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

**PLEASE NOTE THAT AS A RESULT OF THE COVID-19 PANDEMIC, SHAREHOLDERS WILL NOT BE PERMITTED TO ATTEND THE EGM OR CLASS MEETINGS UNLESS PERMISSION IS OBTAINED IN ADVANCE AND THEREFORE SHAREHOLDERS ARE STRONGLY ENCOURAGED TO RETURN THEIR FORM OF PROXY AS EARLY AS POSSIBLE AND AS DIRECTED BELOW. IF PERMISSION IS OBTAINED TO ATTEND THE EGM OR CLASS MEETINGS PLEASE NOTE THAT THERE IS CURRENTLY A REQUIREMENT ON ALL PERSONS ARRIVING INTO GUERNSEY FROM ANYWHERE IN THE WORLD TO SELF-ISOLATE FOR 14 DAYS ON ARRIVAL.**

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

*(Incorporated in Guernsey with registration number 58519)*

### **Proposed Continuation of the Ordinary Shares**

### **Proposed Continuation of the C Shares**

### **Amendments to the Articles of Incorporation**

### **Change of Name of the Company**

**and**

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

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Board of the Company in which the Directors recommend how you should vote in relation to the Resolutions to be proposed at the EGM and each class meeting referred to below.

Notices of the EGM, Ordinary Class Meeting and C Class Meeting of the Company to be held at BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA on 16 July 2020, commencing respectively at 10.00 a.m. BST, 10.05 a.m. BST and 10.10 a.m. BST (or as soon thereafter as the preceding Meeting concludes or is adjourned), are set out at the end of this document. The Proposals described in this document are conditional upon Shareholder approval.

In light of the Covid-19 pandemic, you are strongly encouraged to exercise your voting rights by completing and submitting the Forms of Proxy to avoid the need to attend the EGM or Class Meetings in person. It is highly recommended that Shareholders submit their Form of Proxy as early as possible to ensure that their votes are counted at the EGM and the Class Meetings. If you or any appointed proxy wish to attend in person, please inform the Registrar as soon as possible so that appropriate safety arrangements can be put in place for any attendees.

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

This circular is dated 16 June 2020.

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## SUMMARY OF ACTION TO BE TAKEN

### The meetings

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



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



## EXPECTED TIMETABLE

Date of this circular	16 June 2020
Latest time and date for receipt of Forms of Proxy for EGM	14 July 2020 at 10.00 a.m.
Latest time and date for receipt of Forms of Proxy for Ordinary Class Meeting	14 July 2020 at 10.05 a.m.
Latest time and date for receipt of Forms of Proxy for C Class Meeting	14 July 2020 at 10.10 a.m.
EGM	16 July 2020 at 10.00 a.m.
Ordinary Class Meeting	16 July 2020 at 10.05 a.m. <sup>2</sup>
C Class Meeting	16 July 2020 at 10.10 a.m. <sup>2</sup>

*Notes:*

- (1) References to times in this document are to London times unless otherwise stated. Any changes to the expected timetable will be notified by the Company through a Regulatory Information Service announcement.
- (2) Or as soon thereafter as the preceding meeting concludes or is adjourned.

**PART 1 - LETTER FROM THE CHAIRMAN**  
**SNQ ASSET FINANCE INCOME FUND LIMITED**  
*(Incorporated in Guernsey with registration number 58519)*

*Directors:*

Peter Niven (Non-executive Chairman)  
John Falla (Non-executive Director)  
Paul Meader (Non-executive Director)  
Christopher Spencer (Non-executive Director)  
Dr Jaqueline Redmond (Non-executive Director)

*Registered and Head Office:*

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

16 June 2020

Dear Shareholder

**Notice of EGM and Class Meetings of holders of Ordinary Shares and C Shares, and recommended Proposals for (i) Ordinary Class Continuation Vote, (ii) C Class Continuation Vote, (iii) Amendments to the Articles, and (iv) Change of Name**

**1 Introduction**

As announced on 8 June 2020, the Company has appointed KKV Investment Management Ltd as its new portfolio manager. In addition, the Company has appointed International Fund Management Limited as its alternative investment fund manager.

Your Board has also today announced proposals to:

- continue its business as a closed-ended investment company in respect of the Ordinary Shares ("**Ordinary Class Continuation Vote**");
  - continue its business as a closed-ended investment company in respect of the C Shares ("**C Class Continuation Vote**");
  - amend the Articles to make certain recommended changes as set out in detail in paragraph 3(c) below ("**Amendments to the Articles**"); and
  - change the name of the Company from "SNQ Asset Finance Income Fund Limited" to "KKV Secured Loan Fund Limited" ("**Change of Name**");
- (together the "**Proposals**").

