in a disclosure notice delivered to each Shareholder; and (e) the total amount of leverage employed by the Company may be provided in each annual report of the Manager.

In addition, it is possible that some EEA member states will elect in the future to restrict or prohibit the marketing of non-EEA AIFs to investors based in those jurisdictions. Any such restrictions or prohibitions may make it more difficult for the Manager to raise its targeted amount of commitments.

In light of the foregoing, the AIFMD could have an adverse effect on the Manager and/or the Company by, among other things, increasing the regulatory burden and costs of doing business in the EEA member states, imposing extensive disclosure obligations on companies located in EEA member states, if any, in which the Manager and/or the Company invests, and potentially disadvantaging the Manager and/or the Company as an investor in portfolio companies located in EEA member states as compared to competitors (e.g., those not in the alternative investment space) that may not be in scope of the AIFMD. ESMA has recently also consulted on the possible extension of the passport for marketing and managing under AIFMD to non-EEA based managers (the marketing and managing passports under AIFMD are currently only available to certain types of EEA based managers).

ESMA provided advice to the European Commission in July 2015 and July 2016 on whether, amongst other things, the passporting regime should be extended to the management and/or marketing of AIFs by non-EEA AIFMs. The European Commission is currently considering whether the passport should be extended. It is currently not clear what the impact would be for the Manager and/or the Company of any decision by the European Commission to extend the passporting regime. If the AIFMD national private placement regimes (where implemented) continue to exist in parallel with an extension of the passporting regime, then the Manager may continue to market under AIFMD national private placement regimes, or choose to “opt-in” to rely on the passporting regime (which would likely mean an increase in regulatory and compliance costs to comply with the conditions of the passporting regime). If the AIFMD national private placement regimes are removed, then the Manager would likely need to “opt-in” to the passporting regime for any AIFMD marketing of the Company (which would likely mean an increase in regulatory and compliance costs for the Manager).

## **6.2 *The Company will be required to comply with EMIR and MiFID II/MiFIR, the impact of which is uncertain and may increase the Company’s costs***

The Company may enter into derivatives contracts including over-the-counter (“OTC”) derivative contracts. Regulation (EU) No. 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (“EMIR”) and the regulations made under it impose certain obligations on parties to derivative contracts according to whether such parties are

“financial counterparties”, “non-financial counterparties” or third country entities equivalent to “financial counterparties” or “non-financial counterparties”.

Under EMIR, non-EU alternative investment funds managed by a non-EU alternative investment fund manager fall within the definition of “third country entity”, and where the Company enters into relevant derivative transactions with counterparties subject to EMIR, it may be categorised as equivalent to a financial counterparty for the purposes of EMIR, unless certain exemptions apply.

Counterparties subject to EMIR will be subject to a general obligation to clear all “eligible” OTC derivative contracts through a duly authorised or recognised central counterparty (the “**clearing obligation**”), unless one or both counterparties’ derivatives trading activity falls below the relevant clearing threshold. Financial counterparties must also report the details of all OTC and exchange traded derivative contracts to a trade repository (the “**reporting obligation**”) and in general undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty, including complying with requirements related to timely confirmation of trade terms, portfolio reconciliation, dispute resolution, daily valuation and margin posting (together, the “**risk mitigation obligations**”).

The EU regulatory framework and legal regime relating to derivatives has been further amended and supplemented by the Markets in Financial Instruments Directive (Directive 2014/65/EC) (“**MiFID II**”) and the Markets in Financial Instruments Regulation (Regulation—600/2014/EU) (“**MiFIR**”), which both came into force on 3 January 2018. Under MiFID II and MiFIR, financial counterparties such as the Company must ensure that, amongst other things, transactions in sufficiently liquid OTC derivatives are executed on a trading venue which meets the requirements of the MiFID II and the MiFIR regime.

Compliance by the Company with obligations under MiFID II and MiFIR, as well as the clearing obligation, the risk mitigation obligations and reporting obligation is likely to increase the costs and expenses associated with operating the Company. Furthermore, as the OTC derivative contracts entered into by the Company are subject to either the margin posting requirement or the clearing obligation, the Company will be required to post assets belonging to the Company to its trading counterparty or, via a clearing member, to a central counterparty. Any such requirement would reduce the assets available to the Company for investment, may affect the number and size of investments that the Company is able to make, and could have an adverse effect on the returns to Shareholders.

### **6.3 The Company could be impacted by the changes in the regulatory landscape as a result of the UK’s exit from the EU**

On 23 June 2016, the UK voted to leave the European Union (the “EU”). On 29 March 2017, the UK exercised Article 50 of the Treaty on European Union, which gives a member state the right to withdraw from the EU. Political discussions relating to the UK’s exit from the EU are continuing and as at the date of this Prospectus, it is not clear when (or if) such exit will actually take place or what the terms of any withdrawal agreement will be.

Assuming the UK does exit the EU, this is likely to significantly affect the political, fiscal, legal and regulatory landscape in the UK and could have a material impact on its economy and the future growth of its various industries. The impact on the UK economy could reduce, amongst other things: its share of world exports compared with the US, and the number of the world’s top 100 multi-national companies headquartered in the UK. Although it is not possible to predict fully the effects of the UK’s exit from the EU, it could have a material adverse effect on, amongst other things, UK companies and investors, and could therefore have a material adverse effect on the business of the Company. Much of the UK’s financial services regulation is derived from EU law, and the extent to which such EU law will be incorporated into UK regulation is still being determined. It is likely that the Manager will incur additional costs in determining the impact of the UK’s future relationship with the EU, and any changes in law and regulation on, amongst other things, its management structure and its underlying investments.

## **7. RISKS RELATED TO TAXATION**

### **7.1 The Company could be subject to US federal income tax in the same manner as a US corporation**

If the Company is treated as a “surrogate foreign corporation”, the Company would be treated, for US federal income tax purposes, as a US corporation. If treated as a US corporation for US federal income tax purposes, the Company would be subject to US federal income tax on its taxable income and gain. In addition, distributions by the Company to its Shareholders would be treated as dividends for US federal

income tax purposes to the extent of the Company's current and accumulated earnings and profits. The Company will be treated as a surrogate foreign corporation if, among other things, the Company is treated as having acquired substantially all of the properties constituting a "trade or business" of the Partnership or another US partnership, or substantially all of the properties held directly or indirectly by the CDO Manager or US domestic corporation. While the Company does not believe that the Company will be so treated, no assurance can be provided that the US Internal Revenue Service (the "IRS") will not successfully assert that the Company should be treated as a surrogate foreign corporation. Each person should seek advice based on such person's particular circumstances from an independent tax advisor.

### **7.2 The Company may be treated as a non-US corporation because less than 90 per cent. of its gross income in any year is qualifying passive-type income**

The Company expects to be treated as a "publicly traded partnership" and accordingly would be treated for US federal income tax purposes as a non-US corporation, if 90 per cent. or more of its gross income is not qualifying passive-type income. If the Company is treated for US federal income tax purposes as a corporation, each holder of the Ordinary Shares will be treated as having exchanged a partnership interest for shares in a non-US corporation. Such deemed exchange may give rise to taxable gain or loss for a Shareholder in respect of its interests in the Company based on the difference between the fair market value of the Company Shares deemed to have been received and the investor's basis in the partnership interests deemed to have been surrendered in the exchange. In addition, an investor may be treated as holding shares in a "passive foreign investment company" and subject to adverse US federal income tax treatment in respect of distributions received from the Company and any gain realised in respect of the Company Shares deemed to have been received, unless the investor makes an election to treat the Company as a "qualifying electing fund". The Company expects that 90 per cent. or more of the Company's gross income for each year beginning the first year that the Company is a publicly traded partnership will constitute qualifying passive-type income. However, no assurance can be provided in that regard. Each person should seek advice based on such person's particular circumstances from an independent tax advisor.

### **7.3 Risk relating to disguised interest rules**

The attention of prospective Shareholders is drawn to the tax treatment outlined in Part X: "Taxation" of this Prospectus, and in particular, to the commentary regarding the potential application of the "disguised interest" provisions contained in Chapter 2A of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to returns generated by the 2022 ZDP Shares and the New ZDP Shares. Prospective Shareholders should be aware that, while the Company has endeavoured to ensure that the tax treatment described therein is accurate, no specific tax outcome can be certain. More particularly, there can be no certainty that HMRC will take the view that, given the Company's investment portfolio, there is a practical likelihood that returns on the 2022 ZDP Shares and the New ZDP Shares will not be produced, with the resultant risk that HMRC might consider that profits from 2022 ZDP Shares and the New ZDP Shares should be taxed as interest (rather than capital gains) under the disguised interest rules. Prospective Shareholders should also be aware that if a Shareholder reports his, her or its proceeds from the New ZDP Shares as capital in nature, and HMRC subsequently successfully determines that such proceeds should have been reported as income pursuant to the application of the disguised interest rules, such Shareholder will be liable to account to HMRC for interest (and potentially penalties) in addition to the amount of tax underpaid. The tax treatment described in Part X: "Taxation" of this Prospectus is dependent on each Shareholder's particular circumstances and may not apply in every circumstance. Shareholders are urged to obtain independent tax advice from appropriately qualified, professional tax advisers in relation to their investment in the Company.

## IMPORTANT NOTICES

**Investors should rely only on the information contained in this Prospectus. No person has been authorised to give any information or to make any representations in connection with any Placing other than those contained in this Prospectus and any supplementary prospectus issued by the Company prior to the Admission of the relevant Shares and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Manager or Numis. No representation or warranty, express or implied, is made by Numis as to the accuracy or completeness of such information, and nothing contained in this Prospectus and any supplementary prospectus issued by the Company prior to the Admission of the relevant Shares is, or shall be relied upon as, a promise or representation by Numis as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of the FSMA, neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as at any time subsequent to its date.**

The contents of this Prospectus are not to be construed as legal, financial, business, investment or tax advice. Each prospective investor should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Shares.

An investment in the Shares is suitable only for investors (i) who are institutional, professional and highly knowledgeable (including those who are professionally advised), (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment, including the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company. The Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such investment.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the relevant Placing including the merits and risks involved. Investors who purchase Shares will be deemed to have acknowledged that: (i) they have not relied on Numis or any person affiliated with it in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) they have relied only on the information contained in this Prospectus and any supplementary prospectus issued by the Company prior to the Admission of the relevant Shares; and (iii) no person has been authorised to give any information or make any representations other than those contained in this Prospectus and any supplementary prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Manager or Numis.

In connection with any Placing, Numis and any of its affiliates acting as an investor for its or their own account(s), may subscribe for Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with such Placing or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by Numis and any of its affiliates acting as an investor for its or their own account(s). Neither Numis nor any of its affiliates intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

If you are in doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant, legal or professional adviser or other financial adviser.

### **General**

Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, conversion, redemption or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, conversion, redemption or other disposal of Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, conversion, redemption or other disposal of Shares. Prospective investors must rely on their own representatives, including their own legal advisers, financial advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Prospectus are based on the law and practice currently in force and are subject to changes therein. This Prospectus should be read in its entirety before making any application for Shares.

The Ordinary Shares and 2022 ZDP Shares in issue are currently admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange. It is expected that Admission of any Ordinary Shares, C Shares or New ZDP Shares issued under the Placing Programme will become effective and that dealings in any new Ordinary Shares and/or C Shares and/or New ZDP Shares, as the case may be, will commence between 24 June 2019 and 23 June 2020. The Shares are not dealt in on any other recognised investment exchanges and no applications for the Shares to be admitted to listing or to be traded on any such other exchanges have been made or are currently expected to be made.

All times and dates referred to in this Prospectus are, unless otherwise stated, references to London times and dates and are subject to change without further notice.

This is a summary of the position only and prospective investors should consult their professional advisers as needed in relation to the implications of being a principal person of an entity regulated in Jersey.

Capitalised terms contained in this Prospectus shall have the meanings set out in Part XV: “*Definitions*” of this Prospectus, save where the context indicates otherwise.

### **Restrictions on distribution and sale**

The distribution of this Prospectus and the offering and sale of securities in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and observe any such restrictions. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or solicitation to purchase, any such securities in any jurisdiction in which solicitation would be unlawful.

For a description of restrictions on offers, sales, and transfers of the Shares, please refer to the section entitled “Selling restrictions” below and the section entitled “Articles of Association” in Part XII: “*Additional Information*” of this Prospectus. Save as set out in this section and in the Articles, there are no restrictions on the transfer of Shares.

### **Information for Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID II**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures, in the UK being the FCA’s Product Intervention and Governance Sourcebook (PROD) (together the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of (a) retail investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom and (b) investors who meet the criteria of professional clients and eligible counterparties each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II for each type of investor (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risk of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing Programme (including any Placing thereunder). Furthermore, it is noted that, notwithstanding the Target Market Assessment, Numis will only contact prospective investors through any Placing who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

### **PRIIPS Regulation**

In accordance with the PRIIPS Regulation (in force since January 2018) the Manager is required to prepare a key information document (“**KID**”) in respect of each class of Share. The KIDs must be made available to retail investors prior to them making any investment decision and is available on the Company’s website at [www.EJFI.com](http://www.EJFI.com). If you are distributing the Shares it is your responsibility to ensure the relevant KID is provided to any clients that are “retail” clients.

The Manager acknowledges that Numis is not a manufacturer for the purposes of the PRIIPs Regulation. Numis makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of any of the KIDs prepared by the Manager and does not accept any responsibility to update the contents of any of the KIDs prepared by the Manager in accordance with the PRIIPS Regulation. Numis accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might have in respect of any of the KIDs prepared by the Manager.

The KIDs do not form part of this document and investors should note that the procedures for calculating the risks, costs and potential returns in each KID are prescribed by law. The figures in each KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

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

The contents of the Company’s website do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus and any supplementary prospectus issued by the Company prior to the Admission of the relevant Shares alone and should consult their professional advisers prior to making an application to subscribe for Shares.

### **Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “projects”, “targets”, “aims”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company and the Manager concerning, amongst other things, the Investment Objective and Investment Policy, investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects, and dividend/distribution policy of the Company and the Manager, and the markets in which the Company and its Portfolio of investments, invests and/or operates. By their nature, forward-looking statements involve risks (including those set out in the section entitled “*Risk Factors*” in this Prospectus) and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual investment performance, results of operations, financial condition, dividend/distribution policy and the development of its investment strategy and financing strategies may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the investment performance, results of operations, financial condition of the Company, and the development of its investment / financing strategies, are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- changes in economic conditions generally and the Company’s ability to achieve its Investment Objective and target returns and target dividends for investors;
- the ability of the Company to invest the net proceeds of any Placing under the Placing Programme on a timely basis within the Investment Objective and Investment Policy;
- foreign exchange mismatches with respect to exposed assets;
- changes in the interest rates and/or credit spreads, as well as the success of the Company’s investment strategy in relation to such changes and the management of the un-invested proceeds of any Placing under the Placing Programme;



- impairments in the value of the investments;
- the availability and cost of capital for future investments;
- the departure of key personnel employed by the Manager;
- changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company or the Manager; and
- general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Prospective investors should carefully review the “*Risk Factors*” section of this Prospectus before making an investment decision. Forward-looking statements speak only as at the date of this Prospectus. The Company undertakes no obligation to revise or update any forward-looking statements contained in this Prospectus (save where required by the Market Abuse Regulation, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and those Listing Rules that the Company has elected to comply with on a voluntary basis), whether as a result of new information, future events, conditions or circumstances, any change in the Company’s expectations with regard thereto or otherwise, and prospective investors are advised to consult any communications made directly to them by the Company and/or any additional disclosures through announcements that the Company may make through an RIS announcement.

Nothing in the preceding paragraphs should be taken as limiting the working capital statement in paragraph 16, “Working Capital” of Part XII: “*Additional Information*” of this Prospectus.

### **Currency presentation**

Unless otherwise indicated, all references in this Prospectus to “US\$” or “US Dollars” are to the lawful currency of the US and to “Sterling”, “Pound Sterling”, “£”, “pence” or “p” are to the lawful currency of the UK.

### **Market data**

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

### **Definitions**

A glossary and a list of defined terms used in this Prospectus is set out in Part XV: “*Definitions*” of this Prospectus.

### **Presentation of financial information**

The historical financial information of the Company included or incorporated by reference in this Prospectus has been prepared in accordance with IFRS. The significant IFRS accounting policies applied in the financial information of the Company are applied consistently in the historical financial information included or incorporated by reference in this Prospectus.

The Company’s financial year runs from 1 January to 31 December. None of the financial information included or incorporated by reference in this Prospectus has been audited in accordance with auditing standards generally accepted in the United States or auditing standards of the Public Company Accounting Oversight Board (United States).

### **Incorporation by reference**

The table below sets out the documents of which certain parts are incorporated by reference into this Prospectus and which are available for inspection as set out in paragraph 21 of Part XII: “*Additional Information*” of this Prospectus. This Prospectus should be read and construed in conjunction with the following documents which have been previously published and filed with the FCA.

<u>Document containing information incorporated by reference</u>	<u>Part and paragraph in this Prospectus in which the document is referred to</u>	<u>Information incorporated by reference into this Prospectus</u>	<u>Page number</u>
2017 Annual Report and Accounts . . . . .	Part VII: “ <i>Historical Financial Information</i> ”	Independent Auditor’s Report	35–38
		Statement of Financial Position	40
		Statement of Comprehensive Income	39
		Statement of Changes in Equity	41
		Statement of Cash Flows	42
		Notes to the Audited Financial Statements	43–83
2018 Annual Report and Accounts . . . . .	Part VII: “ <i>Historical Financial Information</i> ”	Independent Auditor’s Report	35–39
		Statement of Financial Position	41
		Statement of Comprehensive Income	40
		Statement of Changes in Equity	42
		Statement of Cash Flows	43
		Notes to the Audited Financial Statements	44–79
	Part XII: “ <i>Additional Information</i> ”, paragraph 14 Related Party Transactions	Note 22 (Related Party Transactions and Other Material Contracts)	76–78

### Selling Restrictions

**This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction in connection with any applications for Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. Save for the United Kingdom, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus other than in any jurisdiction where action for that purpose is required.**

### *Bailiwick of Jersey*

The Company has been established in Jersey as a listed fund under a fast-track authorisation process. It is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice.

Certain Jersey regulatory requirements which may otherwise be deemed necessary by the Jersey Financial Services Commission for the protection of retail or inexperienced investors, do not apply to listed funds. By investing in the Company investors will be deemed to be acknowledging that they are professional or experienced investors, or have taken appropriate professional advice, and accept the reduced Jersey requirements accordingly.

Investors are wholly responsible for ensuring that all aspects of the Company are acceptable to them. Investment in listed funds may involve special risks that could lead to a loss of all or a substantial portion of such investment. Unless investors fully understand and accept the nature of the Company and the potential risks inherent in this fund they should not invest in the Company.

Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the Jersey Financial Services Commission at [www.jerseyfsc.org](http://www.jerseyfsc.org).

This Prospectus is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds—Prospectuses) (Jersey) Order 2012.

The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Company or for the correctness of any statements made or expressed in this Prospectus.

The applicant is strongly recommended to read and consider this Prospectus before completing an application.

#### *Bailiwick of Guernsey*

This Prospectus has not been approved by the Guernsey Financial Services Commission (“**GFSC**”) and neither the GFSC nor the States of Guernsey takes any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

This Prospectus is directed in the Bailiwick of Guernsey only at the following: (1) those who have specifically solicited this Prospectus, where such approach was not itself specifically solicited by Numis (“**Requesting Investors**”); or (2) those holding a licence from the GFSC under any of the following laws: the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the “**POI Law**”), the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended, the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended or the Regulation of Fiduciaries, Administration Businesses and Company Directors etc. (Bailiwick of Guernsey) Law, 2000, as amended (such persons being “**Licencees**”). This Prospectus must only be distributed to persons who are not either Requesting Investors or Licensees by a person holding an appropriate licence from the GFSC under the POI Law. This Prospectus may not be relied upon by those who are not Requesting Investors or Licensees, unless it has been distributed to them by a person holding such a licence under the POI Law.

#### *European Economic Area*

In relation to each member state of the European Economic Area (the “**EEA**”) which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), no Shares have been offered or will be offered pursuant to any Placing to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of Numis in such Relevant Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Shares or to whom any offer is made under any Placing will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and the amendments thereto, including 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State.

The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

For the purposes of marketing (as defined in the AIFMD) Shares in the Company (as an alternative investment fund for the purposes of the AIFMD) to investors domiciled in or with a registered office in a jurisdiction which is in the EEA, the Manager (as an alternative investment fund manager for the purposes of the AIFMD) intends to rely on such jurisdiction’s national private placement regime for the purposes of marketing alternative investment funds as implemented in such jurisdiction pursuant to Article 42 of the AIFMD. The

Manager maintains a list, which is available on request, of the EEA jurisdictions in which it is permitted to market Shares to investors (the “**Permitted EEA Jurisdictions**”). Applicants in Permitted EEA Jurisdictions who wish to invest in the Company must qualify as a “professional investor” under the AIFMD and the implementing national legislation in the investor’s Permitted EEA Jurisdiction. As at the date of this Prospectus, the Permitted EEA Jurisdictions are the United Kingdom and the Republic of Ireland.

The Shares are not offered to investors who are domiciled in or with a registered office in the EEA but not in a Permitted EEA Jurisdiction. Neither the Company nor the Manager is subject to supervision by the competent authorities of the Permitted EEA Jurisdictions.

#### *United States*

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

Subject to certain exceptions as described herein, any issue of Shares is only being made outside the United States to non-US Persons in reliance on Regulation S under the US Securities Act.

The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the “**US Investment Company Act**”) and investors will not be entitled to the benefits of the US Investment Company Act. There will be no public offer of the Shares in the United States. **Neither the US Securities and Exchange Commission (the “US SEC”) nor any state securities commission has approved or disapproved of the Shares or passed upon or endorsed the merits of the offering of the Shares or the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

In addition, prospective investors should note that, except with the express written consent of the Company given in respect of an investment in the Company, the Shares may not be acquired by: (i) investors using assets of a Benefit Plan Investor; or (ii) a Similar Plan that is subject to any Other Plan Law or Similar Law unless its purchase, holding, and disposition of the Shares will not constitute or result in a violation of any Other Plan Law.

If twenty-five per cent. or more of any class of equity in the Company is owned, directly or indirectly, by Benefit Plan Investors, disregarding for purposes this calculation any class of equity owned by persons or entities (other than Benefit Plan Investors) that have discretionary authority or control over the assets of the Company or provide investment advice for a fee (direct or indirect) with respect to such assets or “affiliates” (other than Benefit Plan Investors) within the meaning of paragraph (f)(3) of the US Plan Assets Regulations of such persons or entities (“**Controlling Persons**”), the assets of the Company will be deemed to be “plan assets”, subject to the constraints of ERISA and Section 4975 of the US Tax Code. This would result, among other things, in: (i) the application of the prudence and fiduciary responsibilities standards of ERISA to investments made by the Company, and (ii) the possibility that certain transactions that the Company and its subsidiaries might enter into, or may have entered into in the ordinary course of business, might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the US Tax Code and might have to be rescinded. A non-exempt prohibited transaction may also result in the imposition of an excise tax under the US Tax Code upon a “party in interest” (as defined in ERISA) or “disqualified person” (as defined in Section 4975 of the US Tax Code), with whom a plan engages in the transaction. The Company will use commercially reasonable efforts to limit ownership by Benefit Plan Investors of equity in the Company. However, no assurance can be given that investment by Benefit Plan Investors will not exceed twenty-five per cent. or more of any class of equity in the Company, disregarding for the purposes of this calculation any class of equity in the Company held by Controlling Persons.

#### *Japan*

The Shares have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (as amended, the “**FIEA**”) in reliance upon the exemption from the registration requirements since any Placing will constitute a small number private placement as provided for in “ha” of Article 2, Paragraph 3, Item 2 of the FIEA.

## **Data Protection**

Pursuant to the Placing Programme, information concerning prospective investors in the Company will be transferred to and/or requested by the Company. The Company will act as a “data controller” and will hold any “personal data” or “sensitive personal data” (each as defined in the Data Protection Legislation). Each prospective investor acknowledges and consents that personal data will be held and processed for the purposes set out in the Company’s privacy notice at <https://www.EJFI.com/media/1265/2019-01-05-privacy-statement.pdf> (as amended from time to time), which in summary provides that personal data may be held and processed:

- to undertake and administer the Company’s operations and business, including maintaining the register of members and mailing lists; effecting the payment of dividends or other distributions to Shareholders (in each case, where applicable) and, if applicable, the payment of commissions to third parties; verifying the identity of the Company in connection with any actual or proposed investments; or for any other purpose which the Directors and/or the Administrator consider is in the legitimate business interest of the Company;
- to carry out statistical analysis or market research;
- to comply with the listing, legal, regulatory, reporting and/or financial obligations of the Company or any legal or regulatory obligations of any service provider or functionary (or his or her employer) of the Company;
- for archiving and record keeping purposes;
- to contact the prospective investor with information about other products and services provided by the Manager or its affiliates, which may be of interest to the prospective investor; and
- for any other specific purpose to which the prospective investors have given consent or for any purpose reasonably ancillary to the foregoing.

Personal data may be disclosed to:

- affiliates or group companies of the Company and any professionals, advisors or agents appointed by the Company;
- any service providers appointed by the Company (including but not limited to the Manager and the Administrator), and its or their affiliates or group companies, agents or professional advisors, and functionaries of the Company (including their employer); and
- regulatory or governmental authorities if required pursuant to applicable law or regulatory requirements.

This may include sharing such data with third parties in one or more of the countries mentioned below (and these countries may have different (and possibly lower) standards of data protection legislation). Any transfer of personal data shall be in accordance with the Jersey Data Protection Legislation, which includes the requirement to take appropriate technical and organisational measures to prevent the unauthorised or unlawful processing of personal data and safeguard against accidental loss or destruction of or damage to personal data.

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, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland, the British Virgin Islands, the Cayman Islands and the United States.

Personal data must be retained on record for a period of up to 10 years after it is no longer used in order to comply with regulatory requirements. Thereafter, personal data shall be deleted unless there is a specific ongoing reason for its retention (which may include but shall not be limited to meeting legal or regulatory obligations).

Details of the registration of the Company as data controller can be found on the website of the Jersey Information Commissioner: [www.oicjersey.org](http://www.oicjersey.org).

## **Governing law**

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales.

## VOLUNTARY COMPLIANCE WITH THE LISTING RULES

The Ordinary Shares and 2022 ZDP Shares in issue are currently, and any new Ordinary Shares, C Shares or New ZDP Shares issued under the Placing Programme will be, admitted to trading on the Specialist Fund Segment of the Main market of the London Stock Exchange. The Main Market of the London Stock Exchange is an EU regulated market. Pursuant to the admission of its Shares to the Main Market of the London Stock Exchange, the Company is subject to the Prospectus Rules, the Market Abuse Regulation, the Admission and Disclosure Standards of the London Stock Exchange and certain provisions of the Disclosure Guidance and Transparency Rules. The Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the FCA do not apply to the Company and a listing on the Specialist Fund Segment affords Shareholders a lower level of regulatory protection than that afforded to investors in securities that are admitted to the Official List.

As a matter of best practice and good corporate governance, the Company voluntarily complies with the following key provisions of the Listing Rules:

- (a) the Company is not required to comply with the Listing Principles or the Premium Listing Principles set out at Chapter 7 of the Listing Rules. Nonetheless, the Company complies with the Listing Principles and the Premium Listing Principles;
- (b) the Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed Numis as financial adviser to guide the Company in understanding and meeting its responsibilities in connection with each Admission and also for compliance with Chapter 10 of the Listing Rules relating to significant transactions, with which the Company voluntarily complies;
- (c) the Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company however complies with the following provisions of Chapter 9 of the Listing Rules: (i) Listing Rule 9.3 (Continuing obligations: holders); (ii) Listing Rule 9.5 (Transactions); (iii) Listing Rule 9.6.4 to Listing Rule 9.6.21 other than Listing Rule 9.6.19(2) and Listing Rule 9.6.19(3) (Notifications of change of name); (iv) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (v) Listing Rule 9.8 (Annual financial report);
- (d) the Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company in respect of its Shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2;
- (e) the Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding contents of circulars. The Company however complies with the following provisions of Chapter 13 of the Listing Rules: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.4 (Class 1 circulars); (iii) Listing Rule 13.5 (Financial information in Class 1 circulars); (iv) Listing Rule 13.7 (circulars about purchase of own equity shares); and (v) Listing Rule 13.8 (Other circulars); and
- (f) the Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed Ended Investment Funds: Premium listing). Nonetheless, the Company complies with the following provisions of Chapter 15 of the Listing Rules: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations); (ii) Listing Rule 15.5 (Transactions); and (iii) Listing Rule 15.6 (Notifications and periodic financial information).

The Company is not required to comply with the provisions of Chapter 11 of the Listing Rules and has not and will not apply any restrictions, or adopt any policy, in relation to any transactions which would constitute a “related party transaction”, as defined in, and to which Chapter 11 of the Listing Rules would apply.

The Company has adopted a share dealing code in relation to the Shares in compliance with applicable regulation. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

**The Main Market of the London Stock Exchange is an EU regulated market. It should be noted that the FCA does not have the authority to monitor the Company’s voluntary compliance with the Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the FCA nor will it impose sanctions in respect of any failure of such compliance by the Company.**

## EXPECTED PLACING PROGRAMME TIMETABLE

Each of the times and dates set out below is subject to change without further notice. References to times are to London time unless otherwise stated.

2019 AGM	21 June 2019
Prospectus published	24 June 2019
Placing Programme opens	24 June 2019
Publication of the Placing Price in respect of each Placing	As soon as reasonably practicable following the closing of each Placing
Admission and dealings in Shares commence on the London Stock Exchange	8.00 a.m. on each day on which Shares are issued pursuant to a Placing
Crediting of CREST stock accounts in respect of the Shares	8.00 a.m. on each day on which Shares are issued pursuant to a Placing
Share certificates despatched (where applicable) <sup>(1)</sup>	Approximately one week following Admission of the relevant Shares
Last date for Shares to be issued pursuant to the Placing Programme	23 June 2020

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(1) Or as soon as practicable thereafter. No temporary documents of title will be issued. These will be despatched by post at the applicant's risk.

## PLACING PROGRAMME STATISTICS

Maximum size of the Placing Programme	Up to 150 million Ordinary Shares and/or C Shares and up to 75 million New ZDP Shares
Placing Price per Share issued under the Placing Programme	<p>The Placing Price in respect of any Placing will be determined by the Directors (in consultation with Numis) and, to the extent that:</p> <ul style="list-style-type: none"><li>(a) Ordinary Shares are to be issued, the Placing Price will be not less than the prevailing Net Asset Value per Ordinary Share, plus a premium;</li><li>(b) C Shares are to be issued, the Placing Price will be 100 pence per C Share; and</li><li>(c) New ZDP Shares are to be issued: (i) in respect of the first Placing of New ZDP Shares under the Placing Programme, the Placing Price will be 100 pence per New ZDP Share; and (ii) in respect of any subsequent Placing of New ZDP Shares, the Placing Price will be not less than the prevailing NAV per New ZDP Share, plus a premium.</li></ul>



## DEALING CODES

The dealing codes for the Ordinary Shares are as follows:

ISIN	JE00BF0D1M25
SEDOL Code	BF0D1M2
Ticker	EJFI

The dealing codes for the C Shares are as follows:

ISIN	JE00BF0D1P55
SEDOL Code	BF0D1P5
Ticker	EJFC

The dealing codes for the 2022 ZDP Shares are as follows:

ISIN	JE00BDG12N48
SEDOL Code	BDG12N4
Ticker	EJFZ

The dealing codes for the New ZDP Shares will be as follows:

ISIN	JE00BK1WV903
SEDOL Code	BK1WV90
Ticker	EJF0

## DIRECTORS, ADVISERS AND SERVICE PROVIDERS

<b>Directors</b>	Joanna Dentskevich (Chair and Independent Non-Executive Director) Alan Dunphy (Independent Non-Executive Director) Nick Watkins (Independent Non-Executive Director) Neal J. Wilson (Non-Executive Director)
<b>Administrator and Company Secretary</b>	BNP Paribas Securities Services S.C.A. IFC1, The Esplanade St Helier Jersey JE1 4BP
<b>Registered Office</b>	IFC1, The Esplanade St Helier Jersey JE1 4BP
<b>Manager</b>	EJF Investments Manager LLC The Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington United States
<b>Financial Adviser and Bookrunner</b>	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT United Kingdom
<b>Legal Adviser to the Company (as to English and US law)</b>	Clifford Chance LLP 10 Upper Bank Street London E14 5JJ United Kingdom
<b>Legal Adviser to the Company (as to Jersey law)</b>	Carey Olsen LLP 47 Esplanade St. Helier Jersey JE1 0BD
<b>Legal Adviser to Numis</b>	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
<b>Reporting Accountant</b>	PricewaterhouseCoopers CI LLP 37 Esplanade St Helier Jersey JE1 4XA
<b>Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL United Kingdom
<b>Registrar</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier Jersey JE1 1ES
<b>Custodians</b>	Citigroup Global Markets Inc. 390 Greenwich Street New York City NY 10013-2396 United States of America

Citibank N.A.  
399 Park Avenue  
New York  
NY 10043  
United States of America

## PART I: THE COMPANY

### 1. INTRODUCTION

#### 1.1 The Company

The Company is a registered closed-ended investment public company incorporated with limited liability in the Bailiwick of Jersey on 20 October 2016 under the provisions of the Companies (Jersey) Law 1991 (“**Companies Law**”) with registered number 122353. The Company’s registered office and principal place of business is IFC1, The Esplanade, St Helier, Jersey, JE1 4BP.

#### 1.2 The Manager

The Company has appointed EJF Investments Manager LLC (the “**Manager**”) as its investment manager and AIFM for the purposes of the AIFM Directive. EJF Capital LLC (“**EJF**”) holds 100 per cent. of the voting rights in the Manager. Further information in relation to the Manager and EJF is set out in Part IV: “*Directors, the Manager and Administration*” of this Prospectus.

### 2. BACKGROUND AND REASONS FOR THE PLACING PROGRAMME

In light of the attractive pipeline of potential investments which the Manager continues to see, the Company intends to raise additional capital.

The Directors believe that the Placing Programme will enable the Company to access additional capital for investment on attractive terms, subject to market conditions.

The proceeds of the Placing Programme are expected to be used to pursue additional investment opportunities in accordance with the Company’s Investment Objective and Investment Policy, subject to the availability of sufficient investment opportunities. Prior to making investments, the Company will hold the proceeds from each Placing in cash or cash equivalents.

### 3. INVESTMENT OBJECTIVE

The Company seeks to generate attractive risk adjusted returns for its Shareholders by investing in opportunities created by regulatory and structural changes impacting the financial services sector. These opportunities are anticipated to include structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats issued by entities domiciled in the US, UK and Europe (the “**Investment Objective**”). The Company seeks to make quarterly dividend payments of income arising from the Portfolio in addition to targeting Net Asset Value growth.

### 4. INVESTMENT POLICY

#### 4.1 Overview

The Company seeks to achieve its Investment Objective by pursuing a policy of investing in a diversified portfolio of investments that are derived from the changing financial services landscape (the “**Investment Policy**”). The Company relies to a material extent on the Manager and the employees of EJF for the sourcing and origination of investments, but the investment process may involve working with third parties to design an investment. Debt investments, whether or not listed on a recognised market, may also be purchased on an opportunistic basis.

The Company currently seeks to achieve its Investment Objective primarily by investing the majority of its assets in two investment subsets (each a “**Target Investment**”) that have each been created by regulatory and structural changes impacting the financial services sector:

##### (a) *Risk Retention and Related Investments*

The Company believes that the increased regulation of the financial system, specifically the Dodd-Frank reforms in the US, has generated unique opportunities within the securitisation market. One of the principal provisions of Dodd-Frank is the requirement for securitisation sponsors to retain at least five per cent. of the credit risk relating to the securitisation that they are involved in issuing. The Company believes that securitisation sponsors who do not have the capital resources for risk retention will increasingly look for capital partners to help them meet these requirements, and that the Company, through the Partnership, is well-positioned to act as a capital partner.

As a result of the Manager's relationship with EJV, the Company, through the Partnership, will, for so long as EJV Investments Manager LLC is the Manager, have the benefit of a right of first refusal to purchase or subscribe for securities to be issued in connection with all future securitisation transactions in respect of which EJV or one of its affiliates proposes to act as Sponsor (as that term is used in the relevant Securitisation and Risk Retention Regulations) (each, an "**EJV Securitisation**"), in an amount equivalent to the minimum interest that a Sponsor (as that term is used in the relevant Securitisation and Risk Retention Regulations) is required to retain ("**EJV US Risk Retention Securities**").

In addition, the Company also intends to qualify as an "originator", as such term is defined under the EU Securitisation Regulations with regards to EJV Securitisations. As such the Company may purchase or subscribe for securities to be issued in connection with all future EJV Securitisations, in an amount equivalent to the minimum interest that an originator (as that term is used in the EU Securitisation Regulations) is required to retain ("**EJV EU Risk Retention Securities**", and together with EJV US Risk Retention Securities, ("**EJV Risk Retention Securities**"). The EJV EU Risk Retention Securities may overlap with the EJV US Risk Retention Securities.

The Company, through the Partnership, may also be the risk retention partner for non-EJV sponsored securitisations (together with EJV Securitisations, "**Risk Retention Investments**"). Risk Retention Investment opportunities have included bank and insurance trust preferred securities and bank subordinated debt securitisation markets but may expand into other sectors. As a complement to targeting Risk Retention Investment opportunities, the Company intends to target investments in non-risk retention securities of EJV Securitisations and other non-EJV sponsored securitisations ("**Securitisation Investments**" and together with Risk Retention Investments, the "**Risk Retention and Related Investments**").

The Company, through its holding of 49 per cent. of the issued and outstanding units in the CDO Manager, may also benefit from the receipt of a portion of ongoing collateral management fees in connection with such Risk Retention and Related Investments as (i) the CDO Manager will, for so long as EJV Investments Manager LLC is the Manager, benefit from a right to be appointed as the provider of collateral administration, monitoring and management services in respect of each EJV Securitisation and (ii) the CDO Manager may be granted the right to manage the underlying collateral in respect of other Risk Retention Investments.

#### ***Related investments***

New, stricter regulations and increased capital requirements in response to the global financial crisis require certain banks and other regulated financial institutions to efficiently and actively manage their capital resources. Banks are actively seeking solutions to improve the capital treatment of key asset classes and business lines, such as non-agency residential mortgages, high yield corporate term loans, and small and medium enterprise loans. The Company intends to target investments in UK, European and US bank capital relief securitisations, private label securitisations and illiquid secondary securitisations, which it believes will generate attractive credit risk and illiquidity premiums (respectively, "**Capital Solutions**" and "**ABS Investments**" opportunities). The Company intends to invest in such structures primarily via the new issue market, but will also evaluate secondary market opportunities, with the goal to hold to maturity unless the Company determines better value in selling prior to the maturity date.

When the Partnership was formed in 2005, part of its original investment mandate was to structure, invest in, and manage REIT TruPS CDOs. The Company has a long history of opportunistically investing in securitisations and currently holds a portfolio of legacy REIT TruPS CDO securities that were issued prior to the financial crisis. The Company has demonstrated its ability to opportunistically buy and sell these securities and expects to continue to be active in this segment of its portfolio.

The Capital Solutions and ABS Investments opportunities detailed above, together with Risk Retention and Related Investments and the collateral management fees received by the CDO Manager described above are together the "**Securitisation and Related Investments**").

#### (b) ***Specialty Finance Investments***

As a result of significant regulatory and structural changes in the financial services sector, the Company believes there exist attractive opportunities to invest in areas that were previously

dominated by global money-centre banks. The Company may invest in less liquid UK, European and US specialty finance investments such as (but not limited to): (i) growth equity capital to newly formed companies with scalable specialty finance platforms; (ii) secured and unsecured lending; (iii) investments collateralised by real estate and real estate related assets; and (iv) other illiquid, specialty finance investment opportunities (together, “**Specialty Finance Investments**”).

#### **4.2 Investment Limits and Restrictions**

The following investment limits and restrictions (the “**Investment Limits and Restrictions**”) will apply to the Company’s investments which, where appropriate, shall be measured at the time of investment:

- (a) no more than 25 per cent. of the Company’s gross assets shall be invested in any single EJF-sponsored Risk Retention Investment;
- (b) no more than 20 per cent. of the Company’s gross assets shall be invested in any single non-EJF sponsored Risk Retention Investment;
- (c) no more than 20 per cent. of the Company’s gross assets shall be invested in any single Securitisation Investment, Capital Solutions or ABS Investment;
- (d) no more than 20 per cent. of the Company’s gross assets shall be invested in any single Specialty Finance Investment;
- (e) investment in publicly listed equity is not permitted. For the avoidance of doubt, if an existing debt or private equity investment is exchanged for equity listed on the public markets, such investment may be held at the Manager’s discretion if the resultant investment otherwise remains in compliance with the Investment Policy;
- (f) investments will be made where the underlying issuer is domiciled in the US, UK or other current members of the EEA or the European Free Trade Association or has the majority of its underlying assets exposed to the US, UK and/or other current members of the EEA or the European Free Trade Association; and
- (g) any investments that are not Target Investments will be limited to an aggregate total of 20 per cent. of gross assets (and for the avoidance of doubt, shall be limited to investments that are permitted investments for UCITS under the UCITS Eligible Assets Directive (Commission Directive 2007/16/EC (as at 30 November 2017)).

The Investment Limits and Restrictions set out above are intended to ensure that the Company is not able to make a significant investment in a single asset. In the event of a breach of the Company’s Investment Limits and Restrictions, the Manager shall inform the Board. The Manager will attempt to resolve any breach to the satisfaction of the Board and a notification will be made via an RIS.

#### **4.3 Investments in other funds**

The Company is permitted to invest in funds that comply with the Investment Objective and, where an investment in a fund is made, the Investment Limits and Restrictions set out above shall apply on a look through basis to that fund’s underlying assets. Such funds are limited to co-mingled or single-investor funds managed by an EJF Affiliate. In no event shall investments in a fund result in double-fees in respect of the Company’s indirect investment in the underlying investments.

#### **4.4 Hedging and derivatives**

The Company may utilise derivatives for efficient portfolio management purposes. Non-Sterling investments may be hedged so as to limit currency exchange risk.

#### **4.5 Borrowing and gearing**

The Company shall be permitted to borrow up to 35 per cent. of its Net Asset Value (calculated at the time of drawdown,) for the purposes set out below, provided that:

- (a) the maximum amount for borrowings for long-term investment purposes within such limit will be 30 per cent. of the Net Asset Value; and
- (b) borrowings for long-term investment purposes may only be incurred when the Minimum Cover Amount in respect of each Class of ZDP Shares in issue is met (calculated at the time of drawdown).

The 2022 ZDP Shares, the New ZDP Shares and any other ZDP Shares issued from time to time will constitute borrowings for long-term investment purposes and accordingly count towards such limit. The Company will be able to utilise any borrowings not used for long-term investment purposes for short-term liquidity purposes and efficient portfolio management purposes, including foreign exchange hedging arrangements and the ability to smooth the receipt of cashflows and payment of dividends. For the avoidance of doubt, should the Minimum Cover Amount in respect of any Class of ZDP Shares in issue be breached due to, *inter alia*, a fall in Net Asset Value from time to time, there shall be no requirement on the Company to reduce any borrowings for investment purposes which are already in place at the relevant time.

#### 4.6 Procedure to amend the Investment Policy

No material change may be made to the Investment Policy without approval of the Shareholders by way of an ordinary resolution.

### 5. EXISTING PORTFOLIO

As at the date of this Prospectus, the Portfolio consists of long-term assets consistent with the Company's investment focus on regulatory-driven lending opportunities, securitisation financing and specialty finance opportunities, specifically:

#### (a) *Securitisation and Related Investments*

- (i) a portfolio of investments in the equity tranches of five securitisations sponsored by EJF;
- (ii) a 49 per cent. ownership interest in the CDO Manager;
- (iii) a portfolio of TruPS CDO bonds ("**CDO Securities Portfolio**"); and
- (iv) an investment in US bank subordinated debt ("**US Sub-Debt**") eligible for future securitisation.

#### (b) *Speciality Finance Investments*

- (i) an interest in a bridge loan to an affiliate of a publicly listed insurer (the "**Bridge Loan**"), and
- (ii) a portfolio of high interest rate loans to US law firms engaged in mass tort litigation by way of its holding of limited partner interests in Armadillo I and Armadillo II (the "**Armadillo Portfolio**").

The Portfolio provides both a current stream of investment income as well as the opportunity for NAV accretion.

The table below provides an overview of the performance of the Portfolio as at 30 April 2019 (unaudited):

<u>Portfolio<sup>(1)</sup></u>	<u>Investment Date</u>	<u>Asset Value as at 30 April 2019 (unaudited)</u>	<u>Investment as % of Gross Assets as at 30 April 2019 (unaudited)</u>	<u>Investment as % of Net Assets as at 30 April 2019 (unaudited)</u>	<u>Stake as a % of Total Security/Fund Issuance/Entity<sup>(2)</sup></u>	<u>Investment in EJF / Affiliate Vehicle?</u>
<b>Securitisation &amp; Related Investments</b>						
<b>Risk Retention &amp; Related Investment</b>						
EJF Investments LP <sup>(3)</sup>	2017–2019	£ 83,591,715	56.7%	68.4%	85.0%	Yes
Preferred Shares <sup>(4)</sup>	2017–2019	£ 1,343,303	0.9%	1.1%	16.3%	Yes
CDO Securities Portfolio	2008–2018	£ 8,235,924	5.6%	6.7%	55.2%	Yes
US Sub-Debt	2017	£ 5,817,905	4.0%	4.8%	30.0%	No
CDO Manager	2017	£ 10,280,873	7.0%	8.4%	49.0%	Yes
<b>Specialty Finance Investments</b>						
Armadillo I	2014	£ 5,412,558	3.7%	4.4%	29.0%	Yes
Armadillo II	2016	£ 414,052	0.3%	0.3%	1.0%	Yes
Bridge Loan	2017	£ 8,177,890	5.6%	6.7%	3.0%	No
<b>Other</b>						
Unrestricted Cash	N/A	£ 13,289,172	9.0%	10.9%	N/A	N/A
Restricted Cash	N/A	£ 8,729,632	5.9%	7.2%	N/A	N/A
Other Assets		£ 2,018,537	1.4%	1.7%	N/A	N/A
<b>Total</b>		<b>£147,311,561</b>				

(1) The Portfolio consists of all assets as at the date of this Prospectus. Values are as at 30 April 2019.

(2) In the case of the EJF Investments LP and the CDO Manager, the percentage is based on ownership of the entity; in the case of the Preferred Shares and the CDO Securities, the percentage is based on par value of the CDO tranche; in the case of Armadillo I and Armadillo II the percentage is based on the share of NAV attributable to the Company in each fund; in the case of the Bridge Loan the percentage is based on the original par value of the loan issuance.

As at 30 April 2019 (being the latest practicable date prior to the publication of this Prospectus on which the Portfolio was valued), the Company had a Net Asset Value of £122.2 million (unaudited).

## 5.2 Securitisation and Related Investments

Through its interest in the Partnership, via its wholly owned subsidiaries, the Company holds EJF Risk Retention Securities including the preferred shares of Trust Preferred Insurance Note Securitisation 2016-1 Ltd. (“**TPINS 2016-1**”); TruPS Financials Note Securitisation 2017-2 Ltd. (“**TFINS 2017-2**”); TruPS Financials Note Securitisation 2018-1 Ltd. (“**TFINS 2018-1**”); TruPS Financials Note Securitisation 2018-2 Ltd. (“**TFINS 2018-2**”); and TruPS Financials Note Securitisation 2019-1 Ltd. (“**TFINS 2019-1**”). The fair value of the Company’s indirect investment in the Partnership was £83.6 million (unaudited) as at 30 April 2019.

The Company also holds an investment in the preferred shares of TFINS 2017-2 through its wholly owned subsidiaries. The preferred shares had a fair value of £1.3 million as at 30 April 2019 (unaudited). The Partnership’s interest in TruPS Financials Note Securitisation 2017 1 Ltd (“**TFINS 2017-1**”) was redeemed in April 2019, generating a total gain for the Company of approximately £9.2 million (unaudited). A brief description of each of the Company’s CDO equity investments is below.

### (a) *Summary of the Company’s CDO equity investments*

#### (i) TFINS 2017-2

In October 2017, the Company, through the Partnership, closed a Risk Retention Investment in the equity tranche of an approximately US\$340 million EJF-sponsored CDO backed by a static pool of securities issued by US community banks and insurance companies contributed by various EJF funds, utilising approximately £12.9 million of cash. At closing, the underlying securities had an aggregate par value of approximately US\$353 million, with a 7.68 per cent. weighted average coupon and a 3.12 per cent. weighted average spread. The weighted average life of the underlying securities was 10.7 years at closing. While the legal final maturity date of



TFINS 2017-2 is in September 2039, the securitisation is callable beginning in September 2019, with mandatory auction calls beginning after 2025.

(ii) TPINS 2016-1

In December 2017, the Company, through the Partnership, closed a Risk Retention Investment in the equity tranche of an approximately US\$316 million EJF-sponsored CDO backed by a static pool of securities issued by US insurance companies contributed by various EJF funds, utilising approximately £10.3 million of cash. At closing, the underlying securities had an aggregate par value of approximately US\$327 million, with a 3.99 per cent. weighted average spread. The weighted average life of the underlying securities was 15.7 years at closing. While the legal final maturity date of TPINS 2016-1 is in October 2034, the securitisation is callable beginning in April 2019, with mandatory auction calls beginning in April 2024.

(iii) TFINS 2018-1

In May 2018, the Company, through the Partnership, closed a Risk Retention Investment in the equity tranche of an approximately US\$535 million EJF-sponsored CDO backed by a static pool of securities issued by US community banks and insurance companies contributed by various EJF funds, utilising approximately £16.8 million of cash. At closing, the underlying securities had an aggregate par value of approximately US\$538 million, with a 6.2 per cent. weighted average coupon and a 2.7 per cent. weighted average spread. The weighted average life of the underlying securities was 11 years at closing. While the legal final maturity date of TFINS 2018-1 is in March 2039, the securitisation is callable beginning in March 2020, with mandatory auction calls beginning in March 2026.

(iv) TFINS 2018-2

In December 2018, the Company, through the Partnership, closed a Risk Retention Investment in the equity tranche of an approximately US\$349 million EJF-sponsored CDO backed by a static pool of securities issued by US community banks and insurance companies contributed by various EJF funds, utilising approximately £13.8 million of cash. At closing, the underlying securities had an aggregate par value of approximately US\$351 million, with a 9.5 per cent. weighted average coupon and a 3.0 per cent. weighted average spread. The weighted average life of the underlying securities was 10.5 years at closing. While the legal final maturity date of TFINS 2018-2 is in September 2039, the securitisation is callable beginning in December 2020, with mandatory auction calls beginning in December 2026.

(v) TFINS 2019-1

In March 2019, the Company, through the Partnership, closed a Risk Retention Investment in the equity tranche of an approximately US\$314 million EJF-sponsored CDO backed by a static pool of securities issued by US community banks and insurance companies contributed by various EJF funds, utilising approximately £11.9 million of cash. At closing, the underlying securities had an aggregate par value of approximately US\$314 million, with a 7.0 per cent. weighted average coupon and a 3.2 per cent. weighted average spread. The weighted average life of the underlying securities was 11 years at closing. While the legal final maturity date of TFINS 2019-1 is in February 2039, the securitisation is callable beginning in February 2021, with mandatory auction calls beginning in February 2027.

The following table summarises the original collateral balance, size and leverage of each of the Company's CDO equity investments, as well as the size of the equity tranche and the Company's portion thereof.

<u>Investment Name</u>	<u>Closing Date</u>	<u>Original Collateral Balance (million)<sup>(1)</sup></u>	<u>Original CDO Size(million)<sup>(1)</sup></u>	<u>Original CDO Leverage<sup>(1)</sup></u>	<u>Equity Tranche (million)<sup>(1),(2)</sup></u>	<u>Company Portion of Equity Tranche<sup>(2)</sup></u>
TPINS 2016-1	Dec-17 <sup>(3)</sup>	US\$327.2	US\$257.6	1.94x	US\$69.5	23.2%
TFINS 2017-2	Oct-17	US\$353.0	US\$317.0	4.26x	US\$54.5	24.6%
TFINS 2018-1	May-18	US\$537.8	US\$520.8	6.67x	US\$66.7	34.0%
TFINS 2018-2	Dec-18	US\$351.0	US\$336.3	5.66x	US\$50.2	34.9%
TFINS 2019-1	Mar-19	US\$313.9	US\$313.9	4.55x	US\$56.8	27.6%

(1) As at the closing date of the investment.

(2) As at 31 March 2019.

(3) TPINS 2016-1 was restructured in December 2017, which was when the Company invested in the transaction.

The following table summarises the issuer concentration of the collateral of each of the Company's CDO equity investments as at 31 March 2019 (noting that some issuers may overlap between securitisations).

<u>Investment Name</u>	<u>Bank</u>	<u>Insurance</u>	<u># Bank Issuers</u>	<u># Insurance Issuers</u>	<u>Total Issuers</u>
TPINS 2016-1	0%	100%	—	30	30
TFINS 2017-2	54%	46%	27	22	49
TFINS 2018-1	93%	7%	61	4	65
TFINS 2018-2	80%	20%	44	15	59
TFINS 2019-1	62%	38%	32	18	50

The following table summarises the issuer interest rate and average rating of the collateral of each of the Company's CDO equity investments.

<u>Investment Name</u>	<u>Floating Rate<sup>(2)</sup></u>	<u>WA Asset Spread<sup>(2)</sup></u>	<u>Moody's WARF<sup>(1)</sup></u>	<u>Implied Rating (based on WARF)<sup>(1)</sup></u>
TPINS 2016-1	100%	4.03%	1322	Ba2
TFINS 2017-2	89%	3.08%	918	Ba1
TFINS 2018-1	93%	2.68%	603	Baa3
TFINS 2018-2	100%	3.04%	697	Baa3
TFINS 2019-1	91%	3.20%	728	Baa3

(1) As at the closing date of the investment.

(2) As at 31 March 2019.

The following table summarises the asset size of the bank collateral for the Company's CDO equity investments as at 31 March 2019.

<u>Asset Size (billion)</u>	<u>Amount (million)</u>	<u>Concentration</u>
US\$0—US\$1	US\$248.6	22%
US\$1—US\$10	US\$541.9	48%
US\$10—US\$50	US\$303.3	27%
US\$50—US\$250	US\$10.0	1%
US\$250+	US\$17.0	2%
<b>Total</b>	<b>US\$1,120.8m</b>	<b>100%</b>

The following table summarises the asset size of the insurance collateral for the Company's CDO equity investments as at 31 March 2019.

<u>Asset Size (billion)</u>	<u>Amount (million)</u>	<u>Concentration</u>
US\$0—US\$1 . . . . .	US\$313.7	50.2%
US\$1—US\$10 . . . . .	US\$243.3	39.0%
US\$10—US\$50 . . . . .	US\$29.6	4.7%
US\$50—US\$250 . . . . .	US\$37.9	6.1%
US\$250+ . . . . .	<b>US\$0.0</b>	<b>0.0%</b>
<b>Total . . . . .</b>	<b>US\$624.5</b>	<b>100.0%</b>

The following table summarises the top ten exposures by US state of the bank collateral for the Company's CDO equity investments as at 31 March 2019.

