

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**It contains proposals relating to the voluntary winding-up and the scheme of reconstruction of UK Mortgages Limited (the “Company” or “UKML”) on which UKML Shareholders are being asked to vote. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other appropriately qualified independent financial adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 (“FSMA”).**

If you have sold or otherwise transferred all of your ordinary shares in the Company (the “UKML Shares”), please forward the accompanying documents (but not any personalised Form of Proxy) as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. However, the prospectus (the “TFIF Prospectus”) relating to TwentyFour Income Fund Limited (“TFIF”) should not be forwarded to or transmitted in or into the United States or to any US Person, Australia, Canada, Japan, New Zealand, the Republic of South Africa or any member state of the EEA or into any other jurisdictions if to do so would constitute a violation of the relevant laws and regulations in such other jurisdictions or would require the Company to register or take any action in such other jurisdiction.

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## **UK Mortgages Limited**

*(a non-cellular company limited by shares incorporated in the Island of Guernsey under the Companies (Guernsey) Law, 2008, as amended, with registered number 60440 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)*

### **Recommended Proposals for a Scheme of Reconstruction consisting of Winding-Up of the Company and Issue of New Shares by TwentyFour Income Fund Limited**

and

### **Notice of Extraordinary General Meeting**

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Your attention is drawn to the letter from the Chairman of the Company set out in Part 1 of this Circular which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting (“EGM”) referred to below. This Circular should be read in conjunction with the accompanying TFIF Prospectus relating to TFIF which has been prepared in accordance with the Prospectus Regulation Rules, approved by the FCA in accordance with section 73A of FSMA, and made available to the public in accordance with the Prospectus Regulation Rules. In relation to TFIF, this Circular is not a prospectus and does not constitute an offer of any securities for sale or subscription. Investors should not subscribe for the TFIF Shares referred to in this Circular except on the basis of information provided in the TFIF Prospectus. A copy of the TFIF Prospectus is enclosed unless the recipient is an Overseas Shareholder.

The Proposals described in this Circular are conditional, among other things, on UKML Shareholder approval of the Resolutions at the EGM.

Notice of an Extraordinary General Meeting of the Company, to be held at 10.30 a.m. on Friday, 18 March 2022 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands GY1 3QL are set out at the end of this Circular. Subject to the prevailing restrictions on travel to the Bailiwick of Guernsey introduced by the States of Guernsey to address the Covid-19 pandemic at the relevant time, physical attendance at the EGM may not be possible. Accordingly, the Company urges UKML Shareholders to vote by proxy and to appoint the chairman of the meeting as their proxy. If a UKML Shareholder appoints someone else as their proxy, that proxy may not be able to attend the EGM in person nor cast the UKML Shareholder’s vote. The votes on the resolutions contained in the notice of the EGM will be held by poll, so that all proxy votes are counted.

UKML Shareholders are requested to complete and return the Form of Proxy accompanying this Circular for use at the EGM. To be valid, the Form of Proxy must be completed and returned in accordance with the instructions printed on it so as to be received by the Company’s Registrar as soon as possible and, in any event, not later than 10.30 a.m. on Wednesday, 16 March 2022.

For UKML Shareholders that hold their UKML Shares in uncertificated form (that is, in CREST), to appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Company’s agent (ID number RA10) no later than 10.30 a.m. on Wednesday, 16 March 2022. Please refer to the accompanying notes to the notice of the Extraordinary General Meeting at the end of this Circular.

**The definitions used in this Circular are set out on pages 32 to 36.**

**The whole of this Circular should be read. Your attention is drawn in particular to the risk factors set out in Part 4 of this Circular entitled “Risk Factors” which can be found on pages 23 to 25, and to paragraph 11 of Part 1 of this Circular entitled “Action to be taken” which can be found on page 11.**

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## EXPECTED TIMETABLE

	<b>2022</b>
Date and time from which it is advised that dealings in UKML Shares will be for cash settlement only and immediate delivery of documents of title	6.00 p.m. on 15 March
Latest time for receipt of Form of Proxy from UKML Shareholders for use at the Extraordinary General Meeting	10.30 a.m. on 16 March
Record date for entitlements under the Scheme	close of business on 17 March
UKML Shares disabled in CREST	close of business on 17 March
Calculation Date	close of business on 18 March
Trading in the UKML Shares suspended	7.30 a.m. on 18 March
Extraordinary General Meeting	10.30 a.m. on 18 March
Effective Date for implementing the Scheme	18 March
Publication date of the Acquisition Value per UKML Share and the TFIF Issue Price	23 March
Date of transfer of Rollover Pool to TFIF	24 March
Admission of the New TFIF Shares issued under the Scheme to the Official List and to trading on the London Stock Exchange, and dealings in the New TFIF Shares commence	8.00 a.m. on 24 March
CREST accounts credited with the New TFIF Shares issued under the Scheme	24 March
Share certificates in respect of the New TFIF Shares issued under the Scheme expected to be despatched	week commencing 28 March

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*Notes:*

*(1) References to times above and in this Circular generally are to London times unless otherwise specified.*

*(2) All times and dates in the expected timetable and in this Circular may be adjusted by the Company. Any material changes to the timetable will be notified via an RIS.*

**PART 1**

**LETTER FROM THE CHAIRMAN**

**UK Mortgages Limited**

*(a non-cellular company limited by shares incorporated in the Island of Guernsey under the Companies (Guernsey) Law, 2008, as amended, with registered number 60440 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)*

*Directors:*  
Chris Waldron (Chairman)  
Richard A. Burrows  
Helen Green  
Paul Le Page

*Registered Office:*  
PO Box 255  
Trafalgar Court  
Les Banques  
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3 March 2022

Dear UK Mortgages Limited Shareholder

**1. Introduction**

On 8 February 2022, UK Mortgages Limited (the “**Company**” or “**UKML**”) announced that it had agreed with TwentyFour Income Fund Limited (“**TFIF**”) the terms of a proposed merger to be effected by way of a scheme of reconstruction consisting of the winding-up of the Company and the issue of New TFIF Shares to UKML Shareholders (the “**Proposals**”).

**For illustrative purposes only, had the Calculation Date been 1 March 2022, the market value of the New TFIF Shares to be issued would have been 81.0p per UKML Share, which would have represented an uplift of 11.4 per cent. compared with the market price per UKML Share immediately prior to the announcement of the Proposals.**

TFIF is a Guernsey registered closed-ended collective investment scheme. The TFIF Shares are listed on the premium segment of the Official List and are admitted to trading on the premium segment of the Main Market with a current market capitalisation of approximately £564 million. TFIF’s investment objective is to generate attractive risk adjusted returns principally through income distributions. TFIF invests in a diversified portfolio of predominantly UK and European Asset Backed Securities. TFIF’s assets are managed by TwentyFour Asset Management LLP (“**TwentyFour**” or the “**Manager**”), which is also the Company’s manager.

UKML has today published full details of the Proposals, which are subject to the approval of the UKML Shareholders. The purpose of this letter is to explain the Proposals and the reasons why the Directors are recommending that you vote in favour of the Resolutions to be proposed at the EGM, and to convene the EGM necessary to effect the Proposals for 10.30 a.m. on Friday, 18 March 2022.

Information about TFIF is set out below and in Part 3 of this Circular. The TFIF Prospectus accompanies but does not form part of this Circular.

The attention of Overseas Shareholders and UK registered Shareholders that hold UKML Shares on behalf of non-UK based investors is drawn to the section headed “**Overseas and Restricted Shareholders**” in paragraph 12 of Part 1 of this Circular.

**2. Background to the Proposals**

Following UKML’s rejection of an indicative third-party bid approach in August 2020 and the strategic review subsequently conducted by the Board, on 4 December 2020, UKML Shareholders overwhelmingly approved proposals (the “**2020 Proposals**”) under which the Company would continue operating as a publicly traded company under a revised mandate offering increased focus

on enhancing liquidity and returns whilst continuing to seek to narrow the share price discount to NAV.

The measures set out in the 2020 Proposals were successfully implemented and UKML Shareholders have consequently benefited from two returns of capital for an aggregate of approximately £40 million, increasing portfolio income returns such that the Board has been able to declare an increased quarterly dividend and provide guidance indicating the potential for increased dividends in respect of the next Company financial year, and an improved share price which immediately prior to the announcement of the Proposals represented a narrowed discount of approximately 8 per cent. to the Company's last published NAV.

Additionally, the 2020 Proposals introduced certain protections for UKML Shareholders, namely that if the UKML Shares (i) trade at a discount of 5 per cent. or wider to the prevailing NAV in the period of 20 Business Days preceding any Board consideration of a refinancing of a Mortgage Securitisation, then the Board will not approve such refinancing and instead will pursue a realisation with the net proceeds intended to be returned to UKML Shareholders; and (ii) if the UKML Shares are not trading at an average price per UKML Share which is equal to or above the most recent published NAV in the period of 20 Business Days preceding 4 December 2022, the Board intends to place the Company into a managed wind down.

In late 2021 the Company received a preliminary non-binding approach from TFIF regarding the potential for a merger of the two companies. The Board considered this approach against the background outlined above, namely that while a number of issues faced by the Company had been addressed to which the share price had responded positively, other challenges remained including a persistent share price discount to NAV which may have triggered the UKML Shareholders' protections discussed above, a market capitalisation of only approximately £130 million, and modest liquidity in the trading of the UKML Shares.

After a negotiation process the Board concluded that the interests of UKML Shareholders would be best served if the Company pursued the proposed merger into a single entity. The Board consulted with a number of major shareholders, received strong levels of support for the proposed merger, and announced the Proposals on 8 February 2022.

Both UKML and TFIF believe that the Proposals remain attractive, despite the change to the global economic environment caused by Russia's invasion of Ukraine, and have today undertaken to proceed to implementing the Proposals, subject to UKML Shareholders' approval and certain other conditions. In order to provide enhanced certainty for both UKML and TFIF of transaction terms against current uncertainty and potential volatility, the proposed terms of the Scheme involve the Acquisition Value and the TFIF Issue Price being substantively fixed as at 31 January 2022.

### **3. Benefits of the Proposals**

The Directors consider that the Proposals should have the following benefits for UKML Shareholders, as investors in TFIF following its merger with UKML:

(i) **Creating a market leading listed credit fund in TFIF:**

- TFIF should benefit from a strengthened market position due to greater scale and the combined asset management and securitisation expertise within TwentyFour;
- The expected enlarged size of TFIF is approximately £715m of NAV;
- 11 investment professionals of TwentyFour will be focussed on TFIF;
- TFIF Shares are admitted to the premium segments of the Official List and the Main Market;

(ii) **Combining complementary portfolios with attractive characteristics:**

- The Proposals enable UKML Shareholders to retain access to UKML's stable income-generating assets, previously underwritten by TwentyFour, within TFIF's broader investment policy, which principally provides floating rate exposure, has greater diversity in its sources of income, and has a proven track record; TFIF has had an annualised total NAV return of 7.5 per cent. since launch;

- TFIF's evolving strategy seeks the yield premium from lower liquidity, recognising that sourcing attractive risk-adjusted returns has become more challenging. The acquisition of UKML's portfolio assets is therefore consistent with TFIF's investment approach;
- (iii) **Enhanced return profile:**
- Earnings from the combined portfolios of UKML and TFIF are expected to be a strong underpin to TFIF's annual dividend target of at least 6p per TFIF\* Share. The estimated gross-to-market yield of the combined portfolio is approximately 8.3 per cent.;
  - The merger of UKML and TFIF is expected to be NAV accretive over the medium term;
- (iv) **Access to high quality counterparties:**
- TFIF will be well placed to capitalise on UKML's counterparty relationships across the asset-backed securities market;
  - The combined management teams within TwentyFour will have a consolidated focus on origination;
- (v) **Increased liquidity with a more diverse shareholder register:**
- Increased liquidity is expected in the secondary market given TFIF's greater scale and anticipated increased weighting in the FTSE indices;
  - TFIF will achieve a high quality and more diverse shareholder register with scope to appeal to a broader universe of potential investors;
  - UKML Shareholders will have the potential to benefit from TFIF's realisation opportunity in Q4 of 2022, and at three yearly intervals thereafter;
- (vi) **Synergies expected to create value for UKML Shareholders:**
- Cost efficiencies and economies of scale are expected as a result of the Proposals;
  - TFIF is expected to maintain an attractive ongoing charges ratio over time;
- (vii) **Compelling value proposition:**
- Significant uplift in market value for UKML Shareholders, currently estimated at 11.4 per cent. compared with the market price per UKML Share immediately prior to announcement of the Proposals. This expected uplift results from the elimination of UKML's share price discount to NAV and the competitive Acquisition Value as described below in paragraph 5 of this Part 1 of this Circular;
- (viii) **Transaction structured to defer potential tax liability:**
- The mechanics of the Scheme are designed with the intention of allowing certain UKML Shareholders subject to UK tax to continue to receive investment returns without triggering an immediate liability to capital gains tax (UKML Shareholders should read paragraph 1 of Part 5 of this Circular carefully and should consult their own tax advisers as to the advantages or otherwise of the Proposals);
- (ix) **Attractive alternative to returning further capital and/or managed wind down:**
- If UKML is unable to narrow its discount in the short term, UKML will, due to the UKML Shareholders' protections outlined in the 2020 Proposals referred to above, need to consider its options for the future. A sale of UKML's assets is likely to mean that UKML would cease to have access to the high-quality assets and counterparties in the current UKML portfolio in the future; and
  - The illiquid nature of UKML's assets means that any managed wind-down is likely to be a drawn-out process as accelerated portfolio sales may not maximise value.