The Proposals are subject to Shareholder approval as required by the Articles and the Law.

This document sets out in more detail the background to the Proposals and the reasons why the Board unanimously recommends that you vote in favour of:

- the Shareholder Resolutions to approve the Amendments to the Articles and the Change of Name at the EGM;
- the Ordinary Class Resolutions to approve the Ordinary Class Continuation Vote and the Amendments to the Articles at the separate class meeting of the Ordinary Shareholders, the Ordinary Class Meeting; and
- the C Class Resolutions to approve the C Class Continuation Vote and the Amendments to the Articles at the separate class meeting of the C Shareholders, the C Class Meeting.

Notices of the EGM, the Ordinary Class Meeting and the C Class Meeting are set out at the end of this document and Forms of Proxy (as applicable) are enclosed with this document.

**2 Background to, and reasons for, the Proposals**

(a) *Appointment of new portfolio manager and AIFM*

On 8 June 2020, the Board announced that it had appointed KKV as portfolio manager of the Company.

KKV is a newly formed investment management company, majority owned by KSL, the UK operating subsidiary of Kvika Banki, a Nordic publicly traded commercial bank focusing on asset management and investment services. The investment team at KKV will be led by Dawn Kendall as CIO, supported by Chris Greener and Christian Holder, both of whom are experienced credit

managers who have recently joined KKV. The majority of the operational personnel of SQN UK have also joined KKV, providing continuity to the Company's operations, relationships with its borrowers and knowledge of its investment portfolio. KKV offers a strong proposal which combines the expertise and considerable experience of individuals previously within the SQN Group with a newly recruited team of financial services professionals with significant expertise in the fields of credit and risk. Together with the infrastructure and governance associated with Kvika Banki and KSL, the Board believes this proposition delivers the continuity and enhanced fund management skills expected by Shareholders. Further details about KKV, including the terms of the New Investment Management Agreement, are set out in paragraph 4 below.

As KKV is not authorised to act as the Company's alternative investment fund manager, the Board has appointed IFM to fulfil that role. Further details about IFM, including the terms of the AIFM Agreement, are set out in paragraph 5 below.

KKV and IFM have been appointed with effect from 6 June 2020 (the "**Appointment Date**").

(b) *The Continuation Vote*

In addition, the Board announced on 30 April 2020 that it proposed to bring forward the triennial continuation vote from November 2020 and to propose separate continuation resolutions for each share class (the "**2020 Continuation Vote**"). Furthermore, if the 2020 Continuation Vote is passed for either share class, the Board proposes a further continuation vote to be held no later than 31 August 2021 (for the relevant share class/classes) (the "**2021 Continuation Vote**"). If the 2021 Continuation Vote is passed for either share class, the Board proposes that the Company will revert to a triennial continuation vote, starting at its annual general meeting in 2024.

In the period prior to the 2021 Continuation Vote, no new investments will be made (save for further investment in existing assets that require additional capital or existing undrawn commitments), with any excess cash flow from the amortisation, repayment or realisation of assets prior to the 2021 Continuation Vote being returned to Shareholders either through the repurchase of Ordinary Shares or C Shares, as applicable, or, if the quantum is material, via a return of capital, as determined by the Board at that time.

The Company is committed, pursuant to its Articles to propose a continuation vote during 2020. The proposed 2020 Continuation Vote is intended to provide Shareholders with the opportunity to vote on the immediate future of the Company shortly following the appointment of KKV, rather than awaiting the Company's AGM in November 2020, providing some near-term clarity, at least over the next 12 months.

However, the Board believes that Shareholders will be better placed to fully assess the prospects for the Company next year providing time for KKV to focus on managing the Portfolios and fully assess the impact of COVID-19. In addition, while any managed wind-down would be on an orderly basis, in light of the current market environment, the Board believes that now does not present the optimal time for the Company to consider a managed wind-down. The Board therefore proposes to hold the 2021 Continuation Vote providing Shareholders the opportunity to consider the future of the Company next year, once there is expected to be greater clarity on the positioning of the Portfolios, enabling Shareholders to support the 2020 Continuation Vote with the confidence that they will be given a further opportunity to determine the future of the Company in the near term.

**Given that no reinvestment will occur prior to the 2021 Continuation Vote, should Shareholders not support continuation in 2021, the timeframe for any future managed wind-down will not have been notably impacted.**

In addition, the proposal to undertake a separate Ordinary Class Continuation Vote and C Class Continuation Vote, allows each group of Shareholders the opportunity to determine its own future.