<u>Rank</u>	<u>State</u>	<u>Amount (million)</u>	<u>Concentration</u>
1 . . . . .	IL	US\$153.7	13.7%
2 . . . . .	TX	US\$120.6	10.8%
3 . . . . .	CA	US\$78.8	7.0%
4 . . . . .	NY	US\$60.9	5.4%
5 . . . . .	MO	US\$57.0	5.1%
6 . . . . .	MD	US\$40.8	3.6%
7 . . . . .	PA	US\$39.1	3.5%
8 . . . . .	AR	US\$37.6	3.4%
9 . . . . .	OR	US\$32.8	2.9%
10 . . . . .	MN	US\$32.1	2.9%

The following table summarises the top ten exposures by US state of the insurance collateral for the Company's CDO equity investments as at 31 March 2019.

<u>Rank</u>	<u>State</u>	<u>Amount (million)</u>	<u>Concentration</u>
1 . . . . .	TX	US\$94.2	15.1%
2 . . . . .	CT	US\$72.7	11.6%
3 . . . . .	NY	US\$72.6	11.6%
4 . . . . .	MI	US\$59.5	9.5%
5 . . . . .	GA	US\$45.1	7.2%
6 . . . . .	IA	US\$44.3	7.1%
7 . . . . .	MA	US\$35.6	5.7%
8 . . . . .	PA	US\$29.5	4.7%
9 . . . . .	OH	US\$23.0	3.7%
10 . . . . .	WI	US\$20.6	3.3%

(b) ***CDO Collateral Management Fee Interest***

The table below provides an overview of the Company's interest in the CDO Manager and the relevant collateral management contracts as at 30 April 2019 (being the latest practicable date prior to the date of this Prospectus) (save where specified):

**CDO Collateral Fee Interest**

Company interest in CDO Manager . . . . .	49%
Number of CDOs under Management . . . . .	9
Total Face Value of CDO Collateral . . . . .	US\$2.8 billion
Annual Collateral Management Fees per CDO . . . . .	10 bps to 20 bps
Fair Value of the Company's Interest in the CDO Manager (unaudited) . . . . .	£10.3 million
CDO Stated Maturity Dates . . . . .	2036—2042

The Company, through its holding of 49 per cent. of the issued and outstanding units in the CDO Manager, has exposure to the cash flows of four REIT TruPS CDO collateral management contracts plus cash flows from five bank and insurance TruPS CDOs namely, TFINS 2017-2, TFINS 2018-1, TFINS 2018-2, TFINS 2019-1 and TPINS 2016-1. The CDO Manager had a total net asset value of

£27.2 million (unaudited) as at 30 April 2019, EJFIH’s interest in the CDO Manager had a fair value of £13.4 million (unaudited) as at 30 April 2019.

The management fees of each REIT TruPS CDO collateral management contract vary, ranging from 15bps to 20bps of the outstanding collateral balance. The TFINS 2017-2 securitisations produce management fees of 10bps on outstanding collateral. The TPINS 2016-1, TFINS 2018-1, TFINS 2018-2 and TFINS 2019-1 securitisations produce management fees of 20bps on outstanding collateral. In addition, the CDO Manager receives an incentive fee for the TFINS 2018-1, TFINS 2018-2 and TFINS 2019-1 securitisations equal to 20 per cent. of the interest proceeds above a 10 per cent. IRR hurdle, provided that shareholders of the securitisations that are affiliated with EJF (including the Company) do not incur an incentive fee.

(c) **CDO Securities Portfolio**

The Company’s CDO Securities Portfolio consists of an “AA-” rated bank TruPS CDO bond issued in 2018 that was acquired at a discount in July 2018. This bond has a fair value of £7.5 million (unaudited) as at 30 April 2019. Additionally, the CDO Securities Portfolio includes eight REIT TruPS CDO bonds issued prior to the financial crisis with a combined fair value of £0.7 million (unaudited) as at 30 April 2019. The total CDO Securities Portfolio had a fair value of £8.2 million (unaudited) as at 30 April 2019.

(d) **US Sub-Debt**

In December 2017, the Company made a US\$7.5 million investment in a US\$25.0 million ten-year subordinated note with a fixed interest rate of 5.875 per cent. that will switch to a floating interest rate of LIBOR plus 3.75 per cent. on its fifth anniversary. The issuance is rated BBB by Egan Jones and the Manager believes that this investment may be contributed to a future securitisation. The US Sub-Debt had a fair value of £5.8 million (unaudited) as at 30 April 2019.

**5.3 Specialty Finance Investments**

The table below provides an overview of the Specialty Finance Investments as at the date of this Prospectus (save as specified):

	<u>Bridge Loan</u>	<u>Armadillo I</u>	<u>Armadillo II</u>
Partnership Investment date . . . . .	January 2017	March 2014	February 2016
Original Investment amount ( <i>US\$ million</i> ) . . . . .	10.1	51.2	1.8
Total Capital Commitment from all investors ( <i>US\$ million</i> ) . . . . .	325.0	196.3	242.5
Current Market Value <sup>(2)</sup> ( <i>£ million</i> ) (unaudited) . . . . .	8.2	5.4	0.4

(1) The interest and fee payments on the Bridge Loan and the Armadillo Portfolio, to the extent not paid on a current basis, compound and accrue.

(2) As at 30 April 2019.

(a) **Bridge Loan**

On 10 January 2017, the Partnership invested US\$10.1 million in a bespoke US\$325.0 million Bridge Loan to the monoline insurance subsidiary of a publicly listed insurance company. The Bridge Loan is structured as a senior secured note with a three-year maturity and an interest rate of 14.0 per cent. The borrower has the option to pay the interest in kind (“PIK”) or pay the interest on a current basis. Additionally, the Bridge Loan investors received a three per cent. commitment fee. The Bridge Loan is secured by the collateral of two CDOs that are wrapped by an affiliate of the borrower. As at 30 April 2019, the Bridge Loan had a fair value of £8.2 million (unaudited) and matures in January 2020.

(b) **Armadillo Portfolio**

The Company has existing investments in Armadillo Financial Fund LP (“**Armadillo I**”) and Armadillo Financial Fund II LP (“**Armadillo II**”) that together make up the Armadillo Portfolio. The investment strategy of the Armadillo Portfolio is to make high interest rate loans to third-party law firms engaged in mass tort litigation. As at 30 April 2019, the Company’s investment in Armadillo I had a fair value of £5.4 million (unaudited) and the Company’s investment in Armadillo II had a fair value of £0.4 million (unaudited). The Armadillo Portfolio is expected to liquidate over the next three

years, as its investment period has expired with respect to the Company. While the timeframe for cash collections can be unpredictable, the Manager currently anticipates substantial repayment of the underlying loans by the end of 2020.

## 6. CALCULATION OF NET ASSET VALUE

The Company's NAV is calculated as at the last Business Day of each month (or at any other time at the Board's discretion) by the Administrator, based on the valuations calculated in accordance with the policies described below and in consultation with the Manager.

The NAV means the Company's assets at fair value less liabilities. The Company's assets and liabilities will be valued in accordance with IFRS consistently applied, as in effect from time to time, as described in more detail below. In particular, the monthly NAV will, as required, include an accrual for any performance fees payable by the Company to the Manager under the terms of the Management Agreement.

Investments are acquired through EJFIH. While EJFIH's accounts will be prepared in accordance with IFRS and will report the fair values of investments in the statement of financial position, the Company is considered to be an investment entity (as set out in IFRS 10) for accounting purposes and therefore the Company's accounts and NAV are not be prepared on a consolidated basis.

The assets of the Company will consist mainly of its holding in EJFIH and will be valued monthly on a fair value basis with gains and losses recognised in profit or loss according to IFRS. The fair values will be subject to external audit on an annual basis.

Underlying investments held by EJFIH and EJFIF will initially be recognised at their acquisition cost and thereafter be re-measured at fair value as follows:

- (a) any investments which are marketable securities quoted on an investment exchange will be valued at the relevant mid-price at the close of business on the calculation date, provided that the market for these securities is liquid or that, in the Board's view, the market price substantially reflects the value assigned to these securities by investors;
- (b) for investments not traded on an investment exchange, such as the underlying Risk Retention Investments and Bridge Loan, valuations will be based upon the mid- or last traded prices at the close of business on the calculation date supplied by independent investment banks, securities brokers and/or originators;
- (c) for investments not traded on an exchange and for which independent pricing is not available, the Manager will appoint a recognised third party valuation provider (the "**Valuation Agent**") to calculate a price, or range of prices, based on inputs and models developed by the Manager;
- (d) in determining the valuation for the management contracts and distressed CDO instruments, the Manager will use a discounted cash flow approach based on the performance of the collateral, including the default rate, the prepayment rate and the default severity of each CDO through time, accounting for the most recent performance information available on the calculation date. The expected cash flows of the instruments are estimated on a periodic basis. The Manager also considers market indications where available as an input to the final valuation.

The models use these inputs to project performance, or expected internal rate of return, for each investment. The fair value of the investment is then marked to model.

In respect of the management contracts, the Valuation Agent determines, with input from the Manager, the investment-specific risk premium that it believes the market would reasonably apply on a long term investment basis to each investment's cash flows taking, *inter alia*, the following into account:

- (i) the performance of the underlying assets, taking into account the nature of the assets and including any actual or potential event in relation to each underlying asset that may be expected to have a material impact on performance of the investment and the certainty and timing of investment cash flows;
- (ii) general market activity and investor sentiment which the Valuation Agent assesses by taking into account knowledge of such markets gained from discussions with market participants and from publicly-available information on relevant transactions and publicly-traded securities; and

- (iii) changes to the economic, legal, taxation or regulatory environment relevant to each underlying asset and investment.

The Valuation Agent exercises its due judgment in assessing the likelihood of any interruptions to the debt payments due to the Company in light of the operational performance of each underlying asset and investment;

- (e) for non-marketable loans, a third party vendor will be employed to value the collateral on at least a quarterly basis. The Manager will use information provided by the third party vendor for the purposes of valuing the non-marketable loans but may make further adjustments to the final valuation having regard to a number of factors, including but not limited to: (i) the terms and payment status of loans; and (ii) interest rates and receipt/timing of loan payments and cash flow projections;
- (f) derivatives will be valued by reference to widely available market quotations. When such market quotations are not available or for “over-the-counter” derivatives contracts, valuations will be based on the quotation received from the counterparty provided that such quotation is provided on at least a monthly basis and verified by the Administrator;
- (g) cash, cash equivalents and other liquid assets will be held at amortised cost with interest accrued, where applicable, as at the close of business on the relevant calculation date;
- (h) any value expressed otherwise than in the base currency of the Company (whether of an investment or cash) and any borrowing in a currency other than the base currency of the Company shall be converted into the base currency of the Company at the relevant quoted mid-rate at the close of business on the calculation date; and
- (i) in the event of it being impossible or incorrect to carry out a valuation of a specific asset in accordance with the valuation rules set out in the paragraphs above, or if such valuation is not representative in the opinion of the Board of the asset’s fair market value, the Manager (subject to the approval of the Board) is entitled to use other generally recognised valuation principles in order to reach a proper valuation of that specific asset, provided that any alternative method of valuation is consistent with the accounting policies used to draw up the annual audited financial statements of the Company.

The Manager has established a valuation committee to review the valuation of illiquid investment instruments, particularly where a valuation is provided by a single counterparty or where the Manager recommends a more conservative valuation than that provided by a counterparty. The valuation committee’s determination of the valuation of any investment instrument will be final.

The valuation committee meets monthly to consider the valuation of the positions that are not publicly traded on an investment exchange. During each meeting of the valuation committee, the committee members will discuss pricing policy exceptions and any other issues relevant to the pricing of securities for the portfolio. The valuation committee consists of four voting members (each member holding one vote), the Chief Risk Officer of EJF (who serves as the committee’s chairperson), either of the Co-Chief Investment Officers of the Manager, the Chief Compliance Officer of EJF and the Chief Financial Officer of the Manager, or any of their designees. All members of the valuation committee or their designee must be present at each valuation meeting to form a quorum with the chairperson having the casting vote.

The Manager, on a quarterly basis, submits the final portfolio valuations for the review of the Board.

## **7. NAV PUBLICATION PROCESS**

### **7.1 Publication of Net Asset Value**

The Company intends to publish the NAV and NAV per Ordinary Share in Pounds Sterling, as calculated in accordance with the process described above, within fifteen Business Days following the date of calculation or as soon as practicable thereafter by an RIS announcement and it is made available on the website of the Company ([www.EJFI.com](http://www.EJFI.com)).

## 7.2 Suspension of the calculation of Net Asset Value

The Directors may at any time, but are not obliged to, temporarily suspend the calculation of the NAV, NAV per Ordinary Share, NAV per 2022 ZDP Share and NAV per New ZDP Share during:

- (a) any period when any of the principal markets or stock exchanges on which a substantial part of the Portfolio is quoted is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended; or
- (b) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, valuation of a substantial part of the Portfolio is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders or if in the opinion of the Directors the NAV cannot be fairly calculated; or
- (c) any breakdown in the means of communication normally employed in determining the value of the investments or when for any reason the current prices on any market of a substantial part of the investments cannot be promptly and accurately ascertained; or
- (d) during any period in which any transfer of funds involved in the realisation or acquisition of investments cannot, in the opinion of the Directors, be effected at normal rates of exchange; or
- (e) when, for any other reason, the prices of any investments owned by the Company cannot be promptly or accurately ascertained. Shareholders will be informed by an RIS announcement in the event that the calculation of the NAV, NAV per Ordinary Share, NAV per 2022 ZDP Share and NAV per New ZDP Share is suspended as described above, and trading in the Shares on the London Stock Exchange may also be suspended.

In the circumstances described above, the Company may elect to treat the next Business Day on which the calculation can be made as the next NAV calculation date. Where the Directors temporarily suspend the calculation of the NAV, such suspension shall be notified by the Company via an RIS announcement. Where the Directors temporarily suspend the calculation of the NAV, trading in the Shares on the Specialist Fund Market may also be suspended. All reasonable steps will be taken to bring the period of suspension to an end as soon as possible.

## 8. TARGET RETURN AND DIVIDEND POLICY

The Company targets an annualised NAV total return (including dividend payments) of eight to ten per cent. per annum (the “**Target Return**”) and the payment of dividends which equate to 10.7 pence per Ordinary Share (the “**Target Dividend**”), payable in quarterly instalments shortly after each dividend is declared in April, July, October and January in each year. For the avoidance of doubt, this does not form part of the Company’s Investment Policy.

The Board intends to distribute an amount at least equal to 85 per cent. of the Company’s net income received from investments arising each year to holders of the Company’s Shares. Any balance of income that exceeds the quarterly dividend payments may be distributed by means of special dividend or by other means deemed suitable by the Board at the time. Distributable income not paid to Shareholders by way of dividends may be reinvested in accordance with the Company’s Investment Policy with the intention of increasing the Company’s NAV.

It is the current intention of the Board to pursue a policy of balancing the quarterly dividend payments although the Board, in its sole discretion, may choose not to adopt a dividend balancing policy if it considers this is desirable to minimise the effects of any cash drag on the Company’s performance and may pay dividends out of any account including stated capital. Shareholders should note that dividends may only be paid to holders of Shares when the financial position of the Company, in the opinion of the Directors, justifies such payment, subject to the Company being able to satisfy the solvency test, as defined under the Companies Law, immediately after payment of such dividend and further provided that the Directors may only pay dividends if immediately following such payment the Dividends Minimum Cover Amount in respect of each Class of ZDP Shares in issue is met, save where each relevant Class of ZDP Shareholders have approved such payment. The Dividends Minimum Cover Amount in respect of the 2022 ZDP Shares is 2.0 times. The Dividends Minimum Cover Amount in respect of the New ZDP Shares will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme. The payment of any dividends will therefore be subject to market conditions, applicable law and the Company’s performance, financial position and financial outlook.

The Target Dividend and the Target Return are targets only and should not be taken as a forecast of the Company's future performance, profits or results. There can be no assurance that the Target Dividend or Target Return can or will be achieved from time to time and it shall not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on the Target Dividend or Target Return in deciding whether to invest in the Shares or assume that the Company will make any distributions at all.

For the period from 20 October 2016 to 31 December 2017, the Company paid dividends of 9.7 pence per Ordinary Share and for the year ended 31 December 2018, the Company paid dividends of 10.175 pence per Ordinary Share (in each case adjusted to reflect changes in the Company's share capital during such period).

For the year ending 31 December 2019, the Company announced in January 2019 that it is targeting an annual dividend of 10.7 pence per Ordinary Share. In respect of the quarter ended 31 March 2019, the Company paid an interim dividend of 2.675 pence per Ordinary Share on 7 June 2019.

## 9. SHARE BUYBACKS

The Company may, subject to compliance with the Companies Law, purchase its own Shares in the market on an *ad hoc* basis with a view, *inter alia*, to addressing any imbalance between the supply of, and demand for, the Shares, to increase the NAV per Ordinary Share and to assist in minimising any discount to the NAV per Ordinary Share at which Shares may be trading.

At the 2019 AGM, a special resolution was passed granting the Company authority to make market purchases of up to 10,426,623 Ordinary Shares, representing approximately 14.99 per cent. of the Ordinary Shares in issue as at 14 May 2019 (being the last practicable date before publication of the notice of the 2019 AGM), such authority is to expire at the conclusion of the 2020 AGM or, if earlier, 31 July 2020. The Directors intend to seek annual renewal of this buy-back authority from Shareholders each year at the Company's annual general meeting.

If the Company purchases any of its Shares, the maximum price (exclusive of expenses) which may be paid for a Share must not be more than the higher of (i) an amount equal to 105 per cent. of the average middle market quotation for Shares for the five Business Days immediately preceding the day on which such Shares are contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid for the Shares at the time the purchase is carried out. In addition, Shares will be purchased through the market only at prices below the last published NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for the remaining Shareholders. The minimum price payable per Share is one penny.

Investors should note that the purchase of 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 also note that any purchase of Shares will be subject to the ability of the Company to fund the purchase price. Purchases of Shares will be made in accordance with the Companies Law and the Disclosure Guidance and Transparency Rules. The Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its Shares. Nonetheless, by adopting the policy above, the Company will voluntarily be complying with the provisions of Listing Rules 12.4.1 and 12.4.2.

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

## 10. FURTHER ISSUES OF SHARES

The Directors have the authority, subject to the Articles, to issue further Shares in the capital of the Company on such terms as they may determine. The Articles contain provisions that permit the Directors to issue C Shares from time to time. C Shares are Shares which convert into Ordinary Shares in certain circumstances, including when a specified proportion of the net proceeds of issuing such C Shares have been invested in accordance with the Company's Investment Policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the Ordinary Shares). A C Share issue would therefore permit the Board to raise further capital for the Company whilst avoiding any immediate dilution of investment returns for existing Shareholders which may otherwise result. The Ordinary Shares carry the right to receive all dividends declared by the Company, subject to the right of the C Shares (if any have been issued by the Company) to receive



dividends that the Directors resolve to pay out of the net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares.

There are no provisions of Jersey law which confer rights of pre-emption in respect of the allotment of Shares of any class. However, the Articles provide that, at any time when a class of Shares is admitted to trading on a stock exchange, unless otherwise authorised by a special resolution, if the Company is proposing to allot equity securities of or relating to that class, it shall not allot them on any terms unless (i) the Company has first made an offer to each person who holds Shares of that class to allot to him, her or it, on the same or more favourable terms, equity securities in proportion to his, her or its existing holding and (ii) the period, which shall not be less than 21 clear days, during which any offer referred to in (i) above may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer made.

At the 2019 AGM, special resolutions were passed granting the Company authority to disapply the pre-emption rights under the Articles in relation to (i) 150,000,000 Ordinary Shares and/or C Shares, such authority to expire on expiry of the Placing Programme and (ii) in addition 13,911,438 Ordinary Shares (representing approximately 20 per cent. of the Ordinary Shares in issue as at 14 May 2019, being the last practicable date prior to publication of the notice of the 2019 AGM), such authorities to expire on conclusion of the Company's 2020 AGM (or, if earlier, 31 July 2020). To the extent that such authorities are used before their expiration, the Directors may convene a general meeting to refresh the authorities. In addition, to the extent the Directors determine to undertake a Placing of New ZDP Shares pursuant to the Placing Programme, the Directors will convene a general meeting in order to obtain authority to create the New ZDP Shares and disapply pre-emption rights in relation to up to 75,000,000 New ZDP Shares.

Shares may be issued pursuant to the Placing Programme under this Prospectus, provided that this Prospectus is updated by a supplementary prospectus (if required) under section 87G of the FSMA. The Prospectus Rules also currently allow for the issue of Shares representing, over a period of 12 months, less than 20 per cent. of the number of Shares of the same class already admitted to trading on the same regulated market without a prospectus, provided that such issue is not made by way of an offer of the Company's securities to the public.

## 11. REPORTS AND ACCOUNTS

The accounting period of the Company ends on 31 December in each year, and the audited annual accounts will be provided to Shareholders within four months of the year end to which they relate. Unaudited half-yearly reports, made up to 30 June in each year, will be announced within three months of that date. The Company reports its results of operations and financial position in Sterling.

The audited annual accounts and unaudited half-yearly reports will also be available at the registered office of the Company and from the following website, [www.EJFI.com](http://www.EJFI.com).

The financial statements of the Company are prepared in accordance with IFRS, and the annual accounts will be audited by the Auditor using auditing standards in accordance with International Standards on Auditing (UK). The Company's financial statements, which are the responsibility of its Board, will consist of a statement of comprehensive income, statement of financial position and statement of cash flows, statement of changes in equity, related notes and any that the Board deems appropriate or that is required by applicable law.

The preparation of financial statements in conformity with IFRS requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgments about attributing values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial statements of the Company.

## 12. CONTINUATION VOTE

The Company's Articles provide that if its Shares are admitted to trading on a stock exchange (which is the case) then on or about each fifth anniversary of such admission, the Directors shall procure that an extraordinary general meeting of the Company be convened at which an ordinary resolution will be proposed that the business of the Company be continued (the "**Continuance Resolution**"). If the Continuance Resolution is not passed, the Directors will take such actions as they deem appropriate to

commence the liquidation of the assets of the Company (having regard to the prevailing liquidity of the assets of the Company and, if applicable, any rules imposed by the Securitisation and Risk Retention Regulations) and formulate proposals for the orderly return of capital to holders of Shares. The first such Continuance Resolution is expected to take place on around April 2022.

### 13. CONFLICTS OF INTEREST

Prospective investors should be aware that although EJV, the Manager and the Company (as applicable to their relevant roles) seeks to manage any potential conflicts of interest in good faith, having regard to the nature and scale of the Group's operations, there will be occasions when EJV and the Manager and their respective directors or affiliates, as applicable, may encounter conflicts of interest in connection with the Company.

Certain inherent conflicts of interest arise from the fact that EJV and their affiliates (collectively, "**EJV Affiliates**") may provide investment management, advisory and support services to EJV Securitisations, the Manager, the CDO Manager, the Company and to other clients, including other securitisation vehicles, other investment funds, and any other investment vehicles that the EJV Affiliates may establish from time to time, as well as client accounts managed by EJV or EJV Affiliates (such other clients, funds and accounts, collectively the "**Other EJV Accounts**"). Specifically, while the Manager itself does not manage any Other EJV Accounts, the employees of EJV who support the Manager do work for other EJV Accounts.

The Manager and EJV anticipate that there may be conflicts of interest or perceived conflicts of interest between or among the various classes of securities or loans that may be held by their clients, for example, *inter alia*, the following:

- from time to time, the Company, the Partnership, EJV and the Other EJV Accounts may make investments at different levels of an obligor's or issuer's capital structure or otherwise in different classes of an obligor's or an issuer's securities including the Securitisation Retention Equity issued by EJV Securitisations ("**EJV Securitisation Equity**"). In these circumstances, resulting conflicts of interest could arise including:
  - allocation of investments in different tranches of securities/notes between potential investors and the respective terms thereof;
  - divergent economic interests between EJV or Other EJV Accounts and the Company who hold different tranches of securities / notes; and
  - voting of securities / notes by EJV or Other EJV Accounts contrary to the interests of the Company on matters such as early redemption of the securities/notes and/or an amendment of the transaction documents relating to the securities/notes;
- EJV fulfilling its role as securitisation manager given the conflicting interests of holders of different classes of Securitisation Retention Equity, particularly where certain decisions may maximise the yield on certain Securitisation Retention Securities while increasing the probability of reductions or delays in payments on other Securitisation Retention Securities;
- the allocation of expenses by EJV and/or an EJV Affiliates incurred jointly from time to time on behalf of EJV Securitisations;
- the collateral to be held by Citibank N.A. pursuant to EJV Securitisations may impose obligations issued by entities in which EJV or Other EJV Accounts have made investments, obligations that EJV has assisted in structuring but in which it has or has not chosen to invest and obligations in respect of which EJV or Other EJV Accounts participated in the original lending group and/or acted or act as an agent. EJV may take into consideration the interests of the Other EJV Accounts when making decisions regarding the purchase and sale of collateral held in connection with of EJV Securitisations under the relevant management and administration agreement. The purchase and sale of collateral held in connection with EJV Securitisations;
- it is expected that a portion of the assets the Company acquires may be securities in respect of which EJV, EJV Affiliates or Other EJV Accounts either participated in the original lending group or structured or originated the asset. Additionally, a significant portion of the assets that the Company may acquire may be purchased from and will be sold to funds or other accounts that EJV or EJV Affiliates manage or otherwise provide advice in respect of. Any of the aforementioned transactions may involve potential conflicts;

- from time to time employees of EJF may serve as directors or advisory board members of certain portfolio companies or other entities. In addition, employees of EJF who are also directors of the Manager may be employees of Other EJF Accounts which could create conflicts of interest in terms of time and effort as well as allocation decisions;
- EJF may limit a client and/or its portfolio companies from engaging in agreements with, or related to, companies in which any client of EJF has or has considered making an investment or which is otherwise an advisory client of EJF and/or from time to time restrict or otherwise limit the ability of EJF Securitisations or the Company to make investments in or otherwise engage in businesses or activities competitive with companies or other clients of EJF, either as a result of contractual restrictions or otherwise;
- if a redemption occurs in relation to any of the CDOs in which the Company invests, then the CDO Manager will lose such contract and this will decrease the Company's investment in the CDO Manager. A CDO can be redeemed at the discretion of the majority of preferred shareholders in such CDO and as such, if the Company is not the preferred shareholder in the respect of a particular CDO, then such CDO may be redeemed against its will;
- EJF engages in a broad spectrum of activities. In the ordinary course of its business activities, EJF may engage in activities where the interests of certain divisions of EJF or the interests of its clients may conflict with the interests of the Company;
- EJF (as applicable) will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on the Company. Investors should be aware that conflicts will not necessarily be resolved in favour of the Company.

However, the Directors believe that the Company has the systems, processes and procedures to manage these conflicts appropriately. In particular, EJF has an allocation policy and allocation procedures in place to help manage any investment conflicts between the Company and Other EJF Accounts (for further details see "*Allocation Policy and Procedures*" in Part III: "*Investment Process*" of this Prospectus).

For more information on the risks associated with these potential conflicts see "*Risk Factors—Risks Relating to Conflicts of Interest*".

#### 14. NMPI EXEMPTION

The Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the "**NMPI Regulations**") restrict the promotion of non-mainstream pooled investments ("**NMPIs**"). FCA-authorized independent financial advisers and other financial advisers are restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors and are also required to make certain suitability assessments before promoting NMPIs.

The 2022 ZDP Shares are, and the New ZDP Shares will be, characterised as NMPIs and therefore will be within scope of the restrictions under the NMPI Regulations. The Ordinary Shares and the C Shares will be outside the scope of the NMPI Regulations, subject to the following. In order for the Company to be outside the scope of the NMPI Regulations in respect of the Ordinary Shares and the C Shares, the Company must rely on the exemption to NMPI status available to non-UK resident companies that would qualify for approval by HMRC as an investment trust were it resident and listed in the UK. The principal relevant requirements to qualify as a UK investment trust are that: (a) the issuer'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; (b) the issuer's Shares must be admitted to trading on a regulated market; (c) the issuer must not be a close company (as defined in Chapter 2 of Part 10 of the Corporation Tax Act 2010); and (d) the issuer must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income.

The Directors expect that the Company should meet the criteria to qualify for approval as an investment trust in respect of its current accounting period, if it were resident and listed in the UK. The Company intends to conduct its affairs in such a manner that it will continue to meet the criteria to qualify for approval by HMRC as an investment trust, if it were resident and listed in the UK, to the extent that such matters are within its reasonable control, including through the application of its income in the first instance to the payment of its fees and expenses. 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 Shares but there can be no assurance that a waiver could be obtained.

If the Company ceased to conduct its affairs as to satisfy the criteria for the non-UK investment trust exemption to the NMPI Regulations and the FCA did not otherwise grant a waiver, the ability of the Company to raise further capital from investors that require NMPI compliance may be affected, as may the ability of financial advisers to recommend that investors that require NMPI compliance to acquire Ordinary Shares or C Shares in the secondary market, potentially thereby depressing demand for, and liquidity in, the Ordinary Shares and/or C Shares.

## PART II: THE MARKET OPPORTUNITY

### 1. Introduction

The Manager believes that the evolving regulatory landscape of the world's major financial markets has generated, and will continue to generate, attractive risk-return adjusted investment opportunities for investors.

The global financial crisis began in 2007 following a collapse of the US real estate sector, particularly the subprime mortgage market. The catalyst for the crisis was the widespread defaulting of privately and publicly issued securitisation vehicles collateralised by subprime mortgages. Such securitisation vehicles were packaged by investment banks and substantial portions of the debt and equity issued by these vehicles were held on the balance sheets of both US and European investment and commercial banks. As the crisis developed, global financial institutions began to lose access to short-term credit markets amid concerns about the balance sheets of such institutions and the underlying value of assets in the broader securitisation markets. The crisis spread violently to the global equity markets in September 2008 when US regulators and market participants decided not to provide financial assistance to Lehman Brothers, one of the largest investment banks operating in the mortgage-related securitisation markets. After Lehman Brothers declared bankruptcy, banks and specialty finance companies of all sizes began to fail, particularly those with significant exposure to the real estate and securitisation markets, and those heavily reliant on short-term credit.

In response to the crisis, regulatory bodies across the world have developed various rules and regulations designed to strengthen the financial system and reduce the direct impact of any further crises on public finances. The thrust of these regulatory initiatives has been in the areas of deleveraging and strengthening bank balance sheets with higher capital requirements, and reducing perceived speculation in the securitisation markets by creating an alignment of interests between investors and securitisation sponsors/originators.

Some of the most significant developments include the "Basel III Framework", transposed into law by various countries, which builds on prior Basel Accords and is designed to improve bank capital adequacy and quality in addition to requiring greater levels of liquidity. In 2010, the US Government attempted to address the perceived weakness of its financial system through the 2010 enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("**Dodd-Frank**"). Dodd-Frank attempts to promote the deleveraging and strengthening of bank balance sheets through various qualitative and quantitative tests and to reduce the risk posed by securitisation vehicles by requiring their sponsors to retain a defined portion of the equity and/or debt issued by such vehicles ("**Risk Retention**"). European Union regulators have enacted similar rules addressing bank balance sheets and securitisation markets.

### 2. Opportunity Emanating from Regulatory Change

In the current post-financial crisis regulatory environment, the Manager has identified two Target Investments that it believes offer attractive risk adjusted investment opportunities for long-term investors like the Company. Each of these categories of investment have developed because of the regulatory and structural changes impacting the financial services sector discussed above and represent investment opportunities in which the principals of the Manager have extensive investment experience.

#### 2.1 *Securitisation and Related Opportunities*

##### (a) *Risk Retention and Related Opportunities*

The Manager believes that the current regulatory environment provides opportunities for smaller US community and regional banks and niche US insurance companies. Many of the restrictive regulatory initiatives mentioned above and discussed in more detail below have been primarily directed at global money-centre banks and insurance companies, providing a competitive and regulatory advantage to smaller banks and insurance companies. Legacy debt instruments issued by smaller banks and insurance companies prior to the crisis represent a particularly attractive investment opportunity because the relative economic strength and regulatory advantage of these issuing entities make their legacy securities more likely to be retired at par by either the issuing entities themselves as part of a buy back transaction or as part of an M&A transaction. For these same fundamental credit reasons, owning, on a long-term basis, the risk retention tranche as well as the equity tranche of re-securitisations of smaller bank and insurance company legacy debt instruments offers an opportunity to own a diverse basket of strong credits on a modestly leveraged basis.

(b) *Capital Solutions and Asset Backed Securities Opportunities*

The Manager believes that regulatory developments have also resulted in some banks and other financial institutions seeking capital solutions to reduce or insure the risks maintained on their balance sheets. For example, instead of shedding certain attractive cash-flowing assets to meet regulatory capital requirements, certain banks, particularly in Europe, have developed innovative structures that allow long-term investors to participate in the cash-flow of such assets and simultaneously improve the bank's regulatory capital position.

The Manager believes there will be opportunities to invest in Asset Backed Securities on an opportunistic basis. This will include investing in certain securitisations backed by assets that are well understood by the Manager given its experience and heritage, including bank and insurance issued TruPS, allowing it to earn a complexity and in some cases, illiquidity premium.

2.2 *Specialty Finance Opportunities*

The Manager believes that the recent regulatory and structural changes discussed above have created specialty finance opportunities for non-bank lenders to provide capital to areas/sectors where there is now less competition from global money-centre banks. As a consequence, the Manager believes investment opportunities are particularly interesting for specialty finance lending platforms in more complex credit situations where previously only larger money-centre banks had the expertise and risk appetite to provide capital.

For further information on the Company's Target Investments, please see the section entitled "*Investment Policy*" in Part I: "*The Company*" of this Prospectus.

3. **The Underlying Catalysts for, and Further Information on, the Target Investments**

Each of the Target Investments derives from the consequences of post-crisis regulatory change. The Securitisation and Related Investments opportunities derive from, among other things, the regulatory changes in securitisation rules and the application of those changes that positively benefit small banks and insurance companies, frequently to the detriment of other banks and regulated institutions.

The Specialty Finance opportunities derive from the regulatory changes that negatively impact lending by larger banks and lending platforms and the inability to date of smaller banks to meet certain capital needs in the market. A summary of the fundamental regulatory and economic factors that serve as catalysts for the Target Investments is set out below.

3.1 *Securitisation and Related Investments*

(a) *Risk Retention and Related Investments*

The Manager believes that the increased regulation of the financial system, specifically the Dodd-Frank reforms in the US, has generated unique opportunities within the securitisation market. One of Dodd-Frank's principal provisions is designed to promote an alignment of interests between the sponsors/originators of securitisations and the investors in such securitisations, including CDOs and other asset-backed transactions. Effective from 24 December 2016, Section 941 of Dodd-Frank requires securitisation sponsors to retain at least 5 per cent. of the credit risk relating to the securitisation that they are involved in issuing. A significant departure from previous securitisation market conventions, this capital requirement is expected to limit the ability of many securitisation sponsors to issue new securitisations, particularly in niche asset classes. As a result, the Manager believes securitisation sponsors who have capital resources for Risk Retention are at a distinct competitive advantage and those who do not will increasingly look for capital partners to help them meet Risk Retention capital requirements.

The Manager believes the Company is well-positioned to capitalise upon opportunities in securitisations as a capital partner brought about by the Securitisation and Risk Retention Regulations. As a result of the Manager's relationship with EJV, the Company, through the Partnership, will, for so long as EJV Investments Manager LLC is the Manager, have the benefit of a right of first refusal to purchase or subscribe for EJV Risk Retention Securities to be issued in connection with all future EJV Securitizations, in an amount equivalent to the minimum interest that a Sponsor (as that term is used in the relevant Securitisation and Risk Retention Regulations) is required to retain. As such, the Company will have the opportunity to invest in the equity and other

tranches of securitisations created in order to comply with the relevant Securitisation and Risk Retention Regulations in that jurisdiction.

The Company has partnered with EJF on its CDO issuance primarily backed by TruPS (as described below) and US Sub-Debt (as described below) issued by US community banks and insurance companies. As part of its partnership with EJF, the Company has, through its holding of units in the CDO Manager and for so long as EJF Investments Manager LLC is the Manager, benefitted from the right of the CDO Manager to be appointed as the provider of collateral administration, monitoring and management services in respect of each EJF Securitisation and, accordingly, has received income distributions from the CDO Manager derived from receivables in respect of collateral management fees relating to EJF Securitisations. The Partnership may also seek to be the risk retention capital provider for other select securitisation sponsors in certain asset classes, leveraging EJF's securitisation and specialty finance expertise and industry contacts. In addition, the Company may seek to receive an equity interest in the securitisations' manager and/or a portion of the ongoing collateral management fees as additional compensation for providing risk retention capital.

(b) *Overview of TruPS securities*

TruPS are hybrid securities that have both debt and equity characteristics that are beneficial to the issuers of these securities. TruPS are equity-like because in some instances they are counted as Tier 1 capital. A benefit for banks with less than US\$15 billion in assets is that TruPS receive favourable regulatory capital treatment as they are included in the calculation of Tier 1 capital, demonstrating a facet of the more favourable regulatory environment for smaller banks in the US. TruPS are debt-like because the interest payments are tax deductible and may defer interest payments for five consecutive years, after which the payments become cumulative.

Most TruPS were originated between 2000 and 2007 and the Manager estimates that approximately US\$119 billion of bank and insurance TruPS were issued during this period. Many banks and insurers that issued TruPS were incentivised to do so in order to benefit from equity recognition of a tax efficient debt instrument. TruPS issued during this time typically had 30-year maturities and quarterly floating interest payments. TruPS issuers can defer interest payments for up to five years before a default occurs.

Many bank and insurance TruPS originated during this period were securitised into CDOs. The Manager estimates that there were over US\$60 billion of bank and insurance TruPS CDOs issued during this time.

(c) *Overview of US Subordinated Debt*

EJF has started investing in newly originated subordinated debt (“**Sub-Debt**”) issued primarily by US community banks. The community bank Sub-Debt market has seen an increase in new issuance over recent years. In 2018, 53 Sub-Debt transactions totalling approximately US\$2 billion were issued. This compares to 55 transactions totalling approximately US\$3 billion in 2017. Community banks that are designated as Small Bank Holding Companies (“**SBHCs**”) (as described below) find Sub-Debt particularly attractive, because they can issue subordinated debt at the holding company level and count it as equity at their bank subsidiary.

There are several differences between the Company's Sub-Debt investments and the legacy TruPS collateral that secures the Company's CDO equity investments. Sub-Debt is typically issued with a 10-year maturity date. Also, Sub-Debt interest rates are typically fixed for the first five years of the term and floating thereafter. Unlike TruPS, Sub-Debt covenants do not allow the deferral of interest payments. Finally, Sub-Debt is typically non-callable during the first five years from issuance.

It is anticipated that EJF will securitise its first Sub-Debt CDO in 2019. The Manager believes that in addition to an attractive risk-adjusted current yield, an investment in the Sub-Debt CDO equity tranche may also offer potential upside for investors due to a proposed reinvestment feature. The reinvestment feature would allow the CDO Manager to reinvest proceeds from collateral that has experienced an M&A event into other qualifying collateral. The Manager believes that collateral that experiences an M&A event may trade at a premium to par. By reinvesting these proceeds instead of the normal sequential waterfall payment to the most senior note tranche, the CDO could increase the aggregate principal balance of the collateral, which the Manager believes may benefit all stakeholders.

The Manager believes that TruPS and Sub-Debt CDOs provide access to unique opportunities to invest in a diversified pool of debt issued by small community banks and insurance companies. The Manager believes investments in these CDOs provide an attractive risk-return profile in a high barrier-to-entry asset class. To this end, EJF has a long history with, and deep knowledge of, the niche TruPS and Sub-Debt sector and associated investment areas, with expertise in bank and insurance credit analysis as well as TruPS and Sub-Debt CDO underwriting and management.

EJF leverages its industry standing and knowledge base to source TruPS from a variety of sources, including legacy TruPS CDO liquidations, auction calls, government auctions and secondary market purchases. Once EJF has sourced TruPS, it either holds the investment, sells them back to the bank or insurance company issuer or re-securitises them. Sub-Debt is typically acquired at issuance. The newly issued securitisations of TruPS and Sub-Debt CDOs present a long-term investment opportunity to obtain consistent cash flow from a diversified pool of bank and insurance company credits on an appropriately leveraged basis.

Investor interest and demand for yield in recovering economies continue to drive the demand for future TruPS and Sub-Debt CDO securitisations. An improving credit environment for the underlying issuers and M&A tailwinds in the US have attracted investors to the asset class. Given the successful placing of EJF's previous re-securitisations, the Manager believes the opportunity to invest in risk-retention investments created by such securitisations is sustainable and will generate attractive risk-adjusted returns, in part due to lower risk premia that will apply to bank and insurance issuers of TruPS and Sub-Debt collateral.

As at 30 April 2019, the Company had approximately £84.9 million (unaudited) invested in the equity tranches of five securitisations.

#### ***Bank and Insurance CDO Equity Investments—Key Portfolio and Underlying Collateral Details***

##### ***(d) US community banks***

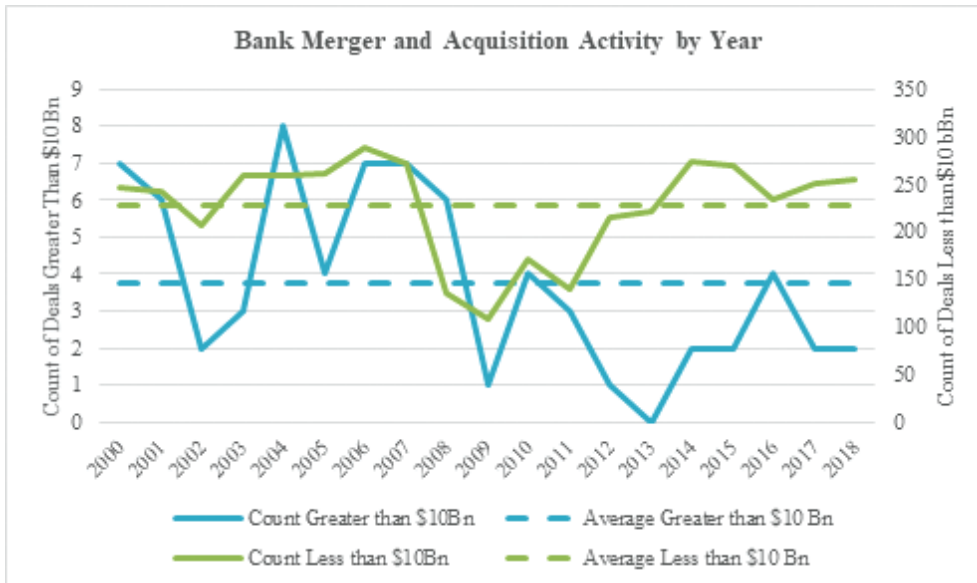
In the United States, the Manager believes that the fallout from the financial crisis has created a new regulatory paradigm for banks. Regulators have substantially increased the level of capital that a bank is required to hold. Legislation such as Dodd-Frank and the Basel III Framework also restrict certain activities and change the definition of what constitutes capital. However, 2018 was another monumental year for regulatory changes in the financial sector in the United States. The US Government, in tandem with the regulators, modified certain regulations which had been deemed to have hindered the growth of small and medium sized banks and insurance companies. One of the key pieces of legislations was the Regulatory Relief Bill which passed into law in May 2018. As part of this bill, regulators created a tiered structure that, in the Manager's estimation, is most favourable to community banks, particularly to those with less than US\$3 billion in assets, and also to those with less than US\$10 billion in assets. In general, these advantages include the following:

- (i) *Small Bank Holding Company ("SBHC") designation:* as part of the Regulatory Relief Bill, the SBHC Policy Statement threshold increased from US\$1 billion in assets to US\$3 billion in assets. Under the SBHC, banks can issue Sub-Debt at the holding company level and count it as equity at their bank subsidiary. By increasing the threshold from US\$1 billion to US\$3 billion, the Manager believes hundreds of additional banks will be able to issue fixed-rate Sub-Debt and potentially redeem their less efficient legacy debt securities such as TruPS. Additionally, since May 2015, SBHCs have been explicitly exempt from the Basel III Framework.
- (ii) *Tiered capital requirements:* SBHCs with less than US\$3 billion in assets have greater flexibility with regard to leverage at the bank subsidiary level. Banks with less than US\$10 billion in assets are required to maintain a minimum Tier 1 common ratio of 7.0 per cent. as opposed to higher minimums for larger banks. Regional banks have a similar minimum requirement, but typically target a higher capital ratio. Banks with assets greater than US\$100 billion target even higher capital ratios.
- (iii) *No stress testing:* banks with less than US\$100 billion in assets have been entirely removed from the Dodd-Frank Act Stress Testing ("DFAST") process as well as the Comprehensive Capital Analysis and Review ("CCAR") quantitative and qualitative segments. Prior to the passage of the Regulatory Relief Bill, all banks with aggregate assets greater than US\$10 billion of assets were subject to some form of stress testing. Presently, banks above US\$100 billion of aggregate assets are subject to additional CCAR stress testing. This test is significantly more comprehensive and requires considerable investment in both systems and manpower in order



to comply. These tests assess the systemic risk of an institution in various scenarios. These banks are also subject to DFAST stress testing. This test typically requires additional resources both in terms of key personnel as well as systems and infrastructure. Although this test does not explicitly restrict capital return, it provides regulators and examiners additional information and disclosure which may have implications during the annual regulatory exam process.

- (iv) *Raised thresholds of “systemic risk”*: in March 2017, the Federal Reserve indicated that banking M&A transactions involving acquisitions of less than US\$10 billion in assets (the previous threshold was less than US\$2 billion), or that result in a firm with less than US\$100 billion in total assets (previous threshold was US\$25 billion), “are generally not likely to create institutions that pose systemic risk”. The Federal Reserve also stated that it would presume that a banking M&A transaction does not raise material financial stability concerns if the assets involved fall below either of the thresholds, unless there is evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors. In 2018, as part of the Regulatory Relief Bill, the threshold for a SIFI under Dodd-Frank was immediately raised from US\$50 billion in assets to US\$100 billion in assets. An additional increase to US\$250 billion of assets is expected to follow within 18 months of the bill being signed into law. The Manager believes this increase will remove most regional banks from the CCAR stress test requirement thereby lowering their regulatory costs. In addition, we believe these banks will now be able to more effectively manage their balance sheets, returning more capital to shareholders (and debtholders), resulting in an increase in return on equity. The Manager also expects these regional banks to become active acquirers going forward.
- (v) *Potential for further reduced regulatory burden*: on 31 October 2018 the Federal Reserve published a notice of proposed rulemaking outlining a modified set of standards for banks with aggregate assets of US\$100 billion and more. As part of these standards, the Federal Reserve revised its tier categorisations which impacts banks with US\$250—US\$700 billion in assets. The Manager believes this was a signal to banks and the market that under proper parameters, growth of up to US\$700 billion in assets will not be treated as punitively as was previously the case. This action was underpinned by the regulatory approval of the merger of BB&T and SunTrust, which will create a new company with approximately US\$442 billion in assets. The Manager believes this deal carries knock-on effects for the industry as regional and super community bank holding companies will have more latitude to form strategic partnerships with less regulatory implications. The Manager believes that these changes are further evidence of an intent of the US federal banking regulatory agencies to reduce the regulatory burden on US Community banks without legislative approval.
- (vi) *Lower corporate tax rates*: the US Government passed a tax reform bill at the end of 2017. The federal tax overhaul lowered the corporate statutory tax rate to 21 per cent. from 35 per cent. The Manager believes that the potential tax savings resulting from the cut and commensurately greater earnings power will generate more capital. This will further bolster the Manager’s investment thesis that a meaningful proportion of bank and insurance companies will consolidate their attractive credit profiles, or become even stronger, and continue to engage in M&A, potentially including capital management, which may include retiring their TruPS.
- (vii) *Bank M&A activity*: the creation of regulatory thresholds since the global financial crisis has led to increased M&A activity. The pace of US bank merger and acquisition activity has continued to accelerate year-on-year at a healthy pace with a total of 260 deals announced in 2018, greater than the previous year’s record deal count. As a given bank approaches each threshold (US\$3 billion, US\$10 billion, US\$50 billion in assets), the institution must prepare for the additional burden of higher regulatory costs as well as greater and more stringent capital levels. In general, this may lead to a scenario where a bank will grow to just below the threshold level and potentially stop or even begin to shed assets. Alternatively, the institution may engage in M&A activity so that the increase in scale will offset the increased economic burden. Incrementally, this scenario will provide a supportive environment for credit quality as smaller banks are acquired by larger, stronger firms. Additionally, if the combined institution exceeds US\$15 billion in assets, there is greater motivation to consider retiring TruPS as they would no longer qualify for regulatory capital treatment.

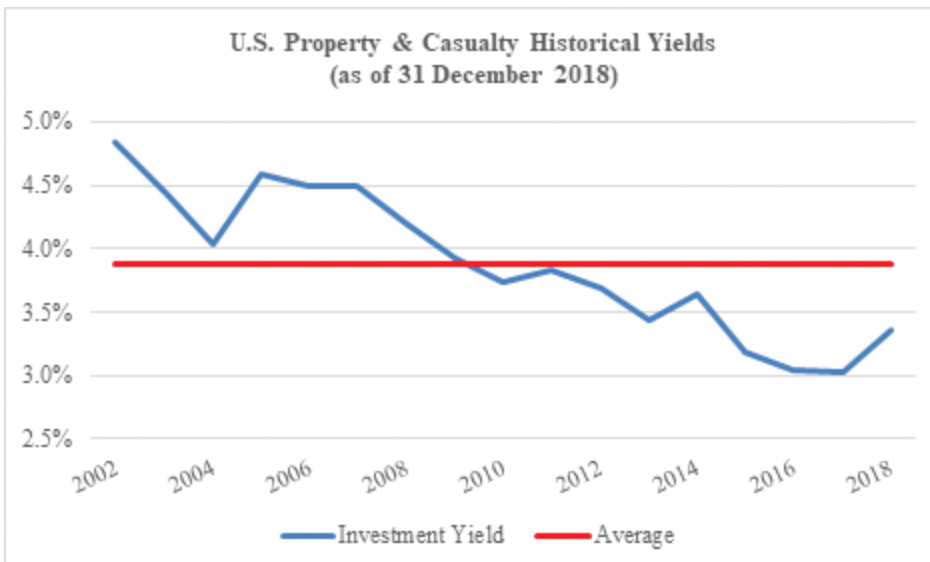


Source: Company data and information

(e) *US insurance companies*

The Manager believes that the insurance industry is currently operating in a favourable credit environment. The industry is highly regulated and is well capitalised. As measured by net premiums written to capital, the capitalisation ratio of the insurance industry is considerably more capitalised than its historical average since 2002. While greater capital levels reduce returns on equity (given the same dollar of income), the Manager views strong industry capitalisation as being very positive from a credit and M&A perspective. Availability of capital has led to a robust M&A environment that could result in higher prepayments of TruPS issued by an acquired insurance company, as those securities become less economic for larger companies that tend to benefit from lower costs of capital.

The industry is also positively exposed to a higher interest rate environment as most insurance industry earnings are generated from the investment income earned from the reserves that insurance companies maintain to pay future claims. This income has been negatively impacted by a steady decline in interest rates over many years. Should interest rates continue to increase, this will likely be conducive to better earnings and interest coverage on debt issued.



Source: Company data based on publicly available information.

(f) *Capital Solutions and Asset Backed Securities*

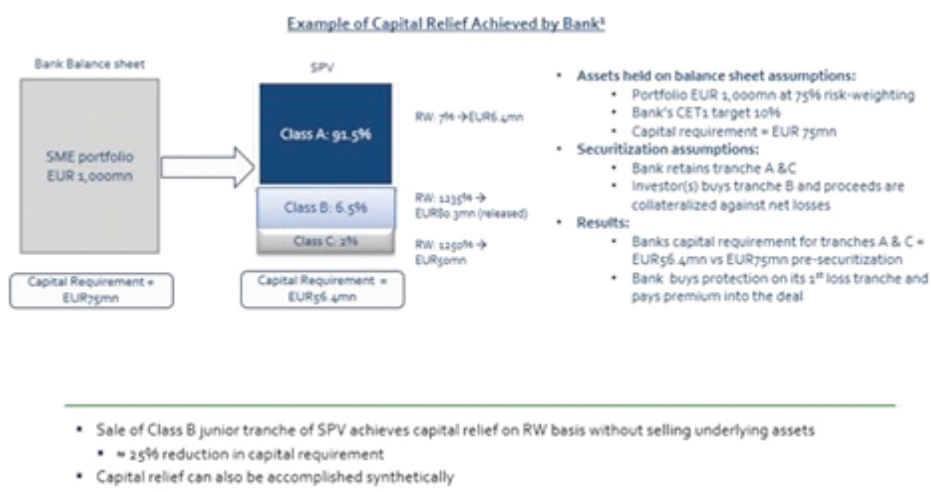
Under post-crisis regulatory regimes, many banks and other regulated financial institutions across the globe are subject to new and enhanced regulations requiring them to hold significantly more capital

against owned assets. Intended to insulate against low probability, high impact events that could cause enterprise damage or failure, these new regulations not only dictate the amount and quality of capital, but also consider the amount and quality of the banks' owned assets. Consequently, the entire banking industry has been facing enormous balance sheet and business restructuring: both asset and liability sides of balance sheets are being restructured; non-core and capital inefficient businesses are being exited, sold, or greatly scaled down; and greater amounts of capital must be held in comparison to prior regulatory regimes.

The requirement for banks to improve, maintain and/or optimise their capital adequacy ratios and comply with the other aspects of the new, more stringent, regulatory regime, provides a substantial opportunity for investment in bank and non-bank securitisation solutions. The Manager intends to be active in this asset class, utilising EJF's broad network of banks, brokers and specialist introducers.

Banks have a finite number of mechanisms through which they can create and optimise regulatory capital, such as retained earnings, new equity/hybrid capital issuance and deleveraging through asset and business segment dispositions. Risk transfer through regulatory capital transactions is also a means to reduce required regulatory capital against assets the bank is unwilling or unable to sell. As such, required levels of capitalisation under current regimes mean that the Manager believes that banks and other regulated financial institutions will continue to use regulatory capital solutions.

To date, the underlying reference assets have included residential mortgage loans, high yield corporate loans and middle market loans with expansion into other areas being evident. The Manager believes regulatory capital transactions will continue to be an attractive option for bank capital management teams and investors alike. As a representative example below, a bank may be able to release significant regulatory capital via funded synthetic capital relief structure:



(1) Assumptions used in this example are based on historic transactions seen by EJF and economics can change on future transactions/ opportunities.

The Manager anticipates that any capital solutions investments will be held to maturity, although such investments may be traded opportunistically if deemed beneficial to the Company.

In addition, the Manager believes non-bank lenders have the potential to take advantage of the regulatory burdens faced by many banks and some such institutions have stepped in to fill the resultant lending void in certain areas. As regulators encourage the growth of the non-bank securitisation markets, especially in Europe, the Manager expects to be able to source and execute non-bank capital solutions to help underlying borrowers finance themselves and grow. Frequently, a major growth impediment of these institutions is obtaining non-senior finance facilities and placing their non-senior securitised debt tranches. The Manager believes there to be a growing and attractive opportunity investing in and funding credible and reliable non-bank securitisation platforms including financing pre-securitisation warehouse facilities and/or holding non-senior tranches of the securitisation. The Manager intends to provide financing or invest in non-senior tranches where the originator has significant exposure to the underlying pool of assets. Such transactions serve to facilitate non-bank lenders to improve their profitability and grow their loan portfolios. This strategy is conceptually similar to the Manager's Specialty Finance strategy but will focus on the securitisation markets.