The figures set out in this paragraph 3 are provided for illustrative purposes, are estimates only and are based on current market conditions and information and estimates available to the Company as at the date of this Circular and are not profit forecasts. Where illustrative figures are provided relating to the position of UKML Shareholders and/or TFIF following implementation of the Proposals, they assume that the calculation date of the Scheme had been 1 March 2022. There

\* This figure is indicative and based on TwentyFour modelling.

can be no assurance that these estimates will be met and specifically the market value of TFIF Shares, UKML Shares and UKML's costs in relation to the Proposals and the Scheme may change, potentially materially, up to the Effective Date. The Acquisition Value and TFIF Issue Price have been substantively fixed in order to provide enhanced certainty for both UKML and TFIF of transaction terms against current uncertainty and potential volatility following Russia's invasion of Ukraine; however this means that any increase or decrease in asset values of either UKML or TFIF after 31 January 2022 will not be reflected in any adjustment to UKML Shareholders' entitlements under the Scheme. In addition, these estimates should not be taken as an indication of TFIF's expected or actual current or future results. TFIF's actual results, profits and dividends paid will depend upon a number of factors, including but not limited to TFIF's net income and TFIF's ongoing costs, expenses and charges. UKML Shareholders should decide for themselves whether or not returns are reasonable and achievable. See further under the section "Risk Factors" in the TFIF Prospectus.

#### **4. TwentyFour Income Fund Limited**

TFIF is a registered closed-ended collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law 2020, as amended and the Registered Collective Investment Scheme Rules 2021 made thereunder.

TFIF has a single class of ordinary shares in issue, the TFIF Shares, which are listed on the premium segment of the Official List and are admitted to trading on the premium segment of the Main Market.

TFIF is registered with the GFSC. It is not regulated by the FCA, but is subject to the Listing Rules applicable to closed-ended collective investment funds and the Disclosure Guidance and Transparency Rules.

TFIF's investment objective is to generate attractive risk adjusted returns principally through income distributions. TFIF invests in a diversified portfolio of predominantly UK and European Asset Backed Securities.

TFIF's assets are managed by TwentyFour, which is also the manager of the Company. TwentyFour is an FCA-regulated specialist in fixed income, founded in 2008, headquartered in the City of London and a boutique of the Swiss based Vontobel Group. As at 31 December 2021, TwentyFour had assets under management of £23 billion and it employed 32 investment professionals.

Subject to and in accordance with the TFIF Articles, TFIF Shareholders have an opportunity to elect to realise all or part of their TFIF Shares at three yearly intervals, or, alternatively, continue their investment in TFIF with the next realisation opportunity due to take place in the third quarter of 2022. As such, UKML Shareholders would have the opportunity to make Realisation Elections later this year.

As at the Latest Practicable Date, TFIF had unaudited net assets of approximately £568 million, a market capitalisation of approximately £564 million and the NAV per TFIF Share (unaudited) was 111.77p.

TFIF has delivered a strong performance for the TFIF Shareholders since its launch on 6 March 2013:

- (i) NAV total return from launch to close of business on the Latest Practicable Date was 92.2 per cent., or 7.53 per cent. per annum, comparing favourably with TFIF's target annual total return of 6 to 9 per cent. per annum;
- (ii) Income return has been ahead of TFIF's targets at launch. TFIF targets a dividend of at least 6p per UKML Share, and has exceeded that target since launch; and
- (iii) TFIF Shares have predominantly traded at a premium or at a small discount to NAV since its launch, TFIF's average premium since launch being 2.1 per cent.. There can be no assurance that TFIF Shares will trade at a premium in the future.

Further information on TFIF is set out in Part 3 of this Circular and in the TFIF Prospectus. Please note that the Board does not take any responsibility for the contents of the TFIF Prospectus.

## 5. Summary of the terms of the Scheme

The Scheme is set out in Part 2 of this Circular.

### ***Appropriation of the Company's assets into two pools***

On or shortly after the Calculation Date, the Board, in consultation with the proposed Liquidators, shall finalise the division of the Company's undertaking, cash and other assets into two separate and distinct pools (the Liquidation Pool and the Rollover Pool), as follows:

- First, there shall be appropriated to the Liquidation Pool such cash and other net current assets of the Company of a value sufficient to meet the outstanding current and future liabilities, including contingent liabilities of the Company, all costs of the Company relating to the Proposals and the Scheme and a Retention to meet unknown and unascertained liabilities of the Company. The Company has signed a deed of termination with TwentyFour and the AIFM in relation to the Portfolio Management Agreement under which the parties have agreed that (i) the Portfolio Management Agreement will terminate with effect from the Calculation Date and consequentially all management fees and expenses accrued up to the Calculation Date will become due and payable to TwentyFour; and (ii) TwentyFour will not receive any payment in lieu of notice.
- Second, there shall be appropriated to the Rollover Pool the balance of the undertaking, cash and other assets of the Company remaining after the appropriation of the Liquidation Pool referred to above.

### ***Financial terms***

TFIF will acquire the assets comprising the Rollover Pool. The proposed acquisition value of the Rollover Pool is an amount equivalent to 84p per UKML Share less the aggregate of:

- (a) the Company's costs relating to the Proposals and the Scheme; and
- (b) the Retention,

(the net value being defined as the "**Acquisition Value**").

The acquisition will be satisfied through the issuance to UKML Shareholders of New TFIF Shares at a price representing a 1.25 per cent. premium to the NAV per TFIF Share as at 31 January 2022 (the "**TFIF Issue Price**"). The Acquisition Value and the number of New TFIF Shares to be issued in exchange for the Rollover Pool will be calculated as at the Calculation Date, as described in detail in paragraph 6 of Part 2 of this Circular.

The Company:

- does not intend to declare any further dividends on the UKML Shares. New TFIF Shares will be entitled to receive all dividends declared by TFIF with a record date subsequent to the Calculation Date. It is anticipated that the first dividend payable on the New TFIF Shares will be the fourth interim dividend for TFIF's financial year ending 31 March 2022 which is expected to be paid in April 2022; and
- has undertaken not to take any action or omit to take any action that would cause a reduction in the NAV of the Company, other than in the ordinary course of its business.

### ***Costs of the Proposals***

The Company and TFIF have each agreed to bear their own costs in relation to the Proposals and the Scheme as detailed in paragraph 3.1 of Part 2 of this Circular.

In the event that the Proposals do not proceed, each of TFIF and the Company will bear its own costs incurred in connection with the Proposals, save as set out in Part 4 of this Circular.

### ***Acquiring Entity Reorganisation***

The Scheme is conditional on the implementation of a reorganisation of the Acquiring Entity, which will involve (*inter alia*) (i) the redemption of the Participating Notes issued to UKML by the Acquiring Entity and the issue of new Participating Notes and bonds that will be transferred to TFIF pursuant to the Scheme; and (ii) certain changes to the portfolio advisory agreement between the Acquiring Entity and TwentyFour, in each case to the extent reasonably required by TFIF.



### **Transfer Date**

On the Transfer Date, the cash, undertaking and other assets of the Company comprising the Rollover Pool shall be transferred to TFIF. In consideration for the transfer of the Rollover Pool to TFIF under the Transfer Agreement, the relevant numbers of New TFIF Shares will be allotted to the Liquidators, as nominees for the UKML Shareholders (save for any Restricted Shareholders), who will direct the issuance of the New TFIF Shares in favour of those UKML Shareholders entitled to them in accordance with the Scheme. On such direction, TFIF will issue the New TFIF Shares to the UKML Shareholders entitled to them.

To the extent that any part of the Liquidation Pool is not subsequently required to discharge the Company's liabilities, it will be distributed in cash to all UKML Shareholders (in each case being those UKML Shareholders on the Effective Date in proportion to their respective holdings of UKML Shares on the Effective Date) provided that if any such amount payable to any UKML Shareholder is less than £5.00, it shall not be paid to UKML Shareholders but instead shall be paid by the Liquidators to the Nominated Charity. The Liquidators will also be entitled to make interim payments to UKML Shareholders in proportion to their holdings of UKML Shares. The Liquidators shall only make such distribution if there is sufficient cash available and if the Liquidators are of the view that it is cost effective to make an interim distribution. **UKML Shareholders should therefore keep the Registrar advised of any changes to their details after the Effective Date.**

### **6. Conditions to the Scheme**

The Scheme is conditional upon, amongst other things:

- (i) the passing of the Resolutions to be proposed at the Extraordinary General Meeting, or any adjournment of the Extraordinary General Meeting, and all conditions to such Resolutions (excluding any condition relating to the passing of any other Resolution) being fulfilled;
- (ii) the FCA agreeing to admit the New TFIF Shares to the premium segment of the Official List and the London Stock Exchange agreeing to admit the New TFIF Shares to trading on the premium segment of the Main Market, subject in each case only to issue;
- (iii) implementation of the DAC Reorganisation;
- (iv) there not having been any Material Adverse Change prior to the Effective Date; and
- (v) the Company being in compliance with its undertaking not to take any action or omit to take any action that would cause a reduction in the NAV of the Company, other than in the ordinary course of its business,

provided that the Company and TFIF may agree in writing to waive fulfilment of any of the above conditions.

In the event that any of the Resolutions are not passed or any other condition of the Proposals is not met, the Proposals will not be implemented. In that event, the Company would continue as presently constituted and specifically:

- (i) cognisant of the first of the UKML Shareholder protections described above, the Board currently intends that it would pursue a realisation of the equity notes in Barley Hill No. 2 PLC acquired by the Company as a part of the refinancing of Barley Hill No. 1 PLC of which its noteholders were notified on 8 February 2022; and
- (ii) the Company will continue to be subject to the shareholder protection described in the November 2020 Circular, namely the steps described at (i) above, and (ii) if the UKML Shares are not trading at an average price per UKML Share which is equal to or above the most recent published NAV in the period of 20 Business Days preceding 4 December 2022, the Board intends to place the Company into a managed wind down.

### **7. Entitlements under the Scheme**

Under the Scheme, each UKML Shareholder on the Register on the Record Date will receive such number of New TFIF Shares (rounded down to the nearest whole number of TFIF Shares) as have a value at the TFIF FAV per Share equal to the number of UKML Shares held by the UKML Shareholder multiplied by the Acquisition Value per UKML Share.

**For illustrative purposes only**, had the Calculation Date been 1 March 2022:

- (i) the Acquisition Value per UKML Share would have been approximately 83.32p;
- (ii) the TFIF Issue Price would have been 114.21p;
- (iii) the aggregate number of New TFIF Shares issued to UKML Shareholders would have been approximately 130.4 million and therefore the number of New TFIF Shares issued per UKML Share would have been 0.7296;
- (iv) the estimated NAV of the New TFIF Shares to be issued per UKML Share would have been 81.64p, which would have represented an uplift of 1.1 per cent. compared with the last published NAV per UKML Share as at 31 December 2021; and
- (v) the market value of the New TFIF Shares to be issued would have been 80.98p per UKML Share, which would have represented an uplift of 11.4 per cent. compared with the closing market price per UKML Share immediately prior to the announcement of the Proposals.