### 3 **Summary of the Proposals**

(a) *Proposed Ordinary Class Continuation Vote*

If the Ordinary Class Continuation Vote is passed, KKV will continue to manage the Ordinary Portfolio in the manner set out in the "Investment strategy" section in paragraph 4 below.

However, if the Ordinary Class Continuation Vote is rejected, the Board will formulate proposals to be put to Ordinary Shareholders as soon as is reasonably practicable but, in any event, by no later than six months after the EGM, for the Ordinary Portfolio to be placed into managed wind-down with

the aim of enabling Ordinary Shareholders to realise their holdings in the Company. It is expected that any managed wind-down would be on an orderly-basis.

(b) *Proposed C Class Continuation Vote*

If the C Class Continuation Vote is passed, KKV will continue to manage the C Portfolio in the manner set out in the "Investment strategy" section in paragraph 4 below.

However, if the C Class Continuation Vote is rejected, the Board will formulate proposals to be put to C Shareholders as soon as is reasonably practicable but, in any event, by no later than six months after the EGM, for the C Portfolio to be placed into managed wind-down with the aim of enabling C Shareholders to realise their holdings in the Company. It is expected that any managed wind-down would be on an orderly-basis.

(c) *Amendments to the Articles*

The proposed 2020 Continuation Vote and 2021 Continuation Vote require certain amendments to the Articles which currently provide for a continuation vote to be proposed at every third AGM (i.e. the next one being in November 2020). Accordingly, the Board proposes to amend the Articles to move the date of the next continuation vote to 2021. If the 2021 Continuation Vote is passed for either share class, the next triennial continuation vote will be at the annual general meeting in 2024.

Alongside this, the Board proposes to alter the deemed service provisions for any notice or other document sent by post as set out in article 48.2 of the Articles, to reflect the current Law and ensure that notices served by post are deemed to be served on the third working day after posting, rather than the seventh day as currently drafted.

The Board also proposes to amend the existing article 33.11 which states that:

*"Any material changes to the Company's investment policy will only be made with the approval of the Members as required under the Listing Rules. Any such change will require approval by way of an ordinary resolution of the Company. Such an alteration would be announced by the Company through a Regulatory Information Service."*

If the 2020 Continuation Vote is approved by only one class of Shares, the current article 33.11 would require the Company to seek the approval of all Shareholders rather than just the particular class of Shares to amend its investment policy to implement a managed wind-down for that class of Shares.

The Board proposes to amend the existing article 33.11 to ensure that any amendment of its investment policy to effect a managed wind-down for a particular class of Shares will only require the approval of that class of Shares.

Finally, the Board also proposes to amend the following provisions to reflect the current Law and/or current practice:

- (i) to remove references to sections 292 and 293 of the Law in article 5.4 which have been repealed;
- (ii) to amend the timing provisions for the delivery of proxy forms in article 25.3 to reflect the updated position under the Law;
- (iii) to amend articles 35.3 and 35.4 to reflect that in practice all of the directors stand for re-election at each annual general meeting in accordance with the recommendation of the AIC Corporate Governance Code;
- (iv) to amend articles 35.5 and 35.6 to include an automatic re-appointment provision to cover a scenario where the annual rotational re-appointments are not approved by the members such that the number of directors drops below the minimum number required by the Articles;
- (v) to amend the conflicts of interest language in article 34.1 to reflect the amended position under section 162 of the Law; and
- (vi) to amend article 36.2 and 36.7 so that any director physically present in the United Kingdom is permitted to participate in a board meeting or a committee meeting provided that a majority of the directors present are located outside of the United Kingdom.

(d) *Change of Name*

In connection with the appointment of KKV and the termination of the appointment of SQN Capital, the Board considers it appropriate for the Company to change its name from "SQN Asset Finance

Income Fund Limited" to "KKV Secured Loan Fund Limited". Removing reference to "SQN" in the Company name is a contractual obligation under the previous investment management agreement with SQN. Accordingly, the Company is seeking Shareholder approval for the Change of Name. If the resolution is not passed, the Company would be in breach of its contractual obligation to SQN Capital.

#### **4 Information about KKV**

KKV is a newly formed investment management company, majority owned by Kviká Securities Ltd, the UK operating subsidiary of Kviká Banki, a Nordic publicly traded commercial bank focusing on asset management and investment services. The investment team at KKV will be led by Dawn Kendall as CIO, supported by Chris Greener and Christian Holder, both of whom are experienced credit managers who have recently joined KKV. The majority of the operational personnel of SQN UK have also joined KKV, providing continuity to the Company's operations, relationships with its borrowers and knowledge of its investment portfolio.