Finally, the Manager believes there will be opportunities to invest in Asset Backed Securities on an opportunistic basis. This will include investing in certain securitisations backed by assets that are well understood by the Manager given its experience and heritage, including bank and insurance issued TruPS, allowing it to earn a complexity and in some cases, illiquidity premium.

The Manager anticipates that any Asset Backed Securities investments will be held to maturity, although such investments may be traded opportunistically if deemed beneficial to the Company.

### 3.2 *Specialty Finance*

The Manager believes there is an opportunity to generate attractive risk adjusted returns from the revitalisation and development of the specialty finance industry, also known as non-bank lenders. Certain global money-centre banks and global banking conglomerates are continuing to scale down or exit non-core sectors because of the new regulatory environment. The Manager believes this situation underpins the potential for outsized asset growth for favourably regulated specialty finance companies over the near to medium term.

The Manager intends to take advantage of this opportunity in three distinct ways:

- (a) by providing growth capital to specialist companies with existing lending platforms poised to benefit from bank deleveraging and certain resultant funding gaps;
- (b) by providing dedicated debt and equity facilities to finance the lending activities of specialist companies; and
- (c) lending directly to idiosyncratic and often complex situations which are well understood by the Manager given its experience and heritage.

The Manager intends to be active in both the US and Europe. These markets display certain key differences as the specialty finance market is more developed in the US than in Europe, thereby creating differing opportunities. The Alternative Investment Management Association reported in late 2014 that it is estimated that banks in the US account for about 25 per cent. of corporate lending compared to about 80 per cent. in Europe, emphasising Europe's historical over-reliance on the banking sector. In addition, for many European countries, banking assets as a proportion of GDP remains well above 100 per cent. By contrast, according to the Bank of England in 2014, US banking sector assets accounted for less than 100 per cent. of GDP, illustrating that the European financial services industry remains highly leveraged.

The Manager anticipates that the repositioning of the highly leveraged financial sector will generate specialty finance investment opportunities and is encouraged by various statements made by governing bodies and regulators. In the US, the ongoing maturation of the sector is set to continue as banks reposition their asset portfolios. These dynamics afford the Manager the opportunity to attain exposure to assets at attractive risk adjusted rates of return commensurate with the Company's targets.

In Europe, as the Manager has observed that many money-centre banks have chosen to focus on areas where they can benefit from their large branch networks and low deposit funding costs, the Manager believes a migration towards specialist lending companies will continue across several asset classes and may result in attractive risk adjusted investments for the Company.

## 4. **Competitive Advantage**

The Manager believes that it has a competitive advantage in investing in Securitisation and Related Investments opportunities and Specialty Finance opportunities for the following reasons:

- (a) ***Unique relationship with EJF***: the Manager believes that the Company has a competitive advantage investing in certain specific areas of the financial markets as a result of the Manager's unique relationship with EJF. The Manager and EJF are separate entities but the Manager, which is owned by EJF, will rely upon and benefit from the resources of EJF including the provision of portfolio management functions, research and investment analysis performed by EJF investment professionals, service support and certain other functions. EJF and its affiliates manage on a discretionary basis debt and equity securities of approximately US\$7.5 billion and securitisation assets of approximately US\$3.4 billion as at 31 March 2019. The Manager expects the Company to benefit from EJF's investment platform and network of relationships with numerous community and regional banks, insurance companies, investment banks, broker/dealers, management teams of public and private specialty finance companies and other asset managers.

- (b) **Experience investing in certain areas of the financial sector:** EJF and its principals have a long history of investing in both the US financial sector (dating back to 1992) and the European financial sector (dating back to 2011).
- (c) **The Manager's and EJF's track record:** the Manager and EJF have a proven track record investing in opportunistic debt and equity investments, TruPS CDOs, Capital Solutions, Asset Backed Securities and Specialty Finance Investments, as well as a strong investment track record investing in the debt and equity securities of community banks. Below is a summary of the funds EJF has managed post the financial crisis in 2007:
- (i) *Funds with quarterly liquidity terms investing in financial services equity and debt*
- In June 2008, EJF formed its flagship debt strategy which utilises a catalyst-driven approach to identify securities across the entire capital structure, primarily in companies focused in banking or the related financial sector. The flagship debt strategy assets under management are approximately US\$5.3 billion as at 31 March 2019.
- (ii) *Funds with greater than three-year liquidity terms investing in financial services equity and debt*
- Beginning in December 2007, EJF began a series of vehicles that invest exclusively in financial services related equity, debt, TruPS or loans on a long-term basis.
- (d) **Access to Pipeline:** the Manager expects that EJF will provide the Company with significant advantages in sourcing, evaluating and managing long-term investment opportunities that generate attractive current and non-current cash flows that can be distributed on a quarterly basis to the Company's Shareholders. The Manager expects that many of these long-term investment opportunities will be on a co-investment basis with EJF's other managed investment vehicles. One such unique opportunity is EJF Risk Retention securities issued in connection with securitisation vehicles sponsored by EJF and its affiliates and collateralised by loans issued by banks and insurance companies. As a result of the Manager's relationship with EJF, the Company, through the Partnership, will, for so long as EJF Investments Manager LLC is the Manager, have the benefit of a right of first refusal to purchase or subscribe for EJF Risk Retention Securities to be issued in connection with all future EJF Securitisations, in an amount equivalent to the minimum interest that a Sponsor (as that term is used in the relevant Securitisation and Risk Retention Regulations) is required to retain.
- (e) **Limited Competition:** the Manager believes that there are few competitors that possess the requisite set of skills, relationships and infrastructure to efficiently analyse, invest, and monitor Securitisation and Related Investments and Specialty Finance Investments.
- (f) **Extended Investment Horizon:** the Company's permanent capital structure allows it to take advantage of long-term investment opportunities that are available to EJF. The Manager believes that the Company's structure allows it to make investments with a long-term view, giving it a competitive advantage over other institutional investors which may be subject to liquidity constraints or certain capital return requirements. The Manager believes that this flexibility will allow it to achieve superior risk adjusted returns on invested capital and a steady flow of CDO collateral management fee income from its ownership in the CDO Manager.

## PART III: INVESTMENT PROCESS

### 1. Introduction

The Company's Board of Directors provides oversight and supervision of all of the Company's affairs. Management of the Portfolio is delegated to the Manager which makes investment decisions through its investment committee (the "**Investment Committee**"). The Manager and EJV are separate entities but the Manager, which is owned by EJV, relies upon and benefits from the resources of EJV including the provision of portfolio management functions, research and investment analysis performed by EJV investment professionals, service support and certain other functions.

In addition, the Manager, relying upon and benefitting from the resources of EJV, is responsible for supervising and directing the investment and reinvestment of the Partnership's assets, advising the Partnership, and performing on behalf of the Partnership the duties that have been specifically delegated to the Partnership as a risk retention partner. Furthermore, the Manager is responsible for advising the CDO Manager and performing on behalf of the CDO Manager the duties that have been specifically delegated to the CDO Manager in the various transaction documents entered into from time to time by the CDO Manager pursuant to the US MOA Management Agreement.

### 2. Comprehensive Due Diligence and Investment Analysis

The Manager's investment philosophy is based on disciplined, fundamental, credit and investment analysis. The Manager primarily sources investment opportunities for the Company through its relationship with EJV. EJV has a network of relationships with numerous community and regional banks, insurance companies, investment banks, broker/dealers, management teams of public and private specialty finance companies and other asset managers. The Manager's investment research and, where applicable, investment decisions, are based on rigorous credit and relative value analysis performed by EJV's research analysts, portfolio managers and traders. The Company uses the Manager's and EJV's existing infrastructure to identify attractive investment opportunities and to underwrite and monitor its investment portfolio. Potential investments are analysed on the merits of the individual company and/or asset relative to its position in the industry, the general strength of the industry within the context of the overall economy and the structure of the investment. Credit analysis includes, but may not be limited to, an analysis of the key drivers of revenue, expense, cash flow, and sources and uses of working capital.

EJV's research analysts will typically prepare a formal credit memorandum that documents an investment hypothesis and supporting information on, among other things, due diligence performed, review of historical operational and financial information and the industry status of such potential investment, information presented in bank meetings, offering memoranda, management meetings and modelling of financial scenarios. When deemed appropriate, the due diligence process include interviews with management and controlling shareholder(s), review of external and proprietary research and on-site visits.

### 3. Investment Process

The Investment Committee consists of voting and non-voting members who are also EJV employees. Voting members of the Investment Committee currently include Emanuel Friedman, Neal Wilson and Lindsay Sparacino, while non-voting members currently include Peter Stage and Hammad Khan. New investment opportunities will generally be initially reviewed and analysed by the relevant EJV research analysts, then be pre-reviewed by the Investment Committee members, and, in the case of assets that are viewed favourably, a formal credit memorandum will be prepared.

The Investment Committee then makes the investment decisions, under delegated authority from the Directors of the Company and within a set of pre-determined parameters, based on these recommendations. The Investment Committee will also take into consideration information from EJV's traders (as applicable) who will be responsible for contact with the primary and secondary desks within the dealer community and for providing an opinion to the Investment Committee regarding the investments under consideration. As part of this process, the Investment Committee will also take into consideration an analysis of a potential investment's impact on the applicable portfolio's structure. In the case of Risk Retention Investments, unanimous Board approval is also required.

#### 3.1 Investment Monitoring and Credit Risk Management

EJV's research analysts and portfolio managers maintain the investment monitoring process with review by a designated Investment Committee member. Individual investment performance is compared to the initial

investment hypothesis, giving consideration to new financial information, market news, price or other events. As part of an overall risk management strategy, a “Credit Watch List” is maintained and monitored, which is derived from general market information including security prices, company press releases, trustee reports, news and statements and ongoing due diligence as appropriate. Data from the “Credit Watch List” is also used as part of the process to forecast the occurrence of specific credit events and model the impact of credit events on an investment.

Where deemed appropriate, monitoring may include: (i) meetings with management and advisors; (ii) obtaining a seat on committees; and/or (iii) seeking new investors/capital. In performing the credit monitoring processes, various software, publications and third party monitoring services will be used. Based on these inputs, the designated Investment Committee member provides periodic updates to the Directors in relation to the performance of the Company’s investments. The third party and proprietary models of EJV will be designed to monitor ongoing performance of both individual investments and the Company’s overall portfolio.

### 3.2 *Allocation Policy and Procedures*

While EJV, the Manager and the Company (as applicable to their relevant roles) seek to manage potential conflicts of interest in good faith, the portfolio management or advisory strategies employed by EJV in managing its respective Other EJV Accounts could conflict with the transactions and strategies employed: (i) by EJV in managing the portfolio of an EJV Securitisation; (ii) by EJV in providing services to the Company through the Manager and the CDO Manager; (iii) by the Company in managing its own portfolio; and/or (iv) by EJV in advising the Company under the Management Agreement. The portfolio strategies employed by EJV may also affect the prices and availability of the securities and instruments in which EJV Securitisations invest and in which the Company may invest. In addition, in certain circumstances a specific investment opportunity may be appropriate, at times, for the Company, the EJV Securitisations and/or Other EJV Accounts, as applicable.

It is the policy of the EJV Affiliates to generally share appropriate investment opportunities (including purchase and sale opportunities) with the Other EJV Accounts (and by association, with the Company and EJV Securitisations). Each of EJV and the Manager is committed to transacting in securities and loans in a manner that is consistent with the investment objectives of its clients, and to allocating investment opportunities (including purchase and sale opportunities) among its clients on a fair and equitable basis. In allocating investment opportunities, EJV and the Manager determine which clients’ investment mandates are consistent with the investment opportunity (such clients, which may include applicable Other EJV Accounts, “**Relevant Clients**”), taking into account each client’s risk/return profile, investment guidelines and objectives, and liquidity objectives.

However, in the case of Risk Retention Investments, as a result of the Manager’s relationship with EJV, the Company, through the Partnership, will, for so long as EJV Investments Manager LLC is the Manager, have the benefit of a right of first refusal to purchase or subscribe for EJV Risk Retention Securities to be issued in connection with all future EJV Securitisations, in an amount equivalent to the minimum interest that a Sponsor (as that term is used in the relevant Securitisation and Risk Retention Regulations) is required to retain. Elsewhere and as a general matter, investment opportunities will be allocated *pro rata* among Relevant Clients based on their respective targeted acquisition size (which may be based upon available capacity or, in some cases, a specified maximum target size of a client) or targeted sale size (which is generally based upon the position size held by selling clients), in a manner that takes into account the applicable factors listed below.

In addition, each of EJV, the Manager and, if applicable, the Company, comply with specific allocation procedures set forth in the documents governing its relationship with its clients and described during the marketing process. While no client will be favoured over any other client, in allocating investment opportunities certain clients may have priority over other clients consistent with disclosures made to the applicable investors. Consistent with the foregoing, EJV and the Manager generally allocate investment opportunities pursuant to certain allocation methodologies as appropriate depending on the nature of the investment.

Notwithstanding the aforementioned, investment opportunities may be allocated in a manner that differs from such methodologies, but is otherwise fair and equitable to clients, taken as a whole (including, in certain circumstances, a complete opt-out of the allocation). In instances where a particular investment fits different strategies targeted by multiple Relevant Clients, EJV and the Manager may determine that a particular investment most appropriately fits within the portfolio and strategy focus of particular Relevant

Clients and may allocate the investment to those clients. Any such allocations must be: (i) documented in accordance with their procedures; and (ii) undertaken with reference to one or more of the following considerations (in each case, as applicable):

- (i) the risk-return and target-return profile of the investment opportunity relative to the Relevant Client's current risk profile;
- (ii) the Relevant Client's investment guidelines, restrictions, terms and objectives, including whether such objectives are considered solely in light of the specific investment under consideration or in the context of their respective portfolio's overall holdings;
- (iii) the need to re-size risk in the Relevant Clients' portfolios (including the potential for the proposed investment to create an industry, sector or issuer imbalance within a Relevant Client's portfolio) and taking into account any existing non-*pro rata* investment positions in such portfolios;
- (iv) liquidity considerations of the Relevant Client, including during a ramp-up or wind-down of one or more of such clients, proximity to the end of such client's specified investment period, redemption/withdrawal requests from or with respect to a client, anticipated future contributions into a client and available cash;
- (v) tax consequences;
- (vi) regulatory or contractual restrictions or consequences;
- (vii) avoiding *de minimis* or odd lot allocations;
- (viii) availability and degree of leverage and any requirements or other terms of any existing leverage facilities;
- (ix) the particular client's investment focus on a classification attributable to an investment or issuer of an investment, including, without limitation, investment strategy, geography, industry or business sector;
- (x) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals or service support teams dedicated to the applicable client;
- (xi) managing any actual or potential conflict of interest;
- (xii) with respect to investments that are made available to EJV by counterparties pursuant to negotiated trading platforms (e.g., ISDA contracts) which may not be available for all clients in the absence of such relationships; and
- (xiii) any other considerations deemed relevant by EJV and the Manager.

Because of these and other factors, certain Other EJV Accounts may effectively have priority in investment allocation over the Partnership and/or the Company, notwithstanding policies of *pro rata* distribution. Investment orders may be combined for the Company, the Partnership, EJV or for the Other EJV Accounts, and if any order is not filled at the same price, they may be allocated on an average price basis between such accounts. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities or loans may be allocated among the different accounts on a basis which the relevant party or their respective affiliates consider equitable.

From time to time, the Company, the Partnership, EJV and the Other EJV Accounts may make investments at different seniority levels of an obligor's or issuer's capital structure or otherwise in different classes of an obligor's or issuer's securities. When making such investments, the Manager and EJV anticipate that their clients will have conflicts of interest or perceived conflicts of interest between or among the various classes of securities or loans that may be held by such entities and will seek to handle such conflicts in a fair and equitable manner.



## PART IV: DIRECTORS, THE MANAGER AND ADMINISTRATION

### 1. The Company

#### 1.1 *Directors of the Company*

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and the Investment Policy and have overall responsibility for the Company's activities including its investment activities, strategy, risk profile and reviewing the performance and the overall control and supervision of its service providers. The Directors may delegate certain functions to other parties such as the Administrator and the Registrar. In particular, the Directors have delegated responsibility for the day-to-day management of the Portfolio to the Manager (although the Board will remain responsible for the supervision of the Manager). The Directors have also delegated the Board's duties and obligations as a commodity pool operator with respect to the Company and EJFIH in accordance with the US Commodity Exchange Act of 1936 and the rules and regulations thereunder to EJJ.

The Board comprises four Directors, three of whom are independent.

The address of the Directors, all of whom are non-executive, is the registered office of the Company. The Directors of the Company are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Joanna Dentskevich . . . . .	54	Independent non-executive director and Chair
Alan Dunphy . . . . .	45	Independent non-executive director
Nick Watkins . . . . .	50	Independent non-executive director
Neal J. Wilson . . . . .	53	Non-executive director

#### *Joanna Dentskevich*

Mrs. Dentskevich was appointed as a Director on 17 March 2017. Mrs. Dentskevich, a Jersey resident, has over 30 years of risk, finance and investment banking experience gained in London and Asia and sits on the board of a number of investment companies and financial services businesses. Prior to moving to Jersey in 2008, she was director of risk at Deutsche Bank and Morgan Stanley and chief risk officer of a London based hedge fund. Joanna is a director of the London main market listed company, GCP Asset Backed Income Fund Ltd and the Royal Bank of Scotland International Ltd where she is also chair of the risk committee. Joanna is a chartered member of the Chartered Institute for Securities and Investment.

#### *Alan Dunphy*

Mr. Dunphy was appointed as a Director on 12 December 2016. Mr. Dunphy, a Jersey resident, is a fellow of the Institute of Chartered Accountants in Ireland and moved to Jersey in 1998 to join the Assurance and Business Advisory Division of PricewaterhouseCoopers (formerly Coopers and Lybrand). Alan has over 20 years of experience in the offshore financial industry and currently works for LGL Trustees as a director on fund and corporate client structures. Before joining LGL Trustees in June 2014, he was managing director of a global fund management group, Bennelong Asset Management and a director of Capita Fiduciary Group in Jersey prior to which he was at Abacus Financial Services Group.

#### *Nick Watkins*

Mr. Watkins was appointed as a Director on 17 March 2017. Mr. Watkins, a Jersey resident, is a qualified solicitor in England and Wales, having started his career as a corporate tax lawyer with Dechert LLP in London in 1997. He is currently a partner and director of Altair Partners Limited, which provides independent directors to funds and regulated entities. Prior to joining Altair in 2014, he was global head of transaction management for Deutsche Bank's Alternative Fund Services division. Before joining Deutsche Bank in 2010, Nick worked for six and a half years with Citco Trustees in the Cayman Islands, where he was assistant managing director and senior in-house counsel. Before joining Citco, he worked as legal services manager for Abacus Trust Company in the Isle of Man.

#### *Neal J. Wilson*

Mr. Wilson was appointed as a Director on 27 January 2017. Mr. Wilson is a founding member of EJJ and serves as its Chief Operating Officer. In addition to serving as the Chief Operating Officer for EJJ, Mr. Wilson currently serves as the Chief Executive Officer of the Manager. Prior to forming EJJ, Mr. Wilson served as a senior managing director for both the Alternative Asset Investments and Private Wealth Management groups at Friedman, Billings, Ramsey Group, Inc. ("FBR"). Prior to joining FBR, he

was a senior securities attorney at Dechert LLP and a Branch Chief in the division of Enforcement at the US Securities and Exchange Commission in Washington, D.C. He is a member of the Board of Directors of Urban Exposure Finance Limited and a member of the Board of Trustees of Hood College. He served as a member of the Board of Trustees of Sidwell Friends School for five years until 2018. He also served as a member of the Board of Trustees for the Montgomery County (Maryland) Public Schools Employee Pension for nine years until 2013 and in 2014 received a Distinguished Service Award from Montgomery County for his contributions. In June 2014, Mr. Wilson served as Co-Chair of the Bridges Gala for the Marriott Foundation for People with Disabilities Bridges from School to Work Program. He received his BA from Columbia University and his JD from the University of Pennsylvania.

## 2. Corporate Governance

Under the Listing Rules (as voluntarily adopted by the Company), the Company must “comply or explain” against each of the provisions of the UK Corporate Governance Code (the “**UK Corporate Governance Code**”) as published by the Financial Reporting Council. In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

The Directors recognise the value of the UK Corporate Governance Code and have also considered the principles and recommendations of the AIC Code of Corporate Governance (the “**AIC Code**”) produced by the Association of Investment Companies (“**AIC**”). The AIC Code, as explained in the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Directors consider that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to Shareholders. Consequently, the Directors have taken appropriate measures to ensure that the Company complies, so far as is possible given the Company’s size and nature of business, with the AIC Code.

The UK Corporate Governance Code includes provisions relating to the role of the chief executive, executive director remuneration and the need for an internal audit function, a nomination committee and a remuneration committee. For the reasons set out in the AIC Code, the Board considers that these provisions are not relevant in the Company’s circumstances, being an externally managed investment company. In particular, all of the Company’s day-to-day management and administrative functions are outsourced to third parties (subject to appropriate systems, controls and oversight). As a result, the Company has no executive directors, employees or internal operations. In addition, the Board considers its size to be such that it would be unnecessarily burdensome to establish a separate nomination committee and remuneration committee. The Company will not therefore report further in respect of these provisions.

The Directors believe that it is appropriate to treat Alan Dunphy as an Independent Non-Executive Director for the purposes of the AIC Code, notwithstanding his role as a director of Urban Exposure Finance Ltd. (“**UE Finance**”), a joint venture between EJF and another entity, which is 98 per cent. funded by various EJF affiliated investment vehicles (none of which is the Company or the Manager). EJF nominated and appointed two persons to the board of UE Finance, one of which is Neal J. Wilson, and its joint venture partner nominated and appointed three persons to the board of UE Finance, one of which is Mr. Dunphy. Mr. Dunphy is an employee and shareholder of LGL Trustees Limited, a Jersey domiciled firm, providing arm’s length third party administrative services to UE Finance. There is no economic or other direct nexus between UE Finance and the Company or the Manager.

Other than as set out above, the Directors have determined to report against the AIC Code and to follow the AIC Guide. This is treated as compliance with the UK Corporate Governance Code.

### 2.1 *Audit Committee*

The Company has established an audit committee (the “**Audit Committee**”), which comprises Joanna Dentskevich, Alan Dunphy and Nick Watkins. Given the size of the Company and that Joanna Dentskevich is considered to be independent, the Directors believe it is appropriate that Joanna Dentskevich be a member of the Audit Committee. Alan Dunphy acts as chair of the Audit Committee.

The Company's Audit Committee meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the Company's annual accounts and half-yearly financial reports. Where audit-related and/or non-audit services are to be provided by the auditors, full consideration of the financial and other implications on the independence of the auditors arising from any such engagement will be considered before proceeding. The responsibilities of the Audit Committee include monitoring the integrity of the Company's results and financial statements, reviewing reports received from the Administrator on the adequacy and the effectiveness of the Company's internal controls and risk management systems, considering annually the appointment and the on-going suitability of the external auditors and to review the procedures of the Company's service providers.

The chairmanship of the Audit Committee and each Director's performance is reviewed annually by the Chair and the performance of the Chair will be assessed by the other Directors.

## 2.2 *Management Engagement Committee*

The Company has established a management engagement committee (the "**Management Engagement Committee**"), which comprises Joanna Dentskevich, Alan Dunphy and Nick Watkins. The Management Engagement Committee meets formally not less than once a year and has responsibility for reviewing the actions and judgments of the Manager and also the terms of the Management Agreement. Nick Watkins acts as chair of the Management Engagement Committee.

## 2.3 *Directors' Share dealings*

The Company has adopted a code of securities dealings in relation to the Shares, which is based on the rules of the Market Abuse Regulation. The code will apply to the Directors, any persons discharging managerial responsibilities in respect of the Company and any persons closely associated with them.

## 3. **The Manager**

EJF Investments Manager LLC has been appointed as Manager of the Company pursuant to the Management Agreement (further details of which are set out in paragraph 11.2 in the section entitled "*Material Contracts*" in Part XII: "*Additional Information*" of this Prospectus). The Manager is the alternative investment fund manager of the Company (as defined under the AIFM Directive). In such capacity, the Manager is responsible for the portfolio and risk management of the Company, including managing the Company's assets and its day-to-day operations, further details of which are set out in paragraph 11.2 in the section entitled "*Material Contracts*" in Part XII: "*Additional Information*" of this Prospectus.

Although the exercise of the Manager's duties will be subject to the supervision of the Board, the Manager will be able to enter into agreements with other parties, including its affiliates, for the purpose of fulfilling its duties and servicing obligations under the Management Agreement (including retaining services of accountants, legal counsel, appraisers, insurers, brokers, transfer agents, registrars, developers, investment banks, financial advisors, banks and other lenders and others as the Manager deems necessary or advisable). In addition, the Manager will act as the agent of the Company, the Partnership, the General Partner and/or their respective subsidiaries (as the case may be) in making, acquiring, financing, structuring, managing and disposing of their investments.

The Manager is a Delaware limited liability company formed on 23 August 2005 with state file number 4018354 and whose registered office is situated at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801-1120, United States and principal place of business at 2107 Wilson Boulevard, Suite 410, Arlington, VA 22201, United States. On 14 December 2016, the Manager changed its name from Kodiak Capital Management Company LLC to EJF Investments Manager LLC. The Manager's sole business activity is to manage the Group and the Partnership, the General Partner, and their respective subsidiaries. The Manager has no employees and acts exclusively through its managing member, EJF. Accordingly, the Manager is operationally integrated into, and is a relying adviser of, EJF, which is a registered investment adviser with the US SEC and a registered commodity pool operator and commodity trading adviser with the CFTC. Upon its formation, the Manager's then-members made initial capital contributions to the Manager in an aggregate amount of US\$600,000.

EJF holds 100 per cent. of the voting rights in the Manager and the Manager will rely upon and benefit from the resources of EJF in the performance of its obligations to the Group and the Partnership, the

General Partner and their respective subsidiaries, including the provision of portfolio management functions, research and investment analysis performed by EJV investment professionals, service support and certain other functions. EJV and its affiliates manage on a discretionary basis debt and equity securities of approximately US\$7.5 billion and securitisation assets of approximately US\$3.4 billion as at 31 March 2019.

As noted above, the Directors have also delegated the Board’s duties and obligations as a commodity pool operator with respect to the Company and EJV in accordance with the US Commodity Exchange Act of 1936 and the rules and regulations thereunder to EJV. In the future, the EJV may operate the Company without reliance on the exemption in Commodity Futures Trading Commission (“CFTC”) Rule 4.13(a)(3) and instead operate the Company in accordance with CFTC Rule 4.7, which would exempt EJV from certain of the CFTC’s disclosure, reporting and recordkeeping requirements (including the requirement to deliver a CFTC-compliant disclosure document), subject to certain terms and conditions. Complying with CFTC Rule 4.7 could, however, subject EJV and/or the Company to certain additional costs, expenses, and administrative burdens.

### 3.1 *Officers of the Manager*

The officers of the Manager are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Emanuel J. Friedman . . . . .	73	Chairman and Co-Chief Investment Officer
Neal J. Wilson . . . . .	53	Chief Executive Officer
Lindsay J. Sparacino . . . . .	39	Co-Chief Investment Officer
Peter A. Stage . . . . .	46	Chief Financial Officer
Hammad W. Khan . . . . .	38	Senior Managing Director, Europe
Matthew R. Gill . . . . .	30	Accounting Director, Europe

#### *Emanuel J. Friedman, Chairman and Co-Chief Investment Officer*

Mr. Friedman co-founded EJV in 2005 following his retirement from FBR. Mr. Friedman is a founder and the former Co-Chairman and Co-Chief Executive Officer of FBR. Mr. Friedman has more than 40 years of capital markets and asset management experience. Throughout the 1990s, Mr. Friedman was active in building out FBR’s alternative asset management platform. He was instrumental in the creation of hedge, private equity and venture capital funds at FBR, and maintains an extensive network of contacts within the CDO, hedge fund and private equity fund communities. In April 1998, Mr. Friedman was awarded the CEO of the Year Award by George Washington University. He was honoured for his outstanding leadership skills, demonstrated ability to meet organisational goals in the most challenging business environments, dedication to the community, and commitment to education. Mr. Friedman began his career in the securities industry in 1973 at Legg Mason Wood Walker, Inc. He received his BA in Education from the University of North Carolina at Chapel Hill and his JD from Georgetown University.

A disciplinary action was taken against Mr. Friedman, in relation to his involvement with a business of which he was a controller prior to the establishment of EJV. The US SEC reached a settlement with Mr. Friedman on 19 December 2006. In the offer of settlement submitted by Mr. Friedman he consented to the entry of an order by the US SEC containing the findings described below:

- (a) the US SEC order found that Mr. Friedman was a registered representative of FBR, a registered broker-dealer, and either chairman or co-chairman and either CEO or Co-CEO of that firm during his entire tenure there. The order further found that a final judgment was entered by consent against Mr. Friedman enjoining him from violating Section 5 of the US Securities Act and, as a controlling person pursuant to Section 20(a) of the US Securities Exchange Act of 1934 (the “**US Exchange Act**”), from violating Exchange Act Sections 10(b) and 15(f) and Rule 10b-5 in the civil action US SEC v. Friedman, Billings, Ramsey & Co., Inc., et al., Civil Action No. 06-CV-02160 (D.D.C.);
- (b) the US SEC’s complaint alleged that in September/October 2001, Mr. Friedman, with others, directed or controlled the day-to-day management of FBR; in connection with a PIPE offering by CompuDyne Corp., FBR failed to establish, maintain, and enforce policies and procedures reasonably designed to prevent the misuse of material, non-public information and improperly traded CompuDyne stock in its market-making account while aware of material, non-public information concerning the PIPE offering; and
- (c) Mr. Friedman, as a controlling person of FBR, was liable for the foregoing FBR conduct.

Mr. Friedman was barred from associating in a supervisory capacity with any broker or dealer, with the right to reapply for such association after two years (which time period expired in 2009) to the appropriate self-regulatory organization, or if there is none, to the US SEC. Other sanctions were imposed in related civil injunctive proceedings filed by the US SEC and the National Association of Securities Dealers (now known as Financial Industry Regulatory Authority).

The Company has been advised that there was no assertion or finding that Mr Friedman acted with bad intentions or improper motive, and nor did he profit personally. The Company is also advised that these findings have not impacted the continuing US SEC authorisation of EJF.

*Neal J. Wilson, Chief Executive Officer*

For biographical details relating to Mr. Wilson please refer to the section entitled “*Directors of the Company*” of Part IV: “*Directors, the Manager and Administration*” of this Prospectus.

*Lindsay J. Sparacino, Co-Chief Investment Officer*

Ms. Sparacino joined EJF in 2005 and has over 17 years of experience in the financial services industry. While at EJF, Ms. Sparacino has worked on numerous investment strategies, including public and private equity and debt investments, securitisations, and various specialty finance investments in addition. She currently serves as the Co-Chief Investment Officer of the Manager, the external manager for EJF Investments Ltd. Prior to joining EJF, Ms. Sparacino worked in the Real Estate Investment Banking Group at Friedman, Billings, Ramsey Group Inc., where she helped manage several REIT IPOs, follow-on offerings, and 144A private equity issuances. In addition to serving as Co-Chief Investment Officer of the Manager, Ms. Sparacino also serves as a Managing Director, Portfolio Management, for EJF. Ms. Sparacino has also served on the boards of certain private financial companies, including Gramercy Property Europe plc, a European real estate investment company with over US\$1 billion in AUM. Ms. Sparacino has a BS in Finance from Indiana University and is a CFA charterholder.

*Peter A. Stage, Chief Financial Officer*

Mr. Stage joined EJF in 2013, and is a member of the Executive Committee. Mr. Stage is responsible for identifying investment opportunities in the European fixed income, equity and private markets with a focus on the banking sector. Mr. Stage was previously Head of Credit Research at F&C Asset Management (“**F&C**”) where he also analysed the banking sector. Prior to joining F&C in 2008, Mr. Stage was Head of Credit at Gordian Knot Limited, an investment management company, which he joined in 1998 as a bank analyst. In addition to serving as a Senior Managing Director for EJF. Mr. Stage also serves as Chief Financial Officer of the Manager. Mr. Stage holds a BA in Economics from the University of Manchester.

*Hammad W. Khan, Senior Managing Director, Europe*

Mr. Khan joined EJF in 2013 and has 13 years’ experience in the financial services industry touching on various securities analysis within the European financial sector. Mr. Khan previously worked at Oak Circle Capital LLC in New York as a credit analyst where he analysed opportunities within the US RMBS & CMBS sectors. Prior to joining Oak Circle Capital LLC, Mr. Khan worked at Ivy Square Ltd and Ceres Capital Partners LLC in New York where he analysed investment opportunities in the credit markets, modelled complex structured deals and aided with trading/operations. In addition to his role at EJF Capital Ltd., Mr. Khan is a senior member of the investment team for the Manager. Mr. Khan holds a BA in International Economics from Suffolk University in Boston.

*Matthew R. Gill, Accounting Director, Europe*

Mr. Gill serves as Accounting Director in Europe, of EJF. Mr. Gill joined EJF in April 2018 and is located in EJF’s London office. Mr. Gill has 8 years’ experience in the financial services industry and previously worked at PwC in Guernsey managing assurance engagements for both London listed and private alternate investment funds, focused on debt origination, asset backed securities and private equity. Mr. Gill also managed reporting accountant engagements for investment fund initial price offerings on the London Stock Exchange. Mr. Gill is a Chartered Accountant (ICAEW) and holds a BSc. (hons) in Physics from the University of Leeds.

#### 4. **The CDO Manager**

EJF CDO Manager LLC (the “**CDO Manager**”), which is 51 per cent. owned by the Manager and 49 per cent. owned by the Company, provides collateral management services to various CDO structures,

including those which the Company and/or the Partnership invest or may invest in. For these purposes, the CDO Manager is not appointed by the Company and, instead, provides such services directly to those CDO structures on commercially reasonable terms (which will include terms relating to remuneration and standard terms relating to limitation of liability and indemnities, where applicable).

The CDO Manager is also expected to provide collateral management services to future EJV Securitisations as it will have the benefit, for so long as EJV Investments Manager LLC is the Manager, of a right to be appointed as the provider of collateral administration, monitoring and management services in respect of each EJV Securitisation. The CDO Manager may also provide collateral management services to non-EJV securitisations as well, either via a Risk Retention Investment or a CDO investment. The CDO Manager is expected to benefit from collateral management and incentive fees on all CDOs it services and manages until maturity of such CDOs.

## 5. Administrator and Company Secretary

BNPP acts as Administrator and Company Secretary of the Company pursuant to the Administration Agreement (further details of which are set out in paragraph 11.3 in the section entitled “*Material Contracts*” in Part XII: “*Additional Information*” of this Prospectus). In such capacity, the Administrator provides the day-to-day administration of the Company and is also responsible for the Company’s general administrative and secretarial functions, such as the calculation and publication of the NAV and maintenance of the Company’s accounting and statutory records, together with compliance services.

The Administrator is a Societe en Commandite par Actions, created under the laws of France on 17 April 1936 whose registered office is situated at 3 Rue d’Antin, 75002 Paris, France, acting from its branch in Jersey whose registered business address is IFC 1, The Esplanade, St Helier, Jersey JE1 4BP. The Administrator is registered under the Financial Services (Jersey) Law 1998, as amended, with the JFSC to provide fund services business. The JFSC is protected by the Financial Services (Jersey) Law 1998, as amended, against liability arising from the discharge of its functions under that law. The Administrator’s principal business activity is providing securities services.

## 6. Registrar

Computershare Investor Services (Jersey) Limited has been appointed as Registrar of the Company pursuant to the Registrar Services Agreement (further details of which are set out in paragraph 11.4 in the section entitled “*Material Contracts*” in Part XII: “*Additional Information*” of this Prospectus) to provide share registration services. Computershare Investor Services (Jersey) Limited is a private limited company incorporated in Jersey and has an issued share capital of £25,000, all of which is fully paid up.

## 7. Custodian

Citigroup Global Markets Inc. and Citibank N.A. have been authorised to provide prime brokerage and/or custody services to the Company pursuant to the Custody Agreement (further details of which are set out in paragraph 11.5 in the section entitled “*Material Contracts*” in Part XII: “*Additional Information*” of this Prospectus). The principal activities of Citigroup Global Markets Inc. and Citibank N.A. are to provide banking, prime brokerage and custody services.

Citigroup Global Markets Inc., is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 15 October 1998 and having its principal business office at 390 Greenwich Street, New York, NY 10013-2396, USA (telephone number +1.212.816.6000) and having in Great Britain a principal branch office (Citigroup Global Markets Limited) situated at Citigroup Centre, 33 Canada Square, Canary Wharf, London E14 5LB, with company number 01763297. Citigroup Global Markets Inc. is a registered broker-dealer regulated by FINRA and the US SEC with CRD number 7059 and US SEC number 8177.

Citibank N.A. is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and organised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal business office at 399 Park Avenue, New York, NY 10043, USA (telephone number +1.646.294.2727) and having in Great Britain a principal branch office (Citibank, N.A., London) situated at Canada Square, Canary Wharf, London E14 5LB, with company number FC001835 and branch number BR001018. Citigroup Global Markets Inc. is an indirect wholly owned subsidiary of Citibank N.A. Citibank N.A. is a wholly owned subsidiary of Citigroup Inc. Citigroup Inc. has total stockholders’ equity

of US\$178 billion, with total common stockholders' equity of US\$196 billion and 2,312,467,721 shares of common stock outstanding.

## 8. Valuation Agent

The Board may appoint a recognised independent third party valuation agent(s) (the “**Valuation Agent**”) as it deems appropriate from time to time on arm's-length commercial terms (which will include terms relating to remuneration and standard terms relating to limitation of liability and indemnities, where applicable).

## 9. Fees and Expenses

### 9.1 Expenses related to the Placing Programme

The costs and expenses to be paid by the Company in connection with establishing the Placing Programme (including the publication of this Prospectus), include, without limitation, a corporate finance fee payable to Numis, legal fees, printing, advertising and distribution costs and FCA and JFSC fees, and are not expected to exceed £490,000.

The variable costs and expenses to be paid by the Company in connection with any Placing under the Placing Programme are expected to include, without limitation, placing fees payable to Numis, LSE admission fees (which each will depend on the number of Shares to be issued pursuant to such Placing and the relevant Placing Price), legal fees and printing, advertising and distribution costs. Such variable costs are expected to be covered, where possible, by any premium generated on the issue of any Ordinary Shares or New ZDP Shares (as the case may be), or in respect of the issue of C Shares, from the proceeds of the issue of such C Shares.

No costs or expenses will be charged to any subscriber for Shares pursuant to any Placing under the Placing Programme by the Company.

### 9.2 Ongoing expenses

The Company's ongoing expenses will comprise the following. EJV, through its ownership of the Manager currently absorbs 100 per cent. of the recurring operating expenses of the Company, aside from management and incentive fees. This arrangement will expire on 1 July 2019, following which EJV has agreed to absorb 90 per cent. of the recurring operating expenses of the Company, aside from management and incentive fees until no earlier than 1 January 2020. Furthermore, the Manager expects that it will continue to absorb at least 75 per cent. of the Company's recurring operating expenses, aside from management and incentive fees, until no earlier than the date on which the unaudited Net Asset Value of the Company reaches £300 million.

#### (a) Manager

Under the terms of the Management Agreement, the Manager is entitled to receive a base management fee, calculated monthly and paid quarterly in arrears, in a monthly amount equal to the product of 1/12 of the NAV attributable to Ordinary Shares at the end of the relevant month multiplied by one per cent. (the “**Management Fee**”).

Where there are C Shares in issue, the Management Fee will be charged on the NAV attributable to Ordinary Shares and the net assets attributable to C Shares, respectively.

In addition, the Manager is also entitled, subject to the satisfaction of certain conditions, to an annual incentive fee (the “**Incentive Fee**”) calculated by reference to movements in the Adjusted NAV attributable to Ordinary Shares (as described below) from time to time. The Incentive Fee will be calculated in respect of each twelve month period starting on 1 January and ending on 31 December in each calendar year (an “**Incentive Fee Period**”), save that the first Incentive Fee Period commenced on the Original Admission and ended on 31 December 2017 and the final Incentive Fee Period shall end on the date that the Management Agreement is terminated or, where the Management Agreement has not been terminated, the actual date of termination of the provision by the Manager of the Non-Retained Services.

In the event that C Shares are in issue, the Manager shall be entitled, subject to the satisfaction of certain conditions, to an incentive fee payable in C Shares or, if applicable, cash in respect of movements in the adjusted net assets attributable to the C Shares on the same basis as summarised in respect of the Incentive Fee payable in relation to the Adjusted NAV attributed to Ordinary Shares in

this paragraph 9.2, except that an Incentive Fee Period shall be deemed to end on the day prior to the conversion of the relevant class of C Shares into Ordinary Shares in accordance with the Articles.

The Incentive Fee shall be calculated in relation to the assets attributable to Ordinary Shares and shall be an amount equal to 10 per cent. of the amount by which the Adjusted NAV attributable to Ordinary Shares exceeds the higher of (i) the Incentive Hurdle at the relevant time and (ii) the High Watermark at the relevant time, in respect of the relevant Incentive Fee Period.

The Incentive Fee will, save as set out below, be payable to the Manager in Ordinary Shares and/or C Shares (if in issue) (“**Incentive Shares**”). The amount of the Incentive Fee shall be due and payable no later than the date which is 30 business days after the end of the calendar year or such date that may be agreed by the Company and the Manager, and shall be calculated by the Manager and notified to the Company as a cash figure (the “**Cash Equivalent Amount**”) but shall be paid either by the issue by the Company to the Manager of Ordinary Shares and/or C Shares (if required) and/or by the Company procuring the transfer to the Manager of Ordinary Shares and/or C Shares (if required) at its own cost, in each case in accordance with, and subject to, the provisions of the Management Agreement. The number and source of Incentive Shares to be delivered to the Manager in satisfaction of the Incentive Fee will be determined as follows:

- (i) if the relevant Average Closing Price equals or is higher than the last reported Net Asset Value per Ordinary Share published before the relevant Incentive Fee Payment Date or Delayed Incentive Fee Payment Date (as the case may be) (the “**Last Reported Net Asset Value per Ordinary Share**”) or (as the case may be) the last reported Net Asset Value per C Share published before the relevant Incentive Fee Payment Date or Delayed Incentive Fee Payment Date (as the case may be) (the “**Last Reported Net Asset Value per C Share**”), the Company will issue to the Manager (or to its order) in payment of the relevant fee such number of new Ordinary Shares or C Shares (as the case may be) credited as fully paid as is equal to the Cash Equivalent Amount divided by the relevant Average Closing Price (rounded down to the nearest whole Ordinary Share or C Share (as the case may be));
- (ii) if the relevant Average Closing Price is lower than the Last Reported Net Asset Value per Ordinary Share or the Last Reported Net Asset Value per C Share (as the case may be), the Company shall satisfy its obligation to pay the relevant fee by procuring, at its own cost, the transfer to the Manager (or to its order) of Ordinary Shares or C Shares (as the case may be) (through one or more transactions) with an aggregate market price equal to the Cash Equivalent Amount at a price per Ordinary Share or price per C Share (as the case may be) no greater than the Last Reported Net Asset Value per Ordinary Share or the Last Reported Net Asset Value per C Share (as the case may be). If it is not possible to apply all of the applicable Cash Equivalent Amount to the transfer of Ordinary Shares or C Shares (as the case may be) in the market at or below the Last Reported Net Asset Value per Ordinary Share or the Last Reported Net Asset Value per C Share (as the case may be) within two months following the Business Day immediately preceding the end of the calendar year to which the relevant Incentive Fee relates, or such later date that may be agreed by the Manager and the Company, then the Manager may elect to extend that period for up to: (i) a further four months or (ii) such later period that may be agreed by the Manager and the Company, or require that the Company issues to it (or to its order) such number of new Ordinary Shares or C Shares (as the case may be) as is equal to the remaining portion of the Cash Equivalent Amount divided by the then Last Reported Net Asset Value per Ordinary Share or the Last Reported Net Asset Value per C Share (as the case may be) (rounded down to the nearest whole Ordinary Share or C Share (as the case may be)). Any balance of the Cash Equivalent Amount remaining at the end of such extended period will be paid by way of the Company issuing to the Manager (or to its order) (A) a number of new Ordinary Shares (rounded down to the nearest whole number) with an aggregate value equal to such balance on the basis of the then Last Reported Net Asset Value per Ordinary Share and/or (as the case may be) or (B) a number of new C Shares (rounded down to the nearest whole number) with an aggregate value equal to such balance on the basis of the then Last Reported Net Asset Value per C Share.

The Incentive Fee (or any portion thereof) shall be payable by the Company in cash in an amount equal to the Cash Equivalent Amount (or the relevant portion thereof), to the extent necessary, if (i) the Company is limited or prohibited from issuing or procuring the transfer of Ordinary Shares or C Shares on the terms of the Management Agreement at the relevant time by applicable law or regulation, the Articles, the Shareholder Limitation or any free float obligation applicable to the



Company; or (ii) the Company does not have authority to issue the relevant Ordinary Shares or C Shares on a non pre-emptive basis.

The Manager has agreed that the issuance to, or receipt by, it of any Incentive Shares pursuant to the Management Agreement shall be subject to the Manager Lock-Up Deed.

Subject to certain standard protections, the Manager will be able to claim all documented expenses it incurs in providing its services under the Management Agreement and all other expenses actually incurred by the Manager on behalf of the Company, the Partnership, the General Partner and their respective subsidiaries (including, without limitation, travel expenses).

For the purposes of this paragraph 9.2, the following expressions have the following meanings:

**“Adjusted NAV attributable to Ordinary Shares”** means an amount equal to the NAV attributable to Ordinary Shares: (i) excluding any increases or decreases in NAV attributable to Ordinary Shares attributable to the issue or repurchase of any Ordinary Shares; (ii) adding back the aggregate amount of any dividends paid or distributions made in respect of any Ordinary Shares; (iii) excluding the aggregate amount of dividends and distributions accrued but unpaid in respect of any Ordinary Shares; and (iv) excluding the amount of any accrued but unpaid Incentive Fees payable in relation to the NAV attributable to Ordinary Shares, in each case without double counting;

**“Average Closing Price”** means the average of the middle market quotations of the Ordinary Shares (as adjusted to exclude any dividend which is included in such quotations if the Ordinary Shares delivered are ex that dividend) for the 30 day period ending on the business day immediately preceding the end of the calendar year to which the Incentive Fee relates;

**“Delayed Incentive Fee Payment Date”** means a date later than the Incentive Fee Payment Date agreed by the Manager and the Company

**“High Watermark”** means the Adjusted NAV attributable to Ordinary Shares as determined on the last day of the latest previous Incentive Fee Period in respect of which an Incentive Fee was payable to the Manager;

**“Incentive Fee Calculation Date”** means the last business day of each calendar year with respect to which each instalment of Incentive Fee is payable except in relation to the final Incentive Fee Period, which shall be the date of termination of the Management Agreement or the actual date of termination of the provision by the Manager of certain non-retained services (as the case may be);

**“Incentive Fee Payment Date”** the date which is thirty (30) Business Days after the end of the calendar year with respect to which an Incentive Fee installment is payable;

**“Incentive Hurdle”** means the Adjusted NAV attributable to Ordinary Shares on the date of Original Admission, compounded annually (with effect from 31 December 2017) at a rate equal to an internal rate of return of 8 per cent. per annum;

**“NAV attributable to Ordinary Shares”** means an amount equal to the total value, as at the relevant date, of the assets attributable to the Ordinary Shares after the deduction of all liabilities attributable to the Ordinary Shares determined in accordance with the accounting policies adopted by the Company from time to time;

**“NAV per Ordinary Share”** means an amount equal to, as at the relevant date, the NAV attributable to Ordinary Shares divided by all of the Ordinary Shares of the relevant class in issue as at such date;

**“Rule 9 Resolution”** means a resolution to waive the obligation of the Manager or any of its concert parties to make a general offer to the shareholders independent of EJV and its affiliates for their Shares in accordance with Rule 9 of the Takeover Code; and

**“Shareholder Limitation”** means the reinvestment in Ordinary Shares of any Cash Equivalent Amount resulting in the Manager or any person acting in concert with it (as defined under the Takeover Code) having interests in Shares carrying more than 29.9 per cent. of the aggregate voting rights in the Company, unless the shareholders of the Company have passed a Rule 9 Resolution.

(b) *Administrator and Company Secretary*

Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee comprising a fixed fee of £233,000 per annum and variable fees which are charged at market

rates, depending on the nature of the services provided. Total fees payable to BNPP per annum are not expected to exceed £275,000 per annum.

(c) *Custodian*

Citigroup Global Markets Inc. is entitled to a monthly fee of US\$10,000 for the provision of prime brokerage and custody services in relation to the Company's interest in the Discounted CDO Securities Portfolio. For the provision of custody services in relation to the Company's interest in the Armadillo Portfolio, Citibank, N.A. is entitled to a monthly servicing fee of approximately US\$208. The monthly servicing fee is calculated by reference to the month end valuation of the Armadillo Portfolio and any other assets which may be transferred to such custody account from time to time, subject to a minimum annual servicing fee of US\$2,500.

(d) *Registrar*

The Registrar is entitled to an annual fee of £12,000. Other registrar activity outside of the agreed scope of services will be charged for in accordance with the Registrar's normal tariff as published from time to time.

(e) *Directors*

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for Neal J. Wilson, the Directors are remunerated for their services at a fee of £40,000 per annum, plus an additional annual fee of £10,000 for the Chair and an annual fee of £5,000 for the chair of the audit committee. Neal J. Wilson has agreed to waive his annual fee. No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits. The aggregate remuneration and benefits in kind of the Directors in respect of the accounting period of the Company ending on 31 December 2019, which will be payable out of the assets of the Company, is not expected to exceed £135,000.

(f) *expenses*

All other on-going operational expenses of the Company (excluding fees paid to service providers as detailed above) are borne by the Company including, without limitation: the incidental costs of making its investments and the implementation of its Investment Objective and Investment Policy; travel; accommodation; printing costs; the cost of directors' and officers' liability insurance; the costs of maintaining the Company's website; corporate brokers' fees; audit, reporting accountant and legal fees; brokerage fees and annual Specialist Fund Segment fees. The fees of the Company's auditors, reporting accountants and legal advisors are determined in accordance with the terms of engagement entered into with these service providers.

## PART V: OPERATING AND FINANCIAL REVIEW

### 1. Overview

The Company is a registered closed-ended investment public company incorporated with limited liability in the Bailiwick of Jersey on 20 October 2016. On 20 December 2016, the Company changed its name to EJF Investments Limited and was re-registered as a public company.

The Company seeks to generate attractive risk adjusted returns for its Shareholders, by investing in opportunities created by regulatory and structural changes impacting the financial services sector, such as structured debt and equity, loans, bonds, preference shares, convertible notes and private equity, in both cash and synthetic formats issued by entities domiciled in the US, UK and Europe. The Company seeks to make quarterly dividend payments of income arising from the Portfolio in addition to targeting Net Asset Value growth.

The Company seeks to achieve its Investment Objective by pursuing an Investment Policy of investing in a diversified portfolio of investments that are derived from the changing financial services landscape as described in the section entitled “*Investment Policy*” of Part I: “*The Company*” of this Prospectus. Investments are primarily sourced and/or originated by the Manager directly but may involve working with third parties to design an investment. Debt investments listed on a recognised market may also be purchased on an opportunistic basis.

### 2. Results of operations

#### (a) *Total Revenue*

Total revenue for the year ended 31 December 2018 was £20.5 million, an increase of £2.2 million or 12.1 per cent., from £18.3 million for the period from 20 October 2016 (the date of the Company’s incorporation) to 31 December 2017. This was primarily a result of the increase in dividend income and net gain on non-derivative financial assets held at fair value through profit or loss.

#### (b) *Total Expenses*

Total operating expenses for the year ended 31 December 2018 were £3.5 million, an increase of £0.8 million or 27.3 per cent., from £2.8 million for the period from 20 October 2016 (the date of the Company’s incorporation) to 31 December 2017. This was primarily a result of an increase in fees payable to the Manager and amortised issue costs relating to ZDP Shares.

## PART VI: CAPITALISATION AND INDEBTEDNESS STATEMENT

The following table sets out the capitalisation and indebtedness of the Company as at 31 December 2018.

	As at 31 December 2018
	£
<b>Current debt</b>	
Guaranteed . . . . .	—
Secured . . . . .	—
Unguaranteed/unsecured . . . . .	—
<b>Total non-current debt (excluding current portion of long-term debt)</b> . . . . .	—
Guaranteed . . . . .	—
Secured . . . . .	15,545,525
Unguaranteed/unsecured . . . . .	—
<b>Total gross indebtedness</b> . . . . .	<b>15,545,525</b>
<b>Shareholders' equity</b>	
Net assets attributable to shareholders . . . . .	90,259,133
Legal reserve . . . . .	—
Other reserves . . . . .	—
<b>Total</b> . . . . .	<b><u>90,259,133</u></b>

There has been no material change in the Company's capitalisation since 31 December 2018.

The following table sets out the Company's net indebtedness as at 30 April 2019.

	As at 30 April 2019
	£
A Cash . . . . .	287,473
B Cash equivalent . . . . .	—
C Trading securities . . . . .	—
<b>D Liquidity (A+B+C)</b> . . . . .	<b>287,473</b>
<b>E Current financial receivables</b> . . . . .	—
F Current bank debt . . . . .	—
G Other current portion of non-current debt . . . . .	—
H Other current financial debt . . . . .	—
<b>I Current financial debt (F+G+H)</b> . . . . .	—
<b>J Net current financial assets (D+E+I)</b> . . . . .	<b>287,473</b>
K Non-current bank loans . . . . .	—
L Bonds issued . . . . .	—
M Other non-current loans . . . . .	15,881,651
<b>N Non-current financial indebtedness (K+L+M)</b> . . . . .	<b>15,881,651</b>
<b>O Net financial indebtedness (J—N)</b> . . . . .	<b>(15,594,178)</b>

The Company had no indirect or contingent liabilities as at 30 April 2019.

The Company has entered into a Revolving Credit Facility with Access National Bank (“ANB”) pursuant to which ANB has agreed to provide a revolving credit facility of up to US\$7.5 million. Unless repaid earlier, the unpaid loan amount together with accrued interest shall be payable in full on 30 November 2019. For further information in relation to the Revolving Credit Facility, please see the section entitled “*Revolving Credit Facility*” in paragraph 11.7 of Part XII: “*Additional Information*” of this Prospectus.

EJFIF is an identified party under a Repurchase Agreement entered into between EJF and Citigroup Global Markets Inc. (“CGMI”) pursuant to which EJFIF has pledged a CDO security in favour of CGMI valued at US\$9,787,500 (equivalent to £7,797,700 on the transaction date) and in exchange received US\$6,625,000. For further information in relation to the Repurchase Agreement, please see the section entitled “*Repurchase Agreement*” in paragraph 11.8 of Part XII: “*Additional Information*” of this Prospectus.

## PART VII: HISTORICAL FINANCIAL INFORMATION

### Historical financial information

The following documents, have been filed with the FCA and are available for inspection in accordance with paragraph 21 of Part XII: “*Additional Information*”:

- the Company’s audited financial statements for the period from 20 October 2016 (the date of the Company’s incorporation) to 31 December 2017 filed with the FCA on 25 April 2018 (the “**2017 Annual Report and Accounts**”); and
- the Company’s audited financial statements for the financial year ended 31 December 2018 filed with the FCA on 2 April 2019 (the “**2018 Annual Report and Accounts**”).