**The above figures are for illustrative purposes only and do not represent forecasts. The market value of TFIF Shares, UKML Shares and UKML's costs in relation to the Proposals and the Scheme may materially change up to the Effective Date. For details of the Scheme, please refer to Part 2 of this Circular.**

The attention of Overseas Shareholders and UK registered UKML Shareholders that hold Shares on behalf of non-UK based investors is drawn to the section headed “**Overseas and Restricted Shareholders**” in paragraph 12 of this Part 1 of this Circular.

## **8. Taxation**

You are advised to read carefully Part 5 of this Circular headed “**Taxation**” which sets out a general guide to certain aspects of current UK taxation law and HMRC published practice and Guernsey taxation law.

**Please note that nothing in this document constitutes tax advice. If you are in any doubt as to your tax position, or if you may be subject to taxation in a jurisdiction other than the United Kingdom or Guernsey, you are strongly advised to seek immediately your own personal tax advice from an independent professional adviser.**

## **9. Risk Factors**

Please refer to Part 4 of the Circular for an overview of the relevant risk factors.

**In light of the uncertainty in the global economic environment caused by Russia's invasion of Ukraine, UKML Shareholders are recommended when assessing whether to vote in favour of the Resolutions to continue to monitor these risk factors and also consider additional risks that may emerge or become material. If any UKML Shareholders are in any doubt about the contents of this Circular or as to the action they should take, they should immediately seek their own personal financial advice from an appropriately qualified independent adviser.**

## **10. Extraordinary General Meeting**

An Extraordinary General Meeting is being convened at 10.30 a.m. on Friday, 18 March 2022 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands GY1 3QL to consider and, if thought fit, pass the Resolutions, as set out in full in the Notice of EGM at the end of this Circular.

At the Extraordinary General Meeting resolutions will be proposed, on which all UKML Shareholders may vote, which, if passed, will:

- authorise the implementation of the Scheme by the Liquidators, once appointed; and
- appoint the Liquidators and place the Company into liquidation.

Each of the Resolutions will be proposed as a special resolution, requiring not less than 75 per cent. of the votes cast at the Extraordinary General Meeting to be in favour of it in order for it to be passed.

The Company will only implement the Proposals if the Resolutions are passed at the Extraordinary General Meeting.

The resolutions that will be proposed at the Extraordinary General Meeting are set out at the end of this Circular.

## **11. Action to be Taken**

**The only action that you need to take is to complete the accompanying Form of Proxy for use at the Extraordinary General Meeting.**

UKML Shareholders are asked to complete and return the Form of Proxy in accordance with the instructions printed thereon so as to be received as soon as possible and in any event by not later than 10.30 a.m. on Wednesday, 16 March 2022.

Subject to the prevailing restrictions imposed by the States of Guernsey in response to the Covid-19 pandemic at the relevant time, physical attendance at the Extraordinary General Meeting may not be possible. Accordingly, the Company urges UKML Shareholders to vote by proxy and to appoint the chairman of the meeting as their proxy. UKML Shareholders are urged to return their Form of Proxy as soon as possible and in any event so as to be received not later than 48 hours (excluding non-working days) before the appointed time of the Extraordinary General Meeting.

CREST members may use the CREST electronic proxy appointment service and should refer to the notes to the relevant notice of meeting in relation to the submission of a proxy appointment via CREST.

**As the Proposals are conditional on the passing of the Resolutions, UKML Shareholders are requested to complete and return their Form of Proxy.**

## **12. Overseas and Restricted Shareholders**

The terms of the Proposals, as they relate to Overseas Shareholders and UK registered UKML Shareholders who hold UKML Shares on behalf of non-UK based investors, may be affected by laws of the relevant jurisdiction.

UKML Shareholders should note that no action has been taken or will be taken in any jurisdiction other than in the UK, Guernsey, Jersey and the Isle of Man where action is required to be taken to permit the distribution of this Circular and/or the TFIF Prospectus. Accordingly, such documents may not be used for the purposes of, and do not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

It is the responsibility of UKML Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Proposals, including the obtaining of any governmental or other consent which may be required, compliance with necessary formalities and the payment of any issue, transfer or other taxes due to such jurisdiction.

Overseas Shareholders will not receive the TFIF Prospectus. Overseas Shareholders who wish to participate in the Scheme should contact the Company directly if they are able to demonstrate, to the satisfaction of the Directors and the TFIF Directors, that they can receive the TFIF Prospectus and hold New TFIF Shares without breaching any relevant securities laws and can make the representations, warranties, undertakings, agreements or acknowledgements contained in paragraph 2.2 of Part 2.

Any Overseas Shareholder and any UKML Shareholder who notifies the Company that any of the representations, warranties, undertakings, agreements or acknowledgements contained in paragraph 2.2 of Part 2 are not or are no longer accurate or have not been complied with may be deemed by the Directors to be a Restricted Shareholder. Unless the Directors and the TFIF Directors are so satisfied (in their respective absolute discretions), the New TFIF Shares that would otherwise be received by a Restricted Shareholder under the Scheme will instead be issued to the Liquidators as nominees on behalf of such Restricted Shareholder who will arrange for such shares to be sold promptly by a market maker. It is intended that Numis will act as market maker in these circumstances without any liability to the Restricted Shareholders in respect of the price at which the New TFIF Shares are sold. The net proceeds of such sales (after deduction of any costs incurred in effecting such sales) will be paid to the relevant Restricted Shareholders entitled to them

within 10 Business Days of the date of sale, save that entitlements of less than £5.00 per Restricted Shareholder will be retained by TFIF for its own account.

UKML Shareholders should note:

- the New TFIF Shares have not been and will not be registered under the Securities Act, or qualify under applicable United States statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan or the Republic of South Africa; and
- the New TFIF Shares have not been and will not be registered under the Investment Company Act, and investors are not entitled to the benefits of that Act.

UKML Shareholders who are subject to taxation outside the UK should consult their independent financial adviser as soon as possible.

### **13. Settlement and dealings in New TFIF Shares and UKML Shares**

The Record Date, being the date on which a UKML Shareholder requires to have been entered on the Register as a holder of UKML Shares in order to participate in the Scheme is 6.00 p.m. on 17 March 2022.

If the Scheme becomes effective, it is expected that the New TFIF Shares will be issued credited as fully paid on 24 March 2022 and that the admission of such shares will become effective and dealings will begin on 24 March 2022. New TFIF Shares will rank equally in all respects with the existing TFIF Shares.

The New TFIF Shares will be in registered form and may be held in either certificated or uncertificated form.

UKML Shareholders who hold their UKML Shares in certificated form at the Effective Date will receive their New TFIF Shares in certificated form. It is expected that share certificates in respect of such New TFIF Shares will be despatched to the UKML Shareholders entitled to them during the week commencing 28 March 2022 or as soon as practicable thereafter.

UKML Shareholders who hold their UKML Shares in uncertificated form at the Effective Date will receive their New TFIF Shares in uncertificated form, although TFIF reserves the right to issue such shares in certificated form. In normal circumstances this is only likely to be exercised in the event of an interruption, failure or breakdown of CREST or of the facilities or system operated by TFIF's registrars in connection with CREST. TFIF will procure that instructions are given to credit the appropriate stock accounts in the CREST system with the relevant entitlements to New TFIF Shares in uncertificated form. It is expected that CREST stock accounts will be credited with the New TFIF Shares on 24 March 2022.

The number of New TFIF Shares to be issued shall be rounded down to the nearest whole number and fractional entitlements shall not be issued. No cash payment shall be made or returned in respect of any fractional entitlements.

The UKML Shares will be disabled in CREST at close of business on 15 March 2022. The latest time for trading in the UKML Shares on the London Stock Exchange for normal settlement will be 6.00 p.m. on 15 March 2022, after which dealings for normal settlement will be for cash settlement only and, in the case of certificated UKML Shares, will only be registered if documents of title are delivered immediately.

If UKML Shareholders dispose of their UKML Shares otherwise than through the London Stock Exchange, they must make their own arrangements with the other parties concerned as regards entitlements under the Scheme. For the avoidance of doubt, the Company's register of members will remain open until the Effective Date.

All documents sent by or to UKML Shareholders or their appointed agents in connection with the Scheme will be dispatched at their own risk and no acknowledgement will be issued to UKML Shareholders for the receipt of Form of Proxy.

#### **14. UKML Shareholder intentions**

UKML Shareholders holding an aggregate of approximately 47 per cent. of the UKML Shares provided written indications of voting support for the Scheme prior to the Company's announcement of the Proposals on 8 February 2022.

#### **15. Recommendation**

The Board, which has received financial advice from Numis, considers the Proposals to be in the best interests of the Company and UKML Shareholders as a whole. In advising the Board, Numis has taken into account the Board's commercial assessment of the Proposals. Accordingly, the Board unanimously recommends that UKML Shareholders vote in favour of all of the Resolutions to be proposed at the Extraordinary General Meeting, as the Directors intend to do, where possible, in respect of their own beneficial holdings amounting, in aggregate, to 174,050 UKML Shares.

TwentyFour has confirmed to the Company in writing that certain of its portfolio management team (acting on behalf of the funds they manage) and staff members intend to vote in favour of all of the Resolutions, where possible, in respect of holdings that they control amounting, in aggregate, to 48,249,384 UKML Shares.

UKML Shareholders should, before deciding how to vote, read carefully all the information in this Circular and in the TFIF Prospectus which accompanies this Circular.

UKML Shareholders who are in any doubt about the action they should take should seek advice from their own independent financial advisers authorised under the Financial Services and Markets Act 2000.

Yours faithfully

**Chris Waldron**  
**Chairman**

## PART 2

### THE SCHEME

#### 1. Definitions and interpretation

Words and expressions defined on pages 32 to 36 have the same meanings when used in this Scheme.

#### 2. Entitlements under the Scheme

2.1 Holders of UKML Shares will receive such number of New TFIF Shares as is calculated pursuant to paragraph 6 of this Part 2.

2.2 In the event that the Scheme becomes effective, each UKML Shareholder will, unless otherwise expressly agreed with TFIF, the Manager and the Liquidators in writing, be deemed to have represented, warranted, undertaken, agreed and acknowledged as follows as of the date it acquires the New TFIF Shares or any beneficial interest therein:

2.2.1 unless otherwise notified in writing to the Company, it has its registered office in either the United Kingdom, Guernsey, Jersey or the Isle of Man and if it holds UKML Shares on behalf of a non-UK based investor, it is lawfully able to receive and hold New TFIF Shares without any further action from any of TFIF, the Manager, the Liquidators or the Company in any jurisdiction other than the UK;

2.2.2 it has not and will not transmit the TFIF Prospectus to any person situated outside of UK or with a non-UK registered office, without the prior written approval of TFIF;

2.2.3 it is located outside the United States, is a Non-United States Person and is acquiring the New TFIF Shares in an “offshore transaction” in compliance with Regulation S;

2.2.4 if it is acquiring the New TFIF Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make (and it does make) the representations, warranties, undertakings, agreements and acknowledgements herein on behalf of each such account;

2.2.5 the New TFIF 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, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States 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 of the United States;

2.2.6 TFIF has not been and will not be registered under the US Investment Company Act, and as such investors are not and will not be entitled to the benefits of the US Investment Company Act;

2.2.7 the Manager is not, and will not be, registered under the US Investment Advisers Act of 1940, as amended, and is exempted from having to register as a commodity trading advisor under the US Commodity Exchange Act of 1936, as amended;

2.2.8 it is not acquiring New TFIF Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the US Securities Act) or any directed selling efforts (as that term is defined in Regulation S) and that its acquisition of New TFIF Shares is not part of a plan or scheme to evade the registration requirements of the US Securities Act;

2.2.9 it is acquiring the New TFIF 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 any distribution, sale or other transfer of the New TFIF Shares in any manner that would violate the US Securities Act or any other applicable laws; and

- 2.2.10 no portion of the assets used to purchase, and no portion of the assets used to hold, New TFIF Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) a “plan” as defined in Section 4975 of the US Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Tax Code or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Tax Code. In addition, if an investor is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Tax Code, its acquisition, holding, and disposition of the New TFIF Shares must not constitute or result in a non-exempt violation of any such substantially similar law.
- 2.3 The representations, warranties, undertakings, agreements and acknowledgements contained herein are irrevocable and it acknowledges that TFIF, the Manager, the Liquidators and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of, and compliance with, such representations, warranties, undertakings, agreements and acknowledgments. If any of the representations, warranties, undertakings, agreements or acknowledgments contained in paragraph 2.2 above are not or are no longer accurate or have not been complied with, it will immediately notify the Company.
- 2.4 Any UKML Shareholder who notifies the Company that any of the representations, warranties, undertakings, agreements or acknowledgments contained in paragraph 2.2 above are not or are no longer accurate or have not been complied with may, at the discretion of the Directors, be deemed by the Directors to be a Restricted Shareholder.