KKV offers a strong proposal which combines the expertise and considerable experience of individuals previously within the SQN Group with a newly recruited team of financial services professionals with significant expertise in the fields of credit and risk. Together with the infrastructure and governance associated with Kviká Banki and Kviká Securities Ltd, the Board believes this proposition delivers the continuity and enhanced fund management skills expected by Shareholders.

##### *Ken Hillen – Executive Chairman of KKV*

Ken has joined as Executive Chairman and will take a significant leadership role within the organisation. Ken has held a number of senior banking roles throughout his career; including senior corporate director at RBS, managing director for Scotland and Northern Ireland at Anglo Irish Bank and head of commercial and corporate banking for Scotland at Bank of Ireland. Ken has a broad experience of non-executive and consultancy roles within financial services and other sectors. His current non-executive roles require regular dialogue with a number of private equity houses and banks. He also holds positions in both listed and private companies. Ken has significant experience of managing complex lending relationships and corporate loans. At one point he had responsibility for a loan book of approximately £2 billion ranging across a number of sectors and jurisdictions. He also has considerable restructuring and insolvency experience. Ken will chair the board and the management committee of KKV with the CIO and the COO reporting to him.

##### *Dawn Kendall, Chief Investment Officer and Director, KKV*

Dawn has 34 years' experience in financial services, including 25 years' experience managing fixed income portfolios for financial institutions, including her role as Partner and Portfolio Manager at TwentyFour Asset Management, as CIO for IAM, a fund of hedge funds, and Portfolio Manager for The Codelouf Trust, a family office. Additionally, Dawn has held senior investment and management positions at Newton, Axa (Architas) and Investec Wealth. She began her career with SG Warburg where she worked as risk manager. Her areas of specialism are fixed income portfolio management for private and public debt, structured finance, product development and derivatives. Since 2017, in her capacity as investment manager, she has led the successful turnaround of the SME Loan Fund plc which became the SQN Secured Income Fund plc. Dawn has a degree in Law and earned her MBA in 2004.

##### *Gunnar Sigurdsson – Director, KKV and Managing Director of KSL*

Gunnar Sigurdsson has 25 years of experience in the financial industry, ranging from commercial and investment banking to private equity in Europe and the United States. Gunnar has significant transaction and structuring experience, having led many large and complex acquisition and advisory projects as well as building and managing the portfolio management arm of a major private equity operation, based in London. Gunnar has been a member of the boards of directors of several companies, including major UK retailing and wholesaling companies such as Iceland Foods and House of Fraser. Gunnar spent 10 years in the U.S. in the 90s, where he obtained his MBA degree from Pennsylvania State University and worked for several years for Bank One (now JP Morgan). Gunnar has been based in the U.K. for the better part of the last 16 years and is now responsible for leading the UK operations of Kviká Banki.

##### *Helgi Bergs - Director, KKV*

Helgi Bergs has over 20 years of experience in the financial industry, ranging from commercial and investment banking to private equity and distressed debt. Helgi has significant transaction, structuring and advisory experience, having led many large complex structuring and advisory projects. Helgi has previously overseen large principal investment portfolios (>€700m) and has a proven track record of raising



funds in the private equity space. Helgi has previously been a member of the board of directors of several companies including ADP and Phase Eight. Helgi joined the Kvika team based in London in 2017 and is the Managing Director of Kvika Advisory Ltd., which is a subsidiary of KSL.

*Ragnar Dyer, Director, KKV*

Ragnar Dyer joined the Kvika group in 2010 and was appointed Managing Director of Jupiter Capital Management in 2013. He was then appointed Managing Director of Finance and Operations at Kvika Banki in 2019. Ragnar started his career in the financial sector in 2007. Before that he served as a fund manager and a partner of Teton Investments and at Straumur Investment bank as a broker and specialist in interest rates and derivatives. Ragnar has completed the Stanford Executive Program from Stanford University, holds a B.Sc. degree in Engineering Management from the University of Reykjavík and is a certified securities broker in Iceland.