### Information incorporated by reference

The table below sets out the various sections of the documents referred to above which are incorporated by reference into, and form part of, this Prospectus so as to provide certain information required pursuant to the Prospectus Rules, and only the parts of the documents identified in the tables below are incorporated into, and form part of, this Prospectus. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Prospectus. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this Prospectus. All such documents are available on the Company’s website at [www.EJFI.com](http://www.EJFI.com) and from the Company’s registered office during normal business hours on any weekday (bank and public holidays excepted).

#### For the period from 20 October 2016 to 31 December 2017

<u>Reference document</u>	<u>Information incorporated into this Prospectus</u>	<u>Page number</u>
2017 Annual Report and Accounts . . . . .	Independent Auditor’s Report	35–38
	Statement of Financial Position	40
	Statement of Comprehensive Income	39
	Statement of Changes in Equity	41
	Statement of Cash Flows	42
	Notes to the Audited Financial Statements	43–83

#### For the year ended 31 December 2018

<u>Reference document</u>	<u>Information incorporated into this Prospectus</u>	<u>Page number</u>
2018 Annual Report and Accounts . . . . .	Independent Auditor’s Report	35–39
	Statement of Financial Position	41
	Statement of Comprehensive Income	40
	Statement of Changes in Equity	42
	Statement of Cash Flows	43
	Notes to the Audited Financial Statements	44–79

## PART VIII: DETAILS OF THE PLACING PROGRAMME

### 1. INTRODUCTION

The Company has instituted the Placing Programme under which the Board has discretion to issue and allot up to 150 million Ordinary Shares and/or C Shares and (subject to appropriate shareholder authorities being granted) up to 75 million New ZDP Shares. The Placing Programme has been implemented to satisfy market demand and to enable the Company to raise additional capital in the period from the date of this Prospectus to 23 June 2020, should the Board determine that market conditions are appropriate. The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue and allot Shares at any time prior to the final closing date of 23 June 2020.

The maximum number of Shares available under the Placing Programme should not be taken as an indication of the number of Shares finally to be issued. The allotment and issue of Shares under the Placing Programme will be determined by the Company, the Manager and Numis after taking into account demand for the Shares and market conditions. Any issues of Shares under the Placing Programme will be notified by the Company through an RIS and the Company's website prior to each Admission.

Placings under the Placing Programme will not be underwritten. The terms and conditions which shall apply to any subscription for Shares pursuant to any Placing are contained in Part XIII: "*Terms and Conditions of each Placing*" of this Prospectus. Each Placee will agree to be bound by the Articles once the Shares that such Placee has agreed to subscribe for pursuant to any Placing have been acquired by such Placee.

### 2. CONDITIONS

Each allotment and issue of Shares pursuant to a Placing is conditional, amongst other things, on:

- (a) the applicable Placing Price being determined by the Directors (in consultation with Numis) to the extent that Ordinary Shares or New ZDP Shares are issued as described below;
- (b) Admission of the Shares issued pursuant to such Placing;
- (c) the Placing Agreement not being terminated in accordance with its terms and a particular Placing becoming unconditional, in each case in accordance with the terms of the Placing Agreement, prior to the completion of the Placing;
- (d) to the extent required under the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company; and
- (e) for a Placing of New ZDP Shares only, the New ZDP Minimum Cover Amount (which will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme) being met following completion of the Placing.

In circumstances in which these conditions are not fully met, the relevant issue of Shares pursuant to such Placing will not take place.

### 3. PRICING

The Placing Price in respect of any Placing will be determined by the Directors (in consultation with Numis) and, to the extent that:

- (a) Ordinary Shares are to be issued, the Placing Price will be not less than the prevailing Net Asset Value per Ordinary Share, plus a premium;
- (b) C Shares are to be issued, the Placing Price will be 100 pence per C Share; and
- (c) New ZDP Shares are to be issued: (i) in respect of the first Placing of New ZDP Shares under the Placing Programme, the Placing Price will be 100 pence per New ZDP Share; and (ii) in respect of any subsequent Placing of New ZDP Shares, the Placing Price will be not less than the prevailing NAV per New ZDP Share, plus a premium.

The Directors will determine the Placing Price on the basis described above so as to cover the costs and expenses of each Placing under the Placing Programme and to thereby avoid any dilution in the Net Asset Value of the existing Shares. In determining the Placing Price, the Directors will also take into consideration, amongst other things, the prevailing market conditions at that time.

In addition, the terms of the New ZDP Shares (including the New ZDP Repayment Date, the New ZDP Final Capital Entitlement, the New ZDP Gross Redemption Yield, the Minimum Cover Amount in respect of the New ZDP Shares and the Dividends Minimum Cover Amount in respect of the New ZDP Shares) will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme, taking into account, amongst other things, the prevailing market conditions at that time and on the basis of the bases and assumptions set out in Part XI: “*Principal Bases and Assumptions*”. The Company may only issue New ZDP Shares under the Placing Programme in circumstances where, immediately following such issue the New ZDP Minimum Cover Amount (which will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme) will be met and the borrowings limit not breached.

The Placing Price in respect of any Placing, and the terms of the New ZDP Shares in respect of the first Placing of New ZDP Shares pursuant to the Placing Programme, will be notified via an RIS announcement as soon as practicable in conjunction with each Placing.

The costs and expenses of issuing Shares under the Placing Programme will depend on, amongst other things, the number of Shares to be issued pursuant to such Placing and the relevant Placing Price, but it is expected that in respect of an issue of Ordinary Shares or New ZDP Shares under the Placing Programme, these costs will be covered by issuing such Ordinary Shares or New ZDP Shares at a premium. The costs and expenses of any issue of C Shares under the Placing Programme will be paid out of the gross proceeds of the Placing Programme and will be borne by holders of C Shares only.

#### **4. INVESTOR PROFILE**

The Shares are only suitable for investors: (i) who are institutional, professional and highly knowledgeable (including those who are professionally advised); (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment, including the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company. The Shares may also be suitable for investors who are financially sophisticated, non-advised private investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such investment.

#### **5. PLACING**

Numis has agreed to use its reasonable endeavours to procure Placees to subscribe for any Shares issued under any Placing on the terms and subject to the conditions set out in the Placing Agreement. Details of the Placing Agreement are set out in paragraph 11.1 of Part XII: “*Additional Information*” of this Prospectus.

The terms and conditions which shall apply to any subscription for Shares by subscribers procured by Numis pursuant to any Placing are contained in Part XIII: “*Terms and Conditions of each Placing*” of this Prospectus.

#### **6. SUBSCRIBER WARRANTIES**

Each subscriber for Shares in any Placing and each subsequent investor in the Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgements and agreements set out in paragraphs 2 and 4 in Part XIII: “*Terms and Conditions of each Placing*” of this Prospectus.

The Company, the Manager, Numis and their respective directors, officers, members, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

If any of the representations, warranties, acknowledgements or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company and Numis.

#### **7. PLACING ARRANGEMENTS**

The Placing Agreement contains provisions entitling Numis to terminate any Placing (and the associated arrangements) at any time prior to Admission of the Shares being issued pursuant to such Placing in

certain circumstances. If this right is exercised, such Placing and these arrangements will lapse and any monies received in respect of the such Placing will be returned to applicants without interest at their risk.

The Placing Agreement provides for Numis to be paid a commission in respect of the Shares to be allotted pursuant any Placing. Any commission received by Numis may be retained, and any Shares subscribed for by Numis may be retained, or dealt in, by Numis for its own benefit.

Further details of the terms of the Placing Agreement are set out in paragraph 11.1 of Part XII: “*Additional Information*” of this Prospectus.

## 8. USE OF PROCEEDS

The net proceeds of the any Placing are dependent, among other things, on:

- (a) the Directors determining to proceed with an issue of Shares under the relevant Placing;
- (b) the level of subscriptions received;
- (c) the number of Shares issued under the relevant Placing; and
- (d) the price at which any Shares are issued under the Placing Programme.

The Directors intend to invest the net proceeds of any Placing in accordance with the Company’s Investment Objective and Investment Policy, subject to the availability of sufficient investment opportunities (further details of the Company’s Investment Objective and Investment Policy are set out in Part I: “*The Company*” of this Prospectus). Prior to making the investments the Company will hold the proceeds from any Placing in cash or cash equivalents. It is likely, therefore, that for a period following each Placing and at certain other times, the Company will have surplus cash.

## 9. ADMISSION AND DEALINGS

Application will be made to the London Stock Exchange for the Shares to be issued pursuant to each Placing to be admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange. There will be no conditional dealings in any Shares prior to any Admission.

The ISIN number of the Ordinary Shares is JE00BF0D1M25 and the SEDOL code for the Ordinary Shares is BF0D1M2. The ISIN number of the C Shares is JE00BF0D1P55 and the SEDOL code for the C Shares is BF0D1P5. The ISIN number of the 2022 ZDP Shares is JE00BDG12N48 and the SEDOL code is BDG12N4. The ISIN number of the New ZDP Shares will be JE00BK1WV903 and the SEDOL code for the New ZDP Shares will be BK1WV90.

The Shares are in registered form and can also be held in uncertificated form. Prior to the despatch of definitive share certificates in respect of any Shares which are held in certificated form, transfers of those Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares. Accordingly, the dealing price of the Shares may not necessarily reflect changes in the NAV per Ordinary Share, C Share, 2022 ZDP Share or New ZDP Share (as applicable). Furthermore, the level of the liquidity in the Shares can vary significantly and typical liquidity on the Specialist Fund Segment of the Main Market of the London Stock Exchange is relatively unknown.

## 10. SCALING BACK AND ALLOCATION

The Directors are authorised to issue and allot up to 150 million Ordinary Shares and/or C Shares pursuant to the Placing Programme. To the extent the Directors determine to undertake a Placing of New ZDP Shares pursuant to the Placing Programme, the Directors will convene a general meeting in order to obtain authority to create the New ZDP Shares and disapply pre-emption rights in relation to up to 75 million New ZDP Shares.

To the extent that commitments under the Placing Programme exceed 150 million Ordinary Shares and/or C Shares in aggregate or 50 million New ZDP Shares, Numis, in consultation with the Company and the Manager, reserves the right to scale back applications in such amounts as it considers appropriate. Numis reserves the right to decline in whole or in part any application for Shares pursuant to any Placing.



Accordingly, applicants for Shares may, in certain circumstances, not be allotted the number of Shares for which they have applied.

The Company will notify investors of the number of Shares in respect of which their application has been successful and the results of each Placing will be announced by the Company via an RIS announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant.

#### **11. GENERAL**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Jersey, the Company, Numis and their respective agents may require evidence in connection with any application for Shares pursuant to any Placing, including further identification of the applicant(s), before any Shares are issued. The Company and its agents reserve the right to request such information as is necessary to verify the identity of the prospective Shareholder and (if any) the underlying prospective beneficial owner of the Shares. In the event of delay or failure by the prospective Shareholder to produce any information required for verification purposes, the Directors, in consultation with its agents, may refuse to accept a subscription for the Shares.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of this Prospectus and prior to the date on which dealing in the last Shares that may be issued under the Prospectus were to begin, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

The Directors may, in their absolute discretion, waive the minimum application amounts in respect of any particular application for Shares under any Placing.

Should any Placing be aborted or fail to complete for any reason, monies received will be returned without interest at the risk of the applicant to the bank account from which the money was received forthwith following such abort or failure, as the case may be.

#### **12. CLEARING AND SETTLEMENT**

Payment for Shares issued pursuant to any Placing should be made in accordance with settlement instructions to be provided to Placees by Numis. To the extent that any application for Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST following each Admission. In the case of Shares to be issued in uncertificated form, these will be transferred to successful applicants through the CREST system.

#### **13. CREST**

CREST is a paperless book-entry settlement system operated by Euroclear which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system. Prior to the issue of any Shares under any Placing, application will be made for the Shares to be admitted to CREST with effect from the applicable Admission. An investor applying for Shares under any Placing may elect to receive Shares in uncertificated form if such investor is a system-member in relation to CREST. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

The Company will instruct Euroclear to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Shares on the date of the applicable Admission. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Shares outside of the CREST system following an issue of Shares under any Placing should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests Shares to be issued in certificated form and is holding such Shares outside CREST, a share certificate will be despatched either to him, her or it or his, her or its nominated

agent (at his, her or its risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Shares. Shareholders (other than US Persons and persons acting for the account or benefit of any US Person) holding definitive certificates may elect at a later date to hold such Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

Shareholders holding their Shares through CREST or otherwise in uncertificated form may obtain from the Registrar (as evidence of title) a certified extract from the Register showing their Shareholding.

#### **14. PURCHASE AND TRANSFER RESTRICTIONS**

For a description of restrictions on offers, sales and transfers of the Shares, please refer to the section entitled “*Selling restrictions*” in “*Important Notices*” of this Prospectus and the section entitled “*Articles of Association*” in Part XII: “*Additional Information*” of this Prospectus. Save as set out in that section and in the Articles, there are no restrictions on the transfer of Shares.

## PART IX: PRINCIPAL BASES AND ASSUMPTIONS

The terms of the New ZDP Shares (including the New ZDP Repayment Date, the New ZDP Final Capital Entitlement, the New ZDP Gross Redemption Yield, the Minimum Cover Amount in respect of the New ZDP Shares and the Dividends Minimum Cover Amount in respect of the New ZDP Shares) will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme, taking into account, amongst other things, the prevailing market conditions at that time and on the basis of the bases and assumptions set out in this Part XI: “*Principal Bases and Assumptions*”. The terms of the New ZDP Shares will be notified via an RIS announcement as soon as practicable in conjunction with each Placing.

There can be no guarantee that the assumptions set out below will be realised. accordingly, no reliance should be placed on any illustrative financial statistics derived from the assumptions set out below. The attention of prospective investors is also drawn to the section entitled “*Risk Factors*” of this Prospectus.

The assumptions which will be used are:

1. On 30 April 2019 (being the latest practicable date prior to the publication of this Prospectus on which the Portfolio was valued) the Company had 69,557,192 Ordinary Shares in issue (of which 5,381,886 Ordinary Shares were held in treasury by the Company), 15,000,000 2022 ZDP Shares in issue, the NAV was £122.2 million (unaudited) and the NAV per Ordinary Share was £1.90 (unaudited).
2. The annual operating costs of the Company are approximately £2.3 million to £2.6 million per annum (excluding incentive fees payable to the Manager) and will not be deducted for the purposes of calculating the initial cover and final cover of the New ZDP Shares.
3. The initial cover of the New ZDP Shares will be calculated as the ratio of:
  - (a) the NAV as at 30 April 2019 (being the latest practicable date prior to the publication of this Prospectus on which the Portfolio was valued) adjusted to deduct the dividend for the period prior to the latest practicable date prior to the first Placing of New ZDP Shares pursuant to the Placing Programme; to
  - (b) the gross proceeds of the first Placing of New ZDP Shares under the Placing Programme.
4. The final cover of the New ZDP Shares will be calculated as the ratio of:
  - (a) the NAV as at the latest practicable date prior to the first Placing of New ZDP Shares pursuant to the Placing Programme, adjusted to (i) add back the expected net proceeds of the first Placing of New ZDP Shares under the Placing Programme; and (ii) deduct the dividend for the period prior to the latest practicable date prior to the first Placing of New ZDP Shares pursuant to the Placing Programme; to
  - (b) the sum of the assets required to pay the aggregate New ZDP Final Capital Entitlement in respect of the New ZDP Shares issued pursuant to the Placing Programme and other borrowings.
5. The hurdle rate of the New ZDP Shares will be calculated as the minimum annual growth rate from the expected date of the first Admission of New ZDP Shares issued under the Placing Programme of the Group’s assets required to cover fully the New ZDP Final Capital Entitlement and other borrowings.
6. No capital gains tax is or will be payable by the Company in Jersey; no other changes will occur in any relevant taxation law and practice; and the allocation of certain expenses to the capital reserve will result in a notional transfer of tax relief from the revenue account to the capital reserve in accordance with the Association of Investment Companies’ Statement of Recommended Practice.
7. There will be no changes to generally accepted accounting practices relevant to the Company.
8. The Company has an indefinite life.

## PART X: TAXATION

### 1. GENERAL

The information below, which relates only to Jersey, UK and US taxation is for general information purposes only and summarises the advice received by the Board and is applicable to the Company (except in so far as express reference is made to the treatment of other persons) and to persons who are resident or ordinarily resident in Jersey, the United Kingdom or the United States for taxation purposes and who hold Shares as an investment. It is not intended to be a comprehensive summary of all technical aspects of the structure, or tax law and practice in Jersey, the UK or the United States (including such tax law and practice as it applies to any land or building situated in Jersey). It is not intended to constitute legal or tax advice to Shareholders. It is based on current Jersey, UK and United States tax law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

**If you are in any doubt about your tax position, you should consult your professional adviser without delay.**

### 2. JERSEY

#### 2.1 The Company

Under Article 123C of the Income Tax (Jersey) Law 1961 and on the basis that the Company is tax resident in Jersey, the Company (not being a financial services company, or a utility company as defined under the Income Tax (Jersey) Law 1961 at the date of this Prospectus) will be regarded as subject to Jersey income tax at a rate of zero per cent.

If the Company derives any income from the ownership or development and disposal of land in Jersey, such income will be subject to tax at the rate of 20 per cent. It is not expected that the Company will derive any such income.

#### 2.2 Holders of Shares

There is no capital gains tax, estate duty, inheritance tax or similar taxes (other than stamp duty see below.)

Dividends on Shares and redemption proceeds may be paid by the Company to non-Jersey resident shareholders without withholding or deduction for or on account of Jersey income tax. Non-Jersey resident shareholders will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Shares. Non-Jersey resident shareholders will be exempt from Jersey income tax on receipt of any distribution from the Company. Shareholders who are resident in Jersey for tax purposes may be liable to pay income tax on distributions (including redemption proceeds) received from the Company. The attention of any holder of any Shares who is resident in Jersey is drawn to the provisions of Article 134A of the Income Tax (Jersey) Law 1961, as amended, which may in certain circumstances render such a resident liable to Jersey income tax on undistributed income or profits of the Company. Advice should be obtained from a professional advisor in these circumstances.

#### 2.3 Goods and Services Tax

Jersey imposes a Goods and Services Tax ("GST") on the taxable supply of goods and services in or imported into Jersey. The current GST rate is 5 per cent. On the basis that the Company has obtained International Services Entity status, the Company is not:

- (a) required to register as a taxable person pursuant to the Goods and Services Tax (Jersey) Law 2007;
- (b) required to charge GST in Jersey in respect of any supply made by it; or
- (c) (subject to limited exceptions that are not expected to apply to the Company) required to pay GST in Jersey in respect of any supply made to it.

The Directors intend to continue to conduct the business of the Company such that no GST will be incurred or be payable by the Company.

## 2.4 Stamp Duty

In Jersey, no stamp duty is levied on the issue, acquisition, ownership, exchange, sale, transfer or other disposition of Shares between living persons except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer Shares on the death of a holder of such Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the deceased's net moveable estate (wherever situated in respect of a holder of Shares domiciled in Jersey, or situated in Jersey in respect of a holder of Shares domiciled outside Jersey). Such duties are payable in respect of the net value of the estate (as at the date of death) rounded up to the nearest £10,000 at a rate of 0.5 per cent. of the first £100,000 and 0.75 per cent. thereafter up to a maximum net value of £13,360,000. The rules for joint holders and holdings through a nominee are different and advice relating to this form of holding should be obtained from a professional advisor. Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there otherwise estate duties.

Purchasers of Shares may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase or other relevant jurisdiction in addition to the issue price of the Shares.

## 2.5 FATCA

Under Sections 1471 through 1474 of the US Internal Revenue Code (commonly referred to as “**FATCA**”) “Financial Institutions” are required to use enhanced due diligence procedures to identify US persons who have invested in either non-US financial accounts or non-US entities.

Pursuant to FATCA, certain payments of (or attributable to) US-source income, (including dividends and interest), are subject to a 30 per cent. withholding tax unless the Company agrees to certain reporting and withholding requirements (“**FATCA Withholding**”).

The United States and Jersey have entered into an intergovernmental agreement (“**US-Jersey IGA**”) to implement FATCA. Under the terms of the US-Jersey IGA, the Company is obliged to comply with the provisions of FATCA as enacted by the Jersey legislation implementing the US-Jersey IGA (the “**Jersey IGA Legislation**”), rather than directly complying with the US Treasury regulations implementing FATCA. Under the terms of the US-Jersey IGA, Jersey resident entities that comply with the requirements of the Jersey IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to FATCA Withholding on payments they receive and will not be required to withhold under FATCA on payments they make.

The Company is considered a Jersey resident financial institution and therefore is required to comply with the requirements of the Jersey IGA Legislation. Under the Jersey IGA Legislation, the Company is required to report to the States of Jersey Comptroller of Taxes certain holdings by and payments made to certain US investors in the Company, as well as to non-US financial institutions that are considered to be “Non-Participating Financial Institutions” for the purposes of the US-Jersey IGA and have one or more controlling persons who are US residents for tax purposes. Under the terms of the US-Jersey IGA, such information will be onward reported by the States of Jersey Comptroller of Taxes to the United States.

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

In order to avoid the Company being subject to withholding taxes, all prospective Shareholders (whether they are US citizens or not) must agree to provide the Company at the time or times prescribed by the Jersey IGA Legislation and at such times reasonably requested by the Company with such information and documentation (whether relating to themselves, their investors and/or beneficial owners) prescribed by the Jersey IGA Legislation and such additional documentation reasonably requested by the Company as may be necessary for the Company to comply with its obligations under the Jersey IGA Legislation.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the US Jersey IGA is subject to review by the United States and Jersey and the rules may change. Shareholders should consult with their own tax advisers regarding the application of FATCA to their particular circumstances.

## 2.6 Common Reporting Standard

The OECD has developed a new global standard for the automatic exchange of financial information between tax authorities (“CRS”). The CRS has been implemented in the EU by way of the Revised Directive on Administrative Co-Operation (Council Directive 2014/107/EU). Jersey is a signatory to the CRS and has been exchanging information with tax authorities of other signatory jurisdictions since September 2017.

In summary, the legislation in Jersey that implements CRS (the “**Jersey CRS Legislation**”) requires “reporting financial institutions” in Jersey to identify, review and report on “financial accounts” maintained by them and which are held by residents for tax purposes (whether individuals or entities) of jurisdictions with which Jersey has agreed to exchange information. The reporting deadline for Jersey reporting financial institutions to report to the States of Jersey Comptroller of Taxes is 30 June in the year following the calendar year to which the return relates.

Reports are made to the States of Jersey Comptroller of Taxes and then passed to the competent authority of the jurisdiction in which the account holder is resident. Although the Company will attempt to satisfy any obligations imposed on it by the CRS, no assurance can be given that it will be able to satisfy such obligations. Implementation of the CRS may require the Company to conduct additional due diligence and report upon accounts held with it by Shareholders who are reportable persons in other participating jurisdictions. As the Jersey CRS Legislation also provides for the “wider approach” of CRS to be followed, equivalent due diligence information will be demanded for a Shareholder who is not a resident of a participating jurisdiction (in order to avoid the need for this information to be gathered retrospectively in future years). The Company may require certain additional financial information from Shareholders to comply with its due diligence and reporting obligations under the CRS.

Failure by the Company to comply with the obligations under the CRS may result in fines being imposed on the Company and in such event, the target returns of the Company may be materially affected. All prospective Shareholders must agree to provide the Company at the time or times prescribed by applicable law and at such times reasonably requested by the Company such information and documentation (whether relating to themselves, their investors and/or beneficial owners) prescribed by applicable law and such additional documentation reasonably requested by the Company as may be necessary for the Company to comply with its obligations under CRS.

Prospective Shareholders should, as with FATCA, consult their tax advisors with regard to the potential CRS tax reporting and certification requirements associated with an investment in the Company. It is further recommended that Shareholders who are entities consider themselves whether they have any obligations to notify their respective investors, Shareholders or account holders about the information that the Company requests, and the potential disclosures that the Company will be obliged to make in connection with those persons in complying with its obligations under CRS.

**This summary of Jersey taxation issues can only provide a general overview of this area and it is not a description of all the tax considerations that may be relevant to a decision to invest in the Company. The summary of certain Jersey tax issues is based on the laws and regulations in force as at the date of this document and may be subject to any changes in Jersey law occurring after such date. Legal advice should be taken with regard to individual circumstances. Any person who is in any doubt as to his, her or its tax position or where he, she or it is resident, or otherwise subject to taxation, in a jurisdiction other than Jersey, should consult his, her or its professional adviser.**

**In order to avoid the Company being subject to withholding taxes or penalties, all investors must agree to provide the Company at times reasonably requested by the Company with such information and documentation (whether relating to themselves, their investors and/or beneficial owners) reasonably requested by the Company.**

## 3. UNITED KINGDOM

The following is a summary of certain United Kingdom tax considerations relating to an investment in the Shares.

The statements set out below are based on current United Kingdom law and published HM Revenue & Customs (“HMRC”) practice (which may not be binding on HMRC), as at the date of this Prospectus, and which may be subject to change, possibly with retroactive effect. They are intended as a general guide and apply only to Shareholders resident and, in the case of an individual, domiciled in (and only in) the United Kingdom for United Kingdom tax purposes (except insofar as express reference is made to the treatment

of non-United Kingdom residents), who hold Shares as an investment (other than under an individual savings account or self-invested personal pension) and who are the absolute beneficial owners of the Shares and any dividends paid on them. (In particular, Shareholders holding their Shares via a depository receipt system or clearance service should note that they may not always be regarded as the absolute beneficial owners thereof.) The discussion does not address all possible tax consequences relating to an investment in the Shares. The statements are not addressed to: (i) special classes of Shareholders such as (and without limitation), for example, dealers in securities, broker dealers, intermediaries, insurance companies and collective investment schemes; (ii) Shareholders who hold Shares as part of hedging transactions; (iii) Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment; and (iv) Shareholders who hold Shares in connection with a trade, profession or vocation carried on in the United Kingdom through a branch or agency (or, in the case of a corporate Shareholder, in connection with a trade in the UK carried on through a permanent establishment or otherwise).

**Shareholders or prospective Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.**

### 3.1 The Company

The Directors intend to conduct the affairs of the Company in such a way that it should not be resident in the UK for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a branch, agency or permanent establishment situated therein) and is not managed and controlled in the UK, the Company will not be subject to UK income tax or corporation tax other than (i) by way of withholding on certain types of UK source income such as UK source interest and/or (ii) in circumstances where the Company makes significant investments in UK real estate (which is not expected to be the case).

### 3.2 Shareholders

#### (a) *UK Offshore Fund Rules*

If the Company meets the definition of an “offshore fund” for the purpose of UK taxation, then in order for a UK Shareholder to be taxed under the capital gains tax regime (rather than on an income basis) on disposal of Shares, the Company must apply to HMRC to be treated as a reporting fund and maintain reporting fund status throughout the period in which the UK Shareholder holds the Shares.

The Directors are of the opinion that, under current law, the Company should not be an “offshore fund” for the purposes of UK taxation and legislation, contained in Part 8 of the Taxation (*International and Other Provisions*) Act 2010, should not apply.

On this basis, Shareholders (other than those holding Shares as dealing stock, who are subject to separate rules) who are resident in the UK, or who carry on business in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected, may, depending on their circumstances and subject as mentioned below, be liable to UK tax on chargeable gains realised on the disposal of their Shares.

#### (b) *Tax on Chargeable Gains*

A disposal of Shares by a Shareholder who is resident in the UK for UK tax purposes or who is a company that is not so resident but carries on business in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains or capital gains, depending on the Shareholder’s circumstances and subject to any available exemption or relief.

For individual Shareholders capital gains tax at the rate of tax at 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate taxpayers) will be payable on any chargeable gain.

Individuals may benefit from certain reliefs and allowances (including an annual exempt amount, which presently exempts the first £12,000 from tax for tax year 2019—20 depending on their circumstances).

For Shareholders that are bodies corporate resident in the UK for taxation purposes, any gain will be within the charge to corporation tax. The main rate of corporation tax is currently 19 per cent, reducing to 17 per cent. from 1 April 2020.

More specifically in the context of ZDP Shares, subject to the comments made under the section headed “*Disguised interest rules*” below, Shareholders who are UK-resident individuals should be subject to capital gains tax at a rate of 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher and additional rate taxpayers) on any gain realised. Individuals may be able to benefit from other reliefs and allowances (including the annual exempt amount mentioned above).

For ZDP Shareholders who are subject to UK corporation tax, the amount by which the respective ZDP Final Capital Entitlement exceeds the amount originally subscribed for the relevant ZDP Shares will be treated as a “distribution” for UK corporation tax purposes. Such a distribution would potentially be taxable as income, but would generally qualify to be treated as exempt under Part 9A of the Corporation Tax Act 2009 for a UK tax resident corporate shareholder that is not a “small company”.

(c) ***Disguised interest rules***

The attention of Individual Shareholders resident in the UK is drawn to the “disguised interest” rules contained in Chapter 2A of Part 4 of the Income Tax (*Trading and Other Income*) Act 2005. These provisions, which apply when the return received by the taxpayer is considered to be economically equivalent to interest, operate to re-characterise capital proceeds as income and subject them to tax as income. If these provisions were to apply to the ZDP Shares, profits received by ZDP Shareholders on a ZDP Repayment Date or otherwise in relation to a disposal or redemption of their ZDP Shares would be subject to tax as interest rather than capital gains.

One of the requirements for returns to be characterised as “economically equivalent to interest” is that there must be no practical likelihood that the return will cease to be produced, ignoring factors such as the insolvency of the payor (in this case, the Company). HMRC has issued guidance on this point which confirms that the rules should not apply to arrangements where the payout is linked to an investment portfolio which is “genuinely exposed to investment risk”. While the Company believes that its investment portfolio is such that the return on the ZDP Shares will be genuinely exposed to investment risk, it cannot be guaranteed that HMRC will accept the application of its guidance to the ZDP Shares in which case returns would be taxed as interest rather than as capital gains.

(d) ***Dividends***

The Company will not be required to withhold amounts on account of United Kingdom tax at source when paying a dividend.

*Individual Shareholders*

All dividends received by a UK resident individual Shareholder from the Company or from other sources on or after that date will form part of the Shareholder’s total income for income tax purposes and will constitute the top slice of that income. A nil rate of income tax will apply to the first £2,000 of taxable dividend income received by the Shareholder in a tax year. Income within the nil rate will be taken into account in determining whether income in excess of the nil rate band falls within the basic rate, high rate or additional rate tax bands. Where the dividend income is above the £2,000 dividend allowance, the first £2,000 of the dividend income will be charged at the nil rate and any excess amount will be taxed at 7.5 per cent. to the extent that the excess amount falls within the basic rate tax band, 32.5 per cent. to the extent that the excess amount falls within the higher rate tax band and 38.1 per cent. to the extent that the excess amount falls within the additional rate tax band.

*Corporate Shareholders*

Unless the recipient is a “small company” (see below), dividends paid by the Company to a corporate Shareholder which is UK resident should generally be expected to fall within one or more of the classes of dividend qualifying for exemption from corporation tax.

Shareholders within the charge to UK corporation tax which are “small companies” (as that term is defined in section 931S of the Corporation Tax Act 2009) will be liable to corporation tax on dividends paid to them by the Company because the Company is not resident in a “qualifying territory” for the purposes of the legislation contained in the Corporation Tax Act 2009. Jersey is a non-qualifying territory for this purpose.



(e) ***Non-UK resident Shareholders***

A Shareholder who is not resident in the UK for UK tax purposes will not be liable to income or corporation tax in the UK on dividends paid on the Shares unless such a Shareholder carries on a trade (or profession or vocation) in the UK and the dividends are either a receipt of that trade or, in the case of corporation tax, the dividends are receipts of a trade carried on by the Shareholder through a UK permanent establishment.

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

No UK stamp duty or SDRT will arise on the issue of Shares. No UK stamp duty will be payable on a transfer of Shares, provided that all instruments effecting or evidencing the transfer (or all matters or things done in relation to the transfer) are not executed in the UK and no matters or actions relating to the transfer are performed in the UK.

Provided that the Shares are not registered in any register kept in the UK by or on behalf of the Company and that the Shares are not paired with shares issued by a company incorporated in the UK, any agreement to transfer the Shares will not be subject to UK SDRT.

Transfers of Shares within the CREST system will generally give rise to a charge to SDRT at a rate of 0.5 per cent. of the consideration payable in respect of the transfer. The SDRT due will generally be collected within the CREST system. Provided that the Shares are not registered in any register kept in the UK by or on behalf of the Company, no SDRT should be payable on transfers through the CREST systems.

(g) ***ISAs and registered pension schemes***

Investors resident in the United Kingdom who are considering acquiring Shares are recommended to consult their own tax and/or investment adviser in relation to the eligibility of the Shares for ISAs and SSAS/SIPPs.

Shares acquired pursuant to the Placing Programme will not be eligible for inclusion in a stocks and shares ISA. On Admission, Shares acquired in the market should be eligible for inclusion in a stocks and shares ISA, subject to applicable subscription limits.

Between 6 April 2019 and 5 April 2020, the total annual ISA investment allowance is £20,000 in cash, stocks and shares or certain other items, or any combination of these.

The Shares may be eligible for inclusion in a registered pension scheme subject to the rules of the scheme and the discretion of the trustees of the scheme.

### 3.3 Other UK Tax Considerations

(a) ***Transfer of Assets Abroad***

Individuals Shareholders resident in the UK should note that Chapter 2 of Part 13 of the Income Tax Act 2007, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company.

(b) ***Close Company Provisions***

The attention of Shareholders resident in the UK is drawn to the provisions of section 3 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances where the company would be a close company if UK resident, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 25 per cent. of the Shares.

(c) ***Transactions in Securities***

The attention of UK resident Shareholders is drawn to the provisions of (in the case of a UK resident individual Shareholder) Chapter 1 of Part 13 Income Tax Act 2007 and (in the case of a UK resident corporate Shareholder) Part 15 of the Corporation Tax Act 2010, which give powers to HMRC to cancel tax advantages derived from certain transactions in securities.

(d) ***Controlled foreign companies***

UK resident corporate Shareholders should be aware of the “controlled foreign companies” rules contained in Part 9A of the Taxation (*International and Other Provisions*) Act 2010. These rules can result in the “chargeable profits” of a non-UK resident company which is controlled or deemed to be controlled by UK tax resident persons (a “CFC”) being apportioned to and subject to a UK corporation tax-equivalent charge in the hands of UK tax resident companies which have “relevant interests” in the CFC (which include “relevant interests” held by a bare trustee or nominee). A holding of Shares could qualify as a “relevant interest” for these purposes if the Company is or were to become a CFC. However, no apportionment would be made to a Shareholder unless that Shareholder (together with any persons connected or associated with it) would have at least 25 per cent. of the Company’s profits apportioned to it in accordance with Part 9A. Persons who may be treated as “connected” or “associated” with each other for these purposes include two or more companies one of which controls the other(s) or all of which are under common control.

4. **UNITED STATES**

The following is a summary of certain US federal income tax considerations relevant to the acquisition, ownership and disposition of Shares. This summary is based upon the US Tax Code, the regulations promulgated by the US Treasury Department, or the Treasury regulations, current administrative interpretations and practices of the IRS (including administrative interpretations to and practices expressed in private letter rulings which are binding on the IRS only with respect to the particular taxpayers who requested and received these rulings) and judicial decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No advance ruling has been or will be sought from the IRS regarding the Company’s classification as a partnership for US federal income tax purposes or any other matter discussed in this summary. This summary is for general information only, and does not purport to discuss all aspects of US federal income taxation that may be important to a particular investor in light of its investment or tax circumstances or to investors subject to special tax rules, such as:

- US expatriates;
- persons who mark-to-market the Shares;
- subchapter S corporations;
- US Holders (as defined below) whose functional currency is not the US dollar;
- financial institutions;
- insurance companies;
- broker-dealers;
- regulated investment companies;
- trusts and estates;
- holders who receive Shares through the exercise of employee share options or otherwise as compensation;
- persons holding Shares as part of a “straddle”, “hedge”, “conversion transaction”, “synthetic security”, or other integrated investment;
- persons subject to the alternative minimum tax provisions of the US Tax Code;
- persons holding their interest through a partnership or similar pass-through entity;
- persons treated as holding, including by attribution, a 10 per cent. or more (by vote or value) beneficial interest in the Company;
- tax-exempt organisations;
- holders of C Shares; and
- non-US Holders (as defined below).

If an entity or arrangement treated as a partnership for US federal income tax purposes holds Shares, the US federal income tax treatment of a partner in such partnership generally will depend upon the status of

the partner and the activities of such partnership. A partner of a partnership holding Shares should consult its tax advisor regarding the US federal income tax consequences to the partner of the acquisition, ownership and disposition of Shares by the partnership.

This summary assumes that investors hold Shares as capital assets, which generally means as property held for investment. In addition, this discussion does not address the US federal income tax consequences of the issuance of C Shares or the Conversion of C Shares into New Ordinary Shares. Any issuance of C Shares or Conversion of C Shares into New Ordinary Shares may affect the allocation of the Company's income, gains, losses, deductions and credits, and holders of Shares outstanding at the time of issuance or Conversion should consult their tax advisors with respect to the US federal income tax treatment of the issuance of C Shares or the Conversion of C Shares into New Ordinary Shares and consequences of holding Ordinary Shares or ZDP Shares while any C Shares are outstanding. In addition, this discussion does not address the US federal income tax consequences of the conversion of ZDP Shares into another class of shares of the Company, and prospective holders of ZDP Shares should consult their tax advisors with respect to the US federal income tax treatment of any such conversion.

Further, although the matter is not certain, the Company intends to take the position that the ZDP Shares are not treated as indebtedness of the Company for US federal income tax purposes and the remainder of this discussion assumes that the ZDP Shares will be so treated. Holders of Shares should consult their tax advisors with respect to the US federal income tax consequences if the ZDP Shares were treated as indebtedness of the Company for US federal income tax purposes.

For purposes of this summary, a "**US Person**" is an individual who is a citizen or a resident of the United States for US federal income tax purposes, a corporation that is organized in or under the laws of the United States, any state or the District of Columbia, an estate, the income of which is subject to US federal income taxation regardless of its source, or a trust that is subject to the supervision of a court within the United States and the control of a US Person as described in Section 7701(a)(30) of the US Tax Code. A "**US Holder**" is a holder of Shares that is a US Person. A "**US Taxable Holder**" is a US Investor that is not otherwise exempt (as described below). A "**Non-US Holder**" is a holder of Shares that is not a US Person. A "**US Tax-Exempt Holder**" is a US Holder which is exempt from tax under Section 501(a) of the US Tax Code.

**THE US FEDERAL INCOME TAX TREATMENT OF ACQUIRING, HOLDING, AND DISPOSING OF SHARES DEPENDS IN SOME INSTANCES ON DETERMINATIONS OF FACT AND INTERPRETATIONS OF COMPLEX PROVISIONS OF US FEDERAL INCOME TAX LAW FOR WHICH NO CLEAR PRECEDENT OR AUTHORITY IS AVAILABLE. IN ADDITION, THE TAX CONSEQUENCES TO ANY PARTICULAR SHAREHOLDER WILL DEPEND ON THE SHAREHOLDER'S PARTICULAR TAX CIRCUMSTANCES. EACH SHAREHOLDER IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE US FEDERAL, STATE, LOCAL, AND NON-US INCOME AND OTHER TAX CONSEQUENCES, IN LIGHT OF THE SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, OF ACQUIRING, HOLDING, AND DISPOSING OF SHARES.**

#### 4.1 Investment in the Company

##### (a) *Classification of the Company*

The Company has elected to be treated as a partnership for US federal income tax purposes. However, the Company will be treated as a "publicly traded partnership" or "**PTP**" if interests in the Company are: (i) traded on an established securities market; or (ii) readily tradable on a secondary market or the substantial equivalent thereof. The Company expects to be treated as a PTP, and accordingly will be treated as an association taxable as a corporation for all periods in which it is a PTP unless 90 per cent. or more of the Company's gross income was "qualifying income" for the relevant taxable year and for each of its prior taxable years during which it was a PTP (the "**qualifying income exception**"). Qualifying income generally includes rents from real property, dividends, interest and capital gains from the sale or other disposition of stocks, bonds and real property. In determining whether interest is treated as qualifying income for purposes of these rules, interest income derived from a "financial business" and income and gains derived by a "dealer" in securities are not treated as qualifying income. Although there is no clear guidance as to what constitutes a financial business under the tax laws, the Company believes that for purposes of determining whether it is engaged in a financial business or whether it would be treated as a dealer in

securities, portfolio investing activities that it will engage in should not cause it to be engaged in a financial business or to be considered a dealer in securities.

Although the Company believes that it will satisfy the qualifying income exception, there can be no assurance that the IRS would not challenge the Company's compliance with the qualifying income requirements and, therefore, assert that the Company is taxable as a corporation for US federal income tax purposes. If at the end of any taxable year the Company fails to meet the qualifying income exception, it may still qualify as a partnership if it is entitled to relief under the US Tax Code for an inadvertent termination of partnership status.

This relief will be available if: (i) the failure is cured within a reasonable time after discovery, (ii) the failure is determined by the IRS to be inadvertent, and (iii) the Company agrees to make such adjustments (including adjustments with respect to its Shareholders) or to pay such amounts as are determined by the IRS. It is not possible to state whether the Company would be entitled to this relief in any or all circumstances. If this relief provision is not applicable to a particular set of circumstances involving the Company, it will not qualify as a partnership for US federal income tax purposes. Even if this relief provision applies and the Company retains its partnership qualification, the Company or its Shareholders (during the failure period) will be required to pay such amounts as determined by the IRS.

If the Company fails to meet the qualifying income exception and is not entitled to relief as described above, it would be treated as a non-US corporation (subject to discussion below of treatment of the Company as a "surrogate foreign corporation") subject to US federal income tax on its income that is "effectively connected" with the conduct of a trade or business within the United States for US federal income tax purposes ("ECI"), including an additional "branch profits tax" on earnings and profits attributable to such ECI, and subject to 30 per cent. US federal withholding tax on certain non-ECI income from US sources (e.g. US source dividends and certain items of US source interest). In addition, the Company's items of income, gain, loss, deduction, and credit (including foreign tax credits) would not pass through to Shareholders, and Shareholders would be treated for US federal income tax purposes as Shareholders in a corporation. Distributions by the Company to investors would constitute dividend income taxable to US Taxable Holders, to the extent of the Company's current and accumulated earnings and profits, and US Taxable Holders will not be eligible for the preferential individual US federal income tax rates on "qualified dividend income" with respect to any such dividend income received from the Company. US Taxable Holders would be subject to various other potential adverse consequences, including the recognition of any gain on their Shares at the time of the conversion of the Company from a partnership to a corporation for US federal income tax purposes, and taxation under the regime for shareholders in a "passive foreign investment company" (a "PFIC") or in a CFC as described in greater detail below.

In addition, if the Company is treated as a "surrogate foreign corporation" with respect to the Partnership for US federal income tax purposes, it would be treated as a US corporation subject to US federal income tax on its worldwide income. In addition, distributions by the Company to its investors would be treated as dividends for US federal income tax purposes to the extent of the Company's current and accumulated earnings and profits. The Company will be treated as a surrogate foreign corporation if, among other things, it is treated as having acquired substantially all of the properties constituting a "trade or business" of the Partnership or another US partnership, or substantially all of the properties held directly or indirectly by the Manager or another US corporation. While the Company does not believe that it will be so treated, no assurance can be provided that the IRS will not successfully assert that the Company should be treated as a surrogate foreign corporation. Shareholders should consult their tax advisors on the consequences of holding an interest in a "surrogate foreign corporation" or a corporation that is treated as a US corporation for US federal income tax purposes.

The remainder of this discussion assumes that the Company will qualify to be taxed as a partnership for US federal income tax purposes.

In any event, the Company may hold the stock of entities that are taxed as US or non-US corporations that would give rise to the consequences discussed above in respect of the income of and distributions from such entity. For additional information, see the discussion below under "*US Federal Income Taxation of US Taxable Holders*".

(b) **US Tax Information**

It is intended that the Company will provide, or cause to be provided, such information, including an IRS Schedule K-1, as a US Holder may reasonably request for the filing of any required tax returns or reports in respect of such US Holder's holding in the Company and its assets.

(c) **US Federal Income Taxation of US Taxable Holders**

Except as discussed below in respect of tax audits for taxable years generally beginning after December 31, 2018, the Company itself will not be subject to US federal income tax in respect of taxable years for which it is treated as a partnership for US federal income tax purposes. Rather, each US Taxable Holder will be required to report separately on its US federal income tax return its allocable share of the Company's income, gain, loss, deduction and credit for each taxable year of the Company ending with or within the US Taxable Holder's taxable year, regardless of the extent to which, or whether, the US Taxable Holder has received cash distributions from the Company for such taxable year. Generally, each such item will have the same character and the same source to a US Taxable Holder as would be the case if the US Taxable Holder recognised the item directly. It is possible, and likely in the case of a US Taxable Holder holding ZDP Shares, that the US federal income tax liability of a US Taxable Holder with respect to its allocable share of the Company's earnings in a particular taxable year could exceed the cash distributions to the US Taxable Holder for the year, thus requiring an out-of-pocket tax payment by the US Taxable Holder. In addition, a US Taxable Holder may be subject to direct taxation on any distributions received from, gain from the disposition of, or income or gain of any PFIC or CFC owned by the Company. For additional information, see the discussion below under "*—PFICs*" and "*—Controlled Foreign Corporations*".

- (i) *Allocation.* For US federal income tax purposes, the income, gains, losses, deductions and credits of the Company will be allocated to the US Taxable Holders so as to conform to the allocation principles under Section 704 of the US Tax Code, as determined by the Manager in its sole discretion. It is expected that net income and gains will be allocated first to holders of ZDP Shares to reflect the accrual of their capital entitlements. The IRS may challenge these allocations. If such a challenge were successful, the US Taxable Holders may be allocated different amounts of income, gain, losses, deductions and credits than initially reported to them. In addition, due to potential timing differences between income inclusion for US federal income tax purposes and actual cash distributions, it is possible that a US Taxable Holder may incur US federal income tax liabilities in excess of actual cash distributions made prior to the date the liability arises or the tax is due.

In accordance with Treasury regulations, the Company will apply a monthly convention pursuant to which its taxable income and losses will be determined annually and will be prorated on a monthly basis. Then the income and losses will be apportioned among the holders in proportion to the Shares owned by each of them as at the first Business Day of the month, or the "Allocation Date." However, certain "extraordinary items," such as income or gain realised on a sale or other disposition of the Company's assets other than in the ordinary course of business, will be allocated among the holders owning Shares on the Allocation Date in the month in which that gain or loss is recognised. As a result of the monthly convention for allocating items, a US Taxable Holder transferring Shares may be allocated items of income, gain, loss, deduction, and credit realised after the date of transfer. In addition, as a result of such allocation method, a US Taxable Holder may be allocated taxable income even if the US Taxable Holder did not receive any cash distributions. Moreover, a US Taxable Holder may be allocated differing amounts of the Company's income, gain, loss, deduction and credit than other holders of Shares as a result of Section 704(c) of the US Tax Code and the Treasury Regulations promulgated thereunder.

- (ii) *Distributions.* A US Taxable Holder generally will not recognise gain or loss on the receipt of a distribution from the Company. A US Taxable Holder, however, will recognise gain on the receipt of a distribution of cash (and in certain circumstances marketable securities) to the extent that the amount of the distribution exceeds such US Taxable Holder's adjusted tax basis in its Shares. Any gain recognised by a US Taxable Holder on the receipt of a distribution from Shares generally will be capital gain, but may be taxable as ordinary income, either in whole or in part, under certain circumstances.
- (iii) *Limitations on Deductions.* Each US Taxable Holder will be entitled, subject to certain limitations, to deduct its allocable share of the Company's losses to the extent of its tax basis in its Shares at the end of the Company's taxable year during which such losses are recognised.

The ability of a US Taxable Holder to deduct an allocation of net loss from the Company from its taxable income from other sources is subject to limitations under the US Tax Code. These limitations include, for certain shareholders, such as individuals and closely held corporations, the “at risk” rules of Section 465 of the US Tax Code. Additionally, individuals are subject to limitations on investment interest deductions under Section 163 of the US Tax Code and limitations on passive activity losses under Section 469 of the US Tax Code. Because the Company should be a PTP, under Section 469(k) of the US Tax Code, a US Taxable Holder will be required to apply the passive loss limitations of Section 469 separately to the income and loss from the Company. Because of these limitations, if the Company has income and loss from different types of activities, certain US Taxable Holders may not be able to use the Company’s losses to offset other income from the Company.

US Taxable Holders generally will not be entitled to deductions for “miscellaneous itemised deductions.” Beginning in 2026, however, subject to certain exceptions, all miscellaneous itemised deductions of individual US Taxable Holders, and certain of such deductions of an estate or trust, are deductible only to the extent that such deductions exceed 2 per cent. of the US Taxable Holder’s adjusted gross income. Moreover, otherwise allowable itemised deductions of an individual US Taxable Holder with an adjusted gross income in excess of an applicable threshold are subject to reduction by an amount equal to the lesser of (i) 3 per cent. of the excess of such individual US Taxable Holder’s adjusted gross income over the threshold, or (ii) 80 per cent. of the amount of the itemised deductions otherwise allowable. These limitations do not apply to the extent the Company is deemed to be engaged in a trade or business and its expenses are deemed to be ordinary and necessary expenses of that trade or business.

- (iv) *Limitation on Deductibility of Capital Losses.* Any capital losses generated by the Company (or upon a disposition of Shares) will generally be deductible by US Taxable Holders who are individuals only to the extent of such US Taxable Holders’ capital gains for the taxable year plus up to US\$3,000 of ordinary income. Excess capital losses may be carried forward by individuals indefinitely. Any capital losses generated by the Company (or upon a disposition of Shares) generally will be deductible by corporate US Taxable Holders to the extent of such US Taxable Holders’ capital gains for the taxable year. Corporations generally may carry capital losses back three years and forward five years. Shareholders are urged to consult their tax advisors regarding the deductibility of capital losses.
- (v) *Dispositions of Shares.* A US Taxable Holder generally will recognise gain or loss if (i) it receives a liquidating distribution when the Company terminates, or (ii) the US Taxable Holder sells or otherwise disposes of its interest in the Company. Such gain or loss generally will be equal to the difference between the amount realised on the disposition and such US Taxable Holder’s adjusted basis in the Shares it disposed of. If a US Taxable Holder sells less than all of its Shares, a portion of the US Taxable Holder’s adjusted tax basis must be allocated to the Shares sold using an “equitable apportionment” method, which generally means that the adjusted tax basis allocated to the Shares sold equals an amount that bears the same relation to the US Taxable Holder’s adjusted tax basis in all of the US Taxable Holder’s Shares as the value of Shares sold bears to the value of all of the US Taxable Holder’s Shares in the Company. US Taxable Holders who purchased Shares at different times and sell all or part of the Shares within a year of their most recent purchase are urged to consult with their tax advisors regarding the application of certain “split holding periods” rules and the treatment of any gain or loss as long-term or short term capital gain or loss. A US Taxable Holder may use the actual holding period of the portion of such US Taxable Holder’s Shares, provided (i) such Shares are divided into identifiable Shares with ascertainable holding periods, (ii) the US Taxable Holder can identify the portion of the Shares transferred, and (iii) the US Taxable Holder elects to use the same identification method for all sales or exchanges of Shares. Thus, a US Taxable Holder will be unable to select high or low basis Shares to sell as would be the case with corporate stock, but such US Taxable Holder may be able to designate specific Shares sold for purposes of determining the holding period of Shares transferred.

Although gain or loss on the disposition of Shares should generally be capital gain or loss, it may be treated as ordinary income or loss to the extent that the Company holds certain types of assets, such as inventory and receivables and market discount on bonds having a stated redemption price at maturity that is greater than the Company’s tax basis in those bonds. For this purpose, a US Taxable Holder’s basis in its interest will be increased or decreased to take into

account the US Taxable Holder's share of undistributed Company income or loss for the portion of the Company's taxable year ending on the date of disposition, and the amount realised from the disposition of interests will equal the sum of cash and the fair market value of any property received in exchange for the interest, plus the selling US Taxable Holder's allocable share of the Company's liabilities.

- (vi) *PFICs*. The Company may invest in the shares of a non-US entity treated as a PFIC for US federal income tax purposes. In general, a non-US entity classified as a corporation for US federal income tax purposes will be treated as a PFIC for a taxable year if either (i) 75 per cent. or more of its gross income is in the form of "passive income" or (ii) 50 per cent. or more of the average quarterly value of its assets produce or are held for the production of passive income. Passive income includes, among other things, dividends, capital gains, interest and rental income not treated as earned in connection with the active conduct of a trade or business and gains from the sale of assets that produce such income.

Absent a US Taxable Holder making a "Qualified Electing Fund" election, as further discussed below, if the Company invests in a PFIC for any taxable year during which a US Taxable Holder owns Shares, the US Taxable Holder will be subject to special tax rules with respect to its allocable shares of (i) "excess distributions" received on the PFIC shares and (ii) any gain realised from a sale or other disposition of the PFIC shares (including a pledge or a sale by the US Taxable Holder of its Shares). Excess distributions are distributions received from a PFIC in a taxable year that are greater than 125 per cent. of the PFIC's average annual distributions during the shorter of the three preceding taxable years or the US Taxable Holder's holding period for the PFIC shares.

Under these special tax rules, (i) the excess distribution or gain will be allocated over the US Taxable Holder's holding period for its PFIC shares, (ii) the amount allocated to the current taxable year will be subject to tax as ordinary income, and (iii) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year, and an interest charge (at the rate generally applicable to underpayments of tax due in such year) will be imposed on the tax attributable to each such year. In addition, US Taxable Holders in a PFIC are required to file additional information with the IRS regardless of whether they make the election discussed below.

US Taxable Holders will not be eligible for the preferential individual US federal income tax rates on "qualified dividend income" with respect to PFIC distributions, regardless of whether they make the "Qualified Electing Fund" election described below.

- (vii) *Qualified Electing Fund Election*. A US Taxable Holder will be subject to different rules than those described above if the US Taxable Holder makes an election to treat a PFIC as a "Qualified Electing Fund" ("**QEF**") for US federal income tax purposes. Generally, a QEF election is made with the filing of the US Taxable Holder's US federal income tax return for the first taxable year that it owns the PFIC shares. If a timely QEF election is made, an electing US Taxable Holder generally will be required to include in its gross income each taxable year its *pro rata* share of the PFIC's (i) ordinary earnings (as ordinary income) and (ii) net capital gain (as long-term capital gain), in each case, regardless of whether such amounts are distributed by the PFIC to the US Taxable Holder. A US Taxable Holder's tax basis in its PFIC shares (and Shares) will be increased to reflect such QEF inclusions. Amounts included in income pursuant to a QEF election are not subject to US federal income tax when later distributed, although a US Taxable Holder's tax basis in its PFIC shares (and Shares) will be reduced to the extent of any non-taxable distributions.

The ability of a US Taxable Investor to make a QEF election with respect to a PFIC directly or indirectly held by the Company will depend on the Company's ability to obtain an annual information statement from the PFIC as to its ordinary income and net capital gain, computed in accordance with US federal income tax principles. There can be no assurance that the Company will be able to obtain an annual information statement with respect to any PFIC it holds directly or indirectly.