### **3. Valuation and apportionment of the Company’s total assets**

- 3.1 As at the Calculation Date, the Directors, in consultation with the proposed Liquidators, shall procure that the Company finalises the division of the Company’s undertaking, cash and other assets into two separate and distinct pools, namely the “**Liquidation Pool**” and the “**Rollover Pool**”, as follows and in the following order:
- 3.1.1 First, there shall be appropriated to the Liquidation Pool such cash and other net current assets of the Company (including receivables and contingent assets), of a value, which is estimated by the proposed Liquidators, in consultation with the Directors, to be sufficient to meet the outstanding current and future, actual and contingent liabilities of the Company, including, without limitation, and save to the extent that the same have already been paid or already deducted in calculating the total assets of the Company:
- (a) the costs and expenses incurred by the Company and the Liquidators in formulating, preparing and implementing the Proposals and the Scheme and in preparing this Circular and all associated documents in each case as not otherwise paid prior to the liquidation;
  - (b) the costs and expenses incurred and to be incurred by the Company and the Liquidators in preparing and implementing the Transfer Agreement;
  - (c) any unclaimed dividends of the Company (so far as not previously paid) and any declared but unpaid dividends of the Company;
  - (d) the costs and expenses of winding up the Company, including the fees and expenses of the Liquidators;
  - (e) the costs and expenses of liquidating the Company (which includes the costs and expenses in relation to the Liquidators maintaining the Company in liquidation until the date of the final meeting of the Company), including the fees and expenses of the Liquidators and the Registrar;
  - (f) any tax liabilities of the Company; and
  - (g) an amount considered by the Liquidators to be appropriate to provide for any unascertained, unknown or contingent liabilities of the Company (such amount currently not expected to exceed £200,000 (the “**Retention**”)),

in each case including any VAT in respect thereof, to the extent that such VAT is irrecoverable from HMRC. The Liquidation Pool is currently estimated to be, in aggregate, £1.215 million.

- 3.1.2 Second, there shall be appropriated to the Rollover Pool the balance of the undertaking, cash and other assets of the Company remaining after the appropriation of the Liquidation Pool referred to above.
- 3.2 Under the Transfer Agreement, TFIF is proposing to acquire the Rollover Pool at a price equal to the Acquisition Value per UKML Share.
- 3.3 Interest, income and other rights or benefits accruing in respect of any of the undertaking, cash or other assets comprised in any of the Liquidation Pool or the Rollover Pool shall form part of that fund.
- 3.4 Any transaction taxes, stamp duty or SDRT payable on the transfer of assets to TFIF, if any, shall be borne by TFIF and shall not be for the account of the Company as a whole.
- 3.5 The Liquidators retain the right to adjust the value of the Liquidation Pool on or before the Effective Date by way of a *pro rata* adjustment to the Rollover Pool should the value of the Company's liabilities increase between the Calculation Date and the Effective Date, provided such adjustment is reflected in the Acquisition Value per UKML Share in accordance with paragraph 3.6.1.
- 3.6 The:
- 3.6.1 **"Acquisition Value per UKML Share"** means 84p per UKML Share, less (a) the Company's costs in relation to the Proposals and the Scheme; and (b) the Retention, divided by the total number of UKML Shares in issue (excluding any shares held in treasury) at the Calculation Date, (subject to any adjustments that are mutually agreed between TFIF and UKML in respect of any additional net assets or net liabilities of UKML (the latter being only those in excess of the value of the Retention) ascertained between the date of this Circular and the Calculation Date);
- 3.6.2 **"TFIF NAV"** shall be the net asset value of TFIF as at the TFIF Issue Price Calculation Date, determined on a cum-income basis and otherwise in accordance with the normal accounting principles adopted by TFIF from time to time and shall (to the extent not already accounted for) include a deduction for any dividends declared prior to the Calculation Date but not yet paid to TFIF Shareholders, and for the avoidance of doubt shall exclude any provision for any costs in connection with the Proposals;
- 3.6.3 **"TFIF FAV"** shall be equal to the TFIF NAV as at the TFIF Issue Price Calculation Date, plus 1.25 per cent;
- 3.6.4 **"TFIF FAV per Share"** shall be equal to the TFIF FAV divided by the number of TFIF Shares in issue (excluding any treasury shares and, for the avoidance of doubt, TFIF Shares to be issued under the Proposals) at the Calculation Date.
- 3.7 On the Publication date, TFIF will announce the Acquisition Value per UKML Share and the TFIF FAV per Share. Such calculations shall be reviewed by KPMG LLP, acting as experts and not as arbitrators.

#### **4. Provision of information by the Liquidators**

- 4.1 On the Calculation Date, or as soon as practicable thereafter, the Company shall procure that there shall be delivered to TFIF (or its nominee) particulars of the cash and other net current assets comprising the Liquidation Pool and the Rollover Pool and any proposed adjustment to the Acquisition Value per UKML Share in accordance with the terms of the Transfer Agreement.
- 4.2 On the Effective Date, or as soon as practicable thereafter, the Liquidators shall procure that there shall be delivered to TFIF (or its nominee) particulars of the undertaking, cash and other assets comprising the Rollover Pool in accordance with the terms of the Transfer Agreement and a list, certified by the Registrar, of the names and addresses of each holder of UKML Shares and the number of UKML Shares held by each of them.



## **5. Transfer of assets and liabilities pursuant to the Transfer Agreement**

- 5.1 On the Effective Date or as soon as practicable thereafter the Liquidators shall, and shall procure that the Company shall, enter into and implement the Transfer Agreement (subject to such modifications as may be agreed between the parties to the Transfer Agreement), whereby the Liquidators shall procure the transfer of the Rollover Pool to TFIF, in consideration for the issuance of New TFIF Shares to:
- 5.1.1 Shareholders (other than Restricted Shareholders) entitled to them, on the basis set out in paragraph 6 below; and
- 5.1.2 the Liquidators, as nominees for the Restricted Shareholders entitled to them, on the basis set out in paragraph 7 below.
- 5.2 In accordance with the Transfer Agreement, the Rollover Pool shall be transferred to TFIF with such rights and title as the Company may have in respect of the same or any part thereof subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom as at and from the Effective Date. Further, in accordance with the Transfer Agreement, the Company, acting by the Liquidators, shall, insofar as it is reasonably able to do so by law or otherwise, comply with all reasonable requests made by TFIF in respect of vesting in TFIF the title to and enjoyment of the Rollover Pool to be transferred to it and shall, in particular, account to TFIF for all income, dividends, distributions, interest and other rights and benefits in respect of any assets in the Rollover Pool received after the Effective Date.
- 5.3 In the event that Admission does not become effective on or prior to 24 March 2022 (or such later date as may be agreed between the Company, TFIF, Numis and the Liquidators, not being later than 31 March 2022), the Scheme will be abandoned and the Company will continue as presently constituted.

## **6. Issue of New TFIF Shares pursuant to the Scheme**

- 6.1 In consideration for the transfer of the Rollover Pool to TFIF in accordance with paragraph 5 above, the New TFIF Shares shall be issued to holders of UKML Shares or to the Liquidators on their behalf in respect of Restricted Shareholders, on the basis that the number of such shares to which each such holder is entitled shall be determined in accordance with the following formula (rounded down to the nearest whole number of New TFIF Shares):

$$\text{Number of New TFIF Shares} = (A \times B)/C$$

where:

A is the Acquisition Value per UKML Share;

B is the aggregate number of UKML Shares held by the relevant UKML Shareholder; and

C is the amount in pence of the TFIF FAV per Share.

- 6.2 No value shall be attributable to UKML Shares held in treasury by the Company. Fractions of New TFIF Shares will not be issued under the Scheme and entitlements to such New TFIF Shares will be rounded down to the nearest whole number. Any assets representing a fraction of the entitlements of holders of UKML Shares and whose holding of New TFIF Shares is rounded down shall be disregarded.
- 6.3 The New TFIF Shares to be issued pursuant to paragraph 6.1 above shall be allotted, subject only to Admission, and credited as fully paid to the Liquidators as nominees for the UKML Shareholders entitled to them, as soon as practicable after the delivery to TFIF of the particulars referred to in paragraph 4.2 above, whereupon the Liquidators will direct the issuances of the New TFIF Shares in favour of the UKML Shareholders being entitled to them in accordance with the Scheme. On such direction, TFIF will issue the relevant New TFIF Shares to the UKML Shareholders entitled to them. The registrar of TFIF will arrange for the despatch of certificates in relation to such New TFIF Shares to the UKML Shareholders entitled to them at their respective addresses appearing in the Register (and in the case of joint holders, the address of the first named) or in the case of UKML Shareholders previously holding uncertificated UKML Shares, TFIF's registrar will procure that Euroclear is instructed to

credit the appropriate stock accounts in CREST of such UKML Shareholders with such UKML Shareholders' respective entitlements to the relevant New TFIF Shares in each case at the risk of the person entitled to the New TFIF Shares. Any communication preferences and mandates previously applied to UKML shareholdings will remain valid for TFIF shareholdings.

## **7. Restricted Shareholders**

- 7.1 Any New TFIF Shares issued to the Liquidators and which would otherwise be issued to a Restricted Shareholder pursuant to the Scheme will instead be issued to the Liquidators as nominees on behalf of such Restricted Shareholder who will arrange for such shares to be sold promptly by a market maker, in circumstances in which the Liquidators and/or TFIF acting reasonably consider that any such issue of New TFIF Shares to those UKML Shareholders would or may involve a breach of the securities laws or regulations of any jurisdiction, or if the Liquidators and/or TFIF reasonably believe(s) that the same may violate any applicable legal or regulatory requirements or may require TFIF to become subject to additional regulatory requirements (to which it would not be subject but for such issue) and the Liquidators and/or TFIF, as the case may be, have not been provided with evidence reasonably satisfactory to them that the relevant Restricted Shareholders are permitted to hold New TFIF Shares under any relevant securities laws or regulations of such overseas jurisdictions (or that TFIF would not be subject to any additional regulatory requirements to which it would not be subject but for such issue). It is intended that Numis will act as market maker in these circumstances without any liability to the Restricted Shareholders in respect of the price at which the New TFIF Shares are sold. The net proceeds of such sales (after deduction of any costs incurred in effecting such sales) will be paid to the relevant Restricted Shareholders entitled to them within 10 Business Days of the date of sale, save that the entitlements of less than £5.00 per Restricted Shareholder will be retained by TFIF for its own account.
- 7.2 The provisions of this Scheme relating to Restricted Shareholders may be waived, varied or modified as regards a specific UKML Shareholder or on a general basis by the Directors and the TFIF Directors in their respective absolute discretions.

## **8. Application of the Liquidation Pool**

On or following the Effective Date, the Liquidation Pool shall be applied by the Company (acting by the Liquidators) in discharging the liabilities of the Company and the remaining balance of the Liquidation Pool, if any, shall be distributed in cash by the Liquidators pursuant to the Scheme, to all UKML Shareholders, provided that if any such amount payable to any UKML Shareholder is less than £5.00, it shall not be paid to UKML Shareholders but instead shall be paid by the Liquidators to the Nominated Charity. The Liquidators will also be entitled to make interim payments to UKML Shareholders in proportion to their holdings of UKML Shares. The Liquidators shall only make such distribution if there is sufficient cash available and if the Liquidators are of the view that it is cost effective to make an interim distribution. **UKML Shareholders should therefore keep the Liquidators advised of any changes to their details after the Effective Date.**

## **9. Modifications**

Notwithstanding any other provision of this Scheme, the provisions of this Scheme shall have effect subject to such non-material modifications or additions as the parties to the Transfer Agreement may from time to time approve in writing.

## **10. Reliance on Information**

Each of the Company, the Directors, the Liquidators, the Manager and TFIF shall be entitled to act and rely, without enquiry, on any information furnished or made available to them or any of them, as the case may be, in connection with this Scheme and the Transfer Agreement, including, for the avoidance of doubt, any certificate, opinion, advice, valuation, evidence or other information furnished or made available to them by any other of them or by any of them and their respective auditors, bankers or other professional advisers or the Administrator and no such persons shall be liable or responsible for any loss suffered as a result thereof by the Company, any UKML Shareholder, TFIF or any TFIF Shareholder.