*Ariel Vegoda, Director, KKV*

Ariel is a qualified lawyer and an operational expert with over a decade's experience of transaction negotiation, deal execution and complex work outs of transactions. Alongside that, he is also a highly skilled litigator having specialised in commercial litigation, asset recovery and dispute resolution whilst at Mishcon de Reya, prior to assuming the role of General Counsel of SQN UK in 2015 and the additional role of Chief Operating Officer of SQN UK in 2019. In this role, Ariel has been heavily involved in assisting with work out situations in the Company's portfolio. Ariel will work with KKV as a consultant on an interim basis to ensure continuity alongside the broader operational team from SQN UK.

*Chris Greener, Investment Manager, KKV*

Chris has been a credit professional for 22 years. He founded White Circle in 2017 and prior to this he spent two years as a director of several developing businesses with a focus on SME and consumer finance. He assisted these businesses in accessing debt and equity capital as well as seeking out new lending and investment opportunities. From 2008 to 2014, he managed over €8bn of European asset backed credit at BlackRock and under his tenure, the asset backed team provided strong returns in the flagship European multi-strategy fixed income fund.

Prior to joining BlackRock, Chris was a director responsible for covering asset backed credit in Europe and Asia with Société Générale. Before that he worked at RBS and UBS where he began his career in 1998. Chris earned his BSc Mathematics from Imperial College, London.

*Christian Holder, Investment Manager, KKV*

Prior to founding White Circle in 2017, Christian worked at Jupiter Asset Management as a senior credit analyst covering securitised and corporate credit. He worked at BlackRock for over 11 years until 2015 with his last role as lead investment manager in the European asset backed credit team. His expertise in private equity backed deals created significant alpha across the platform. Between 1996-2004 he worked at Fitch Ratings, most recently in the asset backed credit team after working as an accountant. Within the asset backed team, he worked in the consumer ABS and RMBS monitoring team, before becoming lead credit analyst in the Whole Business Securitisation team. The role involved analysis of large property and operating asset portfolios in the leisure, care home and utility sectors. Christian is a CIMA qualified accountant and has a BA in Geography from Salford University.

Both Chris Greener and Christian Holder have assumed their roles, reporting to the CIO, as of the transfer date.

KKV is also in contractual negotiations with a highly experienced executive with significant operational, regulatory and risk management capabilities who is expected to join KKV in Q3, 2020. Further details of this appointment will be announced in due course.

*Kvika Securities Ltd*

KSL is the UK subsidiary of Kvika Banki, a Nordic commercial bank with a focus on asset management and investment services (including corporate finance, corporate banking and capital markets). Kvika Banki is a market leader in consolidation and rationalisation in the Icelandic financial market with the strategic focus of growing the asset management operations and is now the second largest asset manager in the domestic market with £2.6bn in assets under management. Kvika Banki has been named as the best bank in Iceland for the past two years by the industry magazine The Banker. Kvika Banki is headquartered in Iceland with its shares (short name: KVIKA) listed on the Nasdaq Iceland main market.

KSL is regulated and authorised by the Financial Conduct Authority to manage alternative investment funds and provide asset management and corporate finance services.

KKV offers a strong proposal which combines the expertise of key individuals currently within SQN Capital, retaining the skills and knowledge of the team at SQN UK, and the infrastructure and governance of KSL.

#### *New Investment Management Agreement*

The key terms of the New Investment Agreement are set out in Part 3 of this document.

#### *Investment Strategy*

The immediate focus for KKV will be on the existing portfolio, both to restore shareholder value and work with borrowers that may require assistance as a result of the challenges presented by Covid-19.

Subject to the passing of the 2020 Continuation Vote and the 2021 Continuation Vote in respect of at least one share class, KKV would continue to manage the portfolio attributable to the relevant share class(es) in accordance with the existing investment policy of the Company.

Subject to the passing of the 2021 Continuation Vote, KKV's investment thesis will be to focus on downside risk in credit selection, seeking to invest in non-cyclical businesses which are defensive in all market environments. KKV has recruited credit professionals with extensive experience of fixed income, asset-backed and private debt segments of the market who will bring a fresh external investment perspective to the KKV team. KKV will also benefit from the support of the Kvika Group, a commercial bank specialising in corporate and asset backed lending, which will provide governance oversight and another external perspective on the Company's portfolio and portfolio management approach. The Kvika Group provides a new oversight structure with greater emphasis on risk and compliance and access to substantial relevant deal flow.

### **5 Information about IFM**

The Board has also appointed IFM, part of the PraxisIFM Group listed on The International Stock Exchange, as the Company's AIFM. IFM is a full service AIFM with over US\$5 billion assets under management with experience across all major asset classes, including credit, and provides services to multiple investment trust and investment company clients listed on the main market of the London Stock Exchange. IFM, as AIFM, is responsible to the Company for risk management and portfolio management and has delegated the provision of portfolio management services to KKV.