The rules dealing with PFICs and with QEF elections are complex and are affected by various factors in addition to those described above. US Taxable Holders should consult their tax advisors regarding the PFIC rules, including applicable US federal income tax reporting requirements.

- (viii) *Controlled Foreign Corporations*. Special rules apply to US persons who own, directly or indirectly and applying certain attribution rules, 10 per cent. or more of the total combined voting power or value of all classes of stock of a non-US corporation (each, a “**US shareholder**”) that is a “controlled foreign corporation”. In general, a non-US corporation will be a CFC if more than 50 per cent. of the shares of the corporation, measured by combined voting power or value, are held, directly or indirectly, by US shareholders.

Under the CFC rules, subject to certain exceptions, a US shareholder of a CFC, including an underlying portfolio company that is treated as a CFC, at the end of a taxable year of the CFC would be required to recognize ordinary income in an amount equal to that person’s pro rata share of the “subpart F income” of the CFC for the year, whether or not such income is distributed currently to the US shareholder. Among other items, and subject to certain exceptions, “subpart F income” includes interest and amounts classified as interest for US federal income tax purposes. If more than 70 per cent. of the CFC’s income is subpart F income, then 100 per cent. of its income will be so treated.

In addition to the subpart F income discussed above, each US shareholder of a CFC is required to include in gross income each year its share of “global intangible low-taxed income” (“**GILTI**”). GILTI of a US shareholder for a tax year is the net “tested” income of all CFCs it owns in the same tax year over a deemed 10 per cent. return on the aggregate basis in depreciable tangible property (reduced by certain interest expenses) owned by such CFCs. A CFC’s tested income does not include any ECI, any amount that is already taken into account in determining the subpart F income of the CFC and certain other income. Individual US shareholders will be subject to tax on GILTI at ordinary individual tax rates. A corporate US shareholder, however, will be entitled to deduct 50 per cent. of its GILTI, reducing the effective tax rate for GILTI to 10.5 per cent. A corporate US shareholder of a CFC also will be entitled to a “deemed paid” foreign tax credit equal to 80 per cent. of the foreign income taxes paid with respect to the CFC’s tested income multiplied by the percentage that the corporate US shareholder’s GILTI bears to its pro rata share of such tested income.

If a non-US corporation is a CFC and also a PFIC, a US shareholder of such corporation would be taxable on subpart F income and GILTI of the corporation under the CFC regime and not under the PFIC rules described above. As a result, to the extent subpart F income and GILTI of the non-US corporation includes net capital gains, such gains would be treated as ordinary income of the US shareholder, notwithstanding the fact that generally the character of such gains otherwise would be preserved under the PFIC rules if a QEF election were made. Also, the PFIC rule permitting the deferral of tax on undistributed earnings would not apply.

The CFC rules would also apply to a US shareholder to the extent that the Fund invests in a CFC and such US shareholder were a US shareholder of the CFC indirectly.

A US Taxable Holder that holds at least 10 per cent. of the interests in the Company should consult its own tax advisers regarding the CFC rules.

- (ix) *Foreign Currency Gain or Loss; Tax Credits*. Although not entirely clear, the Company currently intends to take the position that its functional currency for US federal income tax purposes is the US dollar. The Company may own investments denominated in non-US dollars. In such a case, US Taxable Holders may recognise foreign currency gain or loss as a result of an investment in the Company (including foreign currency gain or loss associated with a QEF election for a PFIC owned by the Company). In general, foreign currency gains and losses are treated as ordinary income or loss for US federal income tax purposes. Under certain circumstances and subject to certain limitations, a US Taxable Holder may be allowed a credit or, alternatively, a deduction, against US federal income tax for foreign taxes imposed on its allocable portion of the Company’s income and gain. US Taxable Holders should consult their tax advisors with respect to the US federal income tax treatment of foreign currency gain and loss and with respect to the availability and use of foreign tax credits.
- (x) *Adjustment of Basis of Company Assets*. For US federal income tax purposes, under Section 754 of the US Tax Code, the Company generally may elect to adjust the basis of its assets in the event of a distribution of Company property to a shareholder or a transfer of Shares. Such an election, if made, could either increase or decrease the value of an interest in the Company to the transferee because the election would increase or decrease the basis of the Company’s assets for purposes of computing the transferee’s distributive share of Company income, gains, losses and



deductions. The Company must make these basis adjustments in the case of (1) a transfer of an interest in the Company if the Company has a built-in loss of more than US\$250,000 immediately following the transfer; or (2) a distribution of Company property if the recipient acquires a basis in the property that exceeds by more than US\$250,000 the basis the Company had in the property or where the investor recognises a loss of more than US\$250,000. To determine whether the mandatory basis adjustment rules will be triggered upon an investor's transfer or withdrawal from the Company, the Manager may require such investor to provide certain information, including information regarding its tax basis in its interest in the Company. The Company will be exempt from making the mandatory basis adjustment if it elects to be an "electing investment partnership". There can be no assurance that the Company will be eligible to make such an election or, if the Company is so eligible, that such an election will be made.

(xi) *Reporting Requirements.* US Taxable Holders will be required to report payments of cash to a non-US corporation or partnership, including the Company and any non-US corporation or partnership in which the Company invests, in exchange for an interest in such non-US corporation or partnership if (i) immediately after a payment, the US Taxable Holder owns 10 per cent. or more of the total interests in such corporation or partnership or (ii) the payment, when aggregated with other payments to such corporation or partnership, exceeds US\$100,000. Other reporting requirements also will apply to US Taxable Holders that hold 10 per cent. or more of a non-US corporation's or non-US partnership's total interests. US Taxable Holders may also be required to file the "Report of Foreign Bank and Financial Accounts." Such US Taxable Holders may also be subject to more burdensome US tax reporting obligations as a result of the Company's investment in a PFIC or CFC. Failure to fulfil these reporting requirements may result in substantial penalties and may toll the time for assessment of US federal income tax with respect to any tax return, event, or period to which such information relates. Potential US Taxable Holders should consult with their tax advisors regarding applicable reporting requirements.

(xii) *Reportable Transactions.* In addition, Treasury regulations promulgated under the US Tax Code require US Holders to disclose participation in "reportable transactions." A significant penalty is imposed on taxpayers who participate in a "reportable transaction" and fail to make the required disclosure. Although the Company does not expect to enter into transactions that would be treated as reportable transactions for US federal income tax purposes, no assurance can be provided that certain transactions entered into by the Company would not be treated as reportable transactions for US federal income tax purposes. Accordingly, US Holders should consult with their advisors concerning the application of these disclosure obligations to their specific situations.

(d) ***US Federal Income Taxation of US Tax-Exempt Holders***

Qualified pension, profit sharing and stock bonus plans, certain educational institutions and their affiliated support organisations and certain other tax exempt entities are subject to US federal income taxation at individual income tax rates or, in the case of certain entities, corporate income tax rates, on their unrelated business taxable income ("UBTI"). Subject to certain exceptions, UBTI is defined as gross income derived by a tax-exempt entity from an unrelated trade or business, less the deductions directly connected with that trade or business. UBTI is separately calculated for each trade or business of a US Tax-Exempt Holder. Thus, a US Tax-Exempt Holder cannot use deductions relating to one trade or business to offset income from another.

UBTI generally does not include dividends, interest, certain types of rents from real property and gain or loss derived from the sale of property (other than property held for sale to customers in the ordinary course of a trade or business) but does include operating income from businesses owned directly or through fiscally transparent entities (i.e., entities treated as partnerships or disregarded for US federal income tax purposes). Fee income received (or deemed to be received) by a US Tax-Exempt Holder directly or through an entity treated as a partnership for US federal income tax purposes may also be treated as UBTI in certain circumstances.

If a US Tax-Exempt Holder's acquisition of an interest in the Company is debt financed, or if a US Tax-Exempt Holder invests directly in the Company and the Company incurs "acquisition indebtedness" that is allocated to an investment, then such investor will generally include as a UBTI a percentage of the gross income (less the same percentage of deductions) derived from such

investment, regardless of whether such income would otherwise be excluded from UBTI as a dividend, interest, rent or gain from the sale of property.

The Company intends to acquire any investment that would produce income treated as UBTI through a subsidiary that is treated as a non-US corporation for US federal income tax purposes and as a result, a US Tax-Exempt Holder generally should not recognise UBTI as a result of its investment in the Company, provided that the US Tax-Exempt Holder does not borrow funds to acquire or own its Shares. However, there can be no guarantee that a US Tax-Exempt Holder will not recognise UBTI as a result of its investment in the Company.

Most US Tax-Exempt Holders will be required to report payments of cash to a non-US corporation or partnership, including the Company any non-US corporation or partnership in which the Company invests, in exchange for an interest in such non-US corporation or partnership if (i) immediately after a payment, the US Tax-Exempt Holder owns 10 per cent. or more of the total interests in such corporation or partnership or (ii) the payment, when aggregated with other payments to such corporation or partnership, exceeds US\$100,000. Other reporting requirements also will apply to US Tax-Exempt Holders that hold 10 per cent. or more of a non-US corporation's or non-US partnership's total interests. US Tax-Exempt Holders may also be required to file the "Report of Foreign Bank and Financial Accounts." Such US Tax-Exempt Holders may also be subject to more burdensome US tax reporting obligations as a result of the Company's investment in a PFIC or CFC. Failure to fulfil these reporting requirements may result in substantial penalties and may toll the time for assessment of US federal income tax with respect to any tax return, event, or period to which such information relates. Each US Tax-Exempt Holder will be responsible for the preparation and filing of its own income tax return and related filings.

If the Company engages in certain tax shelter transactions, certain US Tax-Exempt Holders who are deemed to participate in such transactions could be subject to an excise tax equal to the highest corporate tax rate times the greater of (i) such US Tax-Exempt Holder's net income from the transactions or (ii) 75 per cent. of the proceeds attributable to such investors from the transactions. The excise tax is not imposed on US Tax-Exempt Holders that are pension plans. A higher excise tax could be applicable if the US Tax-Exempt Holder knew or had reason to know that a transaction was a prohibited tax shelter transaction. In addition, such US Tax-Exempt Holders could be subject to certain disclosure requirements and penalties could apply if such US Tax-Exempt Holders do not comply with such disclosure requirements. There can be no assurance that the Company will not engage in prohibited tax shelter transactions.

US Tax-Exempt Holders are urged to consult with their tax advisors with respect to the US federal income tax consequences of an investment in the Company.

(e) ***US Federal Income Taxation of Non-US Holders***

The Company does not expect (though no assurance can be given) that it will be treated as engaged in a trade or business within the United States or recognise ECI, including gain from the disposition of certain real estate intensive investments subject to US federal income tax under the US Foreign Investment in Real Property Tax Act of 1980, that would be subject to US federal income tax to the extent allocated to Non-US Holders. In the event that the Company is considered to be engaged in a trade or business in the United States, or otherwise treated as deriving ECI, a Non-US Holder of in Shares would be subject to US federal income tax (and possibly state and local income tax) on a net basis on its allocable share of the Company's income that is effectively connected with such trade or business in the United States and would be required to file US federal income tax returns with regard to such income. A corporate Non-US Holder may also be subject to an additional US federal "branch profits tax" on its earnings and profits attributable to such effectively connected income.

Non-ECI income from US sources (e.g. US source dividends and interest) will generally be subject to US federal withholding tax at a rate of 30 per cent. (or a reduced rate or exemption (i) under an applicable US income tax treaty, provided that the Non-US Holder qualifies for the "limitation on benefits" provision of such treaty, that the Company is treated as "fiscally transparent" for purposes of the domestic tax law of treaty partner jurisdiction, and that no other exception applies, or (ii) in the case of certain interest income, under the "portfolio interest" exemption provided that the Non-US Holder provides the Company with a completed IRS Form W-8 and any such other documentation as requested by the Company certifying that such Non-US Holder is entitled to the benefits of such exemption) to the extent allocated to Non-US Holders. Gain or loss recognised by a Non-US Holder on a disposition of Shares generally should not be subject to US federal income tax provided that the

Company is not treated as engaged in a trade or business within the United States in the year of the disposition, and at the time of such disposition it does not hold assets that generate ECI, including certain real estate intensive investments subject to US federal income tax under the US Foreign Investment in Real Property Tax Act of 1980, unless the Non-US Holder holds its Shares in connection with a trade or business within the United States or unless the Non-US Holder is an individual who is present in the United States for 183 days or more during the taxable year in which such gain or loss is realised and certain other conditions are satisfied.

(f) ***Information Reporting and Backup Withholding***

Payments of dividends and sales proceeds may be subject to information reporting, and may be subject to backup withholding unless: (i) the recipient establishes that it is an exempt recipient; or (ii) in the case of backup withholding, the recipient provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. The amount of any backup withholding from a payment to a shareholder will be allowed as a credit against the shareholder's US tax liability and may entitle the investor to a refund, provided that the required information is timely furnished to the IRS. Failure by a US Holder to provide an IRS Form W-9 may result in the imposition of US withholding tax on US source income of the Company that is allocable to such investor.

(g) ***Tax Audits***

The recently enacted Bipartisan Budget Act of 2015 revised the rules relating to tax audits of a partnership for taxable years beginning after December 31, 2017. Under the new rules, the Company will designate a "partnership representative" with a substantial presence in the US (and, if the partnership representative is not an individual, a "designated individual" through whom the partnership representative will act) to have sole authority to act on behalf of the Company in the event of an IRS audit of the Company for a relevant taxable year. In addition, unless the Company elects otherwise, any adjustments, penalties and interest imposed as a result of an audit of the Company's US federal income tax returns will be assessed at the partnership level in the year in which the adjustments are finalised at the higher of the maximum applicable rate of US federal income tax for corporations or for individuals in respect of the relevant item. In certain circumstances, the revised audit rules will reduce the amount of tax, penalties and interest imposed on the Company in circumstances where a shareholder or a former shareholder files amended tax returns and pays tax for the taxable year subject to the audit, or to the extent it is established that a portion of the adjustment is attributable to a shareholder or former shareholder that would have been exempt from tax in respect of the relevant item, or that is subject to a reduced highest applicable rate of US federal income tax in respect of the relevant item by reason of its status as a C-corporation or an individual (with an S corporation being treated as an individual for this purpose). In addition, the Company may elect to issue to investors and former investors revised statements of their allocable shares of the Company's taxable income, gain, loss, deduction and credit, in which case the shareholders and former shareholders will be subject to US federal income tax in the year of the statement based upon the effect the adjustment would have on the shareholder's or former shareholder's prior taxable years. There is still uncertainty as to how the new audit rules would apply to the Company. Investors should consult their tax advisors regarding the impact of the revised partnership audit rules on an investment in the Company.

The foregoing analysis is not intended as a substitute for careful tax planning. Accordingly, Shareholders are urged to consult their tax advisors regarding the tax consequences of acquiring, holding, and disposing of Shares.

**Any Shareholder in doubt as to its taxation position is strongly recommended to consult an independent professional adviser without delay.**

## PART XI: AIFMD DISCLOSURES

In accordance with the AIFM Directive and the Codes of Practice for Alternative Investment Funds and AIF Services Business issued by the JFSC, the Manager, as the AIFM of the Company for the purpose of AIFM Directive, must disclose certain prescribed information to prospective investors because it is intended that this Prospectus is to be used to market Shares to professional investors in Member States of the EEA in accordance with Article 42 of the AIFM Directive. The following table indicates where the required information is located within this Prospectus or sets out the required information, to the extent applicable.

<u>Information to be disclosed</u>	<u>Article</u>	<u>Reference in Prospectus</u>
<b>General Fund Information</b>		
Investment strategy and objectives of the AIF	Art 23(1)(a)	Summary B34 ( <i>Investment objective and policy</i> ) Part I: “ <i>The Company</i> ” ( <i>Investment Objective; Investment Policy</i> )
Information on where master AIF is established and where the underlying funds are established	Art 23(1)(a)	Part I: “ <i>The Company</i> ” ( <i>Introduction</i> )
Type of assets in which the AIF may invest and the techniques it may employ and all associated risks	Art 23(1)(a)	Summary B34 ( <i>Investment objective and policy</i> ) Risk Factors Part I: “ <i>The Company</i> ” ( <i>Investment Objective; Investment Policy</i> ) Part III: “ <i>Investment Process</i> ” Part XII: “ <i>Additional Information</i> ” ( <i>Directors—Authorisation of conflicts of interest</i> )
Applicable investment restrictions	Art 23(1)(a)	Summary B34 ( <i>Investment objective and policy</i> ); Summary B38 / B39 ( <i>Investment of 20% or more or 40% or more in single underlying asset or investment company</i> ) Part I: “ <i>The Company</i> ” ( <i>Investment Limits and Restrictions</i> )
Circumstances in which the AIF may use leverage, the types and sources of leverage permitted and the associated risks, restrictions on using leverage and any collateral and asset reuse arrangements	Art 23(1)(a)	Summary B35 ( <i>Borrowing limits</i> ) Part I: “ <i>The Company</i> ” ( <i>Investment Policy</i> ) Part XII: “ <i>Additional Information</i> ” ( <i>Directors—Borrowing powers</i> ) Risk Factors
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	Art 23(1)(a)	Summary B35 ( <i>Borrowing limits</i> ) Part I: “ <i>The Company</i> ” ( <i>Investment Policy</i> ) Part XII: “ <i>Additional Information</i> ” ( <i>Directors—Borrowing powers</i> )  The Manager is a non-EEA AIFM and not authorised under the AIFM Directive by any EEA national competent authority and therefore is not required to set a maximum level of leverage in respect of the Company.
Procedures by which the AIF may change its investment strategy or investment policy, or both	Art 23(1)(b)	Part I: “ <i>The Company</i> ” ( <i>Procedure to amend the Investment Policy</i> )
Description of the main legal implications of the contractual relationship entered into for the purpose	Art 23(1)(c)	The Company is established in Jersey under, and governed by, the provisions of the Companies (Jersey) Law 1991, as amended. The Company has

Information to be disclosed	Article	Reference in Prospectus
<p>of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established</p>		<p>a separate legal identity for Jersey law purposes and, accordingly, may take or be the subject of legal actions in its own name. The nature of an investor's interest in the Company is that of a shareholder, and investors have the rights set out in this Prospectus in relation thereto.</p> <p>Subject to the provisions of the Judgments (Reciprocal Enforcement) (Jersey) Law 1960 and the Rules under that Law, if a final and conclusive judgment under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) were obtained in England in the High Court of Justice, Court of Appeal, House of Lords or Supreme Court of the United Kingdom against the Company in relation to which the Company has submitted to the jurisdiction of such courts or in relation to which the said courts otherwise had jurisdiction, such judgment would, on application to the Royal Court of Jersey, be registered and would thereafter be enforceable.</p> <p>Additionally, subject to the principles of private international law, by which for example foreign judgments may be impeachable, as applied by Jersey law (which are broadly similar to the principles accepted under the common law of England), if a final and conclusive judgment under which a debt or definite sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or multiple damages) were obtained in the courts of any territory having jurisdiction against the Company in respect of such documentation, (a) the Royal Court would, on application properly made to it, recognise such judgment and give a judgment for liquidated damages in the amount of that judgment without reconsidering its merits and (b) such judgment of the Royal Court would thereafter be enforceable.</p> <p>Any changes that would be contrary to the terms of the Jersey Listed Fund Guide published by the JFSC or contrary to any of the JFSC's published policies applicable to Jersey Listed Funds will require the prior consent of the JFSC.</p>
<p>Identity of the AIFM, the AIF's depositary, auditor and any other service providers and description of their duties and the investors' rights</p>	<p>Art 23(1)(d)</p>	<p>The Manager is the AIFM of the Company.</p> <p>For details of the AIFM, auditor and all other service providers to the Company, see "<i>Directors, Advisers and Service Providers</i>" and "<i>Directors, the Manager and Administration</i>"</p> <p>BNPP has been appointed as Administrator and Company Secretary of the Company.</p> <p>Computershare Investor Services (Jersey) Limited has been appointed as Registrar of the Company.</p> <p>Numis has been appointed as Financial Adviser to the Company.</p>

Information to be disclosedArticleReference in Prospectus

<u>Information to be disclosed</u>	<u>Article</u>	<u>Reference in Prospectus</u>
Description of how the AIFM is protected against potential professional liability risks	Art 23(1)(e)	<p>Citigroup Global Markets Inc. and Citibank N.A. have been authorised to provide prime brokerage and/or custody services to the Company.</p> <p>Absent a direct contractual relationship between a Shareholder and any relevant service provider to the Company, Shareholders generally have no direct rights against any such service provider and there are likely to be only limited circumstances (if any) in which a Shareholder may potentially bring a claim against any such service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Company by any relevant service provider is, <i>prima facie</i>, the Company.</p> <p>Part IV: <i>“Directors, the Manager and Administration” (Fees and Expenses—Other operational expenses)</i></p> <p>Part XII <i>‘Additional Information’ (Directors—Indemnity of Officers)</i></p> <p>The provisions of the AIFM Directive concerning professional indemnity insurance or additional own funds to cover professional negligence risk do not apply to the Manager as a non-EEA AIFM of an AIF established in Jersey.</p>
Description of any delegated management functions by the AIFM and of any safe-keeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	Art 23(1)(f)	<p><i>“Directors, Advisers and Service Providers”</i> and Part IV: <i>“Directors, the Manager and Administration”</i></p> <p>Certain administrative and secretarial duties are delegated to the Administrator.</p> <p>The Manager will not delegate risk management or portfolio management functions within the meaning of the provisions of the AIFM Directive concerning delegation.</p> <p>Save as disclosed in paragraph 11.6 of Part XII: <i>“Additional Information”</i>, neither the AIFM nor the Company has entered into any related party transactions since its incorporation.</p>
Description of the AIF’s valuation procedure and of the pricing methodology for valuing assets	Art 23(1)(g)	<p>The Manager, as a non-EEA AIFM of an AIF established in Jersey, is not subject to Article 19 of the AIFM Directive.</p> <p>A description of the valuation procedures of the Company is set out at Part I: <i>“The Company” (Calculation of Net Asset Value)</i></p>
Description of the AIF’s liquidity risk management	Art 23(1)(h)	<p>Part I: <i>“The Company” (Share Buybacks)</i></p> <p>Part VII: <i>“Historical Financial Information”</i></p> <p>The Company has been established as a closed-ended vehicle. Accordingly, there is no right or entitlement attaching to the Ordinary Shares or C Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder. Any repurchase of Shares shall be at</p>

Information to be disclosedArticleReference in Prospectus

<u>Information to be disclosed</u>	<u>Article</u>	<u>Reference in Prospectus</u>
		<p>the discretion of the Directors (see Part 1: “<i>The Company</i>” under the heading “Share Buybacks” for further information and Part VII: “<i>Historical Financial Information</i>”).</p> <p>The 2022 ZDP Shares will be redeemed on the 2022 ZDP Repayment Date. The New ZDP Shares will be redeemed on the New ZDP Repayment Date, which will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme. For further information relating to the redemption of the ZDP Shares, see paragraph 7.12 of Part XII: “<i>Additional Information</i>”.</p> <p>Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations of the Company as they fall due. In managing the Company’s assets, therefore, the Manager seeks to ensure that the Company holds at all times a sufficient portfolio of liquid assets to enable it to discharge its payment obligations.</p>
Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors	Art 23(1)(i)	<p>Summary B40 (<i>Applicant’s service providers</i>) Summary E1 (<i>Net proceeds/expenses</i>)</p> <p>Part IV: “<i>Directors, the Manager and Administration</i>” (<i>Fees and expenses</i>)</p> <p>Part XII: “<i>Additional Information</i>” (<i>Directors—Remuneration</i>)</p>
Description of how the AIFM ensures a fair treatment of investors and a description of any preferential treatment or the right to obtain preferential treatment obtained by any investor	Art 23(1)(j)	<p>The Manager will endeavour to treat all investors fairly although it is, as a non-EEA AIFM, not required to do so by the AIFM Directive. The Manager will have regard to any legal and regulatory requirements applicable to the Company. See also Risk Factors, paragraph 5.10 (“<i>There may be structural conflicts of interest between the Ordinary Shareholders, the C Shareholders, the 2022 ZDP Shareholders and the New ZDP Shareholders</i>”) and paragraph 7.12 of Part XII “<i>Additional Information</i>” in relation to ZDP Shares.</p>
Latest annual report	Art 23(1)(k)	<p>Summary B7 (<i>Key Financial Information</i>)</p> <p>Important Notices (<i>Presentation of Financial Information</i>)</p> <p>Part VII: “<i>Historical Financial Information</i>”</p> <p>Part I: “<i>The Company</i>” (<i>Reports and Accounts</i>)</p> <p>The selected financial information has been prepared in accordance with IFRS, has been extracted without material adjustment from the audited accounts of the Company for the period from 20 October 2016 (the date of the Company’s incorporation) to 31 December 2017 and the year ended 31 December 2018.</p>

<u>Information to be disclosed</u>	<u>Article</u>	<u>Reference in Prospectus</u>
Procedure and conditions for the issue and sale of Shares	Art 23(1)(l)	Summary: Part C ( <i>Securities</i> ) and Part E ( <i>Offer</i> ) Part VIII: “ <i>Details of the Placing Programme</i> ” Part XIII: “ <i>Terms and Conditions of each Placing</i> ”
Latest net asset value of the AIF or the latest market price of the unit or share of the AIF	Art 23(1)(m), Art 19(3)	Summary B45 ( <i>Portfolio</i> ) Part I: “ <i>The Company</i> ” ( <i>Existing Portfolio</i> )
Historical performance of the AIF, where available	Art 23(1)(n)	Part VII: “ <i>Historical Financial Information</i> ”
The identity of the prime broker and a description of any material arrangements of the AIF with its prime brokers and the way the conflicts of interest in relation thereto are managed and the provision in the contract with the depositary on the possibility of transfer and re-use of AIF assets, and information about any transfer of liability to the prime broker that may exist	Art 23(1)(o)	Part XII: “ <i>Additional Information</i> ” ( <i>Custody Agreement</i> )
Description of how any changes to liquidity or leverage provisions of the AIF will be disclosed to investors	Art 23(1)(p)	The AIFM will ensure disclosure annually in the annual report for the fund to the extent required by the AIFM Directive: <ul style="list-style-type: none"> <li>(i) the percentage of the fund’s assets which are subject to special arrangements arising from their illiquid nature;</li> <li>(ii) any new arrangements for managing the liquidity of the fund; and</li> <li>(iii) the current risk profile of the fund and the risk management systems employed by the AIFM to manage those risks.</li> </ul>
Any arrangement made by the depositary to contractually discharge itself of liability and any changes with respect to depositary liability	Art 23(2)	N/A



## PART XII: ADDITIONAL INFORMATION

### 1. RESPONSIBILITY

- 1.1 The Company and each of its Directors (whose names appear on page 62 of this Prospectus) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Manager accepts responsibility for the information contained in this Prospectus relating to it and all statements made by it (including, without limitation, Part II: “*The Market Opportunity*” and Part III: “*Investment Process*”). To the best of the knowledge of the Manager (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. INCORPORATION AND ADMINISTRATION

- 2.1 The Company was incorporated in Jersey on 20 October 2016 with registered number 122353 under the Companies Law as a private company limited by shares with the name EJV Private Funding Limited.
- 2.2 The Company changed its name to EJV Investments Limited and its status to a public limited company on 20 December 2016.
- 2.3 The Company is a closed-ended investment fund with indefinite life.
- 2.4 The principal legislation under which the Company operates is the Companies Law and the ordinances and regulations made thereunder and has no employees.
- 2.5 The Company is governed by the Collective Investment Funds (Jersey) Law 1988 (the “**CIF Law**”) and the subordinate legislation made thereunder. The Company has been established in Jersey and the JFSC issued a certificate pursuant to the CIF Law on 23 December 2016 in relation to the Company’s status as a Jersey Expert Fund, and this was amended on 31 March 2017 to reflect the Company’s change of regulatory status to a Jersey Listed Fund.
- 2.6 The registered office, head office and the principal place of business of the Company is at IFC1, The Esplanade, St Helier, Jersey JE1 4BP (telephone number: +44(0) 1534 815200).
- 2.7 The Company is the holder of a certificate as a “Company Issuing Units” issued by the JFSC under the CIF Law. The JFSC is protected by the CIF Law against liability arising from the discharge of its functions under the CIF Law. The Company is subject to the Jersey Listed Fund Guide issued by the JFSC. The Company is not regulated by the Financial Conduct Authority or any other non-Jersey regulator.

### 3. SHARE CAPITAL

- 3.1 As at the date of this Prospectus, the Company’s capital structure consists of Ordinary Shares and 2022 ZDP Shares. The Company does not have any C Shares or New ZDP Shares in issue as at the date of this Prospectus. The Company has an unlimited authorised share capital and there is no limit on the number of Shares of any class which may be issued by the Company. The liability of a member arising from the holding of a share in the Company is limited to the amount (if any) unpaid on it.
- 3.2 On incorporation, the share capital of the Company was US\$2.00 divided into two Ordinary Shares of no par value, issued to Carey Olsen Nominees Jersey Limited (the “**Subscriber Shares**”).
- 3.3 Since 20 October 2016 (being the date on which the Company was incorporated), the issued share capital of the Company has been changed as follows:
  - (a) on 20 October 2016, the Subscriber Shares were transferred, one to Emanuel J. Friedman and the other to Neal J. Wilson;
  - (b) on 9 February 2017:
    - (i) 48,395,217 Ordinary Shares with an issue price of £1.36 each were issued to Eligible Unitholders pursuant to the completion of the Exchange Offer; and
    - (ii) the Subscriber Shares were repurchased and cancelled by the Company.

3.4 Pursuant to a special resolution passed on 12 December 2016, the then-shareholders of the Company resolved to repurchase the Subscriber Shares held by Emanuel J. Friedman and Neal J. Wilson, with effect from completion of the Exchange Offer.

3.5 As the date of this Prospectus, pursuant to resolutions of the Company's Shareholders passed at the 2019 AGM:

(a) the Company is generally and unconditionally authorised in accordance with Article 57 of the Companies Law (subject to any applicable legislation and regulations) to make market purchases of Ordinary Shares in accordance with the Articles and on such terms as the Directors think fit, provided that:

(i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 10,426,623 (representing 14.99 per cent. of the Ordinary Shares in issue (excluding Shares held in treasury) at 14 May 2019, being the latest practicable date before publication of the notice of the 2019 AGM);

(ii) the minimum price, exclusive of any expenses, which may be paid for an Ordinary Share is one penny per Ordinary Share (or equivalent in any other currency); and

(iii) the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share is an amount equal to the higher of:

(A) 105 per cent. of the average of the middle market quotations for an Ordinary Share (as derived from the Daily Official List of the London Stock Exchange) for the five Business Days immediately preceding the day on which such Ordinary Share is contracted to be purchased; and

(B) the higher of:

(1) the price of the last independent trade of an Ordinary Share; and

(2) the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out,

and this authority will expire at the conclusion of the 2020 AGM of the Company (or, if earlier, close of business on 31 July 2020) (unless previously revoked, varied, renewed or extended by the Company in general meeting), save that (A) the Company may make a contract to purchase Ordinary Shares in accordance with this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of Ordinary Shares in pursuance of any such contract; and (B) the Company is generally and unconditionally authorised to cancel or hold in treasury any of the Ordinary Shares so purchased and the Directors may, at their discretion, subsequently cancel, sell or transfer such Ordinary Shares held in treasury in accordance with Article 58A of the Companies Law;

(b) the Directors of the Company are generally and unconditionally authorised to allot and issue an aggregate of up to 150,000,000 Ordinary Shares and/or C Shares for cash in whatever currency and at whatever price they may determine as if any pre-emption rights conferred by the Articles did not apply to such allotment and issue, such authority to expire on expiry of the Placing Programme, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Ordinary Shares and/or C Shares in pursuance of such an offer or agreement as if such authority had not expired. For the avoidance of doubt this authority may be used at any time in favour of the Manager in satisfaction of any incentive fees due to it under and in accordance with the terms of the Management Agreement; and

(c) in addition to the authority described in paragraph 3.5(b) above, the Directors of the Company are generally and unconditionally authorised to allot and issue (or sell from treasury) an aggregate of up to 13,911,438 Ordinary Shares (representing 20 per cent. of the Ordinary Shares in issue at 14 May 2019, being the latest practicable date before publication of the notice of the 2019 AGM) for cash in whatever currency and at whatever price they may determine as if any pre-emption rights conferred by the Articles did not apply to such allotment and issue (or sale from treasury), such authority to expire on conclusion of the 2020 AGM (or, if earlier, 31 July 2020) save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired. For the avoidance of doubt this authority may be used at any time in

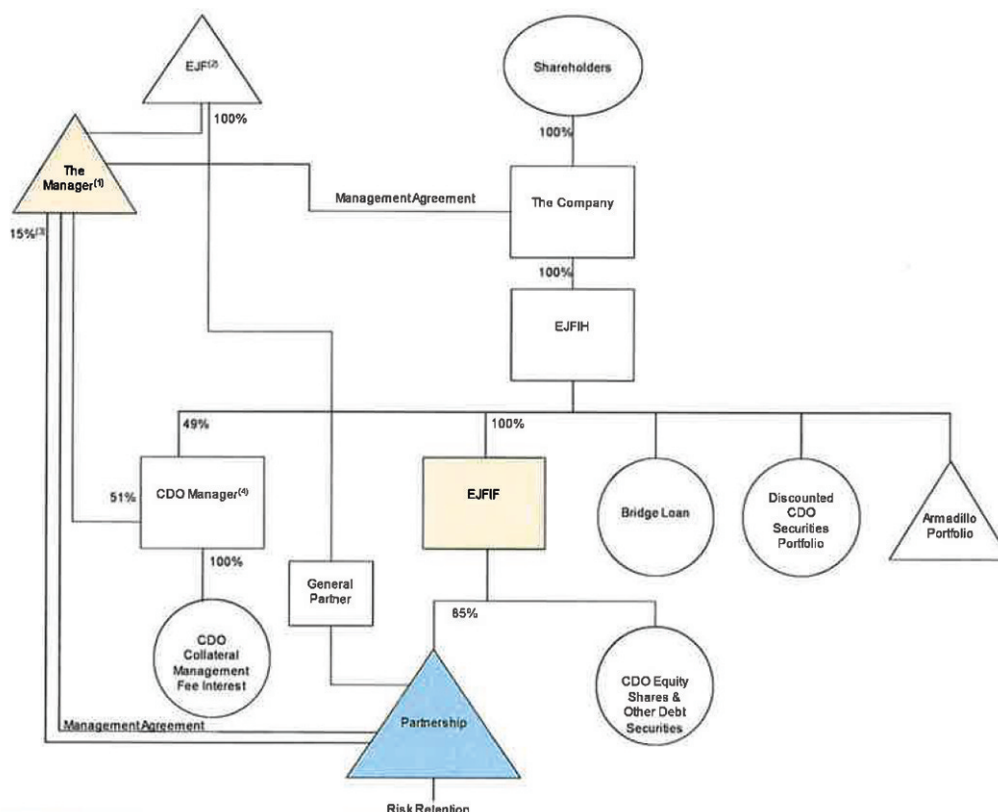
favour of the Manager in satisfaction of any incentive fees due to it under and in accordance with the terms of the Management Agreement.

To the extent the Directors determine to undertake a Placing of New ZDP Shares pursuant to the Placing Programme, the Directors will need to convene a general meeting to obtain authority to create the New ZDP Shares and disapply pre-emption rights in relation to the New ZDP Shares.

- 3.6 On 28 February 2017 warrants were issued to Wolfson Equities LLC and CNF Investments II, LLC, each of which was exercised in full on 1 December 2017, and each was issued 334,236 new Ordinary Shares.
- 3.7 In July 2017, the Company raised gross proceeds of approximately £8.0 million through a placing and subscription of 5,479,453 new Ordinary Shares at 146 pence per new Ordinary Share (the “**July 2017 Placing**”).
- 3.8 In November 2017, the Company raised gross proceeds of approximately £15.0 million through the placing of 15 million 2022 ZDP Shares (the “**November 2017 ZDP Placing**”).
- 3.9 In March 2018, the Company raised gross proceeds of approximately £5.8 million through a placing of 3,379,050 new Ordinary Shares at 171.5 pence per new Ordinary Share (the “**March 2018 Placing**”).
- 3.10 In May 2018, the Company raised gross proceeds of approximately £4.5 million through a placing of 2,635,000 new Ordinary Shares at 171 pence per new Ordinary Share (the “**May 2018 Placing**”).
- 3.11 In December 2018, the Company raised gross proceeds of approximately £6.6 million through sales from treasury (via four transactions) of 3,618,114 new Ordinary Shares at 181.8 pence per new Ordinary Share.
- 3.12 Save as disclosed in this Prospectus:
  - (a) since the date of its incorporation, no share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued, either for cash or any other consideration;
  - (b) no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital; and
  - (c) no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option, except where such option has expired.
- 3.13 As at the date of this Prospectus, the Company has 69,557,192 Ordinary Shares of no par value in issue (of which 5,381,886 Ordinary Shares are held in treasury by the Company) and 15,000,000 2022 ZDP Shares in issue.
- 3.14 The Shares are (in the case of the Ordinary Shares and the 2022 ZDP Shares) and will be from their first Admission pursuant to the Placing Programme (in the case of the C Shares and New ZDP Shares) in registered form and capable of being held in uncertificated form and title to such Shares may be transferred by means of a relevant system (as defined in the Regulations).
- 3.15 The Ordinary Shares and C Shares will rank in full for all dividends and distributions declared, made or paid after their issue and all Shares otherwise rank *pari passu* in all respects with each existing Share of the same class and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Share of the same class, as set out in the Articles. The Shares will be denominated in Pounds Sterling.
- 3.16 Other than as provided by the Takeover Code and Part 18 of the Companies Law (see paragraphs 19 and 20 below), there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Company.

## 4. GROUP STRUCTURE

4.1 The diagram below illustrates the Group's structure as at the date of this Prospectus:



### Notes

- (1) The Manager is the investment manager of the Company, EJFIH, EJFIF, the Partnership, the General Partner and their respective subsidiaries.
- (2) EJF holds 100 per cent. of the voting rights in the Manager.
- (3) In order to comply with guidance with respect to the relevant Securitisation and Risk Retention Regulations, the Manager will hold a minimum of 15 per cent. of the Partnership Units.
- (4) As at 21 June 2019 (being the latest practicable date prior to the publication of this Prospectus), the General Partner holds 165 Partnership Units.

## 5. REORGANISATIONS

Since its incorporation, the Company, in conjunction with the Partnership and its subsidiaries, carried out two reorganisations of its corporate structure, details of which are summarised below:

### 5.1 First Restructuring

Prior to the Original Admission, the Group carried out a restructuring (the “**First Restructuring**”), which resulted in, *inter alia*, the Company becoming the ultimate holding company of the Group (which, for the avoidance of doubt, excludes the Partnership) and the majority-holder of Partnership Units in the Partnership, by way of its post-First Restructuring holding of approximately 67 per cent. of the issued and outstanding Partnership Units. Pursuant to the terms of an exchange offer, the Company acquired all of the issued and outstanding Partnership Units held by Eligible Unitholders in exchange for Ordinary Shares and each Eligible Unitholder received from the Company, for each Partnership Unit held, one Ordinary Share. Certain of the Partnership Units were subsequently bought back by the Partnership as part of the First Restructuring.

### 5.2 Establishment of EJF Investments Holdings Limited

In order to allow the Company to (i) manage the upstreaming of portfolio income to the Company with greater flexibility and to better reflect the anticipated timing differential between income earned and cashflow generated by certain of the Company's investments and (ii) in accordance with the Company's stated intention, conduct its affairs to satisfy the criteria for the non-UK investment trust exemption to the

Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the “**NMPI Regulations**”), the Company established an intermediate holding company, EJFIH, to hold all investment assets of the Company.

EJFIH was incorporated in Jersey on 9 June 2017 with registered number 124029 under the Companies Law as a private company limited by shares. On incorporation, the issued share capital of EJFIH was £1.00 comprising one ordinary share of £1.00, issued to the Company.

On 29 June 2017, the Company and EJFIH entered into certain agreements, including an intra-group agreement for the sale and purchase of assets, pursuant to which all of the investment assets then-held by the Company, which together had a total value of £63,053,273 as at their respective valuation dates, were acquired by EJFIH in consideration for an issuance of 63,053,273 ordinary shares in the capital of EJFIH to the Company. These transactions had an effective date of 9 June 2017.

On 5 July 2017, the Company and EJFIH entered into an agreement, pursuant to which the Company subscribed for 774,999 ordinary shares in the capital of EJFIH for an issue price of £774,999 payable by the Company in cash.

On 23 October 2017, the Company and EJFIH entered into an agreement, pursuant to which the Company subscribed for 10,136,560 ordinary shares in the capital of EJFIH for an issue price of £10,136,560 payable in a combination of Pounds Sterling and US Dollars then-held in cash by the Company.

On 1 November 2017, the Company purchased 3,052,586 ordinary no par value shares in the capital of EJFIH for a subscription price of £3,052,586. The subscription price was settled by way of a novation of two forward contracts.

### 5.3 Establishment of EJF Investments Funding Limited

EJFIF was incorporated in Jersey on 5 September 2018 with registered number 127250 under the Companies Law as a private company limited by shares. On incorporation, the issued share capital of EJFIF was £1.00 comprised of one ordinary share of no par value, issued to EJFIH. EJFIF has elected to be treated as a non-US corporation for US federal income tax purposes.

On 18 October 2018, EJFIH and EJFIF entered into certain agreements, including an intra-group agreement for the sale and purchase of assets, pursuant to which all of the Partnership Units and limited liability company interests in a depositor vehicle, which together held a total value of £58,348,614 as at their respective valuation dates, were acquired by EJFIF in consideration for an issuance of 58,348,614 ordinary shares in the capital of EJFIF to EJFIH. These transactions had an effective date of 5 September 2018.

On 18 December 2018, EJFIH and EJFIF entered into an intra-group agreement for the sale and purchase of an asset, pursuant to which certain securities, which together held a total value of £7,797,700 as at their valuation date (including accrued interest thereon up to and including the date of such agreement), were acquired by EJFIF in consideration for an issuance of 7,797,700 ordinary shares in the capital of EJFIF to EJFIH.

## 6. SIGNIFICANT SUBSIDIARIES

As at the date of this Prospectus, the Company had the following significant subsidiaries:

<u>Name of subsidiary</u>	<u>Country of incorporation or residence</u>	<u>Proportion of ownership interest</u>	<u>Proportion of voting power held</u>
EJF Investments Holdings Limited . .	Jersey	100%	100%
EJF Investments Funding Limited . .	Jersey	100%	100%
EJF CDO Manager LLC . . . . .	United States of America	49%	49%

## 7. ARTICLES OF ASSOCIATION

The Articles as at the date of this Prospectus contain provisions to the following effect:

### 7.1 Objects

The Memorandum and Articles do not limit the objects of the Company.

### 7.2 Rights attached to Shares

Subject to the provisions of the Companies (Jersey) Law 1991 (as amended) (the “**Companies Law**”) and every other statute, statutory instrument, regulation or order for the time being in force concerning

companies registered under that law (the “**Statutes**”) and to any special rights conferred on the holders of any other Shares, any Share or any class may be issued with or have attached to it such rights and restrictions as the Company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the Board may decide. Fractions of Shares may not be issued.

(a) ***Voting rights***

Subject to the rights or restrictions referred to below (or otherwise in the Articles), and subject to any special rights or restrictions as to voting for the time being attached to any Shares, on a show of hands (a) every Shareholder who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote; and (b) every proxy appointed by a Shareholder shall have one vote save that every proxy appointed by one or more Shareholders to vote for the resolution and by one or more other Shareholders to vote against the resolution, has one vote for and one vote against. On a poll, each Shareholder shall have one vote for each Share held (of any class) and a Shareholder entitled to more than one vote need not, if he, she or it votes, vote all his, her or its votes in the same way. In the case of joint holders, the vote of the person first named in the register who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(b) ***Restrictions on voting***

Unless the Board otherwise decides, a Shareholder of the Company shall not be entitled to vote, either in person or by proxy, at any general meeting or at any separate general meeting of the holders of any class of Shares in the Company in respect of any Share held by him, her or it unless all calls and other sums presently payable by him, her or it in respect of that Share have been paid.

A Shareholder of the Company shall not, if the Directors determine, be entitled to be present or to vote at general meetings of the Company or to exercise any other rights of membership if he or she has failed to comply with a notice requiring disclosure of interests in Shares given under the Articles within 14 days (such that the Directors may reasonably determine the identity of the person or persons or entities which have an indirect interest in the relevant Shares).

(c) ***Dividends***

The Company may, by ordinary resolution, declare a dividend to be paid to the Shareholders, according to their respective rights and interests in the profits of the Company, but no such dividend shall exceed the amount recommended by the Directors. The Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company. No dividend or other monies payable by the Company on or in respect of any Share shall bear interest as against the Company unless otherwise provided by the rights attaching to the relevant Share.

The Board may, if authorised by an ordinary resolution of the Company, offer any holders of any particular class of Shares in the Company the right to elect to receive further Shares (whether or not of that class), credited as fully paid, instead of cash in respect of all or part of any dividend specified by the ordinary resolution.

The Company or the Board may fix a date as the record date by reference to which a dividend will be declared or paid or a distribution, allotment or issue made, and that date may be before, on or after the date on which the dividend, distribution, allotment or issue is declared.

In the absence of a record date being fixed, entitlement to any dividend, distribution, allotment or issue shall be determined by reference to the date on which the dividend is declared or the distribution, allotment or issue is made.

A dividend unclaimed for a period of 12 years after having been declared or become due for payment shall be forfeited and cease to remain owing by the Company.

Subject to the rights of any Shares which may be issued with special rights or privileges, the Shares of each class shall rank *pari passu* as to their rights to receive dividends.

(d) ***Return of capital***

In relation to capital on a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Ordinary Shares, C Shares or ZDP Shares in accordance with the

provision of the Articles and the Statutes), the surplus assets of the Company remaining after payment of all creditors, shall be distributed as follows:

- (i) *first*, there shall be paid to each Class of ZDP Shareholder in respect of each ZDP Share held by them (regardless of the date on which such winding up or return of capital occurs), the applicable ZDP Final Capital Entitlement. For the purposes of the provisions described in this paragraph, where there is more than one Class of ZDP Shares, the ZDP Shareholders shall be ranked in priority according to the applicable ZDP Repayment Dates from the nearest ZDP Repayment Date ranking highest to the furthest ZDP Repayment Date ranking lowest, with the available assets to be distributed *pari passu* amongst the relevant Class of ZDP Shareholders; and
- (ii) *second*, there shall be paid to:
  - (A) Ordinary Shareholders (subject to the rights of any Ordinary Shares that may be issued with any special rights and privileges) the surplus capital and assets of the Company attributable to the Ordinary Shares, to be divided amongst the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them; and
  - (B) C Shareholders (subject to the rights of any C Shares that may be issued with any special rights and privileges), the surplus capital and assets of the Company attributable to the relevant class of C Shares to be divided amongst the holders of C Shares of each class *pro-rata* to the relative Net Asset Values of each of the classes of C Share, and within each such class, such assets shall be distributed *pari passu* amongst the holders of C Shares of that class in proportion to the number of C Shares of such class held by them).

(e) **C Shares**

A summary of the rights attaching to the C Shares is set out in paragraph 7.11 below.

### 7.3 Variation of rights

All or any of the rights for the time being attached to any class of Shares in the Company in issue may from time to time (whether or not the Company is being wound up) be varied in such manner (if any) as may be provided by those rights or with the consent in writing of the holders of three-quarters in number of the issued Shares of that class (excluding any Shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those Shares.

All the provisions of the Articles relating to general meetings of the Company or to the proceedings at general meetings shall apply to class meetings, except that (a) the necessary quorum for the separate general meeting (other than an adjourned meeting) shall be two persons holding, or representing by proxy at least one-third of the issued Shares of the class (excluding any Shares of that class held as treasury shares); (b) at an adjourned meeting, the necessary quorum shall be two persons holding Shares of the class (other than treasury shares) or his, her or its proxy; (c) every holder of Shares of the class shall have one vote in respect of every Share of that class held by him, her or it (excluding any Shares of that class held as treasury shares); and (d) a poll may be demanded by any one holder of Shares of the class whether present in person or by proxy.

### 7.4 Continuation vote

If the Shares are admitted to trading on a stock exchange then on or about each fifth anniversary of such admission, the Directors shall procure that an extraordinary general meeting of the Company be convened at which an ordinary resolution will be proposed that the business of the Company be continued (the “**Continuance Resolution**”). If the Continuance Resolution is not passed, the Directors will take such actions as they deem appropriate to commence the liquidation of the assets of the Company (having regard to the prevailing liquidity of the assets of the Company and, if applicable, any rules imposed by the Securitisation and Risk Retention Regulations) and formulate proposals for the orderly return of capital to holders of Shares.

### 7.5 Transfer of Shares

Subject to the restrictions set out in this paragraph, a Shareholder may transfer all or any of his, her or its Shares in the Company in any manner which is permitted by the Statutes or in any other manner which is from time-to-time approved by the Board.

The instrument of transfer of any Share in the Company shall be in writing in any usual common form or in any other form permitted by applicable law or the Statutes or approved by the Board. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of Shareholders in respect of those Shares. Subject to the Articles, a Shareholder may transfer an uncertificated Share by means of the relevant system or in any other manner which is permitted by the Statutes or the Companies (Uncertificated Securities)(Jersey) Order 1999 and is from time-to-time approved by the Board.

The Board may, in its absolute discretion, refuse to register any transfer of a certificated Share of any class which is not fully paid and shall refuse to register any transfer of Shares to a person who does not meet the regulatory requirements applicable to the Company, provided that, where any such Shares are admitted to trading on a stock exchange, such discretion may not be exercised in such a way as to prevent dealings in the Shares of that class from taking place on an open and proper basis. The Board may also refuse to register any transfer of a certificated Share unless the transfer is in respect of one class of Shares and is in favour of no more than four transferees and the instrument of transfer is deposited at the office of the Company or such other place as the Board may appoint, accompanied by the certificate for the Shares to which it relates if it has been issued, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

The Directors may, pursuant to the provisions of the Articles relating to disclosure of interests in Shares, decline to register a transfer in respect of Shares which are the subject of a notice under the Articles and in respect of which the required information has not been received by the Company within 14 days after service of the notice.

The registration of transfers of Shares or of transfers of any class of Shares may be suspended at such times and for such periods as the Directors may determine.

In respect of any allotment of any Share the Directors shall have the same right to decline to approve the registration of any Shares of an allottee as if the application to allot and the renunciation were a transfer of a Share under the Articles.

If at any time the holding or beneficial ownership of any Shares in the Company by any person (whether on its own or taken with other Shares), in the opinion of the Directors (i) would cause the assets of the Company to be treated as “plan assets” within the meaning of the US Plan Assets Regulations of any Benefit Plan Investor; or (ii) would or might result in the Company and/or its Shares being required to register or qualify under the US Investment Company Act, as amended and/or the US Securities Act and/or the US Securities Exchange Act 1934, as amended (the “**US Exchange Act**”) and/or any laws of any state of the US that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under Rule 405 under the US Securities Act; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the US Tax Code; or (v) creates a significant legal or regulatory issue for the Company under the US Bank Holding Company Act of 1956 (as amended) or regulations or interpretations thereunder; or (vi) cause the Company to become subject to any withholding tax or penalties under FATCA, CRS or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce such tax or to comply with any reporting obligation pursuant to such legislation; (vii) prevents the Company from complying with the terms of an applicable intergovernmental agreement entered into to facilitate implementation of FATCA or entering into, or complying with, or may result in a default under, or termination of, an agreement of the type described in section 1471(b) of the US Codes or similar laws; or (viii) creates a significant risk of the Company being in breach, or at risk of being in breach, of its obligations under anti-money laundering legislation, the CIF Law, the JFSC Codes or International Tax Compliance Legislation, then any Shares which the Directors decide are Shares which are so held or beneficially owned (“**Prohibited Shares**”) must be dealt with in accordance with this paragraph. The Directors may at any time give notice in writing to the holder of a Share requiring him, her or it to make a declaration as to whether or not the Share is a Prohibited Share.

The Directors shall give written notice to the holder of any Share which appears to them to be a Prohibited Share requiring him, her or it within 21 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such Share to another person so that it will cease to be a Prohibited Share. From the date of such notice until registration for such a transfer or a transfer arranged by the Directors as referred to below, the Share will not confer any right on the holder to receive notice of or to attend and vote at a general meeting of the Company and of any class of Shareholder and those rights will vest in the chairman of any such meeting, who may exercise or refrain from exercising them entirely at his or her discretion. If the notice is not complied with within 21 days to the satisfaction



of the Directors, the Directors shall arrange for the Company to sell the Share at the best price reasonably obtainable to any other person so that the Share will cease to be a Prohibited Share. The net proceeds of sale (after payment of the Company's costs of sale and together with interest at such rate as the Directors consider appropriate) shall be paid over by the Company to the former holder upon surrender by him, her or it of the relevant Share certificate (if applicable) and the provisions relating to unclaimed dividends (detailed at paragraph 7.2(c) above) shall apply *mutatis mutandis* to any sums which cannot be paid or where the recipient cannot be identified to the satisfaction of the Directors.

#### 7.6 Pre-emption rights

The Articles provide that, at any time when a class of Shares is admitted to trading on a stock exchange, unless otherwise authorised by a special resolution, if the Company is proposing to allot equity securities of or relating to that class, it shall not allot them on any terms unless (i) the Company has first made an offer to each person who holds Shares of that class to allot to him, her or it, on the same or more favourable terms, equity securities in proportion to his, her or its existing holding; and (ii) the period, which shall not be less than 21 clear days, during which any offer referred to in (i) above may be accepted or has expired or the Company has received notice of the acceptance or refusal of every offer made. A reference to the allotment of equity securities above includes the grant of a right to subscribe for, or to convert any securities into, equity securities of any class but does not include the allotment of any class of Shares pursuant to such a right.

The pre-emption rights set out above shall not apply to:

- (a) a particular allotment of equity securities if these are, or are to be, wholly or partly paid up or allotted otherwise than in cash;
- (b) the allotment of equity securities which would, apart from a renunciation or assignment of the right to their allotment, be held under an employee share scheme; or
- (c) the allotment of bonus Shares in the Company,

in which circumstances, Shares in the Company may be allotted and issued at the discretion of the Directors, subject to Jersey regulatory considerations.

#### 7.7 Disclosure of interests in Shares

Upon any admission to trading of a class of Shares of the Company on a stock exchange, the provisions of the Disclosure Guidance and Transparency Rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (the “**Disclosure Guidance and Transparency Rules**”) will apply to the Company on the basis that the Company is a “non-UK issuer”, as such term is defined in the Disclosure Guidance and Transparency Rules. As such, following any such admission to trading, a person is required to notify the Company of the percentage of voting rights it holds as a holder of Shares or is deemed to hold through the direct or indirect holding of financial instruments falling within the Disclosure Guidance and Transparency Rules if, as a result of an acquisition or disposal of Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of a non-UK issuer, 5, 10, 15, 20, 25, 30, 50 and 75 per cent.

The Articles also contain provisions which require Shareholders, in certain circumstances, to disclose interests in the Shares of the Company. If it shall come to the notice of the Directors that any Shareholder has not, within the requisite period, made or, as the case may be, procured the making of any notification required by this paragraph, the Directors may serve a notice on such Shareholder and the provisions of the Articles shall apply.