## **11. Liquidators' Liability**

Nothing in this Scheme or in any document executed under or in connection with this Scheme shall impose any personal liability on the Liquidators save for any liability arising out of any gross negligence, fraud, and/or wilful default by the Liquidators in the performance of their duties and this will, for the avoidance of doubt, mean that the Liquidators shall have no personal liability for any action taken by the Liquidators in accordance with this Scheme or the Transfer Agreement or any act which the Liquidators do or omit to do at the request of TFIF.

## **12. Conditions**

12.1 This Scheme is conditional, among other things, upon:

12.1.1 the passing of the Resolutions to be proposed at the Extraordinary General Meeting, or any adjournment of the Extraordinary General Meeting, and all conditions to such Resolutions (excluding any condition relating to the passing of any other Resolution) being fulfilled;

12.1.2 the FCA agreeing to admit the New TFIF Shares to the premium segment of the Official List and the London Stock Exchange agreeing to admit the New TFIF Shares to trading on the premium segment of the Main Market, subject in each case only to issue;

12.1.3 implementation of the DAC Reorganisation;

12.1.4 there not having been any Material Adverse Change prior to the Effective Date; and

12.1.5 the Company being in compliance with its undertaking not to take any action or omit to take any action that would cause a reduction in the NAV of the Company, other than in the ordinary course of its business,

provided that the Company and TFIF may agree in writing to waive fulfilment of any of the above conditions.

12.2 In the event that any of the conditions in paragraph 12.1 fails to be satisfied (or waived in accordance with paragraph 12.1), the Scheme will lapse.

12.3 Subject to the satisfaction (or waiver in accordance with paragraph 12.1), of the conditions set out in paragraph 12.1 and 12.4, this Scheme shall become effective on the date on which the special resolution to be proposed at the Extraordinary General Meeting for the winding-up of the Company is passed.

12.4 Unless this Scheme shall have become effective on or before 31 March 2022, this Scheme shall not become effective.

## **13. Governing law**

This Scheme shall, in all respects, be governed by, and construed in accordance with, the laws of Guernsey.

## PART 3

### TFIF

Any investment in TFIF pursuant to the Scheme will be governed by the TFIF Prospectus which accompanies this Circular (except where this Circular has been sent to Overseas Shareholders). Accordingly UKML Shareholders are required to read the TFIF Prospectus and in particular the risk factors contained therein prior to deciding whether or not to vote in favour of the Resolutions.

#### 1. Introduction

- 1.1 TFIF is a registered closed-ended collective investment scheme under the Protection of Investors Bailiwick of Guernsey) Law 2020, as amended and the Registered Collective Investment Scheme Rules 2021 made thereunder. The TFIF Shares are listed on the premium segment of the Official List and are admitted to trading on the premium segment of the Main Market.
- 1.2 TFIF's assets are managed by TwentyFour, which is also the manager of the Company.
- 1.3 As at the Latest Practicable Date, TFIF had unaudited net assets of approximately £568 million, a market capitalisation of approximately £564 million and the NAV per TFIF Share was (unaudited) was 111.77p.

#### 2. Investment objective

TFIF's investment objective is to generate attractive risk adjusted returns principally through income distributions.

#### 3. Investment policy

TFIF's investment policy is to invest in a diversified portfolio of predominantly UK and European Asset Backed Securities.

##### 3.1 Diversification

TFIF maintains a portfolio diversified by issuer concentration, it being anticipated that its portfolio will comprise at least 50 Asset Backed Securities at all times.

##### 3.2 Investment restrictions

TFIF's portfolio must comply, as at each date an investment is made, with the following restrictions:

- 3.2.1 no more than 20 per cent. of TFIF's portfolio value will be backed by collateral in any single country (save that this restriction will not apply to Northern European countries);
- 3.2.2 no more than 10 per cent. of TFIF's portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities (excluding interests in any Holding Entity, provided that the Holding Entity complies with paragraph 3.2.5 below), but provided that where more than 5 per cent. of TFIF's portfolio value is exposed to a single Asset Backed Security, these Asset Backed Securities in respect of which more than 5 per cent. of TFIF's portfolio value is exposed, may not, in aggregate, make up more than 40 per cent. of the total of TFIF's portfolio value;
- 3.2.3 no more than 15 per cent. of TFIF's portfolio value will be exposed in aggregate to instruments not deemed securities for the purposes of FSMA, provided that no more than 3 per cent. of TFIF's portfolio value will be exposed to any single such instrument;
- 3.2.4 up to 10 per cent. of TFIF's portfolio value may be exposed to Asset Backed Securities backed by collateral from several countries where, in addition to countries within the UK and Europe, one or more of the countries is outside of the UK and Europe; and

3.2.5 no more than 20 per cent. of TFIF portfolio value will be exposed in aggregate to any Holding Entity which is not a wholly-owned subsidiary, and the restrictions in paragraphs 3.2.1 to 3.2.4 above will apply to Asset Backed Securities and instruments in which any Holding Entity is invested, as such restrictions are calculated on a look through basis as a proportion of TFIF's portfolio.

As an exception to the requirements set out above the Manager will be permitted to purchase new investments at any time when TFIF's portfolio does not comply with one or more of those restrictions so long as, at the time of investment:

3.2.6 the asset purchased would be compliant with the single country restriction above (even where following the purchase more than 20 per cent. of TFIF's portfolio will be backed by collateral in another single country due to market movements);

3.2.7 the asset purchased would be compliant with the single Asset Backed Security/issuer exposure restriction above (even where following the purchase more than 10 per cent. of TFIF's portfolio value will be exposed to any single Asset Backed Security or issuer of Asset Backed Securities, provided that Asset Backed Securities within TFIF's portfolio to which more than 5 per cent. of TFIF's portfolio value is exposed, may not make up more than 40 per cent. of the total portfolio value of TFIF; and

3.2.8 such purchase does not make TFIF's portfolio, in aggregate, less compliant with any of paragraphs 3.2.1 to 3.2.5 above.

### **3.3 Cash management**

Uninvested cash or surplus capital or assets may be invested on a temporary basis in:

3.3.1 cash or cash equivalents, namely money market funds or short term money market funds (as defined in the 'Guidelines on a Common Definition of European Money Market Funds' published by the Committee of European Securities Regulators (CESR) and adopted by the European Securities and Markets Authority (ESMA)) and other money market instruments (including certificates of deposit, floating rate notes and fixed rate commercial paper of banks or other counterparties having a "single A" or higher credit rating as determined by any internationally recognised rating agency selected by the TFIF Board which, may or may not be registered in the EU); and

3.3.2 any "government and public securities" as defined for the purposes of the FCA Rules.

### **3.4 Gearing and derivatives**

3.4.1 TFIF may employ gearing or derivatives for investment purposes.

3.4.2 TFIF may, from time to time, use borrowing for investment opportunities as well as for short-term liquidity purposes, which could be achieved through a loan facility or other types of collateralised borrowing instruments including repurchase transactions or stock lending. TFIF is permitted to provide security to lenders in order to borrow money, which may be by way of mortgages, charges or other security interests or by way of outright transfer of title to TFIF's assets. In this case, the Directors will restrict borrowing to an amount not exceeding 25 per cent. of TFIF's NAV at the time of drawdown. TFIF may use derivatives for currency hedging purposes as set out below and for efficient portfolio management.

### **3.5 Efficient portfolio management**

3.5.1 Efficient portfolio management techniques will be employed by TFIF, such as currency hedging, interest rate hedging and the use of derivatives such as credit default swaps, currency swaps, futures and volatility index products to mitigate market volatility.

3.5.2 TFIF operates in Sterling as its base currency. TFIF hedges the value of any non-Sterling assets into Sterling using spot and forward foreign exchange contracts, rolling forward on a periodic basis. TFIF's hedging policy will only be used for efficient portfolio management and not to attempt to enhance investment returns.

3.5.3 TFIF does not intend to employ interest rate hedging in its management of its portfolio unless it invests in fixed rate ABS in which case it may employ interest rate hedging.

### **3.6 Realisation**

In the event that Realisation occurs, the investment objective and investment policy applying to the Realisation Pool will be to realise the assets comprised in such pool on a timely basis in accordance with an orderly realisation programme with the aim of making progressive returns of cash to holders of Realisation Shares as soon as practicable. The Manager will seek to liquidate positions in the Realisation Pool as efficiently, and at as much value, as is possible. The Manager may, if authorised by the TFIF Board, sell assets to the Continuation Pool from the Realisation Pool in order to dispose of assets from the Realisation Pool.

### **4. Realisation opportunity**

Realisation Elections may be made at three year intervals whereby UKML Shareholders may elect to realise all or part of their holdings of TFIF Shares or, alternatively, continue their investment in the Company.

### **5. Dividend policy**

The TFIF Board's current policy is to distribute an amount at least equal to the value of the Company's net income arising each quarter ending March, June, September and December to the holders of TFIF Shares, and if the Realisation takes place, to the holders of Realisation Shares. The four interim dividends are expected to be paid in July, October, January and April. For these purposes, TFIF's income includes the interest payable by the Asset Backed Securities in its portfolio and the amortisation of any discount or premium to par at which an Asset Backed Security is purchased over its remaining expected life, prior to its maturity.

### **6. Management fee**

The Manager receives a management fee at the rate of 0.75 per cent. per annum in respect of each class of TFIF's shares that are: (i) listed or admitted to trading on any stock exchange, the lower of the NAV of TFIF and the market capitalisation of that class of TFIF's shares; and/or (ii) not listed or admitted to trading on any stock exchange, the NAV of that class of TFIF's shares, plus, in each case, any applicable VAT.

**Further information on TFIF is set out in the TFIF Prospectus. The audited reports and accounts of TFIF for each financial period since its inception are available at [www.twentyfourincomefund.com](http://www.twentyfourincomefund.com).**

## PART 4

### RISK FACTORS

The Directors consider that the following material risk factors should be taken into account by UKML Shareholders when assessing whether to vote in favour of the Resolutions. Additional risks and uncertainties that are not currently known to the Directors or that the Directors do not currently consider to be material may also emerge or become material. **If any UKML Shareholders are in any doubt about the contents of this Circular or as to the action they should take, they should immediately seek their own personal financial advice from an appropriately qualified independent adviser who, if that UKML Shareholder is taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000.**

#### ***Risk Factors Relating to the Proposals***

If UKML Shareholders vote in favour of the Resolutions their investment in the Company will effectively be rolled into a vehicle which has a risk profile that is not materially different from that of the Company. Any investment in TFIF will be governed by the TFIF Prospectus and the TFIF Articles. UKML Shareholders (other than Restricted Shareholders) are strongly urged to read the section containing the risk factors in the TFIF Prospectus.

UKML Shareholders that already hold TFIF Shares may seek to sell down their holding in TFIF following the Transfer Date, which may impact market demand for TFIF Shares and therefore the price per TFIF Share.

New TFIF Shares will be issued at a price representing a premium to TFIF's net asset value as at the TFIF Issue Price Calculation Date which is 31 January 2022. There can be no assurance that the TFIF Issue Price will be reflected through the market value and/or the net asset value of the New TFIF Shares as at the date of issue, or subsequently, especially given the material uncertainty within the global economic environment caused by Russia's invasion of Ukraine.

#### ***Conditionality of the Proposals***

Implementation of the Proposals is conditional, among other things, upon the Resolutions being passed at the Extraordinary General Meeting. If any of the Resolutions are not passed or any other condition of the Proposals is not met or waived, the Proposals will not be implemented. In that event, the Company will continue as presently constituted and, as such, will continue to be subject to the additional shareholder protections described in the November 2020 Circular, namely that if the UKML Shares (i) trade at a discount of 5 per cent. or wider to the prevailing NAV in the period of 20 Business Days preceding any Board consideration of a refinancing of a Mortgage Securitisation, then the Board will not approve such refinancing and instead will pursue a realisation, with the proceeds (net of expenses) intended to be returned to UKML Shareholders; and (ii) if the UKML Shares are not trading at an average price per UKML Share which is equal to or above the most recent published NAV in the period of 20 Business Days preceding 4 December 2022, the Board intends to place the Company into a managed wind down. The illiquid nature of UKML's assets means that any managed wind-down is likely to be a drawn-out process as accelerated portfolio sales may not maximise value.