The fees associated with the ongoing appointment of IFM will be met by KKV.

#### *AIFM Agreement*

The key terms of the AIFM Agreement are set out in Part 3 of this document.

### **6 Corporate Update**

The Board and KKV are mindful that the Company has a remit to deliver regular, covered dividends and a review of the suspension of dividend payments since March 2020 is a priority following the transfer of the portfolio management mandate to KKV. All dividend payments are subject to the solvency of the Company and the requirements of the Law at the relevant time.

The Board and KKV will also review FX hedging for assets that are held in currencies other than GBP.

KKV personnel have a wide experience of Shareholder interaction and aim to provide Shareholders with an investment update on the status of the Portfolios in late June.

### **7 Benefits of the Proposals**

The Directors believe, having taking into account the views of a range of major Shareholders, that the Proposals are in the best interests of the Company and its Shareholders as a whole, and should yield the following benefits:

- the 2020 Continuation Vote has the effect of bringing forward the triennial continuation vote from November 2020 to July 2020 allowing Shareholders the opportunity to determine the immediate future of the Company, following the change of portfolio manager, thereby providing clarity over at least the next 12 months;
- the 2021 Continuation Vote allows Shareholders that wish to support the 2020 Continuation Vote, the ability to do so with the confidence that they will be given a further opportunity to determine the future of the Company in the near term;

- the restriction of any new investments (save for further investment in existing assets that require additional capital or existing undrawn commitments) seeks to ensure that should Shareholders not support continuation in 2021, the timeframe for any future managed wind-down will not have been notably impacted;
- any excess cash flow from the amortisation, repayment or realisation of assets prior to the 2021 Continuation Vote being used to repurchase Shares or return capital to Shareholders should, to the extent there is excess cash flow, assist in mitigating the discount to NAV at which the Shares are trading;
- holding a separate Ordinary Class Continuation Vote and C Class Continuation Vote, both in 2020 and 2021, allows each class of Shareholder the opportunity to determine its own future;
- the appointment of KKV affords the continuity of knowledge of the Portfolios and key relationships with borrowers at a critical time of economic stress;
- a structure that provides enhanced governance within the portfolio management and risk management functions from the appointment of KKV as portfolio manager and IFM as AIFM;
- a fresh perspective through the addition of new senior personnel at KKV; and
- enhanced shareholder and board communication going forwards.

Accordingly, the Directors are recommending that Shareholders vote in favour of the Shareholders Resolutions, the Ordinary Class Resolutions and the C Class Resolutions.

## 8 Risk Factors

Shareholders' attention is drawn to the risk factors set out in Part 2 of this document. Shareholders should review the risk factors which set out certain factors that should be considered by Shareholders when deciding what action to take in relation to the Proposals.

## 9 EGM, Ordinary Class Meeting and C Class Meeting

### *EGM*

In connection with the Proposals, the following resolutions will be proposed at the EGM:

- Resolution 1 will be proposed as a special resolution to approve the Amendments to the Articles; and
- Resolution 2 will be proposed as a special resolution to approve the Change of Name.

A special resolution requires a majority of not less than 75 per cent. of members entitled to vote and present in person or by proxy to vote in favour in order for it to be passed.

All Shareholders are entitled to attend and vote at the EGM however, Shareholders should note the advice given in paragraph 11 below. In accordance with the Articles, all Shareholders present in person or by proxy have one vote on a show of hands and on a poll, have one vote in respect of each Share held. In order to ensure that a quorum is present at the EGM, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy.

The formal notice convening the EGM is set out at the back of this document. The EGM is being convened on at least 14 clear days' notice in accordance with the Articles.

**Shareholders should be aware that if the Amendments to the Articles are not approved at the EGM, then the Company will be required under its current Articles to hold another continuation vote at its AGM in November 2020 (and at every third AGM thereafter) and will not be required under its Articles to propose the 2021 Continuation Vote.**

### *Ordinary Class Meeting*

In connection with the Proposals, the following resolutions will be proposed at the Ordinary Class Meeting:

- Resolution 1 will be proposed as an ordinary resolution to approve the Ordinary Class Continuation Vote; and
- Resolution 2 will be proposed as a special resolution to approve the Amendments to the Articles.

As an ordinary resolution, Resolution 1 requires a majority of over 50 per cent. of those entitled to vote and present in person or by proxy to vote in favour for it to be passed.

As a special resolution, Resolution 2 requires a majority of not less than 75 per cent. of those entitled to vote and present in person or by proxy to vote in favour for it to be passed.