The Company has the right, by service of notice in writing, to require in such circumstances a Shareholder to disclose to the Company the nature of his, her or its interest in Shares in the Company held at such time or at any time in the previous three years including the identity of any person, other than the Shareholder, who has any interest in the Shares held by the Shareholder, and the nature of such interest.

A Shareholder will be required to respond in writing within 14 days of receipt of the notice. The sanctions applicable if a Shareholder is in default of his, her or its obligation to respond to such notice include the Shareholder being no longer entitled to exercise voting rights attaching to the Shares held by that Shareholder, dividends payable on the Shareholder's Shares being withheld and transfers of Shares being refused registration, in each case, until such time as the appropriate disclosures are properly made.

## 7.8 Alteration of capital and purchase of own Shares

The Company may alter its share capital in any way that is permitted by the Statutes. Any new Shares created on an increase or other alteration of share capital shall be issued upon such terms and conditions, including as to currency, as the Company may by resolution of the Board or by ordinary resolution determine.

Subject to the provisions of the Statutes, the Company may purchase all or any of its shares of any class, including any redeemable shares and may hold such shares as treasury shares or cancel them.

## 7.9 General meetings

The requirement for the Company to hold an annual general meeting may be dispensed with if all of the Shareholders agree in writing and any such agreement remains valid in accordance with the Companies Law. Otherwise, the Company shall in each calendar year hold a general meeting as its annual general meeting at such time and place outside the UK as may be determined by the Directors.

### (a) *Convening of general meetings*

All meetings, other than annual general meetings, shall be called general meetings. The Board may convene a general meeting whenever it thinks fit. All general meetings shall take place in Jersey. A general meeting shall also be convened by the Board on the requisition of Shareholders pursuant to the provisions of the Companies Law or, in default, may be convened by such requisitions, as provided by the Statutes. The Board shall comply with the provisions of the Statutes regarding the giving and the circulation, on the requisition of Shareholders, of notices of resolutions and of Statements with respect to matters relating to any resolution to be proposed or business to be dealt with at any general meeting of the Company.

### (b) *Notice of general meetings*

At least 14 clear days' notice shall be given of every annual general meeting and of every general meeting of the Company, including without limitation, every general meeting called for the passing of a special resolution.

Notwithstanding that a meeting is called by less than 14 clear days' notice, any such meeting shall be deemed to have been duly called if it is so agreed (a) in the case of an annual general meeting by all the Shareholders entitled to attend and vote thereat and (b) in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting being a majority together holding not less than 95 per cent. of the total voting rights of Shares giving that right.

Every notice shall specify the place outside the UK, the day and the time of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.

Subject to the provisions of the Articles, and to any restrictions imposed on any Shares, notice of every general meeting shall be given to all Shareholders, to all persons entitled to a Share in consequence of the death, bankruptcy or incapacity of a Shareholder, to the auditors (if any) and to every Director who has notified the Company Secretary in writing of his, her or its desire to receive notice of general meetings.

In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote at that meeting instead of him, her or it and that a proxy need not also be a Shareholder of the Company.

### (c) *Quorum*

No business shall be transacted at any general meeting, except the adjournment of the meeting, unless a quorum of Shareholders is present at the time when the meeting proceeds to business.

A quorum of Shareholders shall consist of not less than two Shareholders present but so that not less than two individuals will constitute the quorum, provided that, if at any time all of the issued Shares in the Company are held by one Shareholder such quorum shall consist of that Shareholder present.

If within 15 minutes from the time appointed for the holding of a general meeting a quorum is not present, the meeting, if convened on the requisition of Shareholders, shall be dissolved. In any other case, it shall stand adjourned to a day 10 clear days after the original meeting (or, if that day is not a business day, to

the next business day) and the same time and place, as the original meeting, or to such later business day, and at such other time and place outside the UK, as the Board may decide and in the latter case not less than seven clear days' notice of the adjourned meeting shall be given in any manner in which notice of a meeting may lawfully be given for the time being. If at an adjourned meeting a quorum is not present within 15 minutes from the time fixed for holding the meeting, the meeting shall be dissolved.

(d) ***Chairman***

At each general meeting, the chairman of the Board or, if he or she is absent or unwilling, the deputy chairman (if any) of the Board or (if more than one deputy chairman is present and willing) the deputy chairman who has been longest in such office or, if no deputy chairman is present and willing, then one of the other Directors who is appointed for the purpose by the Board or (failing appointment by the Board), by the Shareholders present, shall preside as chairman of the meeting, but if no Director is present within 15 minutes after the time fixed for holding the meeting or, if none of the Directors present is willing to preside, the Shareholders present and entitled to vote shall choose one of their number to preside as chairman of the meeting.

(e) ***Directors entitled to attend and speak***

Whether or not he or she is a Shareholder, a Director shall be entitled to attend and speak at any general meeting of the Company and at any separate general meeting of the holders of any class of Shares of the Company.

(f) ***Adjournment***

With the consent of any meeting at which a quorum is present, the chairman of the meeting may (and if so directed by the meeting shall) adjourn the meeting from time-to-time or sine die and from place to place outside the UK.

In addition, the chairman of the meeting may at any time, without the consent of the meeting, adjourn the meeting (whether or not it has commenced or a quorum is present) to another time and/or place outside the UK if, in his or her opinion, it would facilitate the conduct of the business of the meeting to do so, notwithstanding that by reason of such adjournment some Shareholders may be unable to be present at the adjourned meeting.

Whenever a meeting is adjourned for 30 days or more, at least seven clear days' notice of the adjourned meeting shall be given in any manner in which notice of a meeting may lawfully be given for the time being but otherwise no person shall be entitled to any notice of any adjourned meeting or of the business to be transacted at an adjourned meeting.

(g) ***Method of voting and demand for poll***

At a general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or immediately after the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting;
- (ii) not less than five Shareholders having the right to vote on the resolution; or
- (iii) a Shareholder or Shareholders representing in aggregate not less than 10 per cent. of the total voting rights of all the Shareholders having the right to vote on the resolution (excluding any voting rights attached to any Shares in the Company held as treasury shares), and a demand for a poll by a person as proxy for a Shareholder shall be as valid as if the demand were made by the Shareholder itself.

(h) ***Taking a poll***

If a poll is demanded (and the demand is not withdrawn), it shall be taken at such time (either at the meeting at which the poll is demanded or within 30 days after the meeting), at such place outside the UK and in such manner as the chairman of the meeting shall direct and he or she may appoint scrutineers (who need not be Shareholders).

(i) ***Proxies***

A proxy need not be a Shareholder of the Company and a Shareholder may appoint more than one proxy in relation to a meeting to attend and to speak and vote on the same occasion provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by a Shareholder.

## 7.10 Directors

### (a) *Number*

Unless otherwise determined by ordinary resolution of the Company, the number of Directors (other than alternate directors) shall be not less than two but there shall be no maximum number of Directors.

### (b) *Remuneration*

The Directors (other than any Director who for the time being holds an executive office of employment with the Company or a subsidiary of the Company) shall be paid out of the funds of the Company by way of remuneration for their services as Directors. The aggregate of such fees shall not exceed £150,000 per annum (or such larger sum as the Company may, by ordinary resolution, determine) as the Directors may decide to be divided among them in such proportion and manner as they may agree or, failing agreement, equally. Any fee payable to the Directors under the Articles shall be distinct from any remuneration or other amounts payable to a Director under other provisions of the Articles and shall accrue from day to day.

The Directors shall be paid out of the funds of the Company all reasonable travelling, hotel and other expenses properly incurred in connection with the exercise of their powers and discharge of their duties, including expenses incurred in travelling to and from meetings of the Board, committee meetings, general meetings and separate meetings of the holders of any class of securities of the Company.

### (c) *Retirement of Directors*

At each annual general meeting, any Director who has been appointed by the Board since the previous annual meeting and any Director selected to retire by rotation pursuant to the Articles shall retire from office. Notwithstanding the foregoing the Company has adopted a policy pursuant to which at each annual general meeting, all Directors shall retire from office and be subject to re-election.

### (d) *Retirement of Directors by rotation*

With effect from any admission to trading of a class of Shares in the Company on a stock exchange, at every subsequent annual general meeting of the Company, any Director who was appointed by the Directors since the last annual general meeting; or is not independent of the Manager must retire.

In addition, with effect from any admission to trading of a class of Shares in the Company on a stock exchange, one third of the current Directors must retire at each subsequent annual general meeting of the Company and shall be selected as follows:

- (i) any Director who was last appointed (or re-appointed) three or more years prior to the meeting;
- (ii) any Director who was not last appointed (or re-appointed) at one of the preceding two annual general meetings; or
- (iii) any Director who at the time of the meeting will have served more than eight years as a non-executive Director of the Company (excluding as Chairman);

and thereafter, as necessary to obtain the required number:

- (iv) *first*, any Director who wants to retire and who does not want to be re-appointed;
- (v) *second*, those Directors who have been longest in office since their last appointment or re-appointment. If there are Directors who became or were last appointed or reappointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

The number and identity of Directors to retire will be determined based on the composition of the board of Directors at the start of business on the date of notice calling the annual general meeting, disregarding a change in the number or identity of the Directors after that time but before the end of the meeting.

A Director who retires at an annual general meeting shall be eligible for re-appointment and (unless he or she is removed from office or his or her office is vacated in accordance with the Articles) shall retain office until the close of the meeting at which he or she retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his or her place or the resolution to re-appoint him or her is put to the meeting and lost.

If at any meeting at which the appointment of a Director ought to take place the office vacated by a retiring Director is not filled, the retiring Director, if willing to act, shall be deemed to be re-appointed,

unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his or her place or unless the resolution to re-appoint him or her is put to the meeting and lost.

(e) ***Executive Directors***

The Board may appoint one or more Directors to hold any executive office or employment under the Company for such period (subject to the provisions of the Statutes) and on such terms as the Board may decide.

A Director appointed to any executive office or employment shall automatically cease to hold that office if he or she ceases to be a Director.

(f) ***Directors' interests***

A Director shall not be entitled to vote on a resolution (or attend or count in the quorum at those parts of a meeting regarding such resolution) relating to a transaction or arrangement with the Company in which he or she is interested, save where the other Directors resolve that the Director concerned should be entitled to do so where they are satisfied that the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest or save in any of the following circumstances:

- (i) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by such Director or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (ii) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which such Director has assumed responsibility, in whole or in part, under a guarantee or an indemnity or by the giving of security;
- (iii) any contract concerning an offer of Shares, debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer such Director is or may be entitled to participate as a holder of securities or such Director is or is to be interested as a participant in the underwriting or sub-underwriting thereof;
- (iv) any contract in which such Director is interested by virtue of his or her interest in Shares, debentures or other securities of the Company or otherwise in or through the Company;
- (v) any contract concerning any other company in which such Director is interested, directly or indirectly and whether as an officer, Shareholder, creditor or otherwise, unless the Director's interest in such company represents one per cent. or more either of its equity share capital or of its voting rights, and the Director shall be deemed to be materially interested in a contract if the company in which the Director holds such interest is materially interested in a contract;
- (vi) any contract relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him or her any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
- (vii) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to both Directors and employees of the Company and/or any of its subsidiary undertakings and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- (viii) any contract concerning the adoption, modification or operation of an employees' share scheme; and
- (ix) any proposal concerning the purchase or maintenance of insurance for the benefit of persons including Directors.

Subject to the interest of a Director being duly declared, a contract entered into by or on behalf of the Company in which any Director is in any way interested shall not be liable to be avoided nor shall any Director so interested be liable to account to the Company for any benefit resulting from the contract by reason of him or her holding that office or of the fiduciary relationship established by his or her holding that office.

A Director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning his or her own appointment (including fixing or varying its terms), or the termination of his or her own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

Where proposals are under consideration concerning the appointment (including fixing or varying its terms) or the termination of the appointment of two or more Directors to offices or places of profit with the Company or any other company which the Company is interested, those proposals may be divided and a separate resolution may be put in relation to each Director and, in that case, each Director concerned (if not otherwise debarred from voting) shall be entitled to vote (and be counted in the quorum) in respect of each resolution unless it concerns his or her own appointment or the termination of his or her own appointment.

(g) ***Authorisation of conflicts of interest***

Where a situation occurs or is anticipated to occur which gives rise or may give rise to a conflict of interest on the part of any Director (“**Conflicted Director**”) (other than a situation which cannot reasonably be regarded as likely to give rise to a conflict of interest), the matter shall be referred to the Directors other than the Conflicted Director (the “**Non-Conflicted Directors**”).

The Non-Conflicted Directors shall meet to consider the matter as soon as practicable after the matter is referred to them and they have received all relevant particulars relating to the situation. The quorum for a meeting of the Non-Conflicted Directors shall be the same as for a meeting of the Board. The Non-Conflicted Directors shall have authority to authorise any matter which gives rise to the conflict of interest concerned on such terms as they think fit.

(h) ***Benefits***

The Board may exercise all the powers of the Company to pay, provide or procure the grant of pensions or other retirement or superannuation benefits and death, disability or other benefits, allowances or gratuities to any person who is or who has at any time been a Director of the Company or of any Associated Company (meaning a company or other body corporate which is (or, where the context admits, was at any relevant time) associated with the Company. For the purposes of this definition (a) bodies corporate are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and (b) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate) or in the employment or service of the Company or any Associated Company or of the predecessors in business of the Company or any Associated Company or the relatives or dependants of any such person.

(i) ***Powers of the Board***

The business of the Company shall be managed by the Board which may exercise all the powers of the Company, subject to the provisions of the Statutes, the Memorandum and the Articles. No special resolution or alteration of the Memorandum or of the Articles shall invalidate any prior act of the Board which would have been valid if the resolution had not been passed or alteration had not been made.

(j) ***Borrowing powers***

Subject to the provisions of the Statutes, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(k) ***Indemnity of officers***

Insofar as the Statutes allow, every present or former officer (other than an auditor) of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him or her by reason of being or having been such an officer.

The Directors may, without sanction of the Company in general meeting, authorise the purchase or maintenance by the Company for any officer or former officer of the Company of any such insurance as is permitted by the Statutes in respect of any liability which would otherwise attach to such officer (other than the auditors) or former officer (other than the auditors).

(l) ***Board meetings***

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. No meetings of Directors shall be held in the UK. Any decision reached or resolution passed by the Directors at any meeting which is held in the UK shall be invalid and of no effect.

(m) **Quorum**

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. Subject to the provisions of the Articles, any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of the Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.

(n) **Voting**

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote, unless he or she is not, in accordance with the Articles, to be counted as participating in the decision-making process for quorum, voting or agreement purposes.

## 7.11 C Shares

The Articles contain provisions enabling the issue of C Shares. For the avoidance of doubt, it is anticipated that C Shares would only be issued to facilitate further fundraising in a manner which would reduce any negative economic impact of such fundraising on the holders of Ordinary Shares.

(a) The following definitions apply for the purposes of this paragraph 7.11:

“**C Share Calculation Date**” means, in relation to a class of C Shares, the earliest of the:

- (i) close of business on the date to be determined by the Directors after the day on which the Manager shall have given notice to the Directors that at least 90 per cent. of the net proceeds attributable to such C Shares (or such other percentage as the Directors and Manager shall agree) shall have been invested;
- (ii) close of business on the date falling nine calendar months after the allotment of such C Shares or, if such a date is not a business day, the next following business day;
- (iii) 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
- (iv) close of business on such date as the Directors may determine;

“**Conversion**” means, in relation to a class of C Shares, the conversion of that class of C Shares into New Ordinary Shares in accordance with paragraph 7.11(j) below;

“**Conversion Date**” means a date which falls after the C Share Calculation Date and is the date on which the admission of the New Ordinary Shares arising on Conversion to trading on any stock exchange on which the Shares are admitted to trading becomes effective and which is the earlier of:

- (i) 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 business days after the C Share Calculation Date; and
- (ii) such earlier date as the Directors may resolve should a Force Majeure Circumstance have arisen or the Directors resolve that such circumstance has arisen or is imminent;

“**Conversion Ratio**” for the C Shares of the relevant class is A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

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

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

where:

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

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

“**E**” is the number of C Shares of the relevant class in issue as at the relevant C Share Calculation Date;

“**F**” is the aggregate value of all assets and investments attributable to the Ordinary Shares (as determined by the Directors) at the relevant C Share Calculation Date calculated in accordance with the valuation policy adopted by the Directors from time to time;

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

“**H**” is the number of Ordinary Shares in issue as at the relevant C Share Calculation Date (excluding any Ordinary Shares of the relevant class held in treasury);

provided that:

- (i) the Directors shall make such adjustments to the value or amount of A and B as (A) the auditors may (having been requested by the Directors) 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 class and/or to the reasons for the issue of the C Shares of the relevant class or (B) the Directors deem appropriate;
- (ii) in relation to any class of C Shares, the Directors may, as part of the terms of issue of such class, amend the definition of Conversion Ratio in relation to that class; and
- (iii) where valuations are to be made as at the C Share Calculation Date and the C Share Calculation Date is not a business day, the Directors shall apply the provisions of this definition as if the C Share Calculation Date were the preceding business day.

“**Force Majeure Circumstances**” means in relation to a class 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 the relevant class 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; and

“**New Ordinary Shares**” means the Ordinary Shares of the relevant class arising on conversion of the C Shares.

- (b) References to “**Shareholders**” and “**C Shareholders**” in this paragraph 7.11 should be construed as references to holders for the time being of Ordinary Shares of the relevant class and C Shares of the relevant class respectively.
- (c) The holders of each class of C Shares shall, subject to the rights of any C Shares which may be issued with special rights or privileges, have the following rights as to income:
  - (i) the C Shares of each class carry the right to receive all income of the Company attributable to the C Shares, and to participate in any distribution of such income by the Company *pro rata* to the relevant Net Asset Values attributable to each of the classes of C Shares and within each such class income shall be divided *pari passu* amongst the holders of C Shares of that class in proportion to the number of C Shares of such class held by them;
  - (ii) the New Ordinary Shares of the relevant class shall rank in full for all dividends and other distributions declared, made or paid by reference to a record date falling after the C Share Calculation Date and otherwise *pari passu* with Ordinary Shares of the relevant class in issue at the C Share Calculation Date; and
  - (iii) no dividend or other distribution shall be made or paid by the Company on any of its Shares between the C Share Calculation Date and the Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).
- (d) At a time when any C Shares are for the time being in issue and prior to the Conversion Date, on a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of C Shares in accordance with the provisions of the Articles and the Statutes), the surplus capital and assets of the Company attributable to the C Shares remaining after payment of all creditors shall, subject to the rights of any C Shares that may be issued with any special rights and privileges, be divided amongst the



holders of C Shares of each class *pro rata* to the relative Net Asset Values of each of the classes of C Shares, and within each such class, such assets shall be distributed *pari passu* amongst the holders of C Shares of that class in proportion to the number of C Shares of such class held by them.

- (e) As regards voting, each class of C Shares shall carry the right to receive notice of and to attend, speak and vote (in accordance with Article 56 of the Articles) at general meetings of the Company. The voting rights of holders of C Shares will be the same as that applying to other holders of Ordinary Shares as set out in the Articles.
- (f) Without prejudice to the generality of the Articles, for as long as there are C Shares in issue, the consent of the holders of the Ordinary Shares and the holders of the C Shares as a class shall be required for, and accordingly the special rights attached to the Ordinary Shares and the C Shares shall be deemed to be varied, *inter alia*, by:
  - (i) any alteration to the Memorandum or the Articles which directly or indirectly affects the rights attaching to the C Shares as set out in the Articles;
  - (ii) any 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;
  - (iii) (except in connection with a Continuance Resolution or a ZDP Exempted Resolution) the passing of any resolution to wind-up the Company; and
  - (iv) any change being made to the accounting reference date.

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 C Shares, as described above, shall not be required in respect of:

- (v) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Ordinary Shares of the relevant class by the issue of such further Ordinary Shares); or
  - (vi) the sale of any Shares held as treasury shares or the purchase or redemption of any Shares by the Company (whether or not such shares are to be held in treasury).
- (g) For so long as one or more classes of C Shares are in issue and until Conversion, and without prejudice to its obligations under the Companies Law, the Company shall in relation to each class or classes of Ordinary Shares and C Shares (as appropriate):
    - (i) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the Ordinary Shares and the C Shares of the relevant class or classes (as appropriate) can, at all times, be separately identified and separate class accounts shall be created and maintained in the books of the Company for the assets attributable to the Ordinary Shares and the C Shares of the relevant class or classes (as appropriate);
    - (ii) allocate to the assets attributable to the Ordinary Shares and the C Shares of the relevant class or classes (as appropriate) such proportion of the expenses and liabilities of the Company as the Directors fairly consider to be attributable to the Ordinary Shares and C Shares of the relevant class or classes (as appropriate); and
    - (iii) the Company shall give appropriate instructions to the Manager and the Administrator to manage the Company's assets so that such undertaking can be complied with by the Company.
  - (h) The C Shares are issued on such terms that they shall convert in accordance with the terms set out in the Articles. At any time prior to Conversion, the Company may, subject to the provisions of the Statutes, at its discretion, repurchase 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, where applicable, to the facilities and procedures of CREST) and in consideration of the payment of such price as may be agreed between the Company and the relevant holders of C Shares.

- (i) The C Shares of the relevant class shall be converted into New Ordinary Shares of the corresponding class on the Conversion Date in accordance with the following provisions of this paragraph 7.11(i), whereby:
  - (i) the Directors shall procure that:
    - (A) the Company (or its delegate) calculates, within ten business days after the C Share Calculation Date, the Conversion Ratio as at the C Share Calculation Date and the numbers of New Ordinary Shares of the relevant class to which each holder of C Shares shall be entitled on Conversion; and
    - (B) the auditors (or some other appropriately qualified person) shall be requested to certify, within three business days of the C Share Calculation Date, that such calculations have been performed in accordance with the Articles and are arithmetically accurate, whereupon such calculations shall become final and binding on and all Shareholders, subject to the proviso immediately after the definition of “H” in paragraph 7.11(a); and
  - (ii) 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 Shares of the relevant class of the Conversion Date, the Conversion Ratio and the aggregate number of New Ordinary Shares of the relevant class to which holders of C Shares of the relevant class are entitled on Conversion.
- (j) Conversion shall take place at the Conversion Date. On Conversion:
  - (i) each issued C Share of the relevant class shall automatically convert and be redesignated into such number of New Ordinary Shares of the corresponding class as shall be necessary to ensure that, upon Conversion being completed, the number of New Ordinary Shares of the relevant class equals the number of C Shares of the relevant class in issue at the C Share Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole New Ordinary Share of the relevant class) (**provided always that** fractional entitlements to New Ordinary Shares of the relevant class shall be disregarded) and for such purposes any Director is hereby authorised as agent on behalf of the former holders of C Shares of the relevant class, 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 of the relevant class who shall be bound by them;
  - (ii) forthwith upon Conversion, any certificates relating to the C Shares of the relevant class shall be cancelled and the Company shall issue to each such former holder of C Shares of the relevant class new certificates in respect of the New Ordinary Shares of the relevant class which have arisen upon Conversion unless such former holder of any C Shares of the relevant class elects to hold their New Ordinary Shares of the relevant class in uncertificated form;
  - (iii) the Company will use its reasonable endeavours to procure that, upon Conversion, the New Ordinary Shares are admitted to trading on the same stock exchange as the Ordinary Shares which are already admitted at the time of Conversion; and
  - (iv) the Directors are authorised to effect such and any conversions and/or consolidations and/or subdivisions and/or combinations of the foregoing (or otherwise as appropriate) as may have been or may be necessary from time to time to implement the conversion mechanics for C Shares set out in the Articles or as they, in their discretion, consider fair and reasonable having regard to the interest of all Shareholders.

## 7.12 ZDP Shares

### (a) *Issues of ZDP Shares*

The ZDP Shares will be divided into different Classes of ZDP Shares, with each Class of ZDP Shares being denoted according to the year in which those ZDP Shares will be redeemed. Unless expressly provided to the contrary in the Articles, each Class of ZDP Shares will be issued on the same terms and (save in respect of the ZDP Repayment Date and the ZDP Gross Redemption Yield) will have the same rights.

(b) ***Rights attaching to ZDP Shares***

The rights attaching to the ZDP Shares shall be as follows:

- (i) without prejudice to the ZDP Shareholders' rights described in paragraphs 7.2(d), 7.12(d) and 7.12(e) of this Part XII: "*Additional Information*", the ZDP Shares have no right to receive income from the Company, whether by dividend or otherwise, and references to "Shareholders" in the provisions of the Articles which relate to dividends shall exclude ZDP Shareholders;
- (ii) as to capital on a winding up of the Company, or any other return of capital, the provisions described in paragraph 7.2(d) this Part XII: "*Additional Information*" shall apply; and
- (iii) as to voting, ZDP Shareholders shall not have the right to receive notice of, nor to attend or vote at, any general meeting of the Company and references to "Shareholders" in the provisions of the Articles relating to general meetings and voting shall exclude ZDP Shareholders (save in respect of a general meeting of the Company held pursuant to the provisions described in paragraph 7.12(e) of this Part XII: "*Additional Information*" or as otherwise required by the Statutes, whereupon "Shareholders" shall include ZDP Shareholders).

(c) ***Voting at a class meeting of ZDP Shareholders***

Subject to the provisions described in paragraphs 7.12(d) and 7.12(e) of this Part XII: "*Additional Information*", the Company shall not, without the prior approval of each Class of ZDP Shareholders (save where a Class of ZDP Shareholders is not affected by the relevant event described in paragraphs (c)(iii), (c)(v), (c)(vi)(A), (c)(viii), (c)(ix) and (c)(x) below, in which case that Class of ZDP Shareholders shall not be required to consent) by Special Resolution at a class meeting of the relevant Class of ZDP Shareholders (and where more than one Class of ZDP Shareholders is required to provide approval by Special Resolution, a separate class meeting shall be held in respect of each such Class of ZDP Shareholders):

- (i) pass a resolution (other than a ZDP Exempted Resolution) for the voluntary liquidation or winding-up of the Company where such winding-up would take effect prior to a ZDP Repayment Date;
- (ii) change the rights conferred upon a Class of ZDP Shareholders in a manner adverse to the relevant Class of ZDP Shareholders;
- (iii) issue further Shares or securities, or rights to subscribe for or to convert or exchange any securities into Shares or securities, or reclassify any Shares or securities, unless the Cover Test relating to each Class of ZDP Shares is satisfied;
- (iv) pass a resolution (other than a ZDP Exempted Resolution) either:
  - (A) amending the provisions described in paragraphs (d)(i) or (e) below; or
  - (B) releasing the board from its obligation to: (i) convene a general meeting of the Company at which a ZDP Liquidation Resolution is to be proposed; or (ii) to redeem compulsorily a Class of ZDP Shares on the applicable ZDP Repayment Date;
- (v) (other than pursuant to a ZDP Exempted Resolution) reduce the share capital of the Company in any manner, unless the Cover Test relating to each Class of ZDP Shares is satisfied;
- (vi) redeem or repurchase any Shares in the Company unless:
  - (A) the Cover Test for each Class of ZDP Shares is satisfied; or
  - (B) at the same time as the redemption or repurchase of such Shares, the Company also offers to redeem or repurchase ZDP Shares in each Class of ZDP Shares *pro rata* with such Shares that have been redeemed or repurchased, such that the Cover for any remaining ZDP Shares in each Class of ZDP Shares after such redemption or repurchase would be equal to or greater than the Cover for each applicable Class of ZDP Shares excluding adjustments made to take account of the redemption or repurchase of the Ordinary Shares;
- (vii) make any material change to the Company's investment policy in effect from time to time which, at the time of making such change, appears likely, in the reasonable opinion of the Directors, to be materially prejudicial to a Class of ZDP Shareholders;

- (viii) pay any dividend or other distribution (save for (i) any dividend or other distribution or payment in cash or kind out of the capital reserves of the Company or (ii) a redemption or repurchase of Shares pursuant to the rights described in paragraph (c)(vi) above), unless the Dividends Cover Test is satisfied;
  - (ix) pay any dividend or other distribution or otherwise make a payment in cash or kind out of the capital reserves of the Company, save for a redemption or repurchase of Shares pursuant to the rights described in paragraph (c)(vi) above, unless the Cover Test for each Class of ZDP Shares is satisfied;
  - (x) incur any new borrowings for long term investment purposes after the date of the general meeting of the Company approving the creation and issue of the applicable Class of ZDP Shares unless the Cover Test for the applicable Class of ZDP Shares would continue to be satisfied (where, for the purposes of the provisions described in this paragraph, the Net Asset Value to be used to calculate the Cover will be calculated in accordance with the Articles and published by the Company in the month immediately preceding the month in which such new borrowings are to be incurred); or
  - (xi) alter any objects set out in the Memorandum of Association of the Company.
- (d) ***Redemption of ZDP Shares***
- (i) Subject to the provisions of the Companies Law, the Company will redeem all of the outstanding ZDP Shares of a relevant class on the applicable ZDP Repayment Date, with payment of the applicable ZDP Final Capital Entitlement being made by the ZDP Payment Date. The price per ZDP Share at which the relevant Class of ZDP Shares will be redeemed will be that which results in the applicable ZDP Final Capital Entitlement being paid to the relevant Class of ZDP Shareholders.
  - (ii) The Company will serve a redemption notice on each applicable Class of ZDP Shareholder in respect of those ZDP Shares to be redeemed in accordance with the provisions described in (i) above containing certain specified information. A redemption notice may not be withdrawn without the prior consent of all the holders of the relevant Class of ZDP Shares. There are also provisions relating to (a) the method of payment of the sums due on redemption of a Class of ZDP Shares and (b) surrender of the relevant share certificate(s).
- (e) ***Voluntary liquidation and early redemption of ZDP Shares in other circumstances***
- (i) If the Company is unable or fails to redeem all of a Class of ZDP Shares on the applicable ZDP Repayment Date and/or fails to make payment of the aggregate applicable ZDP Final Capital Entitlement by the applicable ZDP Payment Date then, subject to the provisions described in (e)(ii) and (e)(iii) below:
    - (A) the Directors shall convene an extraordinary general meeting of the Company at which a Special Resolution (a “**ZDP Liquidation Resolution**”) will be proposed (and recommended by the Directors) requiring the Company to be wound up summarily, and in the manner described in paragraph 7.2(d) of this Part XII: “*Additional Information*”; and
    - (B) the provisions described in paragraph (e)(iv) below shall apply in relation to such ZDP Liquidation Resolution.
  - (ii) If any offer is made (whether by the Company or any other person) to all of a Class of ZDP Shareholders (other than the offeror and/or persons controlled by or acting in concert with the offeror) which becomes or is declared unconditional in all respects prior to the applicable ZDP Repayment Date, and which enables the relevant Class of ZDP Shareholders to receive, no later than the applicable ZDP Payment Date, an amount in cash not less than that which the Directors estimate (so far as practicable at the time) would be equal to or greater than the applicable ZDP Final Capital Entitlement (whether or not such offer is accepted in any particular case and ignoring any option to receive alternative consideration) and such offer is recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable, then unless the board considers that the offer is unlikely to be honoured or the offeror breaches a material term of the offer or otherwise manifests an intention not to implement the offer:
    - (A) the provisions described in paragraphs (d)(i) and (e)(i) above shall not apply; and

- (B) the provisions described in paragraph (e)(iv) below shall apply to the relevant Class of ZDP Shareholders in relation to any resolution or resolutions proposed at any separate class meeting of the relevant Class of ZDP Shareholders relating to such offer (a “**ZDP Recommended Resolution**”).
- (iii) If at any time on or before the applicable ZDP Repayment Date, a resolution (or resolutions) (a “**ZDP Reconstruction Resolution**”) is proposed at any general meeting of the Company or at any separate class meeting of the applicable Class of ZDP Shareholders (including any meeting to be convened to consider the winding up of the Company) to approve any form of arrangement which enables the relevant Class of ZDP Shareholders to receive, no later than the applicable ZDP Payment Date, an amount in cash not less than that which the Directors’ estimate (so far as practicable at the time) would be equal to or greater than the applicable ZDP Final Capital Entitlement (ignoring any option to receive their entitlements otherwise than in cash) and such arrangement is recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable then, unless the arrangement is not implemented in accordance with its terms:
- (A) the provisions described in paragraphs (d)(i) and (e)(i) above shall not apply; and
- (B) the provisions described in paragraph (e)(iv) below shall apply to the applicable Class of ZDP Shareholders in relation to such ZDP Reconstruction Resolution.
- (iv) Where the provisions described in this paragraph apply in respect of any ZDP Exempted Resolution proposed at either a general meeting of the Company or a class meeting of ZDP Shareholders, each Shareholder present in person, by a duly authorised representative (if a corporation) or by proxy and entitled to vote shall (in respect of the votes attached to all such Shares) vote in favour of any resolution or resolutions so recommended by the Directors and, where any vote is not cast or is cast against any such resolution or resolutions, it shall be deemed to have been cast in favour by virtue of the provisions described in this paragraph. The vote on any ZDP Exempted Resolution shall be taken on a poll.
- (v) Notwithstanding anything to the contrary in the Articles, the passing and implementation of any ZDP Exempted Resolution shall be deemed to be in accordance with the rights attached to the Ordinary Shares, the C Shares and all ZDP Shares (in each case of whatever class), with the result that neither the passing nor the implementation of any such resolution shall be treated as varying, modifying or abrogating such rights and so that the consent or sanction of any such class of Ordinary Shares, C Shares or ZDP Shares, each as a separate class, shall not be required.
- (f) **Conversion of ZDP Shares**
- (i) Subject to the Companies Law and the Articles, the Directors may, at their absolute discretion, permit a ZDP Shareholder of one Class of ZDP Shares to convert (by way of re-designation) some or all of the ZDP Shares of that class into ZDP Shares of another class upon such ZDP Shareholder giving notice to the Company in the form and manner requested by the Directors in their absolute discretion. The conversion (by way of re-designation) shall take effect at such time and on such terms as the Directors may determine in their absolute discretion.
- (ii) The Directors may amend the process, notice requirements and form of notification for effective conversions (including the timing and frequency of such conversions and the procedure for giving notice of conversion) in such manner as they, in their absolute discretion, see fit. Any instructions or conversion notice once given by a ZDP Shareholder shall be irrevocable without the consent of the Directors.
- (iii) The number of ZDP Shares of the other class which the ZDP Shareholder shall receive by way of conversion will be rounded down to the nearest whole number and any fractional entitlements may, subject to the Companies Law and the Articles, be dealt with by the Directors in such manner as they think fit including, without limitation, selling or redeeming any ZDP Shares of the other class representing such fractional entitlements and retaining the proceeds for the benefit of the Company.

### 7.13 Uncertificated Shares

The Articles contain provisions permitting and providing for the use of uncertificated Shares and in particular any Share in the Company may be issued, held, registered, converted to or transferred in uncertificated form and may be converted from uncertificated form to certificated form in accordance with the Statutes and the requirements and practices of the operator of the relevant system.

### 7.14 Untraced Shareholders

The Company shall be entitled to sell (at a price which the Company shall use its reasonable endeavors to ensure is the best obtainable) the Shares of a Shareholder 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:

- (a) during the period of not less than 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 dividends in respect of the Shares in question have become payable and no dividend in respect of those Shares has been claimed;
- (b) the Company shall, following the expiry of such period of 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 Shareholder 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;
- (c) during the period of three 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 Shareholder or person; and
- (d) notice shall have been given to the stock exchanges on which the Company is listed or traded, if any. The foregoing provisions 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.

## 8. OTHER DIRECTORSHIPS

- 8.1 The companies and partnerships of which the Directors are, or have been, within the past five years, members of the administrative, management or supervisory bodies or partners (excluding the Company and its subsidiaries and also excluding the subsidiaries of the companies listed below) are as follows:

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Previous directorships/partnerships</u>
<b>Directors</b>		
Joanna Dentskevich	Euphorix Investments Ltd. GCP Asset Backed Income Fund Ltd. Janus Henderson Fund (formerly Henderson Gartmore Fund) Janus Henderson Horizon Fund (formerly Henderson Horizon Fund) Royal Bank of Scotland International Limited Royal Bank of Scotland International (Holdings) Limited Somerton Funds ICC Somerton Multi Asset Fund IC Middlefield Canadian Income PCC	AEP 2003 Ltd. AEP 2008 Ltd. AEP 2012 Ltd. Blackstone / GSO Loan Financing Ltd. Blackstone / GSO Loan Financing 2 Ltd. (dissolved) Moore Fund Administration (Jersey) Ltd. (dissolved) Moore Group Ltd Moore Management Ltd. Signal Credit GP Ltd. Triskelion Advisors Ltd.
Alan Dunphy	Anmalou Investments S.A. Bennelong Asset Management HK Limited Bennelong Asset Management Limited Bennelong Holdings GP Limited Berkeley Global Opportunities Advisor Limited	Angel Point Limited APD Pension Plan Limited BAM Distributor Limited Bennelong Agricultural Investments Limited Bennelong Asset Management S.A.

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Previous directorships/partnerships</u>
	Berkeley J2 Opportunities Limited	Bennelong Asset Management (Singapore) Pte Limited
	Berkeley NT Opportunities Limited	Bennelong General Partner Limited
	Berkeley OT Opportunities Limited	Bennelong Tempest Fund Limited
	Berkeley Real Estate Opportunities Limited	Bennelong Tempest Master Fund Limited
	Berkeley Refs Opportunities Limited	Dallus Global Holdings Limited
	Berkeley TR Limited	Ernefeli Investments Limited
	Berkeley V Opportunities Limited	George Capital (Cardiff) Limited
	Bonsai Limited	George Capital (Glasgow) Limited
	Craig Millar Castle (Holdings) Limited	George Capital Holdco 1 Limited
	Diploria Investments Limited	George Capital Holdco 2 Limited
	Dockside Investments Limited	George Capital (Mercia) Limited
	Ernefeli Investments Limited	George Capital (Newcastle) Limited
	Esplanade Financial Centre Limited	George Capital (Nottingham) Limited
	Favia Investments Limited	George Capital 2 (Glasgow) Limited
	Fourtower Investments Limited	George Capital 2 (Shrewsbury) Limited
	George Capital Real Estate Fund GP Limited	George Capital 2 (Southend) Limited
	George Capital Real Estate Fund 2 GP Limited	George Capital 3 (Newcastle) Limited
	Gujju Investments Limited	Intertek Global Limited
	Harcourt Developments (Jersey) Limited	Revyva I Limited
	Intertek Global Limited	Synergy Capital Holdings Limited
	Kaleview Investments Limited	Synergy Capital Ventures Limited
	Kinnerton Investments Limited	Synergy Health Ventures Limited
	Les Jardins Leisure Limited	Watervale Sheffield Limited
	Les Jardins Residential Limited	Zouk Solar Opportunities Limited
	LGL Fiduciary Limited	
	LGL Holdings Limited	
	LGL Secretaries Limited	
	LGL Trustees Limited	
	Liberty Wharf 3 Limited	
	LIV Belfast Partners Limited	
	LIV Belfast Holdco Limited	
	Liv Chester Partners Limited	
	Liv Dublin Partners Limited	
	Liv Dublin (section110)	
	Acquisitions DAC	
	Liv Dublin (Church Street) Student Residence Limited	
	LIV Sheffield Partners Limited	
	LIV Sheffield Partners Holdings Limited (previously LIV Birmingham Partners Limited)	
	Longcrest Investment Holdings Limited	
	Ludlow Limited	
	Mana Investments Limited	
	Osterland Investments Limited	
	Otley Seas Limited	
	Picton Associates Limited	
	REEIF II Jersey GP Limited	
	Sovereign Investment Holdings Limited (previously Atnahs Capital Holdings Limited)	
	Sunrise Investment Holdings Limited	
	Synvest Capital Holdings Limited	

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Previous directorships/partnerships</u>
	Tavis Investments Limited	
	UE Finance Holdings Limited	
	UE Holdco Jersey Limited	
	Urban Capital Holdings Ltd	
	Urban Exposure Finance Limited	
	US Cold Storage GP Limited	
	Valeo Groupe Europe Limited (previously VSA Jersey Limited)	
	VGE Belfast Limited	
	Weisshorn Invest Limited	
	Wrack Investments Limited	
	Z-Fox Ltd	
	Zouk Holdings Limited	
	Zouk Investments Limited	
Nick Watkins	Altair Partners Limited	Battersea Project Holding Company Limited
	Altair Guernsey Limited	Battersea Project Land Company Limited
	Asia Memorial Group Limited	Battersea Project Phase 1 Company Limited
	Asia Memorial Holdings Limited	Battersea Phase 1 Holding Company Limited
	Be Eco World Investment Company Limited	Battersea Project Phase 1 Management Company Limited
	Coller International Partners VI Luxembourg Sarl	Battersea Project Phase 1 Retail, Leisure, F&B GP Limited
	DG Systematic General Partner Limited	Battersea Project Phase 1 Retail, Leisure, F&B LP Limited
	DG Systematic Holdings Limited	Battersea Project Phase 1 Retail, Leisure, F&B Nominee Limited
	DG Systematic IP Holdings Limited	Battersea Project Phase 2 Company Limited
	Falko RAOF GP Limited	Battersea Project Phase 2 Development Company Limited
	Falko RAOF GP II Limited	Battersea Project Phase 2 GP Limited
	ICG Fund VII Jersey Limited	Battersea Project Phase 2 LP Limited
	ICG Europe Mid-Market Jersey Limited	Battersea Phase 2 Holding Company Limited
	ICG Global Investment Jersey Limited	Battersea Project Phase 2 Management Company Limited
	ICG Recovery 2008 B (Jersey) Limited	Battersea Project Phase 2 Nominee Company Limited
	ICG Recovery Fund 2008 B GP Limited	Battersea Project Phase 2 Residential Company Limited
	Innova/5 GP Limited	Battersea Project Phase 3 Company Limited
	Innova Capital Limited	Battersea Project Phase 3 Development Company Limited
	Invision Capital Partners Hospitality Limited	Battersea Project Phase 3 GP Limited
	Invision Capital Partners IV Limited	Battersea Phase 3 Holding Company Limited
	Invision Capital Partners V Limited	Battersea Project Phase 3 LP Limited
	Invision Capital Partners VI Limited	Battersea Project Phase 3 Management Company Limited
	Kynance Limited	Battersea Project Phase 3 Nominee Company Limited
	Limpopo Gate Limited	
	LumX Beach Point Total Return Fund Limited	
	LumX DCI Short Credit Fund Limited	
	LumX Ellington Segregated Portfolio Fund Limited	
	LumX Horseman European Select Fund Limited	
	LumX MW Core Fund Limited	
	LumX Octagon High Income Fund Limited	
	LumX WSA Rising Rates Fund Limited	
	Mayan Limited	
	Molokai Limited	
	Neuron Macro Opportunities Fund Limited	
	Northzone IX Co-invest Limited	
	Northzone Ventures IV (SLP) Limited	



<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Previous directorships/partnerships</u>
	Northzone VIII Co-invest Limited	Battersea Project Phase 3 Residential Company Limited
	NZ IX (GP) Fund Limited	Battersea Project Phase 4 Company Limited
	NZ IX SLP Limited	Battersea Project Phase 4 Development Company Limited
	NZ V GP Limited	Battersea Project Phase 4 GP Limited
	NZ V SLP Limited	Battersea Phase 4 Holding Company Limited
	NZVI (GP) Limited	Battersea Project Phase 4 LP Limited
	NZVI (SLP) Limited	Battersea Project Phase 4 Management Company Limited
	NZVII (GP) Limited	Battersea Project Phase 4 Nominee Company Limited
	NZVII (SLP) Limited	Battersea Project Phase 4 Residential Company Limited
	NZ VIII (GP) Limited	Battersea Project Phase 4A Company Limited
	Orange Gate Limited	Battersea Project Phase 5 Company Limited
	Red Oak Limited	Battersea Project Phase 5 Development Company Limited
	Sabi Gate Limited	Battersea Phase 5 Holding Company Limited
	Segulah L.P. Limited	Battersea Project Phase 6 Company Limited
	Segulah Management II Limited	Battersea Project Phase 6 Development Company Limited
	The Zedra Fiduciary Investment Fund Limited	Battersea Project Phase 6 GP Limited
	Tronox Sands UK Holdings Limited	Battersea Phase 6 Holding Company Limited
	Tugela Gate Limited	Battersea Project Phase 6 LP Limited
	Tulipier Limited	Battersea Project Phase 6 Management Company Limited
	Vaal Gate Limited	Battersea Project Phase 6 Nominee Company Limited
		Battersea Project Phase 6 Residential Company Limited
		Battersea Project Phase 7 Company Limited
		Battersea Project Phase 7 Development Company Limited
		Battersea Project Phase 7 GP Limited
		Battersea Phase 7 Holding Company Limited
		Battersea Project Phase 7 LP Limited
		Battersea Project Phase 7 Management Company Limited
		Battersea Project Phase 7 Nominee Company Limited
		Battersea Project Phase 7 Residential Company Limited
		Battersea Project Residual Land Company Limited
		Battersea Power Station Energy Company Limited

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Previous directorships/partnerships</u>
Neal J. Wilson	AFP Investments GP LLC Armadillo Financial GP LLC Armadillo Financial GP II LLC Armadillo Financial GP II-A LLC Beltway Direct Opportunities Fund Ltd. Beltway Strategic Opportunities Fund Ltd. EJF Debt Opportunities Fund II Ltd. EJF Debt Opportunities Master Fund, L.P. EJF Debt Opportunities Offshore Fund Ltd. EJF Financial Services Fund, LP EJF Financial Services Offshore Fund Ltd. EJF Funding Designated Activity Company EJF Income Fund Offshore Ltd. EJF Investments GP Inc. EJF Select Master Fund, SPC EJF Sidecar Fund Offshore (D) Ltd. EJF Sidecar Fund Offshore (E) Ltd. EJF Sidecar Fund, Series LLC—Series E EJF Sidecar Fund, Series LLC—Small Financial Equities Series EJF Sidecar Fund Small Financial Equities Series Ltd EJF Trust Preferred Fund Ltd EJF Trust Preferred Fund II LP EJF Trust Preferred Master Fund LP EJF Trust Preferred Master Fund II LP EJF Trust Preferred Offshore Fund II LP	Casatoro Limited DB Dynamic Europe Fund Limited Deutsche International Custodial Services Limited Invision IV Co-Invest General Partner Limited Links Holdings (GP) Limited LumX Castlerigg Merger Arbitrage Fund Limited LumX GSB Podium Fund Limited LumX Jet Fund Limited LumX Lancaster Fund Limited LumX Lynx Fund Limited LumX Oceanic Fund Limited LumX Systematic Trend Fund Limited LumX Turiya Fund Limited LumX Visium Credit Fund Limited Northzone Streaming Opportunity (GP) Limited NZ IV SPV Limited Seymour Street GP Limited TIA Unlevered Growth Fund 1 (HC) Limited TIA Unlevered Growth Fund 1 (SPV 2) Limited EJF Concentrated Financial Opportunities Offshore Fund Ltd. EJF Crossover Offshore Fund Ltd. EJF Energy Opportunities Offshore Fund Ltd. EJF Financial Opportunities Offshore Fund Ltd. EJF Greater China Fund Ltd. EJF Greater China Master Fund Ltd. EJF Long/Short Equity Offshore Fund Ltd. EJF Opportunity Offshore Fund Ltd. EJF Select Offshore Fund Ltd. EJF TruPS Offshore Fund Ltd. Sidwell Friends School

<u>Name</u>	<u>Current directorships/partnerships</u>	<u>Previous directorships/partnerships</u>
	Hood College Urban Exposure Finance Limited	

8.2 Within the period of five years preceding the date of this Prospectus none of the Directors:

- (a) has had any convictions in relation to fraudulent offences;
- (b) has been associated with any bankruptcy, receivership or liquidation when acting in his or her capacity as a member of the administrative, management or supervisory body or a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company, save that certain companies and partnerships in respect of which the Directors have been associated (as detailed in the table in paragraph 8.1 above) have at various times entered into voluntary liquidations in the ordinary course of business; or
- (c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director or member of an administrative, management or supervisory body of a company or from acting in the management or conduct of the affairs of a company.

8.3 The Directors are, in addition to the Company, directors or partners of the companies listed in paragraph 8.1 of this Part XII: “*Additional Information*”. The Articles contain provisions whereby a Director shall not vote, *inter alia*, in respect of any matter in which he has, directly or indirectly, any material interest.

8.4 None of the Directors has any potential conflicts of interests between their duties to the Company and their private interests or other duties.

## 9. DIRECTORS’ AND OTHER INTERESTS

9.1 The table below sets out the interests of the Directors in respect of the share capital of the Company as at 21 June 2019 (being the latest practicable date prior to the publication of this Prospectus):

<u>Name</u>	<u>Number of Ordinary Shares</u>	<u>% of issued Ordinary Share capital</u>	<u>Number of 2022 ZDP Shares</u>	<u>% of issued 2022 ZDP Shares</u>
Joanna Dentskevich . . . . .	20,548	0.03	—	—
Alan Dunphy . . . . .	—	—	—	—
Nick Watkins . . . . .	—	—	—	—
Neal J. Wilson . . . . .	1,408,070	2.02	375,000	2.5

9.2 The Companies Law imposes no requirement on Shareholders to disclose holdings of five per cent. (or any greater limit) or more of any class of the share capital of the Company. However, the Disclosure Guidance and Transparency Rules provide that certain persons (including Shareholders) will be obliged to notify the Company if the proportion of the Company’s voting rights which they own reaches, exceeds or falls below specific thresholds (the lowest of which is currently five per cent.).

9.3 None of the Company’s Shareholders have voting rights attached to the Shares they hold which are different from the voting rights attached to any other Shares in the same class in the Company and the Shares held by them will rank *pari passu* in all respects with the other Shares.

9.4 The Company is not aware of any person who immediately following Admission directly or indirectly, jointly or severally, will own or could exercise control over the Company.

9.5 As at the date of this Prospectus, there are no arrangements known to the Company, the operation of which may result in a change of control of the Company.

## 10. DIRECTORS’ LETTERS OF APPOINTMENT AND REMUNERATION

10.1 The Non-Executive Directors are all engaged on the same terms pursuant to appointment letters effective as at 26 November 2018 (which superseded the Directors’ appointment letters previously entered into effective as at 17 March 2017). save that two of the Non-Executive Directors are employed via service companies and will receive their fees via their employing entities.

10.2 The appointment letters do not contain any contractual provisions relating to notice. Each appointment is subject to the retirement provisions contained in the Articles of Association which (amongst other things)

allow for retirement by rotation. The appointment letters do not contain any post-termination restrictions save that the Directors are subject to confidentiality undertakings without limit in time.

10.3 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chair, the fee is £40,000 for each Director per annum, plus an additional annual fee of £10,000 for the Chair and £5,000 for the chair of the audit committee. Neal J. Wilson has agreed to waive his fee.

10.4 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits. The aggregate remuneration and benefits in kind of the Directors in respect of the accounting period ending on 31 December 2019 which will be payable out of the assets of the Company are not expected to exceed £135,000.

10.5 There are no existing or proposed agreement(s) between any Director and any member of the Group providing for benefits upon termination.

## 11. MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Company or any member of the Group and are, or may be, material or that contain any provision under which the Company or any member of the Group has any obligation or entitlement which is or may be material to it as at the date of this Prospectus.

### 11.1 Placing Agreement

On 24 June 2019, the Company, each of the Directors, the Manager, EJV and Numis entered into a placing agreement (the “**Placing Agreement**”) pursuant to which, subject to certain conditions, Numis has agreed to act as sole bookrunner in respect of any Placing under the Placing Programme and to use its reasonable endeavours to procure subscribers for Shares at the relevant Placing Price pursuant to each Placing.

In consideration for its services in relation to the each Placing, and conditional upon completion of each Placing, the Company has undertaken to pay Numis a customary corporate finance fee and a placing commission of 1.0 per cent. of the value of the Shares in respect of which it has procured Places under each Placing (excluding any Shares subscribed for by EJV or its directors, employees or affiliates or any investors introduced by EJV or its affiliates).

Numis will also receive reimbursement for out-of-pocket expenses incurred by it in connection with the Placing Programme (subject to certain agreed caps).

The Company, the Manager and the Directors have given to Numis in the Placing Agreement certain customary warranties and undertakings (although the Directors’ individual liability for any breach of the warranties given by them will be subject to certain agreed caps). The Company and the Manager have also agreed to provide customary indemnities to Numis.

The Placing Agreement is also subject to customary termination rights.

### 11.2 Management Agreement

EJV Investments Manager LLC was appointed as manager of the Company, the Partnership, the General Partner and each of their subsidiaries under an amended and restated management agreement dated 30 March 2017, as amended and restated on 27 February 2019 (the “**Management Agreement**”). Pursuant to the Management Agreement, the Manager manages the Group’s assets and its day-to-day operations including (amongst other duties):

- (a) reviewing of compliance with the Investment Policy (as modified from time to time);
- (b) investigation, analysis and selection of investment opportunities;
- (c) conducting negotiations with respect to prospective investments by the Group and the engagement of services required for the purposes of making the Group’s investments;
- (d) collection of the Group’s revenues and payment of its debts and obligations;
- (e) communicating on behalf of the Group with the holders of its equity or debt securities;
- (f) advising and assisting the Group in connection with its policy and other decisions and compliance with regulatory and legal requirements (including, in each case, those relating to securities laws, taxation and litigation);

- (g) taking all necessary actions to make any required filings, registrations or reports under AIFMD and the Alternative Investment Funds (Jersey) Regulations 2012 of Jersey and the Code of Practice promulgated thereunder by the JFSC;
- (h) evaluating and recommending to the Board hedging strategies and engaging in hedging activities on behalf of the Group;
- (i) monitoring the performance of investments;
- (j) portfolio management and monitoring with respect to the Group's investments and exercising the rights of each member of the Group as shareholder, member or partner; and
- (k) provision of management and other personnel,

in each case to the extent that such services or activities are not provided or fulfilled by the Administrator. Although the exercise of the Manager's duties is subject to the supervision of the Board and/or the board of directors of the General Partner (as applicable), the Manager is able to enter into agreements with other parties, including its affiliates, for the purpose of fulfilling its duties and servicing obligations under the Management Agreement (including retaining services of accountants, legal counsel, appraisers, insurers, brokers, transfer agents, registrars, developers, investment banks, financial advisors, banks and other lenders and others as the Manager deems necessary or advisable). In addition, the Manager will act as the Group's agent in making, acquiring, financing, structuring, managing and disposing of their investments.

Pursuant to the Management Agreement, the Manager is paid an annual Management Fee and Incentive Fee and is entitled to be reimbursed for its reasonably and properly incurred expenses, further details of which are set out in paragraph 10.2 in the section entitled "*Fees and Expenses*" in Part IV: "*Directors, the Manager and Administration*" of this Prospectus. Prior to a Termination Event (as defined below), the Manager is not entitled to be paid a fee based on the value of the assets held in the Partnership, except as represented by the value of the Company's interest in the Partnership.

Unless the Management Agreement is otherwise terminated earlier in accordance with its terms, the Manager shall cease to provide all Non-Retained Services (as defined below) if either the Company (pursuant to a resolution of a majority of its independent Directors) or the Manager delivers to the other a written notice (a "**Termination Notice**") electing to terminate the provision of the Non-Retained Services (as defined below). A Termination Notice must be delivered not less than 12 months prior to the intended date (the "**Termination Date**") that the Manager shall cease to provide services (except the Retained Services (as defined below)) under the Management Agreement (the "**Non-Retained Services**") (such notice period being the "**Termination Notice Period**") (save that such notice shall not be served earlier than the second anniversary of the Original Admission). In such circumstances, the Manager shall continue to provide the Non-Retained Services until the expiration of the Termination Date, save that the Company may, at any time during the Termination Notice Period, designate an earlier date (the "**Early Termination Date**") that must be (a) the last day of a calendar month and (b) no earlier than the date that is six months after the date of the Termination Notice, on which the Manager shall cease to provide the Non-Retained Services (the effectiveness of any such termination of the provision of Non-Retained Services by the Manager is a "**Termination Event**"). If the Company elects to designate an Early Termination Date, it is liable to pay to the Manager the Management Fee in respect of the period from the Early Termination Date to the Termination Date.