In addition, if the Scheme is not implemented, the Company will bear its own costs which are estimated as being approximately 0.15p per UKML Share. The Company has agreed with TFIF that it shall indemnify TFIF in respect of TFIF's reasonable costs, fees, disbursements and expenses (including in each case any applicable VAT) in connection with TFIF's investigation, evaluation and negotiation of the Proposals, if the Company breaches its undertaking to negotiate with TFIF in good faith and to use its reasonable endeavours to take such action as is required to agree formal legal documentation in respect of the Scheme, provided that this does not prevent the Board from deciding to alter its voting recommendation to Shareholders set out in paragraph 15 of Part 1 of this Circular, at any time prior to the Extraordinary General Meeting. TFIF has provided a reciprocal indemnity to the Company.

#### ***Risks associated with TFIF***

An investment in TFIF will involve exposure to those risks normally associated with investment in quoted shares. As such, the price of shares can go down as well as up and an investor may not get back the full amount invested. The past performance of TFIF is not an indication of future

performance. There is no assurance that the investment objective of TFIF will actually be achieved or provide the returns sought by investors. The market price of the TFIF Shares, including the New TFIF Shares, like shares in all investment companies, may fluctuate independently of the underlying NAV and may trade at a discount or premium to NAV at different times, depending on factors such as supply and demand for the TFIF Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of a TFIF Share may vary considerably from its NAV.

TFIF is a closed-ended vehicle with an unlimited life. Subject to and in accordance with the TFIF Articles, TFIF Shareholders have an opportunity to elect to realise all or part of their TFIF Shares at three yearly intervals, or, alternatively, continue their investment in TFIF with the next realisation opportunity due to take place in the third quarter of 2022. Accordingly, TFIF Shareholders will only have limited rights to have their TFIF Shares redeemed or repurchased by TFIF. TFIF Shareholders wishing to realise their investment in TFIF outside of these realisation opportunities will therefore generally need to dispose of their TFIF Shares in the market. There can be no guarantee that a liquid market in the TFIF Shares will exist or be maintained at any particular time. Accordingly, TFIF Shareholders may be unable to realise their TFIF Shares at the quoted market price (or at the prevailing NAV of the TFIF Shares).

Whilst it is TFIF's intention that any elections to realise will be at least matched by subscriptions for new TFIF Shares, if all such elections are not matched, this would result in TFIF's NAV and market capitalisation declining, potentially materially, which in turn could impact the liquidity of the TFIF Shares, the price of the TFIF Shares relative to TFIF's NAV, and the costs borne per TFIF Share.

TFIF will have a more volatile NAV than the Company as it calculates its NAV on a mark-to-market basis whereas the Company calculates its NAV on an amortised cost basis.

**UKML Shareholders (other than Restricted Shareholders) are strongly urged to read the section containing the risk factors in the TFIF Prospectus which is enclosed with this Circular.**

### ***Benefits of the Scheme***

There can be no guarantee that the expected benefits of the Scheme, as described in this Circular, will arise, either at all or to the extent stated. In particular, the financial effects of the Proposals described in the Circular are provided for illustrative purposes, are estimates only and are based on current market conditions and information and estimates available to the Company as at the date of this Circular and are not profit forecasts. There can be no assurance that these estimates will be met. In addition, these estimates should not be taken as an indication of TFIF's expected or actual current or future results. TFIF's actual results, profits and dividends paid will depend upon a number of factors, including but not limited to TFIF's net income and TFIF's ongoing costs, expenses and charges.

The market value of TFIF Shares, UKML Shares and UKML's costs in relation to the Proposals and the Scheme may materially change up to the Effective Date and as such the uplift in value for UKML Shareholders under the Scheme may not be as estimated (or at all). The Acquisition Value and the TFIF Issue Price which determine UKML Shareholders' entitlements under the Scheme have been substantively fixed as at 31 January 2022 and will not be adjusted to reflect changes in the value of either UKML's or TFIF's portfolio between 31 January 2022 and the Effective Date of the Scheme. The Acquisition Value and TFIF Issue Price have been fixed in order to provide enhanced certainty for both UKML and TFIF of transaction terms against current uncertainty and potential volatility following Russia's invasion of Ukraine; however this means that any increase or decrease in asset values of either UKML or TFIF after 31 January will not be reflected in any adjustment to UKML Shareholders' entitlements under the Scheme.

### ***Risks relating to taxation***

The information in this Circular relating to the taxation law and practice applicable to the receipt by UKML Shareholders of TFIF Shares and/or cash is given by way of general summary and does not constitute legal or tax advice to UKML Shareholders. Statements in this Circular concerning the taxation of UKML Shareholders are based upon current UK and Guernsey tax law and HMRC and Guernsey Revenue Service practice and concessions which are subject in principle to changes (which may be retrospective) that could adversely affect UKML Shareholders.



**If you are in any doubt about your tax position or if you are subject to tax in a jurisdiction other than the UK or Guernsey you should consult an appropriate professional adviser without delay.**

***Restricted Shareholders***

New TFIF Shares to which Restricted Shareholders are entitled under the Scheme may not be issued to Restricted Shareholders and, in such circumstances, will instead be issued to the Liquidators as nominees on behalf of such Restricted Shareholders who will arrange for such shares to be sold promptly by a market maker. There is no guarantee in respect of the price at which the New TFIF Shares will be sold by the market maker.

## PART 5

### TAXATION

#### 1. United Kingdom taxation

The following paragraphs are intended only as a general and non-exhaustive guide and are based on current UK legislation and HMRC published practice, which is subject to change at any time (possibly with retrospective effect). They are of a general nature and do not constitute tax advice and apply only to UKML Shareholders who are resident in the UK for tax purposes, who are the absolute beneficial owners of their Shares and who hold Shares as an investment. They do not address the position of certain classes of UKML Shareholders such as dealers in securities, insurance companies or collective investment schemes or UKML Shareholders who are subject to taxation in any jurisdiction other than the UK.

If you are in any doubt about your tax position or if you are subject to tax in a jurisdiction other than the UK you should consult an appropriate professional adviser without delay.

#### *UKML Shareholders*

The Company has been advised that, for the purposes of UK taxation of chargeable gains, the exchange of UKML Shares for New TFIF Shares should constitute a scheme of reconstruction and that such exchange should not constitute a disposal by the UKML Shareholders of their UKML Shares for the purposes of UK taxation of chargeable gains. Instead, the New TFIF Shares issued to a UKML Shareholder pursuant to the Scheme should be treated for the purposes of the UK taxation of chargeable gains as replacing the UKML Shares for which they were exchanged by that UKML Shareholder and should generally be treated as acquired at the same time and for the same base cost as the exchanged UKML Shares are treated as having been acquired.

Any subsequent disposal of the New TFIF Shares may result in the holder of those New TFIF Shares realising a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains, depending on the holder's particular circumstances.

UKML Shareholders who hold, alone or together with persons connected with them, more than 5 per cent. of the UKML Shares in issue are advised that a clearance has been obtained from HMRC pursuant to section 138 of the TCGA that the treatment described above is not to be prevented, by virtue of section 137 of the TCGA, from applying to them.

HMRC have also confirmed that no counteraction notices under section 698 Income Tax Act 2007 or section 746 Corporation Tax Act 2010 ought to be given in respect of the Scheme.

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

It is not expected that any UK stamp duty or UK SDRT will be payable by the Company or UKML Shareholders on the liquidation or otherwise under the Scheme.

#### *ISAs*

TFIF Shares, including New TFIF Shares, are eligible for inclusion within a stocks and shares ISA.

Accordingly where UKML Shares currently held within an ISA are exchanged for New TFIF Shares obtained pursuant to the Scheme, those UKML Shares can generally be retained within the ISA, subject to the specific terms applicable to the ISA.

UKML Shareholders who hold their UKML Shares within an ISA should consult with their plan manager as regards their own position.

#### 2. Guernsey taxation

The information below, which relates only to Guernsey taxation, is for general information purposes only and is a summary of the advice received by the Company from its advisers so far as applicable to the Company and to investors who hold their interests in the Company 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 Guernsey. It is not intended to

constitute legal or tax advice to investors. The information below is based on current Guernsey tax law and published practice which is, in principle, subject to any change (potentially with retrospective effect). Certain investors, such as dealers in securities, collective investment schemes, insurance companies and persons who have acquired their interests in the Company in connection with their employment may be taxed differently and are not considered. The tax consequences for each investor of the Scheme may depend on the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

### ***The Company***

The Company has applied for and has been granted an exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200, provided that the Company qualifies under the applicable legislation for exemption. It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it will continue to qualify for exempt company status for the purposes of Guernsey taxation.

As an exempt company, the Company will be treated as if it were not resident in Guernsey for the purposes of liability to Guernsey income tax. The exemption from income tax and the treatment of the Company as if it were not resident in Guernsey for the purposes of Guernsey income tax would be effective from the date the exemption is granted and will apply for the year of charge in which the exemption is granted.

Under current law and practice in Guernsey, the Company will only be liable to tax in Guernsey in respect of income arising or accruing from a Guernsey source, other than from a relevant bank deposit. It is not anticipated that such Guernsey source taxable income will arise in this case.

Distributions made by exempt companies to non-Guernsey residents will be free of Guernsey withholding tax and reporting requirements. Where a tax exempt company makes a distribution to shareholders that are Guernsey tax resident individuals the company will only need to report the relevant details of those distributions.

### ***UKML Shareholders***

Distributions by the Company to UKML Shareholders who are not resident in Guernsey (which includes Alderney and Herm) for tax purposes (and do not have a permanent establishment in Guernsey) can be paid to such UKML Shareholders, either directly or indirectly, without the withholding of Guernsey tax and without giving rise to any other liability to Guernsey income tax.

UKML Shareholders who are resident for tax purposes in Guernsey (which includes Alderney and Herm), or who are not resident but have a permanent establishment in Guernsey to which the holding of their UKML Shares is related, will incur Guernsey income tax at the applicable rate on a distribution paid to them by the Company. So long as the Company has been granted tax exemption the Company will not be required to withhold any tax from distributions paid to such UKML Shareholders and will only be required to provide the director of the Guernsey Revenue Service such particulars relating to any distribution paid to Guernsey resident UKML Shareholders as the director of the Guernsey Revenue Service may require, including the names and addresses of the Guernsey resident UKML Shareholders, the gross amount of any distribution paid and the date of the payment.

As already referred to above, Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties (save for registration fees and *ad valorem* duty for a Guernsey grant of representation where the deceased dies leaving assets in Guernsey which require presentation of such a grant).

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

### ***FATCA – the US-Guernsey IGA***

On 13 December 2013 the Chief Minister of Guernsey signed an intergovernmental agreement with the United States (“**US-Guernsey IGA**”) regarding the implementation of the Foreign Account Tax Compliance Act (“**FATCA**”). Under FATCA and legislation enacted in Guernsey to implement the US-Guernsey IGA, certain disclosure requirements will be imposed in respect of certain UKML Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents or citizens of the United States, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that will need to be disclosed will include certain information about UKML Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The Company will be required to report this information each year in the prescribed format and manner as per local guidance.

Under the terms of the US-Guernsey IGA, Guernsey resident financial institutions that comply with the due diligence and reporting requirements of Guernsey’s domestic legislation will be treated as compliant with FATCA and, as a result, should not be subject to FATCA withholding on payments they receive and should not be required to withhold under FATCA on payments they make. If the Company does not comply with these obligations, it may be subject to a FATCA deduction on certain payments to it of US source income (including interest and dividends) and (from no earlier than two years after the date of publication of certain final regulations defining “foreign passthru payments”) a portion of non-US source payments from certain non-US financial institutions to the extent attributable to US source payments. The US-Guernsey IGA is implemented through Guernsey’s domestic legislation in accordance with local guidance that is published in draft form.

Under the US-Guernsey IGA, securities that are “regularly traded” on an established securities market, such as the London Stock Exchange, are not considered financial accounts and are not subject to reporting. For these purposes, UKML Shares will be considered “regularly traded” if there is a meaningful volume of trading with respect to the UKML Shares on an ongoing basis. Notwithstanding the foregoing, an UKML Share will not be considered “regularly traded” and will be considered a financial account if the UKML Shareholder is not a financial institution acting as an intermediary. Such UKML Shareholders will be required to provide information to the Company to allow it to satisfy its obligations under FATCA, although it is expected that whilst an UKML Share is held in uncertificated form through CREST, the holder of that UKML Share will likely be a financial institution acting as an intermediary. UKML Shareholders that own UKML Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under FATCA.