Only Ordinary Shareholders are entitled to attend and vote at the Ordinary Class Meeting. Members present in person or by proxy shall upon a show of hands have one vote and on a poll shall have one vote in respect of each Ordinary Share held. The quorum requirement for the Ordinary Class Meeting is two persons present holding at least one third of the voting rights of the relevant class save that if the meeting is adjourned it shall be one person holding Ordinary Shares.

The formal notice convening the Ordinary Class Meeting is set out at the back of this document.

### *C Class Meeting*

In connection with the Proposals, the following resolutions will be proposed at the C Class Meeting:

- Resolution 1 will be proposed as an ordinary resolution to approve the C Class Continuation Vote; and
- Resolution 2 will be proposed as a special resolution to approve the Amendments to the Articles.

As an ordinary resolution, Resolution 1 requires a majority of over 50 per cent. of those entitled to vote and present in person or by proxy to vote in favour for it to be passed.

As a special resolution, Resolution 2 requires a majority of not less than 75 per cent. of those entitled to vote and present in person or by proxy to vote in favour for it to be passed.

Only C Shareholders are entitled to attend and vote at the C Class Meeting. Members present in person or by proxy shall upon a show of hands have one vote and on a poll shall have one vote in respect of each C Share held. The quorum requirement for the C Class Meeting is two persons present holding at least one third of the voting rights of the relevant class save that if the meeting is adjourned it shall be one person holding C Shares.

The formal notice convening the C Class Meeting is set out at the back of this document.

## 10 **Action to be taken**

Forms of proxy for Shareholders are enclosed as follows:

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

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

- (d) 10.00 a.m. BST on 14 July 2020 in relation to the **white** Form of Proxy for the EGM;
- (e) 10.05 a.m. BST on 14 July 2020 in relation to the **blue** Form of Proxy for the Ordinary Class Meeting; and
- (f) 10.10 a.m. BST on 14 July 2020 in relation to the **pink** Form of Proxy for the C Class Meeting.

Unless the relevant Form of Proxy is received by the relevant date and time above, it will be invalid. The lodging of a Form of Proxy will not prevent you from attending the relevant Meeting and voting in person if you are entitled to do so but due regard should be had to the advice set out in paragraph 11 below.

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

The return of the relevant Form of Proxy or CREST Proxy Instruction will not affect your right as a Shareholder to attend the EGM and vote in person if you wish to do so but regard should be had to the advice set out in paragraph 11 below.

Shareholders are requested to complete and return the relevant Forms of Proxy whether or not they wish to attend the EGM, Ordinary Class Meeting or C Class Meeting. The return of a Form of Proxy will not prevent Shareholders from attending the relevant meeting and voting in person should they so wish but regard should be had to the advice set out in paragraph 11 below.

As an alternative to completing the enclosed Forms of Proxy, CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST message in accordance with the procedures set out in the CREST Manual so that it is received by the Company's transfer agent

(under CREST participant ID RA10) by not later than the times listed in paragraphs (d) to (f) above. The time of receipt will be taken to be the time from which the Company's transfer agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

#### 11 **Attendance at the EGM, Ordinary Class Meeting and C Class Meeting**

In response to the wide spread of the Coronavirus (COVID-19), a number of measures have been implemented in a number of jurisdictions, including Guernsey. In particular, there is currently a requirement that all persons arriving in Guernsey from anywhere in the world must self-isolate for 14 days. Therefore, the Board strongly encourages Shareholders to exercise their voting rights by completing and submitting the Form of Proxy where possible to avoid the need to attend the EGM or the Class Meetings in person. The Board also strongly encourages Shareholders to submit their Form of Proxy as early as possible to ensure that their votes are counted at the EGM and the Class Meetings.

In light of this request to not attend the EGM and Class Meetings, the Board shall accept and answer any questions relating to the business being dealt with at the EGM and Class Meetings in advance of the meetings. Any question should be submitted by emailing [sqncosec@bnpparibas.com](mailto:sqncosec@bnpparibas.com).

If you wish to attend in person please inform the Registrar as soon as possible so that appropriate safety arrangements can be put in place for attendees. Any admittance to the EGM or the Class Meetings will be subject to compliance with any restrictions and policies of the Registrar.

#### 12 **Recommendation**

The Board considers that the Proposals are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that:

- Shareholders vote in favour of the Shareholders Resolutions to be proposed at the EGM;
- Ordinary Shareholders vote in favour of the Ordinary Class Resolutions to be proposed at the Ordinary Class Meeting; and
- C Shareholders vote in favour of the C Class Resolutions to be proposed at the C Class Meeting.