In addition, the Management Agreement is also, subject to the provisions described below, terminable by the Company at any time, effective upon 30 days' prior written notice of termination, if (among other matters) the Manager: (a) materially breaches any provision of the Management Agreement without remedying such breach; (b) engages in any act of fraud, misappropriation of funds or embezzlement; (c) is grossly negligent in its performance of its duties under the Management Agreement; (d) is the subject of any proceeding relating to its bankruptcy or insolvency; (e) is dissolved; or (f) suffers a change of control (unless approved by a majority of the Company's independent Directors) (each, a "**Manager Event of Default**"). The Manager is able to terminate the Management Agreement in the event that the Company: (x) effective upon 60 days' prior written notice of termination, defaults in the performance or observance of any material term, condition or covenant contained in the Management Agreement without remedying such default; or (y) becomes regulated as an "investment company" under the US Investment Company Act, with such termination deemed to have occurred immediately prior to such event (each, a "**Company Event of Default**" and together with each Manager Event of Default, each a "**Management Agreement Event of Default**").

As a result of the Manager's relationship with EJF, the Company, through the Partnership, will, for so long as EJF Investments Manager LLC is the Manager, have the benefit of a right of first refusal to purchase or subscribe for EJF Risk Retention Securities to be issued in connection with all future EJF Securitisations, in an amount equivalent to the minimum interest that a Sponsor (as that term is used in the relevant Securitisation and Risk Retention Regulations) is required to retain. If the Partnership elects, subject to the consent of a majority of its limited partners, to exercise such rights to purchase EJF Risk Retention Securities, it must agree to comply with all laws and regulations regarding the required holding period of such EJF Risk Retention Securities, as prescribed by the relevant Securitisation and Risk Retention Regulations. In connection with the foregoing:

- (a) following a Termination Event, the Manager will continue to provide limited management services to the Partnership and its applicable subsidiaries which own EJF Risk Retention Securities (each, a "**Risk Retention Securities Holding Entity**"), based on the scope of services described above which includes, but is not limited to, investing, reinvesting and/or selling (in whole or in part) the interests held by any Risk Retention Securities Holding Entity in any EJF Risk Retention Securities solely for the purposes of complying with the Securitisation and Risk Retention Regulations (the "**Retained Services**") and the Manager will be entitled to receive a management fee, calculated monthly and paid quarterly in arrears, in a monthly amount equal to the product of (i) 1/12 of the total value of the Risk Retention Securities Holding Entities' holding of EJF Risk Retention Securities less an amount equal to the total liabilities in respect of such EJF Risk Retention Securities (in each case as determined in accordance with the valuation policy adopted for the time being by the Partnership) multiplied by (ii) one per cent. The provision of the Retained Services by the Manager to the Risk Retention Securities Holding Entities shall automatically terminate once the Partnership has appointed a replacement manager to provide the Retained Services in place of the Manager, provided that this may only occur on or after the relevant holding period for EJF Risk Retention Securities, as prescribed by the relevant Securitisation and Risk Retention Regulations, has been satisfied with respect to each EJF Risk Retention Security held by each Risk Retention Securities Holding Entity; and
- (b) upon the occurrence of a Management Agreement Event of Default, the Company and the Manager shall each use commercially reasonable endeavours to implement, within 90 days after the occurrence of that Management Agreement Event of Default, a transition programme in order to allow the Retained Services to be provided by a replacement manager appointed by the Company and, if necessary, to effect the transfer of any EJF Risk Retention Securities, in each case in order to ensure that each party, EJF and any of its affiliates continues to comply with all applicable Securitisation and Risk Retention Regulations.

The Manager will not be liable for any action of the Board and/or the board of directors of the General Partner (as the case may be) in following or declining to follow any of its advice or recommendations. In addition, the Manager will not be liable for any of its acts or omissions, except by reason of acts constituting bad faith, wilful misconduct, gross negligence or reckless disregard of its duties under the Management Agreement. Each of the Company and the Partnership have agreed to indemnify the Manager and its members, managers, officers and employees and each person controlling the Manager with respect to all expenses, losses, damages, liabilities, demands, charges and claims arising from acts of such indemnified party made in good faith in the performance of the Manager's duties under the Management Agreement and not constituting bad faith, wilful misconduct, gross negligence, or reckless disregard of the Manager's duties under the Management Agreement.

The Management Agreement is governed by the laws of the State of Delaware, United States.

### 11.3 Administration Agreement

BNP Paribas Securities Services S.C.A. acts as Administrator and Company Secretary to the Company pursuant to the Administration Agreement. In such capacity, the Administrator provides the day-to-day administration of the Company and is also responsible for the Company's general administrative and secretarial functions, such as the calculation and publication of the NAV and maintenance of the Company's accounting and statutory records.

Under the terms of the Administration Agreement, the Administrator is entitled to an administration fee comprising fixed fees and variable fees, depending on the nature of the services provided. In relation to those services where a fixed fee is payable, such fees are not expected to exceed £233,000 per annum. For other services, including compliance services, accountancy services and transactional support, fees will be

charged at market rates. Total fees payable to the Administrator are not expected to exceed £275,000 per annum.

The Administrator will not, in the absence of fraud, negligence or wilful default for its obligations under the Administration Agreement, be liable for any loss or damage suffered by the Company arising directly or indirectly out of any act or omission on the part of the Administrator or any of its directors, officers, employees, agents, delegates and nominees (including any persons acting as Directors) in connection with its or their duties under the Administration Agreement.

Furthermore, the Administration Agreement, to the fullest extent permitted by applicable law, exonerates the Administrator from the following types of liability arising out of or in connection with the Administration Agreement: (i) indirect, incidental, special or consequential damages; (ii) direct or indirect or consequential loss of profits; (iii) indirect or consequential loss of revenue and/or savings; and (iv) loss of good will.

In addition, the Company has agreed to indemnify the Administrator and any of its delegates and nominees (including any persons acting as Directors) from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, legal costs, expenses and/or disbursements in respect of any act or omission in connection with the proper performance of its duties under the Administration Agreement, except where arising as a consequence of fraud, negligence or wilful default for its obligations under the Administration Agreement.

The Administrator's liability is limited to an amount equal to 36 months annualised fees actually paid by the Company to the Administrator for its services during the previous contract year.

The Administration Agreement may be terminated on ninety days' written notice or immediately in specified insolvency and material breach circumstances.

The Administration Agreement is governed by Jersey law and is subject to the non-exclusive jurisdiction of the Jersey courts.

#### 11.4 Registrar Services Agreement

Computershare Investor Services (Jersey) Limited acts as Registrar to the Company pursuant to the Registrar Services Agreement to provide share registration services.

Under the terms of the Registrar Services Agreement, the Registrar is entitled to an annual fee of £12,000. Other registrar activity will be charged for in accordance with the Registrar's normal tariff as published from time to time.

The Registrar Services Agreement is for a fixed term of 3 years and thereafter may be terminated by either the Company or the Registrar by giving to the other not less than three months' written notice.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Services Agreement. The Registrar's liability under the Registrar Services Agreement over any 12 month period is subject to a cap of £500,000 or an amount equal to five times the annual fee payable to the Registrar under the Registrar Services Agreement, whichever is the lesser.

The Registrar Services Agreement is governed by the laws of Jersey.

#### 11.5 Custody Agreement

On 22 April 2015, Citigroup Global Markets Inc., Citigroup Global Markets Limited, Citibank, N.A., and Citicorp Securities Services Inc. (together, the "**Citi Entities**"), and EJV (in its capacity as investment advisor on behalf of a number of entities in the EJV Group) entered into an Institutional Client Account Agreement (the "**ICAA**") in relation to the provision of prime brokerage and custodial services. On 3 February 2017, a supplemental letter to the ICAA was entered into between the Citi Entities and EJV (in its capacity as investment advisor on behalf of a number of entities in the EJV Group) to, amongst other things, enable the Company to access business banking, prime brokerage and custody services provided by the Citi Entities (the ICAA and the supplemental letter together being referred to as the "**Custody Agreement**").

Under the terms of the Custody Agreement, the Citi Entities are authorised, amongst other things, to provide for (i) the safe keeping of certificates of deposit, Shares, notes and any instrument evidencing the ownership of securities, (ii) the receipt and collection of income, dividends, distributions, cash equivalent

payments and principal and the credit thereof to any account held by the Company, (iii) the registration of any security, commodity or other financial asset in the name of a Citi Entity, its nominee or agent, and (iv) the making of payments from any account of the Company.

Citigroup Global Markets Inc. and Citibank, N.A. (together, the “**Custodians**”) are responsible for the provision of prime brokerage and/or custody services to the Company. For the provision of prime brokerage and custody services in relation to the Company’s interest in the Discounted CDO Securities Portfolio, Citigroup Global Markets Inc. is entitled to a monthly fee of US\$10,000. For the provision of custody services in relation to the Company’s interest in the Armadillo Portfolio, Citibank, N.A. is entitled to a monthly servicing fee of approximately US\$208. The monthly servicing fee is calculated by reference to the month end valuation of the Armadillo Portfolio and any other assets which may be transferred to such custody account from time to time, subject to a minimum annual servicing fee of US\$2,500.

The Custody Agreement is terminable by (i) the Company on written notice, but such notice will only be effective if it is accompanied by instructions as to the transfer of all property held on its behalf and shall not be effective for so long as the Company has any outstanding obligations to any Citi Entities (such obligations including, but not limited to, the payment by the Company of legal and other expenses incurred in the performance of or in connection with the enforcement of the Custody Agreement (or any agreement made pursuant to or in connection with the Custody Agreement)), and (ii) Citigroup Global Markets Inc. on thirty days written notice to the Company.

The Company indemnifies the Citi Entities for any loss, claim, damage, liability, cost, obligation, penalty, fine or exercise tax (including any reasonable legal fees and expenses) arising from or in relation to or connection with, amongst other things, (i) any Citi Entity acting to enforce its rights under the Custody Agreement, (ii) a breach by the Company of a representation or warranty under the Custody Agreement (or any agreement made pursuant to or in connection with the Custody Agreement), or (iii) any settlement of any claim or litigation relating to a City Entity acting in any capacity for the Company or in connection with any investigation, claim, action or proceeding relating to the Company, the Company’s account or the Custody Agreement (or any agreement made pursuant to or in connection with the Custody Agreement).

The Custody Agreement is governed by the laws of the State of New York.

#### 11.6 **Manager Lock-up Deed**

The Manager is subject to a lock-up deed with the Company and Numis which was entered into on Original Admission (initially with Liberum Capital Limited, which assigned its rights to Numis on 13 September 2018) (the “**Manager Lock-up Deed**”), pursuant to which the Manager has undertaken that it will not, and it will use all reasonable endeavours to procure that no person who is a connected person to it will, dispose of Shares which it receives pursuant to the Management Agreement or otherwise (for example, any Incentive Shares) for a period of 12 months from the date on which such Shares are received by it, except that the Manager may transfer such Shares:

- (a) to a connected person of the Manager;
- (b) to any person acting in the capacity of a trustee of a trust created by the Manager or a connected person of the Manager or to the new trustee or trustees upon any change of trustees of a trust so created provided that the trust is established for charitable purposes or there are no persons beneficially interested under the trust other than the Manager in question and/or such connected person of the Manager;
- (c) in acceptance of any offer made for the share capital of the Company (or any part of it) that would result in the offeror obtaining control, or for the purposes of Rule 9.1(b) of the Takeover Code consolidating control (as defined in the Takeover Code), of the Company or the execution of an irrevocable commitment to accept such an offer or a sale to an offeror or potential offeror which is named in a public announcement as having a firm or, as the case may be, possible intention to make such an offer;
- (d) pursuant to any compromise or arrangement under sections 895 to 899 of the Companies Act providing for the acquisition, by any person or group of persons acting in concert, of 50 per cent. or more of the equity share capital of the Company;
- (e) pursuant to any scheme or reconstruction under section 110 of the Insolvency Act 1986 in relation to the Company;



- (f) pursuant to any transfer to any member of the Manager's corporate group (where "corporate group" means any subsidiary or holding company of the Manager or any subsidiary of such holding company);
- (g) pursuant to an offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the capital of the Company and otherwise complies with all legal and regulatory requirements;
- (h) in any circumstances where such transfer or disposal is required by law or by any competent authority or by order of a court of competent jurisdiction; or
- (i) during the second six months of the lock-up period, where Numis has, in its absolute discretion, consented in writing to such transfer of such Shares,

and provided that, in the case of a transfer pursuant to clause (a), (b) or (f), prior to making such transfer the Manager shall have satisfied Numis that the proposed transferee is a permitted transferee and the transferee shall have agreed by to be bound by the provisions of the Manager Lock-up Deed as if it were a party to the Manager Lock-up Deed. Certain employees, affiliates and officers of the Manager entered into deeds of adherence with the Company and Numis, whereby such persons have agreed to also be bound by the terms of the Manager Lock-up Deed.

Following the expiry of the lock-up period, the Manager will then be subject to certain orderly market arrangements in respect of such Shares for a further six months.

### 11.7 Revolving Credit Facility

Effective 30 March 2017, the Company and Access National Bank ("ANB") entered into a financing and security agreement (the "**Revolving Credit Facility**") pursuant to which ANB agreed to provide a revolving credit facility of up to US\$10 million. The Revolving Credit Facility was amended on 29 June 2017 to add EJFIH as an additional borrower and on 16 October 2017 to extend the expiration date to 30 November 2019 (amongst other things). The Revolving Credit Facility was further amended on 20 December 2018 to add EJFIF (together with the Company and EJFIH, the "**Borrowers**") as an additional borrower (amongst other things) and reduce the amount available under the Revolving Credit Facility to US\$7.5 million (the "**Revolving Credit Committed Amount**"). The Revolving Credit Facility, as amended, shall be used for the purposes of supporting working capital needs and to fund the Group's general business requirements. Unless repaid earlier, the unpaid loan amount together with accrued and unpaid interest shall be payable in full on the earlier of (i) 365 days after the date a Borrower requests an advance under the Revolving Credit Facility, as amended, or (ii) 30 November 2019.

Each Borrower may request advances of at least US\$1 million each, provided that after giving effect to such request, the outstanding principal balance of the revolving loan would not exceed the lesser of (i) the Revolving Credit Committed Amount and (ii) the current borrowing base, which shall be calculated as an amount equal to 35 per cent. of the value of EJFIH's investments in the Armadillo Portfolio plus the margined value of any additional collateral ANB agrees to include in the borrowing base from time to time.

The rate of interest payable shall be calculated as set forth in a promissory note (the "**Revolving Credit Note**") in the form attached to the Revolving Credit Facility, as amended. Pursuant to the Revolving Credit Note, the unpaid Revolving Credit Committed Amount (or so much thereof as has been or may be advanced to the Borrowers) shall bear interest at a rate equal to the greater of (i) five per cent. per annum or (ii) a fluctuating rate of four per cent. per annum above the daily one month LIBOR. Fees paid by the Borrowers to ANB include a loan origination fee to ANB in the amount of US\$175,000 and an extension fee to ANB in the amount of US\$100,000.

The Borrowers' obligations under the Revolving Credit Facility, as amended have been guaranteed by the Manager and the CDO Manager and secured by (i) a pledge and assignment of EJFIH's right, title and interest in Armadillo I, (ii) a pledge and assignment of EJFIH's right, title and interest in Armadillo II, (iii) an assignment granted by the Manager of fees received in relation to its management of the Company, (iv) an assignment granted by the Company, EJFIH and the Manager over distribution made by the Partnership with respect to Risk Retention Securities, and (v) an assignment granted by the Manager, the Company and EJFIH over dividends from the CDO Manager.

The Revolving Credit Facility contains customary representations, covenants and events of default, in each case subject to certain exceptions and qualifications, including:

- (a) a financial covenant which requires (i) the Borrower to maintain a NAV of at least US\$75 million, tested as at the end of each of the Borrower's fiscal quarters and (ii) the Borrower's NAV not to decrease by more than 20 per cent. in any fiscal quarter from the Borrower's NAV in the immediately preceding fiscal quarter;
- (b) a covenant requiring the Borrowers maintain all domestic operating accounts and other deposit accounts (excluding custodial, prime brokerage and escrow accounts) with ANB; and
- (c) events of default including non-payment, failure to comply with covenants, breaches of representations and warranties, insolvency, collateral inadequacy and material adverse effect.

### 11.8 Repurchase Agreement

On 4 September 2018, EJV acting as agent (and not in its individual capacity) for and on behalf of certain EJV funds (not including the Company or the Group) as identified parties entered into a master repurchase agreement with Citigroup Global Markets Inc ("CGMI") (the "**Repurchase Agreement**"), which was amended on 14 December 2018 to add EJVIF (among others) as a new identified party.

Pursuant to the terms of the Repurchase Agreement it was agreed that the identified parties and Citi may enter into transactions from time to time pursuant to which one party agrees to transfer to the other securities or other assets against the transfer of funds by the first party, with a simultaneous agreement by the buying party to transfer to the selling party such securities at a certain date or on demand, against the transfer of funds by the selling party. The Repurchase Agreement tracked the form of the September 1996 version of Bond Market Association's Master Repurchase Agreement.

Pursuant to the Repurchase Agreement, EJVIF has pledged a CDO security in favour of CGMI valued at US\$9,787,500 (equivalent to £7,742,542 on the transaction date) and in exchange received US \$6,650,000 pursuant to the Repurchase Agreement.

In connection with the Repurchase Agreement, pursuant to an institutional client account agreement dated 14 December 2018, the Company has agreed to absolutely and unconditionally guarantee CGMI, its successors and permitted assigns, the due and punctual payment of all amounts payable by EJVIF under the Repurchase Agreement.

### 11.9 Hedging arrangements

The Company enters into hedging arrangements from time to time pursuant to, and subject to the terms and conditions of, an ISDA 2002 master agreement entered into between Citibank N.A. and EJV, for and on behalf of certain affiliate funds of EJV originally dated 17 January 2014, as amended on 3 March 2017 to, amongst other things, identify the Company as an additional party and on 31 October 2017 to, amongst other things, identify EJVIF as an additional party (the "**ISDA Master Agreement**").

Each hedge entered into under the ISDA Master will terminate upon its specified maturity date or upon an event of default under the ISDA Master Agreement. The ISDA Master Agreement contains customary termination provisions, including an event of default triggered by any of the following percentage declines in the Company's NAV: (i) 35 per cent. or more measured at any month end compared to the month end 12 months prior, (ii) 25 per cent. or more (excluding redemptions, subscriptions and withdrawals) as measured at any month end compared to the month end three months prior, (iii) 15 per cent. or more (excluding redemptions, subscriptions and withdrawals) as measured at any month end compared to the immediately prior month end, or (iv) a drop to below the NAV floor, calculated annually as the greater of 50 per cent. of the Company's NAV on 31 December of the previous year or the NAV floor in effect for such previous year.

The ISDA Master Agreement shall also be terminated in the event that Emanuel Friedman and Neal Wilson cease to provide full-time investment management services to the Company or cease to direct the Company's investment decisions. Citibank, N.A. undertakes to review any information provided by the Company regarding the credentials, experience or other qualifications of a successor investment advisor but shall be under no obligation to refrain from exercising its rights under the ISDA Master Agreement.

When entering into a hedge under the ISDA Master Agreement, the Company is required to post an initial margin, which is marked to market daily. The Company shall meet any margin call (i) where the margin

call is issued prior to 10.00 a.m., by close of business on such day or (ii) where the margin call is issued after 10.00 a.m., by close of business on the following day.

## 12. CUSTODY ARRANGEMENTS

The Company's cash is held in bank or securities brokerage accounts in the name of the Company. All other assets are owned through companies and/or other holding vehicles and the Company's ownership of each vehicle will be recorded in the register of shareholders/investors (as appropriate) maintained by the vehicle's administration services provider in the jurisdiction in which the vehicle is established. Voting rights in any investment held by such a vehicle is exercised by the vehicle and voting rights in any investment held directly by the Company is exercised by the Manager with the approval of a majority of the independent Directors. In respect of each underlying asset, safekeeping arrangements are made in accordance with market practice in the relevant jurisdiction (including but not limited to those arrangements set out at paragraph 11.5 of this Part XII: "*Additional Information*").

## 13. LITIGATION

There are no, and have not been in the last 12 months, any governmental, legal or arbitration proceedings, nor, so far as the Company is aware, are any such proceedings pending or threatened, which may have, or have in the recent past had, a significant effect on the Group's financial position or profitability.

## 14. RELATED PARTY TRANSACTIONS

14.1 Between the date of its incorporation and 31 December 2018, the Company has entered into such related party transactions as are disclosed in Note 22 (*Related Party Transactions and Other Material Contracts*) of the 2018 Annual Report and Accounts, which is hereby incorporated by reference into this Prospectus.

14.2 During the period from 1 January 2019 up to 21 June 2019 (being the latest practicable date prior to the publication of this Prospectus), the Company has entered into the following related party transactions:

- (a) in January 2019 and February 2019, the Company made further investments in TFINS 2017-1, TFINS 2017-2 and TFINS 2019-1; and
- (b) in April 2019, the Company redeemed its interest in TFINS 2017-1.

## 15. GENERAL

15.1 The Company does not own any premises and does not lease any premises.

15.2 The Company does not have any employees.

## 16. WORKING CAPITAL

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

## 17. SIGNIFICANT CHANGE

Save for the payment of an interim dividend of 2.675 pence per Ordinary Share in respect of the quarter ended 31 December 2018 in March 2019 and the payment of an interim dividend of 2.675 pence per Ordinary Share in respect of the quarter ended 31 March 2019 in June 2019, there has been no significant change in the financial or trading position of the Company since 31 December 2018, being the date to which the audited historical financial information in respect of the Company incorporated by reference in Part VII: "*Historical Financial Information*" was published.

## 18. TAKEOVER CODE

18.1 The City Code on Takeovers and Mergers (the "**Takeover Code**") applies to the Company. There are certain considerations that Shareholders should be aware of with regard to the Takeover Code.

18.2 Under Rule 9 of the Takeover Code ("**Rule 9**"), if any person acquires an interest in Shares which, when taken together with Shares in which he, she or it and persons acting in concert with him, her or it are already interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required to make a general offer in cash to all Shareholders in the company at the highest price paid by him, her or it or any person acting in concert with him, her or it for

an interest in such Shares within the preceding 12 months. Rule 9 also provides that if any person, together with persons acting in concert with him, her or it, is interested in Shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company which is subject to the Takeover Code but does not hold Shares carrying more than 50 per cent. of such voting rights, and such person, or any person acting in concert with him, her or it, acquires an interest in any other Shares which increases the percentage of Shares carrying voting rights in such company in which he, she or it is interested, that person is normally required to make a general offer in cash to all Shareholders in the company at the highest price paid by him, her or it or any person acting in concert with him, her or it for an interest in such Shares within the preceding 12 months.

- 18.3 For the purposes of the Takeover Code, the Takeover Panel (the “**Panel**”) presumes (i) Neal J. Wilson, (ii) service providers to, and employees, executive officers and directors of, EJV (and its affiliates and entities managed by them), and (iii) investment vehicles affiliated with employees of EJV, each of whom hold Shares, are acting in concert (together, the “**Concert Party**”). As at 21 June 2019 (being the latest practicable date prior to the publication of this Prospectus), the Concert Party controlled 23.9 per cent. of the voting rights of the Company.
- 18.4 MP CDO Investments Ltd. holds approximately 23.7 per cent. of the voting rights in the Company as at 21 June 2019 (being the latest practicable date prior to the publication of this Prospectus).
- 18.5 Under Note 1 on the Notes on the Dispensations from Rule 9, the Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 if, *inter alia*, those Shareholders of the Company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with it and do not have any interest in the proposed transaction which may compromise their independence (the “**Independent Shareholders**”) pass an ordinary resolution on a poll at a general meeting (a “**Whitewash Resolution**”) approving such a waiver. The Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Takeover Code) if Independent Shareholders holding more than 50 per cent. of the Company’s Shares capable of being voted on such a resolution (i.e. more than 50 per cent. of the Shares held by Independent Shareholders) confirm in writing that they would vote in favour of the Whitewash Resolution were one to be put to the Shareholders of the Company at a general meeting.
- 18.6 Under Rule 37 of the Takeover Code, when a company purchases its own voting Shares a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code. A Shareholder who is neither a Director nor acting in concert with a Director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code in these circumstances.
- 18.7 However, under Note 2 to Rule 37 of the Takeover Code, where a Shareholder has acquired Shares at a time when he, she or it had reason to believe that a purchase by the company of its own voting Shares would take place, then an obligation to make a mandatory bid under Rule 9 of the Takeover Code may arise. Market purchases of Shares by the Company, if any, could have implications under Rule 9 of the Takeover Code for Shareholders with significant shareholdings. The market purchases of Shares by the Company, if any, and RIS announcements made by the Company should enable Shareholders and the Company to anticipate the possibility of such a situation arising. Prior to the Board implementing any market purchase of Shares, the Board will endeavour to identify any Shareholders who they are aware may be deemed to be acting in concert under Note 1 of Rule 37 of the Takeover Code and will seek an appropriate waiver in accordance with Note 2 of Rule 37. However, neither the Company, nor any of the Directors will incur any liability to any Shareholder(s) if they fail to identify the possibility of a mandatory offer arising or, if having identified such a possibility, they fail to notify the relevant Shareholder(s) or if the relevant Shareholder(s) fails to take appropriate action.

## 19. COMPANIES LAW

- 19.1 Under the Companies Law, if an offeror were to make an offer to acquire all of the Shares in the Company not already owned by it and were to acquire 90 per cent. of the Shares to which such offer related it could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Shares and then, six weeks later, it would deliver a transfer of the outstanding Shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose

Shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

19.2 The Companies Law also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent, of the Shares, any holder of Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Shares. The offeror would be required to give any member notice of his, her or its right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his, her or its rights, the offeror is entitled and bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

## 20. DISCLOSURE REQUIREMENTS AND NOTIFICATION OF INTEREST IN SHARES

20.1 Under Chapter 5 of the Disclosure Guidance and Transparency Rules, subject to certain limited exceptions, a person must notify the Company (and, at the same time, the FCA) of the percentage of voting rights he, she or it holds (within four trading days) if he, she or it acquires or disposes of Shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he, she or it holds as a Shareholder (or, in certain cases, which he, she or it holds indirectly) or through his, her or its direct or indirect holding of certain types of financial instruments (or a combination of such holdings):

- (a) reaches, exceeds or falls below five per cent. and each five per cent. threshold thereafter up to 30 per cent., 50 per cent. and 75 per cent.; or
- (b) reaches, exceeds or falls below an applicable threshold in paragraph 16 of this Part XII “*Additional Information*” above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

20.2 Such notification must be made using the prescribed form TR1 available from the FCA’s website at <http://www.fca.gov.uk>. Under the Disclosure Guidance and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

20.3 The FCA may take enforcement action against a person holding voting rights who has not complied with Chapter 5 of the Disclosure Guidance and Transparency Rules.

## 21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection, and may be obtained, by contacting the Company Secretary, at the Company’s registered office during normal business hours on any weekday (bank and public holidays excepted) up to and including 23 June 2020:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Management Agreement referred to in paragraph 11.2 of this Part XII: “*Additional Information*”;
- (c) the Administration Agreement referred to in paragraph 11.3 of this Part XII: “*Additional Information*”;
- (d) the Custody Agreement referred to in paragraph 11.5 of this Part XII: “*Additional Information*”;
- (e) the 2017 Annual Report and Accounts referred to in Part VII: “*Historical Financial Information*”;
- (f) the 2018 Annual Report and Accounts referred to in Part VII: “*Historical Financial Information*”;
- (g) the Register; and
- (h) this Prospectus.

A copy of this Prospectus has been submitted to the National Storage Mechanism and is available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM). Copies of this Prospectus may be obtained, free of charge during normal business hours on any weekday (bank and public holidays excepted) at the Company’s registered office up to and including 23 June 2020.

## **22. RELATIONSHIP BETWEEN SHAREHOLDERS, THE COMPANY AND SERVICE PROVIDERS**

22.1 The Company is a closed-ended investment company incorporated in Jersey with limited liability on 20 October 2016. While prospective investors will acquire an interest in the Company on subscribing for Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them.

22.2 Shareholders' rights in respect of their investment in the Company are governed by the Articles, the Companies Law and the investment terms set out in this Prospectus.

22.3 As a JFSC regulated fund, the Company is required to establish and maintain a complaints procedure. In the event that the Company's Shareholders have any complaints regarding the Company, a complaint should be made in writing and addressed to the compliance officer of the Company at the Administrator's registered office. Complaints against the Company may also be made to the JFSC. Unless expressly agreed with the complainant to the contrary, the Company will provide the complainant with a written acknowledgment within five working days of receipt of a complaint. The complaint will be investigated and the complainant kept informed about the progress of its complaint, including details of any actions being taken to resolve its complaint. The complainant will be advised in writing when the Company considers the complaint to be closed. If the complaint is not upheld, the Company will write to the complainant giving reasons for rejecting the complaint.

## **23. RIGHTS AGAINST THIRD PARTIES, INCLUDING THIRD PARTY SERVICE PROVIDERS**

23.1 As the Company has no employees and the Directors have all been appointed on a non-executive basis, the Company is reliant on the performance of service providers listed in this Prospectus.

23.2 Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Therefore, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.

## **24. APPLICABLE LAW**

This Prospectus shall be governed by the laws of England and Wales.

## PART XIII: TERMS AND CONDITIONS OF EACH PLACING

### 1. INTRODUCTION

Each investor which confirms its agreement to Numis, to subscribe for Shares under the Placing Programme (as applicable) (for the purposes of this Part XIII: “*Terms and Conditions of each Placing*”, a “**Placee**”) will be bound by these terms and conditions and will be deemed to have accepted them.

Each of the Company and/or Numis, as applicable, may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (for the purposes of this Part XIII: “*Terms and Conditions of each Placing*”, a “**Placing Letter**”). The terms of this Part XIII: “*Terms and Conditions of each Placing*” will, where applicable, be deemed to be incorporated into that Placing Letter.

### 2. AGREEMENT TO SUBSCRIBE FOR ORDINARY SHARES AND/OR C SHARES AND/OR New ZDP SHARES

Conditional on, amongst other things: (i) the relevant Admission occurring in respect of any Placing not later than 8.00 a.m. on such date as may be agreed between the Company, the Manager and Numis prior to the closing of any Placing, not being later than 23 June 2020; (ii) to the extent required by the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company; (iii) the Placing Agreement becoming otherwise unconditional in all respects (other than in respect of any condition relating to any Admission in relation to the relevant Placing and not having been terminated in accordance with its terms on or before 8.00 a.m. on the date of the relevant Admission, as applicable; (iv) that the Cover Test relating to each Class of ZDP Shares is satisfied following completion of the Placing; and (v) Numis confirming to the Placees their allocation of Ordinary Shares, C Shares and/or New ZDP Shares, as applicable, a Placee agrees to become a member of the Company and agrees to subscribe for those Shares allocated to it by Numis at the relevant Placing 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.

Multiple applications or suspected multiple applications on behalf of a single investor are liable to be rejected. Fractions of Shares will not be issued.

### 3. PAYMENT FOR ORDINARY SHARES AND/OR C SHARES AND/OR ZDP SHARES

Each Placee undertakes to pay in full the Placing Price for the Shares issued to such Placee in the manner and by the time directed by Numis. In the event of any failure by a Placee to pay as so directed and/or by the time required by Numis, the relevant Placee shall be deemed hereby to have irrevocably and unconditionally appointed Numis, or any nominee of Numis as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Shares in respect of which payment shall not have been made as directed, and to indemnify Numis and its (or their) respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

A sale of all or any of such Shares shall not release the relevant Placee from the obligation to make such payment for relevant Shares to the extent that Numis or its nominee has failed to sell such Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the relevant Placing Price.

### 4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- 4.1 By agreeing to subscribe for Shares, each Placee which enters into a commitment to subscribe for Shares (for the purposes of this Part XIII: “*Terms and Conditions of each Placing*”, a “**Placing Commitment**”) will (for itself and for any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Manager, the Registrar and Numis, that:

- 4.1.1 in agreeing to subscribe for Shares under any Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to the relevant Admission and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Ordinary Shares, the C Shares, the New ZDP Shares or any Placing. It agrees that none of the Company, the Manager, the Registrar or Numis, nor any of their

respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have against any such persons in respect of any other information or representation;

- 4.1.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Shares under any 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 such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Manager, the Registrar or Numis, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with any Placing;
- 4.1.3 it has carefully read and understands this Prospectus (and any supplementary prospectus issued by the Company prior to the relevant Admission) in its entirety and acknowledges that it is acquiring Ordinary Shares, C Shares and/or New ZDP Shares on the terms and subject to the conditions set out in this Part XIII: “*Terms and Conditions of each Placing*” and, as applicable, in the contract note or placing oral or email confirmation, as applicable, referred to in paragraph 4.1 of this Part XIII: “*Terms and Conditions of each Placing*” (for the purposes of this Part XIII: “*Terms and Conditions of each Placing*”, the “**Contract Note**” or the “**Placing Confirmation**”) and the Placing Letter (if any) and the Articles as in force at the date of the relevant Admission;
- 4.1.4 it has not relied on Numis, or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this Prospectus or any supplementary prospectus issued by the Company;
- 4.1.5 the content of this Prospectus and any supplementary prospectus issued by the Company is exclusively the responsibility of the Company and its Directors and neither Numis, the Manager, the Registrar, nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus and any such supplementary prospectus issued by the Company or any information previously published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in any Placing based on any information, representation or statement contained in this Prospectus or any supplementary prospectus issued by the Company or otherwise;
- 4.1.6 no person is authorised in connection with any Placing to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to the date of the relevant Admission and, if given or made, any information or representation must not be relied upon as having been authorised by Numis, the Company, the Manager or the Registrar;
- 4.1.7 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 (depository receipts and clearance services) of the Finance Act 1986;
- 4.1.8 the price per Share is fixed at the relevant Placing Price and is payable to Numis on behalf of the Company in accordance with the terms of this Part XIII: “*Terms and Conditions of each Placing*” and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);
- 4.1.9 it has the funds available to pay in full for the Shares for which it has agreed to subscribe pursuant to its Placing Commitment and that it will pay the total subscription in accordance with the terms set out in this Part XIII: “*Terms and Conditions of each Placing*” and, as applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;
- 4.1.10 its commitment to acquire Shares under any Placing will be agreed orally or in writing (which shall include by email) with Numis as agent for the Company and that a Contract Note or Placing confirmation will be issued by Numis as soon as possible thereafter. That oral or written confirmation will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Numis to subscribe for the number of Shares allocated to it and comprising its Placing Commitment at the Placing Price on the terms and conditions set out in this Part XIII: “*Terms and Conditions of each Placing*” and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance



with the Articles in force as at the date of the relevant Admission. Except with the consent of Numis such oral or written commitment will not be capable of variation or revocation after the time at which it is made;

- 4.1.11 its allocation of Shares under any Placing (as applicable) will be evidenced by the Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (iii) settlement instructions to pay Numis as agent for the Company. The terms of this Part XIII: “*Terms and Conditions of each Placing*” will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.1.12 settlement of transactions in the Shares following the relevant Admission will take place in CREST but Numis reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee’s jurisdiction;
- 4.1.13 none of the Shares have been or will be registered under the laws of any member state of the EEA (other than the United Kingdom and the Republic of Ireland), the United States, Canada, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of any Placing would breach any applicable law. Accordingly, the Shares may not be offered, sold, issued or delivered, directly or indirectly, within any member state of the EEA (other than the United Kingdom and the Republic of Ireland), the United States, Canada, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of any Placing would breach any applicable law unless an exemption from any registration requirement is available. The Shares have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (as amended, the “**FIEA**”) in reliance upon the exemption from the registration requirements since the Placing will constitute a small number private placement as provided for in “*ha*” of Article 2, Paragraph 3, Item 2 of the FIEA;
- 4.1.14 it: (i) is entitled to subscribe for the Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.1.15 if it is within the United Kingdom, it is (a) (i) a qualified investor within the meaning of Section 86(7) of the FSMA; and (ii) a person who falls within Articles 19(1) or 19(5) (Investment Professionals) or Articles 49(2)(A) to (D) (high net worth companies, unincorporated associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the Shares may otherwise lawfully be offered whether under such Order or otherwise; or (b) if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Shares may be lawfully offered under that other jurisdiction’s laws and regulations;
- 4.1.16 if it is a resident in a member state of the EEA (a “**Member State**”), 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 the Prospectus Directive and otherwise permitted to be marketed to in accordance with the provisions of the AIFM Directive as implemented in the relevant Member State in which it is located;
- 4.1.17 in the case of any Shares acquired by a Placee as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive: (i) the Shares acquired by it in any 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, or in circumstances in which the prior consent of Numis has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons;

- 4.1.18 if it is outside the United Kingdom, neither this Prospectus (and any supplementary prospectus issued by the Company) nor any other offering, marketing or other material in connection with any Placing of the Shares (for the purposes of this Part XIII: “*Terms and Conditions of each Placing*”, each a “**Placing Document**”) constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is procuring to subscribe for Shares pursuant to any Placing unless, in the relevant territory, such offer, invitation, promotion 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 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;
- 4.1.19 it has received this Prospectus outside the United States and has carefully read and understands this Prospectus and the Placee has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering material concerning the Placing or the Shares to any persons within the United States or to any US Person as defined in Regulation S under the US Securities Act or to any resident of the United States, nor will it do any of the foregoing;
- 4.1.20 either:
- (a) it is outside the United States and is not, and is not acting for the account or benefit of, a US Person or a resident of the United States and is not acquiring any of the Shares as a result of any form of “directed selling efforts” as defined in Rule 902(c) under Regulation S; or
  - (b) it is an Entitled Qualified Purchaser purchasing for its own account or for the account of one or more Entitled Qualified Purchasers with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein and in the US Investor Representation Letter set out in Part XIV: “*US Investor Representation Letter*” of this Prospectus, which it will deliver in connection with the Placing;
- 4.1.21 it acknowledges that (a) the Shares have not been and will not be registered under the US 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, US Persons absent registration or pursuant to an exemption from, or a transaction not subject to, registration under the US Securities Act; and (b) the Company has not registered under the US Investment Company Act and accordingly has put in place restrictions to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- 4.1.22 if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in compliance with an exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US 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;
- 4.1.23 it is purchasing the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- 4.1.24 it acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person’s status under the US 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 US securities laws, or may result in the Company or the Manager failing to qualify for an exemption from the requirements to register as a “commodity pool operator” within the meaning of the Dodd-Frank Act to transfer such Shares or interests in accordance with the Articles;
- 4.1.25 it does not have a registered address in, and is not a citizen, resident or national of Canada, Australia, the Republic of South Africa or any other jurisdiction in which it is unlawful to make or accept an offer of the Shares and it is not acting on a non-discretionary basis for any such person;

- 4.1.26 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 Placees' agreement to subscribe for Shares under any Placing and will not be any such person on the date that such subscription is accepted;
- 4.1.27 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Shares only in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that no Placing Document is being issued by Numis, in its capacity as an authorised person under section 21 of the FSMA and they may not therefore be subject to the controls which would apply if they were made or approved as financial promotions by an authorised person;
- 4.1.28 it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing in, from or otherwise involving, the United Kingdom;
- 4.1.29 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 4.1.30 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Shares or possession of this Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.1.31 neither Numis, nor any of its affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with any Placing or providing any advice in relation to any Placing and participation in any Placing is on the basis that it is not and will not be a client of Numis and that Numis has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to any Placing nor, if applicable, in respect of any representations, warranties, undertakings or indemnities contained or incorporated into any Contract Note, Placing Confirmation or Placing Letter;
- 4.1.32 save in the event of fraud on the part of Numis, none of Numis or its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding company, nor any of its respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Numis's role as financial adviser, bookrunner or placing agent or otherwise in connection with any Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.1.33 where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Shares for each such account; (ii) to make on each such account's behalf the undertakings, acknowledgements, representations, warranties and agreements set out in this Prospectus and any supplementary prospectus issued by the Company; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and Numis. It agrees that the provision of this paragraph shall survive any resale of the Shares by or on behalf of any such account;
- 4.1.34 it irrevocably appoints any Director and any director of Numis 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 Shares comprising its Placing Commitment, in the event of its own failure to do so;
- 4.1.35 if any Placing does not proceed or the conditions to any Placing (as the case may be) under the Placing Agreement are not satisfied or the Shares for which valid applications are received and accepted are not admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange for any reason whatsoever then none of Numis, the Company or Manager 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;

- 4.1.36 in connection with its participation in any Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (for the purposes of this Part XIII: “*Terms and Conditions of each Placing*”, together the “**Money Laundering Regulations**”) and that its application for Shares under any Placing 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 for Shares. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2015/849/EU of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing); or (iii) subject to the Jersey AML Requirements; 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 Regulations;
- 4.1.37 due to anti-money laundering requirements, Numis may require proof of identity and verification of the source of the payment before the application for Shares under any Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Numis may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will hold harmless and indemnify Numis against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- 4.1.38 it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Money Laundering Regulations;
- 4.1.39 it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored both on the Registrar’s and the Company Secretary’s computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Legislation, the Registrar, the Company Secretary and Numis are each required to specify the purposes for which they will hold personal data. The Registrar, the Company Secretary and Numis will only use such information for the purposes set out below and/or in the Important Notices section of this Prospectus under the heading titled “*Data Protection*” (collectively, the “**Purposes**”), being to:
- (a) process its personal data (including sensitive personal data) as required for or in connection with the holding of Shares, including processing personal data in connection with credit and money laundering checks on it;
  - (b) communicate with it as necessary in connection with the proper running of its business affairs and generally in connection with the holding of Shares;
  - (c) provide personal data to such third parties as are or shall be necessary in connection with its affairs and generally in connection with its holding of Shares or as the Data Protection Legislation may require, including to third parties outside the United Kingdom or the European Economic area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK);
  - (d) without limitation, provide such personal data to the Company or the Manager and its respective associates for processing, notwithstanding that any such party may be outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK); and
  - (e) process its personal data for the purpose of their internal record-keeping and reporting obligations;
- 4.1.40 in providing Numis, the Registrar and the Company Secretary with information, it hereby represents and warrants to Numis the Registrar and the Company Secretary that it has obtained any necessary consents of any data subject whose data it has provided to Numis, the Registrar and the Company Secretary and their respective associates holding and using their personal data for the

Purposes (including, where required, the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph 4.1.39 above) and will make the list of “Purposes” for which Numis, the Registrar and the Company Secretary will process the data (as set out in paragraph 4.1.39 above) available to all data subjects whose personal data may be shared by it in connection with such Placing. For the purposes of this Prospectus, “data subject”, “data controller”, “data processor”, “personal data” and “sensitive personal data” shall have the meanings attributed to them in the Data Protection Legislation;

- 4.1.41 the Placee, Numis, the Company, the Company Secretary and the Registrar are each data controllers for the purpose of the Data Protection Legislation and the parties all agree and acknowledge that none of the Placee, Numis, the Company, the Company Secretary and the Registrar is or shall be a data processor for any of the others or a joint data controller with any of the others and they will each comply with their obligations under the Data Protection Legislation and the Placee will do nothing that puts Numis, the Company, the Company Secretary or the Registrar in breach of their respective obligations;
- 4.1.42 Numis is entitled to exercise any of its rights under the Placing Agreement (including, without limitation, rights of termination) or any other right in its absolute discretion without any liability whatsoever to the Placee;
- 4.1.43 the representations, undertakings and warranties contained in this Part XIII: “*Terms and Conditions of each Placing*” and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any), are irrevocable. It acknowledges that Numis and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings and it agrees that if any of the representations or warranties or undertakings made or deemed to have been made by its subscription of Shares under any Placing are no longer accurate, it shall promptly notify Numis and the Company;
- 4.1.44 if it is acting as a “distributor” (for the purposes of the MiFID II Product Governance Requirements):
- (a) it acknowledges that the Target Market Assessment undertaken by Numis does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares, and each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels;
  - (b) notwithstanding any Target Market Assessment undertaken by Numis, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Shares and that it has considered the compatibility of the risk/reward profile of such Shares with the end target market;
  - (c) it acknowledges that the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom;
  - (d) it acknowledges that Numis is acting for the Company in connection with each Placing and for no-one else and that it will not treat any Placee as its customer by virtue of such application being accepted or owe any Placee any duties or responsibilities concerning the price of the Shares or concerning the suitability of the Shares for the Placee or be responsible to Placee for the protections afforded to its customers; and
  - (e) it agrees that if so required by Numis or the Manager, it shall provide aggregated summary information on sales of the Shares as contemplated under rule 3.3.30R of the PROD Sourcebook and information on the reviews carried out under rules 3.3.26R to 3.3.28R of the PROD Sourcebook;
- 4.1.45 where it or any person acting on behalf of it is dealing with Numis any money held in an account with Numis 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 Numis to segregate such money, as that money will be held by Numis under a banking relationship and not as trustee;

- 4.1.46 any of its clients, whether or not identified to Numis will remain its sole responsibility and will not become clients of Numis for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.1.47 the allocation of Shares in respect of any Placing shall be determined by Numis in its absolute discretion (in consultation with the Company and the Manager) and that Numis may scale down any Placing Commitment on such basis as Numis may determine (which may not be the same for each Placee);
- 4.1.48 time shall be of the essence as regards its obligations to settle payment for the Shares subscribed under any Placing and to comply with its other obligations under any Placing;
- 4.1.49 it authorises Numis to deduct from the total amount subscribed under any Placing, as applicable, the aggregate commission (if any) (calculated at the rate agreed with the Placee) payable on the number of Shares allocated under any Placing;
- 4.1.50 in the event that a supplementary prospectus is required to be produced pursuant to section 87G of the FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) of the FSMA, such Placee will immediately re-subscribe for the Shares previously comprising its Placing Commitment; and
- 4.1.51 the commitment to subscribe for Shares on the terms set out in this Part XIII: “*Terms and Conditions of each Placing*” and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of any Placing and that it will have no right to be consulted or require that its consent be obtained with respect to Numis’s conduct of any Placing.

The Company, the Manager, the Registrar and Numis will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings and acknowledgements. Each Placee agrees to indemnify and hold each of the Company, the Manager, the Registrar, Numis and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements in this Part XIII: “*Terms and Conditions of each Placing*”.

## 5. PURCHASE AND TRANSFER RESTRICTIONS FOR US PERSONS

The Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States or to, or for the account or benefit of, US Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. The Shares are being offered and sold in the United States in a transaction not involving a “public offering” subject to an exemption from the registration requirements of Section 5 of the US Securities Act only to persons who are Entitled Qualified Purchasers. The Shares are being offered and sold outside the United States to non-US Persons (or to persons who are both US Persons and Entitled Qualified Purchasers) in reliance on Regulation S. Prospective investors in the United States are hereby notified that the sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the US Securities Act provided for a transaction not involving a “public offering”.

There will be no public offer of the Shares in the United States. The Company has not been and will not be registered under the US Investment Company Act and investors will not be entitled to the benefits of the US Investment Company Act. The Company is relying on the exemption provided by Section 3(c)(7) of the US Investment Company Act, and as a result the Shares may only be purchased by persons within the United States or who are US Persons who are Entitled Qualified Purchasers. Purchasers in the United States or who are US Persons will be required to execute and deliver a US Investor Representation Letter in the form set forth in Part XIV: “*US Investor Representation Letter*” of this Prospectus.

In addition, until 40 days after the commencement of an offer of the Shares pursuant to any Placing an offer or sale of Shares within the United States by any dealer (whether or not participating in any Placing) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

By participating in any Placing, each Placee located within the United States and any Placee that is, or is acting for the account or benefit of, a US Person, acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be further deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Manager, the Registrar and Numis that:

- 5.1.1 it is (i) an Entitled Qualified Purchaser, (ii) acquiring the Shares for its own account or for the account of one or more Entitled Qualified Purchaser with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein and in the US Investor Representation Letter in the form set forth in Part XIV: “*US Investor Representation Letter*” of this Prospectus, (iii) acquiring the Shares for investment purposes, and not with a view to further distribution of the Shares, and (iv) aware, and each beneficial owner of the Shares has been advised, that the sale of the Shares to it is being made in a transaction not involving a “public offering” subject to an exemption from the registration requirements of Section 5 of the US Securities Act or in reliance on another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act;
- 5.1.2 it understands that (i) the Shares are being offered and sold in the United States only in a transaction not involving any public offering within the meaning of the US Securities Act and that the Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and (ii) the Company has not been and will not be registered under the US Investment Company Act and related rules;
- 5.1.3 it understands that the Shares may not be offered, sold, pledged, or otherwise transferred except (i) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S outside the United States to a person not known by it to be a US Person, by pre-arrangement or otherwise, or (ii) to the Company or a subsidiary thereof;
- 5.1.4 it further (a) understands that the Shares may not be deposited into any unrestricted depository receipt facility in respect of the Shares established or maintained by a depository bank, (b) acknowledges that the Shares (whether in physical certificated form or in uncertificated form held in CREST) are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 for resales of the Shares, (c) understands that the Company may not recognise any offer, sale, resale, pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions and (d) understands that the Company may require any US Person or any person within the United States who was not a QP at the time it acquired any Shares or any beneficial interest therein to transfer the Shares or any such beneficial interest immediately in a manner consistent with these restrictions and if the obligation to transfer is not met, the Company is irrevocably authorised, without any obligation, to transfer the Shares, as applicable, in a manner consistent with these restrictions and, if such Shares are sold, the Company shall be obliged to distribute the net proceeds to the entitled party;
- 5.1.5 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of a Benefit Plan Investor. In addition, if a Placee is a Similar Plan that is subject to any Other Plan Law or Similar Law, its purchase, holding, and disposition of the Shares must not constitute or result in a violation of any Other Plan Law;
- 5.1.6 any Shares delivered to the Placee in certificated form will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

THE SHARES REPRESENTED BY THIS CERTIFICATE (OR ITS PREDECESSOR) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**US SECURITIES ACT**”), OR WITH ANY US SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF

THE UNITED STATES, AND EJV INVESTMENTS LTD (THE “ISSUER”) HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “US INVESTMENT COMPANY ACT”). THE SHARES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN AN OFFSHORE TRANSACTION EXECUTED IN, ON OR THROUGH THE FACILITIES OF THE LONDON STOCK EXCHANGE WHERE NEITHER THE SELLER NOR ANY PERSON ACTING ON ITS BEHALF KNOWS BY PRE-ARRANGEMENT OR OTHERWISE THAT THE BUYER IS IN THE UNITED STATES OR A US PERSON, (2) TO ANY PERSON THE SELLER AND ANY PERSON ACTING ON ITS BEHALF KNOWS TO BE OUTSIDE THE US AND A NON-US PERSON, (3) IF IN THE UNITED STATES OR TO A US PERSON, THEN TO A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51) OF THE US INVESTMENT COMPANY ACT WHO IS ALSO AN ACCREDITED INVESTOR AS DEFINED IN RULE 501(A) OF THE US SECURITIES ACT WHO SIGNS A US INVESTOR REPRESENTATION LETTER IN THE SAME FORM AS THE LETTER DELIVERED TO THE ISSUER BY THE HOLDER HEREOF OR (4) TO THE ISSUER OR A SUBSIDIARY THEREOF. THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY US UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ISSUER’S US SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS AND ACKNOWLEDGES THAT THE SHARES WILL REMAIN IN REGISTERED FORM UNTIL A TRANSFER IS MADE PURSUANT TO (1) OR (2) ABOVE.

EACH INITIAL RECIPIENT AND SUBSEQUENT TRANSFEREE OF THE SHARES REPRESENTED BY THIS CERTIFICATE OR ANY INTEREST OR PARTICIPATION HEREIN WILL BE DEEMED TO REPRESENT THAT IT AGREES TO COMPLY WITH THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND WILL NOT TRANSFER THE SHARES REPRESENTED BY THIS CERTIFICATE OR ANY INTEREST OR PARTICIPATION HEREIN EXCEPT TO A TRANSFEREE WHO CAN MAKE THE SAME REPRESENTATIONS AND AGREEMENTS ON BEHALF OF ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING. ANY TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE OR ANY INTEREST OR PARTICIPATION HEREIN IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT AND WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER.

THE ISSUER AND ITS AGENTS WILL NOT BE REQUIRED TO ACCEPT FOR REGISTRATION OF TRANSFER ANY SHARES MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS. THE ISSUER MAY REQUIRE ANY US PERSON OR ANY PERSON WITHIN THE UNITED STATES WHO WAS NOT A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(A)(51) OF THE US INVESTMENT COMPANY ACT) WHO IS ALSO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A) UNDER THE US SECURITIES ACT), IN EACH CASE AT THE TIME IT ACQUIRED ANY SHARES OR ANY BENEFICIAL INTEREST THEREIN, TO TRANSFER THE SHARES OR ANY SUCH BENEFICIAL INTEREST IMMEDIATELY IN A MANNER CONSISTENT WITH THESE RESTRICTIONS, AND IF THE OBLIGATION TO TRANSFER IS NOT MET, THE ISSUER IS IRREVOCABLY AUTHORISED, WITHOUT ANY OBLIGATION, TO TRANSFER THE SHARES, AS APPLICABLE, IN A MANNER CONSISTENT WITH THESE RESTRICTIONS AND, IF SUCH SHARES ARE SOLD, THE ISSUER SHALL BE OBLIGED TO DISTRIBUTE THE NET PROCEEDS TO THE ENTITLED PARTY.

THIS CERTIFICATE AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE SHARES REPRESENTED BY THIS CERTIFICATE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE REALE OR TRANSFER OF SHARES IN THE ISSUER GENERALLY. THE HOLDER OF



THE SHARES REPRESENTED BY THIS CERTIFICATE SHALL BE DEEMED BY THE ACCEPTANCE OF THE SHARES REPRESENTED BY THIS CERTIFICATE TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.

- 5.1.7 the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person's status under the US 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 US securities laws to transfer such Shares, or interests in accordance with the Articles (as amended from time to time);
- 5.1.8 the Company is required to comply with the US Foreign Account Tax Compliance Act of 2010 and any regulations made thereunder or associated therewith (for the purposes of this Part XIII: "*Terms and Conditions of each Placing*", "FATCA") and that the Company will follow FATCA's extensive reporting and withholding requirements. The Placee agrees to furnish any information and documents which the Company may from time to time request, including but not limited to information required under FATCA; and
- 5.1.9 it has received, carefully read and understands this Prospectus (and any supplementary prospectus issued by the Company), and has not, directly or indirectly, distributed forwarded, transferred or otherwise transmitted this Prospectus (and any supplementary prospectus issued by the Company) or any other presentation or offering materials concerning the Shares to or within the United States or to any US Persons, nor will it do any of the foregoing and it understands that this Prospectus (and any supplementary prospectus issued by the Company) has been prepared according to the disclosure requirements of the United Kingdom, which are different from those of the United States.

***"Covered banking entities"***

The Company is a "covered fund" for the purposes of the "Volcker Rule" contained in the Dodd-Frank Act (Section 619: Prohibitions on Proprietary Trading and Certain Relationships with Hedge Funds and Private Equity Funds). Accordingly, entities that may be "covered banking entities" for the purposes of the Volcker Rule may be restricted from holding the Company's securities and should take specific advice before making an investment in the Company.