### ***Common Reporting Standard***

On 13 February 2014, the Organisation for Economic Co-operation and Development released the Common Reporting Standard (“**CRS**”) designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, fifty-one jurisdictions signed the multilateral competent authority agreement (“**Multilateral Agreement**”) that activates this automatic exchange of FATCA-like information in line with the CRS. Since then further jurisdictions have signed the Multilateral Agreement and in total over 100 jurisdictions have committed to adopting the CRS. Many of these jurisdictions have now adopted the CRS. Guernsey adopted the CRS with effect from 1 January 2016.

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements will be imposed in respect of certain UKML Shareholders who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Certain due diligence obligations will also be imposed. Where applicable, information that would need to be disclosed will include certain information about UKML Shareholders, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The Company will be required to report this information each year in the prescribed format and manner as per local guidance. The CRS is implemented through Guernsey’s domestic legislation in accordance with published local guidance which is supplemented by guidance issued by the Organization for Economic Co-operation and Development.

Under the CRS, there is currently no reporting exemption for securities that are “regularly traded” on an established securities market, although it is expected that whilst an UKML Share is held in

uncertificated form through CREST, the holder of that UKML Share will likely be a financial institution acting as an intermediary. UKML Shareholders that own UKML Shares through a financial intermediary may be required to provide information to such financial intermediary in order to allow the financial intermediary to satisfy its obligations under the CRS.

**All investors should consult with their own tax advisers regarding the possible implications of FATCA, the CRS and any other similar legislation and/or regulations on their participation in the Scheme.**

If the Company fails to comply with any due diligence and/or reporting requirements under Guernsey legislation implementing the US-Guernsey IGA and/or the CRS then the Company could be subject to (in the case of the US-Guernsey IGA) US withholding tax on certain US source payments, and (in all cases) the imposition of financial penalties introduced pursuant to the relevant implementing regulations in Guernsey. Whilst the Company will seek to satisfy its obligations under the US-Guernsey IGA and the CRS and associated implementing legislation in Guernsey to avoid the imposition of any financial penalties under Guernsey law, the ability of the Company to satisfy such obligations will depend on receiving relevant information and/or documentation about each UKML Shareholder and the direct and indirect beneficial owners of the UKML Shareholders (if any). There can be no assurance that the Company will be able to satisfy such obligations.

***Request for Information***

The Company reserves the right to request from any UKML Shareholder such information as the Company deems necessary to comply with FATCA and the CRS, or any obligation arising under the implementation of any applicable intergovernmental agreement, including the US-Guernsey IGA and the Multilateral Agreement, relating to FATCA, the CRS or the automatic exchange of information with any relevant competent authority.

## PART 6

### GENERAL INFORMATION

#### 1. Incorporation and Administration

The Company was incorporated in Guernsey on 10 June 2015 with registered number 60440 as a non-cellular company limited by shares under the Law. The Company is registered by the GFSC as a registered closed-ended collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended, and the Registered Collective Investment Schemes Rules 2021 made hereunder.

The Company is not regulated by the Financial Conduct Authority but is regulated by the GFSC.

The address of the registered office and principal place of business of the Company is PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL, with telephone number +44 (0)1481 745001.

#### 2. Share Capital

As at the Latest Practicable Date, the issued and fully paid up share capital of the Company comprised 178,799,556 UKML Shares, and no UKML Shares were held in treasury.

#### 3. Directors' Interests in UKML Shares

	UKML Shares	% of issued share capital
Chris Waldron	80,000	0.045
Richard A. Burrows	5,000	0.003
Paul Le Page	67,800	0.038
Helen Green	21,250	0.012

#### 4. Transfer Agreement

Provided that all the conditions to the Scheme are satisfied or waived, other than Admission, and the Scheme becomes effective, the Company will enter into the Transfer Agreement with the Liquidators and TFIF pursuant to the Scheme. The Transfer Agreement is, as at the date of this Circular, in a form agreed between the Company, the Liquidators and TFIF. The Transfer Agreement provides, among other things, that the assets of the Company in the Rollover Pool are to be transferred to TFIF in consideration for the allotment by TFIF of New TFIF Shares to the Liquidators, as nominees for UKML Shareholders entitled to them in accordance with the Scheme. Thereafter, the Liquidators will direct the issuances of the New TFIF Shares in favour of the UKML Shareholders being entitled to them in accordance with the Scheme. On such direction, TFIF will issue the relevant New TFIF Shares to the Shareholders entitled thereto. The Transfer Agreement excludes any liability on the part of the Liquidators for entering into and carrying into effect the Transfer Agreement.

#### 5. Costs

The costs of the Proposals and the Scheme incurred by the Company (including all advisers' fees, printing and other ancillary costs of the Proposals) are estimated as being approximately 0.6p per UKML Share. This estimate of costs excludes the Retention.

#### 6. Numis

Numis Securities Limited ("**Numis**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("**FCA**"), is acting for the Company and TFIF and for no one else in connection with the Proposals as described in this Circular and will not regard any other person (whether or not a recipient of the Circular) as its client and will not be responsible to anyone other than the Company and TFIF for providing the protections afforded to clients of Numis or for advising

any such person in connection with the contents of the Circular, or any transaction or arrangement referred to in the Circular.

#### **7. Consent**

TwentyFour, Numis, TFIF and the Liquidators have given and have not withdrawn their written consents to the issue of this Circular with reference to their names in the form and context in which such references appear.

## DEFINITIONS

In this Circular, the words and expressions listed below have the meanings set out opposite them, except where the context requires otherwise:

<b>Acquiring Entity</b>	UK Mortgages Corporate Funding Designated Activity Company, a company incorporated in Ireland through which the Company currently holds its investment portfolio of Asset Backed Securities;
<b>Acquisition Value</b>	has the meaning given to it in Part 1 of this Circular;
<b>Acquisition Value per UKML Share</b>	has the meaning given to it in paragraph 3.6.1 of the Scheme;
<b>Administrator</b>	Northern Trust International Fund Administration Services (Guernsey) Limited;
<b>Admission</b>	admission of the New TFIF Shares to be issued pursuant to the Scheme to listing on the premium segment of the Official List and to trading on the premium segment of the Main Market;
<b>AIFM</b>	Maitland Institutional Services Limited;
<b>Articles</b>	the articles of incorporation of the Company;
<b>Asset Backed Securities or ABS</b>	any security that entitles the holder to receive payments that depend primarily on the cash flow from, the market value of, or the credit exposure to, a specified pool of financial assets, either fixed or revolving (including, but not limited to, residential and commercial mortgages, credit card receivables, automobile, boat and recreational vehicle leases and loans, instalment sales contracts, bank loans, leases, corporate debt securities and various types of accounts receivable), together with rights or other assets designed to assure the servicing or timely distribution of proceeds to the holder of the security;
<b>Board or Directors</b>	the directors of the Company, or any duly constituted committee thereof;
<b>Business Day</b>	a day on which the London Stock Exchange is open for business;
<b>Calculation Date</b>	close of business on 18 March 2022;
<b>certificated or in certificated form</b>	not in uncertificated form;
<b>Company or UKML</b>	UK Mortgages Limited;
<b>Continuation Pool</b>	the pool of assets to be established under a Realisation attributable to holders of Continuing Ordinary Shares;
<b>Continuing Ordinary Shares</b>	TFIF Shares held by TFIF Shareholders who do not submit Realisation Elections in respect of those TFIF Shares before any Reorganisation Date;
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
<b>CREST Manual</b>	the compendium of documents entitled the "CREST Manual" issued by Euroclear from time to time;
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) and/or the Uncertificated Securities (Guernsey) Regulations 2009, in each case as amended and as applicable;
<b>DAC Reorganisation</b>	the redemption of profit participating notes issued to the Company by the Acquiring Entity, and the reissue of new profit participating notes and bonds to the Company prior to the Effective Date, and



	certain changes to the portfolio management agreement in respect of the Acquiring Entity, in each case to the extent reasonably required by TFIF;
<b>Disclosure Guidance and Transparency Rules</b>	the Disclosure Guidance and Transparency Rules made by the FCA under section 72 of FSMA;
<b>EEA</b>	European Economic Area;
<b>Effective Date</b>	the date on which the Scheme becomes effective, which is expected to be 18 March 2022;
<b>ERISA</b>	the US Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations thereunder;
<b>Euroclear</b>	Euroclear UK & Ireland Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST);
<b>Extraordinary General Meeting or EGM</b>	the Extraordinary General Meeting of the Company to consider the Resolutions convened for 10.30 a.m. on Friday, 18 March 2022, notice of which is set out at the end of this Circular, or any adjournment of that meeting;
<b>FCA</b>	the United Kingdom Financial Conduct Authority;
<b>FCA Rules</b>	the handbook of rules and guidance of the FCA, as amended;
<b>Form of Proxy</b>	the form of proxy accompanying this Circular for use by UKML Shareholders in relation to voting at the EGM;
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended;
<b>HMRC</b>	HM Revenue & Customs;
<b>Holding Entity</b>	any entity through which TFIF holds Asset Backed Securities, which shall include the Acquiring Entity following implementation of the Scheme;
<b>Investment Company Act</b>	the United States Investment company Act of 1940, as amended;
<b>ISA</b>	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998, as amended;
<b>Latest Practicable Date</b>	1 March 2022, being the latest practicable date prior to the publication of this Circular;
<b>Law</b>	the Companies (Guernsey) Law, 2008, as amended;
<b>Liquidation Pool</b>	the pool of cash and other net current assets to be retained by the Liquidators to meet all known and unknown liabilities of the company and other contingencies, as further provided in paragraph 3.1 of this Circular;
<b>Liquidators</b>	the proposed joint liquidators of the Company, namely Andrea Frances Alice Harris and Benjamin Alexander Rhodes of Grant Thornton Limited, acting jointly and severally;
<b>Listing Rules</b>	the Listing Rules made by the FCA under section 73A of FSMA;
<b>London Stock Exchange</b>	London Stock Exchange plc (a company registered in England and Wales with registered number 2075721);
<b>Main Market</b>	the main market of the London Stock Exchange;
<b>Manager or TwentyFour</b>	TwentyFour Asset Management LLP;
<b>Material Adverse Change</b>	means any adverse change in, or any development involving or reasonably likely to involve a prospective adverse change in or affecting, the financial condition of the Company and the value of its investments, earnings, business, management, prospects,

assets, rights, net asset value, funding position, liquidity or solvency of the Company, whether or not arising in the ordinary course of business and whether or not foreseeable at the date of this Circular and in each case which is material in the context of the Scheme as determined by TFIF acting reasonably and in good faith;

<b>Mortgage Securitisation</b>	a mortgage securitisation to which the Company has exposure through the holding of Participating Notes;
<b>NAV</b>	net asset value;
<b>New TFIF Shares</b>	the new TFIF Shares to be issued pursuant to the Scheme in accordance with the Transfer Agreement;
<b>Nominated Charity</b>	the Eleanor Foundation;
<b>Northern Europe</b>	the UK, the Netherlands, the Republic of Ireland, France, Germany, Switzerland, Sweden, Norway, Denmark, Belgium, Finland and Luxembourg;
<b>November 2020 Circular</b>	the circular published by the Company on 13 November 2020;
<b>Numis</b>	Numis Securities Limited;
<b>Official List</b>	the Official List maintained by the FCA pursuant to Part VI of FSMA;
<b>Overseas Shareholder</b>	a UKML Shareholder who has a registered address outside of, or who is a resident in, or citizen, resident or national of, any jurisdiction outside the United Kingdom, the Channel Islands or the Isle of Man;
<b>Participating Notes</b>	profit participating notes issued by the Acquiring Entity to the Company from time to time;
<b>Portfolio Management Agreement</b>	the portfolio management agreement dated 23 June 2015 between the Company, the AIFM and the Manager, as amended with effect from 3 January 2018 and on 31 July 2019;
<b>Proposals</b>	the proposals and the Resolutions described in this Circular for the scheme of reconstruction and the voluntary winding-up of the Company under section 391(1)(b) of the Law, which require the passing of the Resolutions;
<b>Prospectus Regulation Rules</b>	the Prospectus Regulation Rules made by the FCA under section 73A of FSMA;
<b>Realisation</b>	the reorganisation of the portfolio of TFIF into two separate pools of assets, as described in the TFIF Prospectus;
<b>Realisation Election</b>	has the meaning given to it in the TFIF Prospectus;
<b>Realisation Pool</b>	the pool of assets to be established under a Realisation attributable to holders of Realisation Shares;
<b>Realisation Shares</b>	ordinary redeemable realisation shares of 1p each in the capital of TFIF'
<b>Record Date</b>	17 March 2022 (or such other date as determined in the sole discretion of the Directors), being the record date for determining UKML Shareholders' entitlements under the Proposals;
<b>Register</b>	the register of members of the Company;
<b>Registrar</b>	Computershare Investor Services (Guernsey) Limited;
<b>Retention</b>	has the meaning given to it in paragraph 3.1.1 of Part 2 of this Circular;

<b>RIS</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
<b>Reorganisation Date</b>	the date which is 5 Business Days after any of (a) 6 March 2016; and (b) the date of the annual general meeting of TFIF held in each third year thereafter;
<b>Resolutions</b>	the resolutions set out in the notice of the Extraordinary General Meeting as detailed in Part 1 of the Circular;
<b>Restricted Shareholder</b>	any Overseas Shareholder and any UKML Shareholder who notifies the Company that any of the representations, warranties, undertakings, agreements or acknowledgments contained in paragraph 2.1 of Part 2 of this Circular are not or are no longer accurate or have not been complied and who is deemed by the Directors to be a Restricted Shareholder;
<b>Rollover Pool</b>	the pool of undertaking, cash and other assets of the Company to be established under the Scheme to be transferred to TFIF pursuant to the Transfer Agreement;
<b>Scheme</b>	the proposed scheme of reconstruction under section 391(1)(b) of the Law, as contained in Part 2 of this Circular;
<b>SDRT</b>	stamp duty reserve tax;
<b>TCGA</b>	Taxation of Chargeable Gains Act 1992;
<b>TFIF</b>	TwentyFour Income Fund Limited;
<b>TFIF Articles</b>	the articles of incorporation of TFIF;
<b>TFIF Board or TFIF Directors</b>	the directors of TFIF, or any duly constituted committee thereof;
<b>TFIF FAV</b>	has the meaning given to it in paragraph 3.6.3 of Part 2 of this Circular;
<b>TFIF FAV per Share</b>	has the meaning given to it in paragraph 3.6.4 of Part 2 of this Circular;
<b>TFIF Issue Price</b>	has the meaning given to it in Part 1 of this Circular;
<b>TFIF Issue Price Calculation Date</b>	close of business on 31 January 2022;
<b>TFIF NAV</b>	has the meaning given to it in paragraph 3.6.2 of Part 2 of this Circular;
<b>TFIF Prospectus</b>	the prospectus relating to, among other things, the issue of New TFIF Shares pursuant to the Scheme;
<b>TFIF Shareholders</b>	holders of TFIF Shares;
<b>TFIF Shares</b>	ordinary shares of 1p each in the capital of TFIF;
<b>Transfer Agreement</b>	the agreement to be entered into between the Company (acting through the Liquidators), the Liquidators and TFIF providing, among other things, for the transfer of the Rollover Pool from the Company to TFIF;
<b>Transfer Date</b>	the date on which the Rollover Pool transfers to TFIF pursuant to the Transfer Agreement, which is expected to be 24 March 2022;
<b>UK</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>UKML Shareholders</b>	holders of UKML Shares;
<b>UKML Shares</b>	ordinary shares of 1p each in the capital of the Company;

**uncertificated or in  
uncertificated form**

recorded in the Company's register of members as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

**United States**

the United States of America, its territories, possessions, any state of the United States of America, and the District of Columbia;

**US Person**

a US person as defined by Regulation S of the Securities Act;

**US Securities Act**

the US Securities Act of 1933, as amended;

**US Tax Code**

the US Internal Revenue Code of 1986, as amended; and

**VAT**

Value Added Tax.

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## UK Mortgages Limited

*(a non-cellular company limited by shares incorporated in the Island of Guernsey under the Companies (Guernsey) Law, 2008, as amended, with registered number 60440 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)*

**Notice is hereby given** that an Extraordinary General Meeting (the “**Meeting**”) of UK Mortgages Limited (the “**Company**”) will be held on Friday, 18 March 2022 at 10.30 a.m. at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3QL, Channel Islands to consider and, if thought fit, pass the following resolutions, all of which will be proposed as special resolutions, namely:

### Special Resolutions

1. **THAT**, subject to: (i) the scheme (the “**Scheme**”) set out in Part 2 of the circular (the “**Circular**”) issued by the Company on 3 March 2022, a copy of which has been laid before the meeting and signed for the purpose of identification by the Chairman of the meeting, becoming unconditional in accordance with its terms, other than with respect to the admission of the new ordinary redeemable shares (the “**New TFIF Shares**”) of 1p each in the capital of TwentyFour Income Fund Limited (“**TFIF**”), to be issued pursuant to the Scheme; and (ii) the passing of resolution 2 below at this Meeting (or any adjournment thereof):
  - 1.1 notwithstanding anything to the contrary in the Articles of Incorporation of the Company (the “**Articles**”), the Scheme be and is hereby approved and the liquidators of the Company when appointed (jointly and severally the “**Liquidators**”), be and are hereby authorised to implement the Scheme and to execute any document and do anything for the purpose of carrying the Scheme into effect;
  - 1.2 in particular but without prejudice to the generality of sub-paragraph 1.1 above, the Liquidators, when appointed, be and are hereby authorised and directed, pursuant to section 391(1)(b) of the Companies (Guernsey) Law, 2008, as amended and/or this special resolution and/or the Articles:
    - 1.2.1 to enter into and give effect to the Transfer Agreement (in their personal capacity and on behalf of the Company) referred to in the Circular with TFIF, in the form of the draft produced to the Meeting and signed for the purpose of identification by the Chairman with such amendments as the parties may from time to time agree;
    - 1.2.2 to request that, in accordance with the Scheme, TFIF issue New TFIF Shares to the holders (the “**Shareholders**”) of ordinary shares of 1p each in the capital of the Company (the “**UKML Shares**”), to which such Shareholders are entitled in accordance with the Scheme (or to the Liquidators as nominees on their behalf) by way of satisfaction and discharge of their respective interests in as much of the property and assets of the Company as will be so transferred to TFIF in accordance with the Transfer Agreement and with the Scheme;
    - 1.2.3 to procure that the Rollover Pool (as defined in the Scheme) be vested in TFIF on and subject to the terms of the Transfer Agreement;
    - 1.2.4 pending distributions being made by the Liquidators to the persons entitled thereto, to invest the funds of the Company in such manner as they deem expedient;
    - 1.2.5 to distribute any surplus in the Retention Fund (as defined in the Scheme) in accordance with the Scheme; and
    - 1.2.6 to apply for cancellation of the admission of the UKML Shares to trading on the specialist fund segment of the main market of the London Stock Exchange plc for securities admitted to trading, with effect from such date as the Liquidators may determine.
2. **THAT**, subject to the Scheme becoming unconditional in accordance with its terms, other than with respect to the Admission (as defined in the Circular) of the New TFIF Shares (in each case prior to the passing of this special resolution):

- 2.1 the Company be wound up voluntarily and that Andrea Frances Alice Harris and Benjamin Alexander Rhodes of Grant Thornton Limited, PO Box 313, Lefebvre House, Lefebvre Street, St. Peter Port, Guernsey GY1 3TF be and are hereby appointed as liquidators (the “**Liquidators**”) of the Company and any one of the Liquidators is hereby empowered to transact on behalf of the Company;
- 2.2 the Liquidators be given sanction in accordance with the Articles to divide amongst the members in specie any part of the assets of the Company, and may with the like sanction vest any part of the assets of the Company in trustees upon such trust for the benefit of the members as the Liquidators with the like sanction shall think fit;
- 2.3 the remuneration of the Liquidators be determined by reference to the time properly given by them and their staff in attending to matters prior to and during the winding up of the Company and they be and are hereby authorised to draw such remuneration in accordance with their letter of engagement with the Company dated 20 January 2022;
- 2.4 the Company’s books and records be held by its secretary to the order of the Liquidators until the expiry of 2 years after the date of dissolution of the Company when they may be disposed of (save for financial and trading records, including those records specifically required by the Companies (Guernsey) Law, 2008 (as amended) to be held by the Company following its dissolution, which shall be kept for a minimum of 10 years following vacation of the Liquidators from office); and
- 2.5 the Liquidators be authorised to destroy any of the Company’s records in their possession as they think fit.

3 March 2022

**Registered office:**

PO Box 255  
Trafalgar Court  
Les Banques  
St Peter Port  
Guernsey  
GY1 3QL  
Channel Islands

By Order of the Board,  
Northern Trust International  
Fund Administration Services  
(Guernsey) Limited,  
Company Secretary

**Notes:**

- (i) These notes should be read in conjunction with the notes on the enclosed Form of Proxy.
- (ii) If a quorum is not present within thirty minutes after the time appointed for the commencement of the Meeting, the Meeting will be adjourned to 10.30 a.m. on Friday, 25 March 2022.
- (iii) A vote withheld is not a vote in law, which means the vote will not be counted in the calculation of votes for or against a resolution. If no voting indication is given, a proxy may vote or abstain from voting at their discretion. A proxy may vote (or abstain from voting) as they think fit in relation to any other matter put before the Meeting.
- (iv) A Shareholder entitled to attend and vote at the Extraordinary General Meeting convened by the above Notice is entitled to appoint one or more proxies to exercise all or any of the rights of the Shareholder to attend and speak and vote in their place. A proxy need not be a member of the Company. Subject to any prevailing restrictions in place at the time of the Extraordinary General Meeting, physical attendance may not be possible. Accordingly, Shareholders are urged to vote by proxy and to appoint the chairman of the meeting as their proxy. Completion and return of the Form of Proxy will not preclude Shareholders from attending or voting at the meeting, if they so wish.
- (v) Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

- (vi) In order to revoke a proxy instruction members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY.
- (vii) The Form of Proxy is enclosed with this notice for use by Shareholders. To be valid, the Form of Proxy and any power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited with the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and, in any event, by no later than 10.30 a.m. on Wednesday, 16 March 2022. Amended instructions must also be received by the Company's Registrar by the deadline for receipt of Form of Proxy. If you have any queries in relation to the Form of Proxy you may call Computershare Investor Services (Guernsey) Limited c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY, on 0370 707 4040 from within the UK (or +44 (0)370 707 4040 from outside of the UK) between 8.30 a.m. and 5.30 p.m. on any Business Day. Completion and return of a Form of Proxy or the giving of a CREST Proxy Instruction (as described below) will not preclude a Shareholder from attending and voting at the meeting if they wish to do so (noting that Shareholders' may be restricted from attending the meeting in person depending on the prevailing measures implemented by the States of Guernsey in respect of the Covid-19 outbreak).
- (viii) Pursuant to Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009 (the "**CREST Regulations**"), the Company has specified that only those Shareholders entered on the register of members of the Company as at 5.00 p.m. on 16 March 2022 or, if the meeting is adjourned, on the register of members as at 5.00 p.m. two Business Days prior to the adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of UKML Shares registered in their name at that time. Changes to the register of members after 5.00 p.m. on 16 March 2022 or, if the meeting is adjourned, 5.00 p.m. two Business Days prior to the adjourned meeting will be disregarded in determining the rights of any person to attend and vote at the meeting or adjourned meeting (as the case may be).
- (ix) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment thereof by using the procedures described in the CREST Manual on Euroclear's website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to the CREST sponsor or voting service provider who will be able to take the appropriate action on their behalf.
- (x) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message ("**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's Registrar (Computershare Investor Services (Guernsey) Limited) not less than 48 hours before the time of the holding of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instruction to proxies appointed through CREST should be communicated to the appointee through other means.
- (xi) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider takes) such action as shall be necessary to ensure the message is transmitted by means of the CREST system by any particular time. In this connection CREST

members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- (xii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the CREST Regulations.
- (xiii) If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 5 per cent., or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights, and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.
- (xiv) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (xv) As at 1 March 2022, being the latest practicable date prior to the printing of this notice, there were 178,799,556 UKML Shares in issue carrying one vote each. Therefore, the total voting rights in the Company as at 1 March 2022 are 178,799,556. The Company holds no UKML Shares in treasury.
- (xvi) Terms used in this notice shall have the same meaning as in the Circular to shareholders of the Company dated the same date as this notice unless otherwise defined.
- (xvii) The contents of this notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting, the total voting rights members are entitled to exercise at the meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available at [www.ukmortgageslimited.com](http://www.ukmortgageslimited.com).
- (xviii) You may not use any electronic address provided in this Notice of the Extraordinary General Meeting to communicate with the Company for any purposes other than those expressly stated.