**6. SUPPLY AND DISCLOSURE OF INFORMATION**

If Numis, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Shares under any Placing, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

**7. MISCELLANEOUS**

The rights and remedies of Numis, the Registrar, the Manager and the Company 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 an individual, that Placee may be asked to disclose in writing or orally, his or her nationality. 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 any Placing will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified by such Placee to Numis.

Each Placee agrees to be bound by the Articles (as amended from time to time) once the Shares, as applicable, which the Placee has agreed to subscribe for pursuant to any Placing, have been acquired by the Placee. The contract to subscribe for Shares under any Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Numis, the Company, the Manager 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 a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Shares under any 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, Numis and the Company expressly reserve the right to modify any Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. Any Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and to the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part XII: “*Additional Information*” of this Prospectus.

## PART XIV: US INVESTOR REPRESENTATION LETTER

### FORM OF US INVESTOR LETTER

To:

EJF Investments Ltd  
IFC1, The Esplanade  
St. Helier  
Jersey JE1 0BD (the “**Company**”)

and

Numis Securities Limited  
The London Stock Exchange Building  
10 Paternoster Square  
London EC4M 7LT  
United Kingdom

Ladies and gentlemen:

This letter (a “**US Investor Representation Letter**”) relates to the (a) offering of Shares (the “**Shares**”) of the Company; and (b) any subsequent transfer of such Shares. This letter is to be delivered on behalf of the person acquiring beneficial ownership of the Shares by the investor named below or the accounts listed on the attachment hereto (each, an “**Investor**”). Unless otherwise stated, or the content otherwise requires, capitalised terms in this letter shall have the same meaning as is given to them in the prospectus relating to the offering of the Shares described therein published by the Company on 24 June 2019 (the “**Prospectus**”).

The Investor agrees, acknowledges, represents and warrants, on its own behalf or on behalf of each account for which it is acting that:

1. the Investor has received a copy of the Prospectus and understands and agrees that the Prospectus speaks only as at its date and that the information contained therein may not be correct or complete as at any time subsequent to that date;
2. the Investor is a “qualified purchaser” (“**QP**”) as defined in Section 2(a)(51) and related rules of the US Investment Company Act of 1940, as amended (the “**US Investment Company Act**”) and an “accredited investor” (an (“**AI**”) as defined in Rule 501(a) of Regulation D under the US Securities Act of 1933, as amended (the “**US Securities Act**”) (a persons who is both a QP and an AI, an “**Entitled Qualified Purchaser**”);
3. the Investor is not a broker-dealer which owns and invests on a discretionary basis less than US\$25 million in securities of unaffiliated issuers;
4. the Investor is not subscribing to, or purchasing, the Shares with a view to, or for offer or sale in connection with, any distribution thereof (within the meaning of the US Securities Act that would be in violation of the securities laws of the United States or any state thereof;
5. the party signing this US Investor Representation Letter was not formed for the purpose of investing in the Company and is acquiring the Shares for its own account or for the account of one or more Investors (each of which is an Entitled Qualified Purchaser) on whose behalf the party signing this US Investor Representation Letter is authorised to make (and does so make) the acknowledgments, representations and warranties, and enter into (and does so enter into) the agreements, contained in this US Investor Representation Letter;
6. the Investor is not a participant-director employee plan, such as a plan described in subsection (a)(1)(i)(D), (E) or (F) of Rule 144A of the US Securities Act;
7. no portion of the assets used by the Investor to purchase, and no portion of the assets used by the Investor to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an “employee benefit plan” within the meaning of Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) that is subject to Title I of ERISA; (ii) a “plan” within the meaning of Section 4975 of the US Internal Revenue Code of 1986, as amended (the “**US Tax Code**”), that is subject to Section 4975 of the US Tax Code; (iii) persons or entities whose underlying assets are considered to include “plan assets” for the purposes of Title I of ERISA or Section 4975 of the US Tax Code by reason of an investment by an employee benefit plan, plan, account or arrangement described in

preceding clause (i) or (ii) in such persons or entities pursuant to the US Department of Labor regulations promulgated and codified at 29 C.F.R. 2510.3 101 as they may be amended or modified from time to time (as modified by Section 3(42) of ERISA, the “**US Plan Assets Regulations**”) or otherwise (each of (i)-(iii), a “**Benefit Plan Investor**”; or (iv) a “governmental plan” within the meaning of Section 3(32) of ERISA, a “church plan” within the meaning of Section 3(33) of ERISA that has made no election under Section 410(d) of the US Tax Code, a “non-US Plan” described in Section 4(b)(4) of ERISA or a benefit plan that is not a Benefit Plan Investor (x) whose purchase or holding of Shares would be subject to a US federal, state, local, non-US or other law or regulation that contains one or more provisions that are substantially similar to the fiduciary responsibility and prohibited transactions provisions of Title I of ERISA or Section 4975 of the US Tax Code (any such law or regulation, a “**Other Plan Law**”) or (y) whose purchase or holding of Shares would be subject to a US federal, state, local, non-US or other law or regulation that would have the same effect as the US Plan Assets Regulations so as to cause the underlying assets of the Company to be treated as assets of an investing entity by virtue of its investment (or any beneficial interest) in the Company and thereby subject the Company or the originator (or other persons responsible for the investment and operation of the Company assets) to any Other Plan Law (any such law or regulation, a “**Similar Law**”), unless its purchase, holding and disposition of Shares would not constitute or result in violation of any Other Plan Law;

8. (i) no transfers of the Shares or any interest therein to a person using assets of a Benefit Plan Investor to purchase or hold such Shares or any interest therein will be permitted and (ii) notwithstanding the foregoing restrictions, if the ownership of Shares by an investor will or may result in the Company’s assets being deemed to constitute “plan assets” under the US Plan Assets Regulations, the Directors may serve a notice upon the holder of such Shares requiring the holder to transfer the Shares to an eligible transferee within 30 days, and if within 30 days, the transfer notice has not been complied with, the Company may seek, subject to applicable laws and regulations, to sell the relevant Shares on behalf of the holder by instructing a member of the London Stock Exchange to sell them to an eligible transferee;
9. the Shares are being offered in a transaction not involving any public offering within the United States within the meaning of the US Securities Act and that the Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States;
10. the Shares, which will only be issued in registered form to persons in the US or US Persons, are “restricted securities” within the meaning of Rule 144(a)(3) under the US Securities Act; the Shares are being offered and sold in a transaction not involving any public offering in the US within the meaning of the US Securities Act; and no representation is made as to the availability of the exemption provided by Rule 144, Rule 144A or any other exemption for resales of Shares;
11. the Company has not been and will not be registered as an investment company under the US Investment Company Act and that the Company has elected to impose the transfer and selling restrictions with respect to persons in the United States and US Persons described herein so that the Company will qualify for the exemption provided under section 3(c)(7) of the US Investment Company Act;
12. if in the future the Investor decides to offer, resell, transfer, assign, pledge or otherwise dispose of any Shares, such Shares will be offered, resold, transferred, assigned, pledged or otherwise disposed of by the Investor only in (i) an offshore transaction executed in, on or through the facilities of the London Stock Exchange where neither the Investor nor any person acting on its behalf will know by pre-arrangement or otherwise that the buyer is in the United States or a US Person, (ii) to any person the Investor and any person acting on its behalf knows to be outside the US and a non-US person, (iii) if in the United States or to a US person, then to a QP who is also an AI, who signs a US Investor Representation Letter in the same form as this letter and delivers such executed letter to the Company or (iv) to the Company or a subsidiary thereof. The Investor acknowledges the Shares will remain in registered form until a transfer is made pursuant to (i) or (ii) above;
13. notwithstanding anything to the contrary in this letter, the Shares may not be deposited into any US unrestricted depositary receipt facility in respect of the Company’s securities, established or maintained by a depositary bank;
14. the Investor is knowledgeable, sophisticated and experienced in business and financial matters and it fully understands the limitations on ownership and transfer and the restrictions on sales of such Shares;

15. the Investor is able to bear the economic risk of its investment in the Shares and is currently able to afford the complete loss of such investment and the Investor is aware that there are substantial risks incidental to the purchase of the Shares, including those summarised under “*Risk Factors*” in the Prospectus;
16. the Investor acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person’s status under the US 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 US securities laws, or may result in the Company or the Manager failing to qualify for an exemption from the requirements to register as a “commodity pool operator” within the meaning of the Dodd-Frank Act, to transfer such Shares or interests in accordance with the Articles.
17. the Investor understands and acknowledges that, to the extent permitted by applicable law and regulation, (i) the Company and its agents will not be required to accept for registration any transfer of Shares acquired by the Investor made other than in compliance with the restrictions set forth in this US Investor Representation Letter, (ii) the Company may seek to require any US Person or any person within the United States who was not a QP at the time it acquired any Shares or any beneficial interest therein (which for the avoidance of doubt does not include any investor signing this letter who has truthfully made the representations, warranties and agreements herein) to transfer the Shares or any such beneficial interest immediately in a manner consistent with the restrictions set forth in this US Investor Representation Letter, and (iii) if the obligation to transfer is not met, the Company is irrevocably authorised, without any obligation, to transfer the Shares, as applicable, in a manner consistent with the restrictions set forth in this US Investor Representation Letter and, if such Shares are sold, the Company shall be obliged to distribute the net proceeds to the entitled party;
18. the Investor became aware of the offering of the Shares by the Company and the Shares were offered to the Investor solely by means of the Prospectus and the Investor did not become aware of, nor were the Shares offered to the Investor by any other means, including, in each case, by any form of general solicitation or general advertising, and in making the decision to purchase or subscribe to the Shares, the Investor relied solely on the information set forth in the Prospectus or any supplementary prospectus issued by the Company;
19. upon a proposed transfer of the Shares, the Investor will notify any purchaser of such Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Shares being sold;
20. neither the Investor, nor any of the Investor’s affiliates, nor any person acting on the Investor’s or their behalf, will make any “directed selling efforts” as defined in Regulation S under the US Securities Act or any “general solicitation” or “general advertising” in the United States with respect to the Shares;
21. it understands that the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

“THE SHARES REPRESENTED BY THIS CERTIFICATE (OR ITS PREDECESSOR) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**US SECURITIES ACT**”), OR WITH ANY US SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND EJF INVESTMENTS LTD (THE “**ISSUER**”) HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**US INVESTMENT COMPANY ACT**”). THE SHARES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN AN OFFSHORE TRANSACTION EXECUTED IN, ON OR THROUGH THE FACILITIES OF THE LONDON STOCK EXCHANGE WHERE NEITHER THE SELLER NOR ANY PERSON ACTING ON ITS BEHALF KNOWS BY PRE-ARRANGEMENT OR OTHERWISE THAT THE BUYER IS IN THE UNITED STATES OR A US PERSON, (2) TO ANY PERSON THE SELLER AND ANY PERSON ACTING ON ITS BEHALF KNOWS TO BE OUTSIDE THE US AND A NON-US PERSON, (3) IF IN THE UNITED STATES OR TO A US PERSON, THEN TO A QUALIFIED PURCHASER AS DEFINED IN SECTION 2(A)(51) OF THE US INVESTMENT COMPANY ACT WHO IS ALSO AN ACCREDITED INVESTOR AS DEFINED IN RULE 501(A) OF THE US SECURITIES ACT WHO SIGNS A US INVESTOR REPRESENTATION LETTER IN THE SAME FORM AS THE LETTER DELIVERED TO THE ISSUER BY THE HOLDER HEREOF OR (4) TO THE ISSUER OR A SUBSIDIARY THEREOF. THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY US UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE ISSUER’S US SECURITIES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS

THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS AND ACKNOWLEDGES THAT THE SHARES WILL REMAIN IN REGISTERED FORM UNTIL A TRANSFER IS MADE PURSUANT TO (1) OR (2) ABOVE.

EACH INITIAL RECIPIENT AND SUBSEQUENT TRANSFEREE OF THE SHARES REPRESENTED BY THIS CERTIFICATE OR ANY INTEREST OR PARTICIPATION HEREIN WILL BE DEEMED TO REPRESENT THAT IT AGREES TO COMPLY WITH THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND WILL NOT TRANSFER THE SHARES REPRESENTED BY THIS CERTIFICATE OR ANY INTEREST OR PARTICIPATION HEREIN EXCEPT TO A TRANSFEREE WHO CAN MAKE THE SAME REPRESENTATIONS AND AGREEMENTS ON BEHALF OF ITSELF AND EACH ACCOUNT FOR WHICH IT IS PURCHASING. ANY TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE OR ANY INTEREST OR PARTICIPATION HEREIN IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT AND WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER.

THE ISSUER AND ITS AGENTS WILL NOT BE REQUIRED TO ACCEPT FOR REGISTRATION ANY TRANSFER OF SHARES MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS. THE ISSUER MAY REQUIRE ANY US PERSON OR ANY PERSON WITHIN THE UNITED STATES WHO WAS NOT A QUALIFIED PURCHASER (AS DEFINED IN SECTION 2(A)(51) OF THE US INVESTMENT COMPANY ACT) WHO IS ALSO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A) UNDER THE US SECURITIES ACT), IN EACH CASE AT THE TIME IT ACQUIRED ANY SHARES OR ANY BENEFICIAL INTEREST THEREIN, TO TRANSFER THE SHARES OR ANY SUCH BENEFICIAL INTEREST IMMEDIATELY IN A MANNER CONSISTENT WITH THESE RESTRICTIONS, AND IF THE OBLIGATION TO TRANSFER IS NOT MET, THE ISSUER IS IRREVOCABLY AUTHORISED, WITHOUT ANY OBLIGATION, TO TRANSFER THE SHARES, AS APPLICABLE, IN A MANNER CONSISTENT WITH THESE RESTRICTIONS AND, IF SUCH SHARES ARE SOLD, THE ISSUER SHALL BE OBLIGED TO DISTRIBUTE THE NET PROCEEDS TO THE ENTITLED PARTY.

THIS CERTIFICATE AND ANY RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THE SHARES REPRESENTED BY THIS CERTIFICATE TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE REALE OR TRANSFER OF SHARES IN THE ISSUER GENERALLY. THE HOLDER OF THE SHARES REPRESENTED BY THIS CERTIFICATE SHALL BE DEEMED BY THE ACCEPTANCE OF THE SHARES REPRESENTED BY THIS CERTIFICATE TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.”

And furthermore it understands that in order to convert any certificated Shares bearing the aforementioned legend into uncertificated form to be eligible to settle through CREST it will be required to certify to the Share registrar of the Company that it is offering, reselling, transferring, assigning or otherwise disposing of such Shares either (i) outside of the United States in an offshore transaction (within the definition of Rule 904 of Regulation S) either (a) executed in, on or through the facilities of the London Stock Exchange where neither it nor any person acting on its behalf knows by pre-arrangement or otherwise that the buyer is in the United States or a US Person, or (b) to a person who it or any person acting on its behalf know to be outside the United States and a non-US person, or (ii) to the Company or a subsidiary thereof;

22. the Company and its respective affiliates are irrevocably authorised to produce this US Investor Representation Letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby; and
23. no agency of the United States or any state thereof has made any finding or determination as to the fairness of the terms of, or any recommendation or endorsement in respect of, the Shares.

The Investor acknowledges that each of the Company and its affiliates and others will rely on the acknowledgments, representations and warranties contained in this US Investor Representation Letter as a basis for exemption of the sale of the Shares under the US Securities Act, the US Investment Company Act, under the securities laws of all applicable states, for compliance with ERISA and for other purposes.

The party signing this US Investor Representation Letter agrees to notify promptly to the Company if any of the acknowledgments, representations or warranties set forth herein are no longer accurate.

This US Investor Representation Letter shall be governed by and construed in accordance with the laws of the State of New York.

Where there are joint applicants, each must sign this US Investor Representation Letter. Applications from a corporation must be signed by an authorised officer or be completed otherwise in accordance with such corporation's constitution (evidence of such authority may be required).

Very truly yours,

**NAME OF PURCHASER:**

By:.....

Name:

Title:

Address:

Date:

## PART XV: DEFINITIONS

The following definitions apply in this Prospectus unless the context otherwise requires:

<b>“2010 PD Amending Directive”</b>	Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market
<b>“2017 Annual Report and Accounts”</b>	the Company’s audited financial statements for the period from 20 October 2016 (the date of the Company’s incorporation) to 31 December 2017 filed with the FCA on 25 April 2018
<b>“2018 Annual Report and Accounts”</b>	the Company’s audited financial statements for the financial year ended 31 December 2018 filed with the FCA on 2 April 2019
<b>“2019 AGM”</b>	the annual general meeting of the Company which took place on 21 June 2019
<b>“2020 AGM”</b>	the annual general meeting of the Company expected to take place in June 2020
<b>“2022 ZDP Accrued Capital Entitlement”</b>	the accrued capital entitlement of a 2022 ZDP Share on any particular date which shall be calculated on a straight line basis using the placing price of the first placing of 2022 ZDP Shares in November 2018 (which was 100 pence per 2022 ZDP Share) and the 2022 ZDP Final Capital Entitlement
<b>“2022 ZDP Final Capital Entitlement”</b>	132.25 pence per 2022 ZDP Share
<b>“2022 ZDP Repayment Date”</b>	30 November 2022
<b>“2022 ZDP Shares”</b>	the zero dividend preference Shares of the Company in issue due for redemption on 30 November 2022
<b>“ABS Investments”</b>	has the meaning given to it in paragraph 4.1(a) of Part I: “ <i>The Company</i> ” of this Prospectus
<b>“Administration Agreement”</b>	the administration agreement between the Company and the Administrator dated 1 May 2019, a summary of which is set out in Part XII: “ <i>Additional Information</i> ” of this Prospectus
<b>“Administrator”</b>	BNPP and/or such other person or persons from time to time appointed by the Company
<b>“Admission”</b>	Admission of any Shares issued pursuant to the Placing Programme
<b>“Accredited Investors” or “AIs”</b>	has the meaning given in the US Securities Act
<b>“AIC”</b>	the Association of Investment Companies
<b>“AIC Code”</b>	the AIC Code of Corporate Governance
<b>“AIC Guide”</b>	the AIC Corporate Governance Guide for Investment Companies, as amended from time to time
<b>“AIF”</b>	an alternative investment fund, as defined in the AIFM Directive
<b>“AIFM”</b>	an alternative investment fund manager, as defined in the AIFM Directive
<b>“AIFM Directive” or “AIFMD”</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directive 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010



“ANB”	Access National Bank
“Armadillo I”	Armadillo Financial Fund LP
“Armadillo II”	Armadillo Financial Fund II LP
“Armadillo Portfolio”	a portfolio of high-yielding loans to US law firms engaged in mass tort litigation by way of its holding of limited partner interests in Armadillo I and Armadillo II
“Articles”	the articles of association of the Company as at the date of this Prospectus
“Audit Committee”	the audit committee of the Company, as more fully described in the section entitled “ <i>Audit Committee</i> ” in Part IV: “ <i>Directors, the Manager and Administration</i> ” of this Prospectus
“Auditor”	KPMG LLP, or such other person or persons from time to time appointed by the Company
“Benefit Plan Investor”	(i) an “employee benefit plan” within the meaning of Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” within the meaning of Section 4975(e) of the US Tax Code, including an individual retirement account or other arrangement, that is subject to Section 4975 of the US Tax Code, including an individual retirement account or other arrangement, that is subject to Section 4975 of the US Tax Code; or (iii) a person or entity whose underlying assets are considered to include “plan assets” for the purposes of Title I of ERISA or Section 4975 of the US Tax Code by reason of an investment by an employee benefit plan or “plan” described in the preceding clause (i) or (ii) in such a person or entity pursuant to the US Plan Assets Regulations or otherwise
“BNPP”	BNP Paribas Securities Services S.C.A.
“Board” or “Board of Directors”	the board of directors of the Company
“Bridge Loan”	an interest in a bridge loan to an affiliate of a publicly listed insurer
“Business Day”	a day on which the London Stock Exchange and banks in Jersey and the United Kingdom are normally open for business
“Capital Solutions”	has the meaning given to it in paragraph 4.1(a) of Part I: “ <i>The Company</i> ” of this Prospectus
“Cash Equivalent Amount”	the amount of the Incentive Fee payable shall be calculated by the Manager and notified to the Company as a cash figure
“CCAR”	the Federal Reserve’s Comprehensive Capital Analysis and Review
“CFTC”	Commodity Futures Trading Commission
“C Shareholder”	the holder or one or more C Shares
“C Shares”	the non-redeemable “C” Shares of no par value in the capital of the Company which, for the avoidance of doubt includes all classes of C Shares (denominated in such currency) as the Directors may determine (and for the purposes of this Prospectus the C Shares shall be denominated in Sterling) having the rights and subject to the restrictions set out in the Articles and which will convert into Ordinary Shares as set out in the Articles
“CDO”	collateralised debt obligation
“CDO Manager”	EJF CDO Manager LLC, a Delaware limited liability company

<b>“CDO Manager LLC Agreement”</b>	the third amended and restated limited liability company agreement of the CDO Manager dated 30 March 2017 between the Manager as member and managing member and the Company as member
<b>“certificated” or “certificated form”</b>	not in uncertificated form
<b>“CFC”</b>	has the meaning given to it in paragraph 3.3(d) of Part X: “ <i>Taxation</i> ” of this Prospectus
<b>“CGMI”</b>	Citigroup Global Markets Inc.
<b>“Chair”</b>	Joanna Dentskevich, chair of the Board
<b>“CIF Law”</b>	the Collective Investment Funds (Jersey) Law 1988
<b>“Citi Entities”</b>	Citigroup Global Markets Inc., Citigroup Global Markets Limited, Citibank, N.A., and Citicorp Securities Services Inc.
<b>“Class of ZDP Shareholders”</b>	in respect of each Class of ZDP Shares, the ZDP Shareholders of such ZDP Shares
<b>“Class of ZDP Shares”</b>	each issue of ZDP Shares by the Company pursuant to the Articles with different ZDP Repayment Dates and ZDP Gross Redemption Yields, in each case with each ZDP Share with the same ZDP Repayment Date being in the same class
<b>“Companies Law”</b>	the Companies (Jersey) Law 1991, as amended, extended or replaced and any ordinance, statutory instrument or regulation made thereunder
<b>“Company”</b>	EJF Investments Ltd, a closed-ended investment company incorporated with limited liability in the Bailiwick of Jersey under the Companies Law on 20 October 2016 with registered number 122353
<b>“Company Events of Default”</b>	(x) effective upon 60 days’ prior written notice of termination, defaults in the performance or observance of any material term, condition or covenant contained in the Management Agreement without remedying such default; or  (y) becomes regulated as an “investment company” under the US Investment Company Act, with such termination deemed to have occurred immediately prior to such event
<b>“Concert Party”</b>	has the meaning given to it in paragraph 18.3 of Part XII: “ <i>Additional Information</i> ” of this Prospectus
<b>“Conflicted Director”</b>	a Director is conflicted where a situation occurs or is anticipated to occur which gives rise or may give rise to a conflict of interest on the part of any Director
<b>“Continuance Resolution”</b>	the resolution required on each fifth anniversary of the Shares being admitted to trading on a stock exchange. The Directors shall procure that an extraordinary general meeting of the Company be convened at which an ordinary resolution will be proposed that the business of the Company be continued
<b>“Controlling Person”</b>	a person or entity (other than a Benefit Plan Investor) that has discretionary authority or control over the assets of the Company or provides investment advice for a fee (direct or indirect) with respect to such assets or an “affiliate” (other than the Benefit Plan Investor) within the meaning of paragraph (f)(3) of the US Plan Assets Regulations of such a person or entity
<b>“Corresponding Debentures”</b>	has the meaning given in paragraph 3.3(e) in the section entitled “ <i>Risk Factors</i> ” of this Prospectus

<b>“Cover”</b>	<p>in respect of each Class of ZDP Shares, a fraction calculated as at the applicable ZDP Calculation Date, where:</p> <ul style="list-style-type: none"> <li>(a) the denominator is equal to the sum of: <ul style="list-style-type: none"> <li>(i) the aggregate applicable ZDP Final Capital Entitlement in respect of such Class of ZDP Shares;</li> <li>(ii) the aggregate applicable ZDP Final Capital Entitlement in respect of all other ZDP Shares ranking in priority to or <i>pari passu</i> with such Class of ZDP Shares; and</li> <li>(iii) the aggregate amount of other borrowings; and</li> </ul> </li> <li>(b) the numerator is equal to the Net Asset Value, adjusted to: <ul style="list-style-type: none"> <li>(i) add back any liability which has accrued in relation to the ZDP Final Capital Entitlement in respect of such Classes of ZDP Shares referred to in (a) above;</li> <li>(ii) add back the aggregate amount of other borrowings; and</li> <li>(iii) make such other adjustments as may be required to give effect to the relevant proposed action described in paragraphs 7.12(c)(iii), (c)(v), (c)(vi)(A), (c)(viii), (c)(ix) and (c)(x) (as applicable) of Part XII: “<i>Additional Information</i>” in this Prospectus as if such action had occurred.</li> </ul> </li> </ul> <p>In calculating the Cover, the Directors shall:</p> <ul style="list-style-type: none"> <li>(a) use the most recent monthly Net Asset Value published by the Company by way of a Regulatory News Service announcement;</li> <li>(b) where applicable, aggregate the applicable ZDP Final Capital Entitlements of the ZDP Shares already in issue at that time and the capital entitlements of the new ZDP Shares or securities or rights to be issued as aforesaid; and</li> <li>(c) make such other adjustments as the Directors consider appropriate</li> </ul>
<b>“Cover Test”</b>	<p>in respect of each Class of ZDP Shares, if the proposed actions described in paragraphs 7.12(c)(iii), (c)(v), (c)(vi)(A), (c)(viii), (c)(ix) and (c)(x) (as applicable) of Part XII: “<i>Additional Information</i>” in this Prospectus were to take place in full on the applicable ZDP Calculation Date, whether the Cover would be not less than the applicable Minimum Cover Amount</p>
<b>“CREST”</b>	<p>the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations</p>
<b>“CRS”</b>	<p>OECD global standard for the automatic exchange of financial information between tax authorities</p>
<b>“Custodian”</b>	<p>has the meaning given to it in paragraph 11.5 of Part XII: “<i>Additional Information</i>” of this Prospectus</p>
<b>“Custody Agreement”</b>	<p>has the meaning given to it in paragraph 11.5 of Part XII: “<i>Additional Information</i>” of this Prospectus</p>
<b>“Data Protection Legislation”</b>	<p>(i) the Jersey Data Protection Legislation, (ii) EU Regulation 2016/679 (“<b>GDPR</b>”) and (iii) the UK Data Protection Act 2018 together with legislation equivalent or similar to the GDPR</p>

	implemented in the United Kingdom following the United Kingdom's withdrawal from the European Union.
<b>"DFAST"</b>	the Dodd-Frank Act Stress Testing
<b>"Directors"</b>	the directors of the Company
<b>"Disclosure Guidance and Transparency Rules"</b>	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA
<b>"Discounted CDO Securities Portfolio"</b>	a portfolio of legacy REIT TruPS CDO's issued prior to the financial crisis that were purchased at distressed levels
<b>"Dividends Cover Test"</b>	in respect of each Class of ZDP Shares, if the proposed actions described in paragraph 7.12(c)(viii) of Part XII: <i>"Additional Information"</i> in this Prospectus were to take place in full on the applicable ZDP Calculation Date, whether the Cover would be not less than the applicable Dividends Minimum Cover Amount
<b>"Dividends Minimum Cover Amount"</b>	in respect of each Class of ZDP Shares, an amount calculated with reference to a multiple of the Cover whereby the Directors may only pay dividends provided that such amount in respect of each Class of ZDP Shares in issue is met, save where each relevant Class of ZDP Shareholders have approved such payment
<b>"Dodd-Frank"</b>	the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
<b>"Early Termination Date"</b>	a date during the Termination Notice Period that must be (a) the last day of a calendar month and (b) no earlier than the date that is six months after the date of the Termination Notice, on which the Manager shall cease to provide the Non-Retained Services
<b>"ECI"</b>	has the meaning given to it in paragraph 4.1(a) of Part X: <i>"Taxation"</i> of this Prospectus
<b>"EEA"</b>	the European Economic Area being the countries included as such in the Agreement on European Economic Area, dated 1 January 1994, among Iceland, Liechtenstein, Norway, the European Community and the EU Member States, as may be modified, supplemented or replaced
<b>"EJF"</b>	EJF Capital LLC
<b>"EJFIF"</b>	EJF Investments Funding Limited
<b>"EJFIH"</b>	EJF Investments Holdings Limited
<b>"EJF Affiliates"</b>	affiliates of EJF
<b>"EJF Managed Accounts"</b>	has the meaning given to it in paragraph 4 of <i>"Risk Factors"</i> in this Prospectus
<b>"EJF Related Security"</b>	has the meaning given to it in paragraph 4.8 of <i>"Risk Factors"</i> in this Prospectus
<b>"EJF Risk Retention Securities"</b>	has the meaning given to it in paragraph 4.1(a) of Part I: <i>"The Company"</i> of this Prospectus
<b>"EJF Securitisations"</b>	EJF or EJF Affiliate-sponsored securitisations
<b>"EJF Securitisation Equity"</b>	has the meaning given to it in paragraph 4.3 of <i>"Risk Factors"</i> in this Prospectus
<b>"Eligible Unitholder"</b>	a holder of Partnership Units that was eligible to participate in the Exchange Offer
<b>"EMIR"</b>	Regulation (EU) No. 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012

“Entitled Qualified Purchaser”	persons who are both Qualified Purchasers and Accredited Investors
“Equity Tranches”	has the meaning given to it in paragraph 3.3 of “Risk Factors” in this Prospectus
“ERISA”	the US Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
“EU”	the European Union
“EU Member State”	a member country of the EU
“EU Savings Tax Directive”	Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments
“Euroclear”	Euroclear UK & Ireland Limited
“European Commission”	The Commission of the EU
“European Free Trade Association” or “EFTA”	The European Free Trade Association
“EU Securitisation Regulations”	together, Regulation (EU) 2017/2402 and the associated Regulation (EU) 2017/2401
“FATCA”	the United States Foreign Account Tax Compliance Act 2010
“FATCA Withholding”	has the meaning given to it in paragraph 2.5 of Part X: “Taxation”
“FBR”	Friedman, Billings, Ramsey Group, Inc.
“Federal Reserve”	the Federal Reserve System
“FIEA”	Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (as amended)
“Financial Conduct Authority” or “FCA”	the UK Financial Conduct Authority and any successor regulatory authority
“FINRA”	the Financial Industry Regulatory Authority, Inc.
“First Restructuring”	has the meaning given to it in paragraph 5.1 of Part XII: “Additional Information” of this Prospectus
“FSMA”	the Financial Services and Markets Act 2000, as amended
“GBP”, “Pounds Sterling”, “Sterling”, “£” and “p”	respectively, pounds and pence sterling, the lawful currency of the United Kingdom
“GDPR”	EU General Data Protection Regulation (Regulation (EU) 2016/679)
“General Partner”	EJF Investments GP Inc.
“GFSC”	Guernsey Financial Services Commission
“GILTI”	global intangible low-taxed income
“Group”	the Company, EJFIH, EJFIF and a 49 per cent. non-controlling interest in the CDO Manager, but excluding, for the avoidance of doubt, the Partnership
“GST”	a Jersey goods and services tax applied at a standard rate of five per cent. pursuant to the Goods and Services Tax (Jersey) Law 2007 and any applicable orders or regulations made thereunder
“HMRC”	Her Majesty’s Revenue and Customs

<b>“ICAA”</b>	the Institutional Client Account Agreement entered into on 22 April 2015 by the Citi Entities and EJV
<b>“IFRS”</b>	the International Financial Reporting Standards as adopted by the EU
<b>“Incentive Fee”</b>	the incentive fee to which the Manager is entitled as described in the section entitled <i>“Fees and Expenses”</i> in Part IV: <i>“Directors, the Manager and Administration”</i> of this Prospectus
<b>“Incentive Fee Period”</b>	each twelve month period starting on 1 January and ending on 31 December in each calendar year
<b>“Incentive Shares”</b>	the Ordinary Shares used to pay the Incentive Fee
<b>“International Tax Compliance Legislation”</b>	the Taxation (Implementation) (Jersey) Law 2004 and any subordinate legislation, regulations or orders including but not limited to, the Taxation (Exchange of Information with Third Countries) (Jersey) Regulations 2008, the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015, the Taxation (Implementation) (International Tax Compliance) (United Kingdom) (Jersey) Regulations 2014, the Taxation (Implementation)(International Tax Compliance) (United States of America) (Jersey) Regulations 2014, or any other applicable international tax compliance legislation
<b>“Investment Committee”</b>	a committee of the Manager which makes investment decisions on the management of the Portfolio
<b>“Investment Limits and Restrictions”</b>	has the meaning given to it in paragraph 4.2 of Part I: <i>“The Company”</i> of this Prospectus
<b>“Investment Objective”</b>	has the meaning given to it in paragraph 3 of Part I: <i>“The Company”</i> of this Prospectus
<b>“Investment Policy”</b>	has the meaning given to it in paragraph 4 of Part I: <i>“The Company”</i> of this Prospectus
<b>“IRR”</b>	internal rate of return
<b>“IRS”</b>	United States Internal Revenue Service
<b>“ISA”</b>	an individual savings account
<b>“ISDA Master Agreement”</b>	ISDA 2002 master agreement entered into between Citibank N.A. and affiliate funds of EJV originally dated 17 January 2014, as amended on 3 March 2017 and 31 October 2017
<b>“ISIN”</b>	International Securities Identification Number
<b>“Jersey AML Requirements”</b>	the Proceeds of Crime (Jersey) Law 1999, the Drug Trafficking Offences (Jersey) Law 1988, the Terrorism (Jersey) Law 2002 and any applicable orders or regulations from time to time relating to the prevention of use of the financial system for the purpose of money laundering and the financing of terrorism, including, but not limited to the Money Laundering (Jersey) Order 2008
<b>“Jersey CRS Legislation”</b>	Jersey legislation which implements the CRS in Jersey came into effect on January 1, 2016
<b>“Jersey Data Protection Legislation”</b>	Data Protection (Jersey) Law 2018 and the Data Protection Authority (Jersey) Law 2018 and any applicable secondary legislation
<b>“Jersey IGA Legislation”</b>	has the meaning given to it in paragraph 2.5 of Part X: <i>“Taxation”</i>

<b>“JFSC”</b>	Jersey Financial Services Commission
<b>“JFSC Codes”</b>	the Code of Practice for Certified Funds, Jersey Listed Fund Guide and any applicable policy statements or guidance published by the JFSC
<b>“July 2017 Placing”</b>	has the meaning given to it in paragraph 3.7 of Part XII: <i>“Additional Information”</i> of this Prospectus
<b>“KPMG”</b>	KPMG LLP
<b>“LIBOR”</b>	London interbank offered rate, a benchmark interest rate
<b>“Licensees”</b>	those holding a licence from the GFSC under any of the following laws: the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, as amended, the Insurance Business (Bailiwick of Guernsey) Law, 2002, as amended, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, as amended or the Regulation of Fiduciaries, Administration Businesses and Company Directors etc. (Bailiwick of Guernsey) Law, 2000, as amended
<b>“Listing Rules”</b>	the listing rules made by the FCA under Part VI of the FSMA
<b>“London Stock Exchange” or “LSE”</b>	London Stock Exchange plc
<b>“Management Engagement Committee”</b>	the management engagement committee of the Company, as more fully described in the section entitled “Management Engagement Committee” in Part IV: <i>“Directors, the Manager and Administration”</i> of this Prospectus
<b>“Management Agreement”</b>	the amended and restated management agreement dated 27 February 2019 between the Company, the Partnership, the General Partner, the Manager and EJF (as may be amended and/or restated from time to time), a summary of which is set out in Part XII: <i>“Additional Information on the Company”</i> of this Prospectus
<b>“Management Fee”</b>	the management fee to which the Manager is entitled as described in the section entitled <i>“Fees and Expenses”</i> in Part IV: <i>“Directors, the Manager and Administration”</i> of this Prospectus
<b>“Manager”</b>	EJF Investments Manager LLC
<b>“Manager Lock-up Deed”</b>	has the meaning given to it in paragraph 11.6 of Part XII: <i>“Additional Information”</i> of this Prospectus
<b>“March 2018 Placing”</b>	has the meaning given to it in paragraph 3.8 of Part XII: <i>“Additional Information”</i> of this Prospectus
<b>“Market Abuse Regulation”</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
<b>“May 2018 Placing”</b>	has the meaning given to it in paragraph 3.9 of Part XII: <i>“Additional Information”</i> of this Prospectus
<b>“Memorandum”</b>	the memorandum of association of the Company
<b>“MiFID II”</b>	Markets in Financial Instruments Directive (Directive 2014/65/EC)
<b>“MiFID II Product Governance Requirements”</b>	has the meaning given in <i>“Important Notices”</i>
<b>“MiFIR”</b>	Markets in Financial Instruments Regulation (Regulation—600/2014/EU)

<b>“Minimum Cover Amount”</b>	in respect of each Class of ZDP Shares, an amount calculated with reference to a multiple of the Cover whereby the Directors may only incur borrowings for long-term investment purposes (including any issue of New ZDP Shares or any other ZDP Shares from time to time) provided that such amount (calculated at the time of drawdown) in respect of each Class of ZDP Shares in issue is exceeded
<b>“Money Laundering Directive”</b>	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
<b>“Money Laundering Regulations”</b>	regulations in the United Kingdom relating to money laundering and terrorist financing, including the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
<b>“Net Asset Value”</b> or <b>“NAV”</b>	the net asset value of the Company calculated in accordance with the section entitled <i>“Calculation of Net Asset Value”</i> in Part I: <i>“The Company”</i> of this Prospectus
<b>“NAV per C Share”</b>	the Net Asset Value attributable to the C Shares divided by the number of C Shares in issue at the relevant time (other than C Shares held in treasury)
<b>“NAV per Ordinary Share”</b>	the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue at the relevant time (other than Ordinary Shares held in treasury)
<b>“NAV per New ZDP Share”</b>	the value of the New ZDP Accrued Capital Entitlement
<b>“NAV per 2022 ZDP Share”</b>	the value of the 2022 ZDP Accrued Capital Entitlement
<b>“New ZDP Accrued Capital Entitlement”</b>	the accrued capital entitlement of a New ZDP Share on any particular date which shall be calculated on a straight line basis using the Placing Price of the first Placing of New ZDP Shares under the Placing Programme (which will be 100 pence per New ZDP Share) and the New ZDP Final Capital Entitlement
<b>“New ZDP Final Capital Entitlement”</b>	the ZDP Final Capital Entitlement of the New ZDP Shares, which will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme and notified to investors via an RIS announcement
<b>“New ZDP Gross Redemption Yield”</b>	the ZDP Gross Redemption Yield of the New ZDP Shares, which will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme and notified to investors via an RIS announcement
<b>“New ZDP Repayment Date”</b>	the ZDP Repayment Date of the New ZDP Shares, which will be determined by the Directors (in consultation with Numis) prior to the first Placing of New ZDP Shares pursuant to the Placing Programme and notified to investors via an RIS announcement, but which is expected to be five years from the date of the first Placing of New ZDP Shares pursuant to the Placing Programme
<b>“New ZDP Shares”</b>	the zero dividend preference Shares to be issued by the Company pursuant to this Prospectus
<b>“New ZDP Shareholders”</b>	the holder of one or more New ZDP Shares



<b>“NMPI”</b>	Non-Mainstream Pooled Investment, as described in paragraph 14 of Part I: <i>“The Company”</i> of this Prospectus
<b>“NMPI Regulations”</b>	the Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013
<b>“Non-Conflicted Directors”</b>	Directors other than a Conflicted Director
<b>“Non-Qualified Holder”</b>	any person whose ownership of Shares (i) may result in the US Plan Threshold being exceeded causing the Company’s assets to be deemed “plan assets” for the purpose of ERISA or the US Tax Code; (ii) may cause the Company to be required to register as an “investment company” under the US Investment Company Act (including because the holder of the Shares is not a “qualified purchaser” as defined in the US Investment Company Act) or to lose an exemption or a status thereunder to which it might be entitled; (iii) may cause the Company to have to register under the US Exchange Act or any similar legislation; (iv) may cause the Company not to be considered a “Foreign Private Issuer” as such term is defined in rule 3b-4© under the US Exchange Act; (v) may result in a person holding Shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time; and (vi) may cause the Company to be a “controlled foreign corporation” for the purposes of the US Tax Code
<b>“Non-Retained Services”</b>	services provided by the Manager other than Retained Services
<b>“November 2017 ZDP Placing”</b>	has the meaning given to it in paragraph 3.8 of Part XII: <i>“Additional Information”</i> of this Prospectus
<b>“Numis”</b>	Numis Securities Limited
<b>“Official List”</b>	the list maintained by the FCA pursuant to Part VI of the FSMA
<b>“Ordinary Shareholders”</b>	the holder or one or more Ordinary Shares
<b>“Ordinary Shares”</b>	the non-redeemable ordinary shares of no par value in the share capital of the Company which, for the avoidance of doubt, includes all classes of Ordinary Shares (denominated in such currency) as the Directors may determine in accordance with the Articles (and for the purposes of this Prospectus, the Ordinary Shares shall be denominated in Pounds Sterling) having the rights and subject to the restrictions set out in the Articles and does not include the C Shares
<b>“Original Admission”</b>	the admission to trading on the Specialist Funds Segment of the Main Market of the London Stock Exchange of the Ordinary Shares on 7 April 2017
<b>“Other EJV Accounts”</b>	has the meaning given to it in paragraph 4 of <i>“Risk Factors”</i> in this Prospectus
<b>“Other Notes”</b>	has the meaning given to it in paragraph 4.3 of <i>“Risk Factors”</i> in this Prospectus
<b>“Other Plan Law”</b>	a US federal, state, local, non-US or other law or regulation that contains one or more provisions that are substantially similar to the fiduciary responsibility and prohibited transaction provisions of Title I of ERISA or Section 4975 of the US Tax Code
<b>“OTC”</b>	privately negotiated derivative contracts
<b>“Panel”</b>	the Takeover Panel
<b>“Partnership”</b>	EJV Investments LP (a Delaware limited partnership formed under the laws of the state of Delaware)

<b>“Partnership Agreement”</b>	the second amended and restated agreement of limited partnership of the Partnership dated 30 March 2017 between the General Partner and the limited partners thereto
<b>“Partnership Unit”</b>	a partnership unit in the Partnership
<b>“Permitted EEA Jurisdictions”</b>	EEA jurisdictions in which the Manager is permitted to market Shares to investors
<b>“Placee”</b>	a person subscribing for Shares under any Placing
<b>“Placing”</b>	the Placing of Shares pursuant to the Placing Programme
<b>“Placing Agreement”</b>	the agreement entered into on 24 June 2019, between the Company, each of the Directors, the Manager, EJV and Numis, a summary of which is set out in paragraph 11.1 of Part XII <i>“Additional Information”</i> of this Prospectus
<b>“Placing Commitment”</b>	has the meaning given to it in paragraph 4.1 of Part XIII: <i>“Terms and Conditions of each Placing”</i> of this Prospectus
<b>“Placing Confirmation”</b>	has the meaning given to it in paragraph 4.1 of Part XIII: <i>“Terms and Conditions of each Placing”</i> of this Prospectus
<b>“Placing Document”</b>	has the meaning given to it in paragraph 4.1 of Part XIII: <i>“Terms and Conditions of each Placing”</i> of this Prospectus
<b>“Placing Price”</b>	the applicable price at which new Shares are issued pursuant to any Placing
<b>“Placing Programme”</b>	the conditional placing programme of Placings of Shares, as described in Part VIII: <i>“Details of the Placing Programme”</i> of this Prospectus
<b>“PFIC”</b>	passive foreign investment company
<b>“POI Law”</b>	the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
<b>“Portfolio”</b>	the Group’s portfolio of investments from time to time
<b>“PRIIPS Regulation”</b>	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts
<b>“PROD Sourcebook”</b>	the FCA’s Product Intervention and Governance Sourcebook
<b>“Prohibited Shares”</b>	Shares which are so held or beneficially owned create a significant risk of the Company being in breach, or at risk of being in breach, of its obligations under anti-money laundering legislation, the CIF Law, the JFSC Codes or International Tax Compliance Legislation
<b>“Prospectus”</b>	this prospectus
<b>“Prospectus Directive”</b>	Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading
<b>“Prospectus Rules”</b>	the prospectus rules made by the FCA under Part VI of the FSMA
<b>“PTP”</b>	a company whose interests are: (i) traded on an established securities market; or (ii) readily tradable on a secondary market or the substantial equivalent thereof
<b>“QEF”</b>	Qualified Electing Fund
<b>“Qualified Purchasers” or “QPs”</b>	has the meaning given in the US Investment Company Act

<b>“qualifying income exception”</b>	a company whose income was made up of 90 per cent. or more of “qualifying income” for the relevant taxable year and for each of its prior taxable years during which it was a PTP
<b>“Reference Entity”</b>	has the meaning given to it in paragraph 3.1(f) of “ <i>Risk Factors</i> ” in this Prospectus
<b>“Register”</b>	the register of Shareholders
<b>“Registrar”</b>	Computershare Investor Services (Jersey) Limited
<b>“Regulation D”</b>	Regulation D promulgated under the US Securities Act
<b>“Regulation S”</b>	Regulation S promulgated under the US Securities Act
<b>“Regulatory Relief Bill”</b>	as defined in paragraph 3.1(d) in the section entitled Part II: “ <i>The Market Opportunity</i> ” of this Prospectus
<b>“Related Accounts”</b>	has the meaning given to it in paragraph 4.8 of “ <i>Risk Factors</i> ” in this Prospectus
<b>“Relevant Clients”</b>	has the meaning given to it in paragraph 4.1 of “ <i>Risk Factors</i> ” in this Prospectus
<b>“Relevant Member State”</b>	each member state of the European Economic Area which has implemented the Prospectus Directive
<b>“Repurchase Agreement”</b>	has the meaning given to it in paragraph 11.8 in the section entitled “ <i>Material Contracts</i> ” of Part XII: “ <i>Additional Information</i> ”
<b>“Requesting Investors”</b>	those who have specifically solicited this Prospectus, where such approach was not itself specifically solicited by Numis
<b>“Retained Services”</b>	services include, but are not limited to, investing, reinvesting and/or selling (in whole or in part) the interests held by any Risk Retention Securities Holding Entity in any EJV Risk Retention Securities solely for the purposes of complying with the Securitisation and Risk Retention Regulations
<b>“Retention Interest”</b>	has the meaning given in paragraph 3.2(c) in the section entitled “ <i>Risk Factors</i> ” of this Prospectus
<b>“Revolving Credit Facility”</b>	has the meaning given to it in paragraph 11.7 of Part XII: “ <i>Additional Information</i> ” of this Prospectus
<b>“Revolving Credit Committed Amount”</b>	has the meaning given to it in paragraph 11.7 of Part XII: “ <i>Additional Information</i> ” of this Prospectus
<b>“Revolving Credit Note”</b>	has the meaning given to it in paragraph 11.7 of Part XII: “ <i>Additional Information</i> ” of this Prospectus
<b>“RIS” or “Regulatory Information Service”</b>	a regulatory information service, being any of the regulatory information services set out in Appendix 2 of the Listing Rules
<b>“Risk Retention”</b>	has the meaning given to it in Part II: “ <i>The Market Opportunity</i> ” of this Prospectus
<b>“Risk Retention Obligations”</b>	has the meaning given to it in paragraph 3.2(d) of Part I: “ <i>The Company</i> ” of this Prospectus
<b>“Risk Retention Investments”</b>	has the meaning given to it in paragraph 4.1(a) of Part I: “ <i>The Company</i> ” of this Prospectus
<b>“Risk Retention and Related Investments”</b>	has the meaning given to it in paragraph 4.1(a) of Part I: “ <i>The Company</i> ” of this Prospectus
<b>“Risk Retention Securities Holding Entity”</b>	subsidiaries which own EJV Risk Retention Securities
<b>“Rule 9”</b>	Rule 9 of the Takeover Code

“SBHC”	Small Bank Holding Company
“SDRT”	UK Stamp Duty Reserve Tax
“Securitisation Investments”	has the meaning given to it in paragraph 4.1 (a) of Part I: “ <i>The Company</i> ” of this Prospectus
“Securitisation and Related Investments”	has the meaning given to it in paragraph 4.1(a) of Part I: “The Company” of this Prospectus
“Securitisation and Risk Retention Regulations”	together, the EU Securitisation Regulations and US Risk Retention Regulations
“Securitisation Retention Equity”	has the meaning given to it in paragraph 3.2(d) of “ <i>Risk Factors</i> ” in this Prospectus
“Securitisation Retention Securities”	has the meaning given to it in paragraph 3.2(d) of “ <i>Risk Factors</i> ” in this Prospectus
“SEDOL”	the Stock Exchange Daily Official List
“Shares”	Ordinary Shares and/or C Shares and/or 2022 ZDP Shares and/or New ZDP Shares, as the context may require
“Shareholders”	subject to paragraph 7.11(b) of Part XII: “ <i>Additional Information</i> ” of this Prospectus, means any Ordinary Shareholders, any C Shareholders and any ZDP Shareholders.
“Shareholding”	a holding of Shares
“Similar Law”	a US federal, state, local, non-US or other law or regulation that would have the same effect as the US Plan Assets Regulations so as to cause the underlying assets of the Company to be treated as assets of an investing entity by virtue of its investment (or any beneficial interest) in the Company and thereby subject the Company or the originator (or other persons responsible for the investment and operation of the Company assets) to any Other Plan Law
“SLPs”	the UK SLP and the US SLP
“Specialty Finance” or “Specialty Finance Investments”	has the meaning given to it in paragraph 4.1 of Part I: “ <i>The Company</i> ” of this Prospectus
“Specialist Fund Segment”	the Specialist Fund Segment of the Main Market of the London Stock Exchange
“Statutes”	the Companies Law and every other statute, statutory instrument, regulation or order for the time being in force concerning companies registered under the provisions of the Companies Law
“Subscriber Shares”	two Ordinary Shares of no par value, issued to Carey Olsen Nominees Jersey Limited on incorporation of the Company
“Takeover Code”	the City Code on Takeovers and Mergers, as amended from time to time
“Target Dividend”	has the meaning given in Part I of this Prospectus
“Target Investment”	has the meaning given to it in Part I: “ <i>The Company</i> ” of this Prospectus
“Target Return”	eight to ten per cent. per annum
“Termination Date”	the date the Manager shall cease to provide services (except the Retained Services) under the Management Agreement
“Termination Event”	the effectiveness of the termination of the provision of Non-Retained Services by the Manager

“Termination Notice”	written notice from either the Company to the Manager or the Manager to the Company electing to terminate the provision of the Non-Retained Services
“Termination Notice Period”	a Termination Notice must be delivered not less than 12 months prior to the intended Termination Date
“TFINS 2017-1”	TruPS Financials Note Securitisation 2017-1 Ltd.
“TFINS 2017-2”	TruPS Financials Note Securitisation 2017-2 Ltd.
“TFINS 2018-1”	TruPS Financials Note Securitisation 2018-1 Ltd.
“TFINS 2018-2”	TruPS Financials Note Securitisation 2018-2 Ltd.
“TFINS 2019-1”	TruPS Financials Note Securitisation 2019-1 Ltd.
“TPINS 2016-1”	Trust Preferred Insurance Note Securitisation 2016-1 Ltd.
“UBTI”	has the meaning given to it in paragraph 4.1(d) of Part X: “Taxation” of this Prospectus;
“UE Finance”	Urban Exposure Finance Ltd.
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code as published by the Financial Reporting Council
“UK SLP”	EJF Capital UK SLP LLP
“uncertificated” or “uncertificated form”	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US Dollar”, “US\$” or “USD”	the lawful currency of the United States
“US Exchange Act”	the US Securities Exchange Act of 1934, as amended
“US Investment Company Act”	the US Investment Company Act of 1940, as amended
“US Investor Representation Letter”	a letter in the form set forth in Part XIV: “US Investor Representation Letter” of this Prospectus.
“US-Jersey IGA”	United States and Jersey intergovernmental agreement
“US Person”	has the meaning given in Regulation S under the US Securities Act
“US Plan Assets Regulations”	the regulations promulgated by the US Department of Labor at 29 C.F.R 2510.3-101, as modified by Section 3(42) of ERISA
“US Risk Retention Regulations”	the joint final regulations implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act, codified by Section 15G of the US Exchange Act, as in effect at any time or as otherwise amended
“US Plan Threshold”	ownership by Benefit Plan Investors in the aggregate of twenty-five per cent. or more of the value of any class of equity in the Company (calculated by excluding the value of any equity interest held by Controlling Persons; the term shall be amended to reflect such new ownership threshold that may be established by a change in the US Plan Asset Regulations or other applicable law
“US SEC”	the US Securities and Exchange Commission
“US Securities Act”	the United States Securities Act of 1933, as amended

<b>“US SLP”</b>	EJF Investments Manager SLP LP
<b>“US Tax Code”</b>	the US Internal Revenue Code of 1986, as amended
<b>“Valuation Agent”</b>	a recognised third party valuation provider who calculates a net asset value price, or range of prices, based on inputs and models developed by the Manager
<b>“ZDP Calculation Date”</b>	any date on which a proposed corporate action as referred to in paragraphs 7.12(c)(iii), (c)(v), (c)(vi)(A), (c)(viii), (c)(ix) and (c)(x) (as applicable) of Part XII: <i>“Additional Information”</i>
<b>“ZDP Exempted Resolution”</b>	a ZDP Liquidation Resolution, a ZDP Recommended Resolution or a ZDP Reconstruction Resolution, in each case in the context of the relevant Class of ZDP Shares
<b>“ZDP Final Capital Entitlement”</b>	in respect of each ZDP Share in each Class of ZDP Shares, the applicable ZDP Placing Price increased at an annual rate equal to the applicable ZDP Gross Redemption Yield from and including the date of issue until (and including) the applicable ZDP Repayment Date
<b>“ZDP Gross Redemption Yield”</b>	in respect of each Class of ZDP Shares, the maximum annualised return that can be achieved, before taxation, from purchasing a ZDP Share at a specified ZDP Placing Price, and which will be a percentage amount determined by the Directors and notified to the prospective Class of ZDP Shareholders in writing on or before issuing the ZDP Shares of that Class for the first time
<b>“ZDP Liquidation Resolution”</b>	has the meaning given to it in paragraph 7.12(e)(i)(A) of Part XII: <i>“Additional Information”</i>
<b>“ZDP Payment Date”</b>	the date 14 days after the applicable ZDP Repayment Date
<b>“ZDP Recommended Resolution”</b>	has the meaning given to it in paragraph 7.12(e)(ii)(B) of Part XII: <i>“Additional Information”</i>
<b>“ZDP Reconstruction Resolution”</b>	has the meaning given to it in paragraph (iii) of Part XII: <i>“Additional Information”</i>
<b>“ZDP Repayment Date”</b>	in respect of each Class of ZDP Shares, the date on which such ZDP Shares will be redeemed in accordance with paragraph 7.12(d) of Part XII: <i>“Additional Information”</i> , with each Class of ZDP Shares having its own date for redemption
<b>“ZDP Shareholder”</b>	the holder of one or more ZDP Shares
<b>“ZDP Shares”</b>	the redeemable zero dividend preference Shares of no par value in the capital of the Company which, for the avoidance of doubt, includes all Classes of ZDP Shares (denominated in such currencies as the Directors may determine in accordance with the Articles) having the rights set out in the Articles