The Directors intend to vote in favour of:

- the Shareholder Resolutions in respect of their holdings of Shares amounting to 177,958 Shares in aggregate (representing approximately 0.04 per cent. of the voting rights in the Company as at the date of this document);
- the Ordinary Class Resolutions in respect of their holdings of Ordinary Shares amounting to 166,424 Ordinary Shares in aggregate (representing approximately 0.05 per cent. of the voting rights of the Ordinary Shares as at the date of this document);
- the C Class Resolutions in respect of their holdings of C Shares amounting to 11,534 C Shares in aggregate (representing approximately 0.01 per cent. of the voting rights in the Company as at the date of this document);

Yours faithfully

**Peter Niven** *Chairman*

## PART 2 – RISK FACTORS

In considering your decision in relation to the Proposals, you are referred to the risks set out below.

**Shareholders should read this document carefully and in its entirety and, if you are in any doubt about the contents of this document or the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 or, if you are in a territory outside the United Kingdom, from an appropriately authorised independent financial adviser.**

Only those risks relating to the Proposals which are material and currently known to the Company have been disclosed. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems to be immaterial, or that do not relate to the Proposals, may also have an adverse effect on the Company.

- (1) If the 2020 Continuation Vote is approved, the NAV attributable to the Ordinary Shares and/or C Shares (as applicable) may not necessarily increase with NAV performance being dependent on many factors outside the Company's control, including, the market environment. Moreover, the NAV could potentially decrease, particularly if the efforts of KKV to improve the position of certain assets being worked out prove unsuccessful.
- (2) If the 2020 Continuation Vote is approved, the discount to NAV at which the Ordinary Shares and/or C Shares currently trade may not narrow, and indeed may widen dependent on the demand for the Shares following continuation.
- (3) Whilst KKV is led by Dawn Kendall, previously a senior figure within SQN Capital, with support from the operational personnel who were previously at SQN UK, KKV is a newly formed investment management company and accordingly has no individual track record. If the 2020 Continuation Vote and 2021 Continuation Vote is approved, there is no guarantee that KKV will be able to successfully implement the Company's investment policy.
- (4) The NAV and the net income of the Company are currently exposed to the impact of movements in FX rates for non-sterling investments made by the Company. Whilst the Board and KKV have committed to review the FX hedging and the suspension of the dividend, there can be no assurance on the outcome of any such review.
- (5) In the event the 2020 Continuation Vote is approved but Shareholders do not approve the Amendments to the Articles, the 2021 Continuation Vote will not take place and instead the Board will propose a continuation vote of the Company at the AGM in November 2020 as required by the existing Articles. This will be a vote of Shareholders, rather than by way of separate class meetings, denying each share class the opportunity to determine its own future independently.
- (6) In the event that the 2020 Continuation Vote is not passed for any Share Class, whilst the Board intends to put forward proposals for a managed wind-down of that Share Class on an orderly basis, (i) the Company's assets may not be realised at their carrying value, and it is possible that the Company may not be able to realise some assets at any value; (ii) the value of the relevant Portfolio will be reduced as investments are realised and concentrated in fewer holdings, and the mix of asset exposure will be affected accordingly; and (iii) there may be other matters or factors which affect the availability, amount or timing of receipt of the proceeds of realisation of some or all of the Company's investments. In particular, ongoing returns of value to Shareholders will decrease the size of the Company's assets, thereby increasing the impact of fixed costs incurred by the Company on the remaining assets.

## PART 3 – SUMMARY OF NEW INVESTMENT MANAGEMENT AGREEMENT AND AIFM AGREEMENT

### 1 New Investment Management Agreement

- (a) Portfolio Manager: The AIFM has appointed KKV as the portfolio manager to manage the Company's existing portfolio in accordance with the Company's existing investment policy (save that until the conclusion of the 2021 Continuation Vote, KKV shall be prohibited from making new investments or commitments unless approved by the Board).
- (b) Management Fee: KKV will be entitled to receive management fees in respect of the provision of services as follows:
- (i) In the period from the Appointment Date to the 2020 Continuation Vote, KKV will receive fees on the same basis as the fees previously payable to SQN Capital, being 1.0% on the first £300 million of the NAV, 0.9% on the next £200 million of the NAV and 0.8% for any NAV over £500 million.
  - (ii) In the event that the 2020 Continuation Vote passes for either or both of the Share Classes, the fee basis set out in (i) above will continue thereafter for the respective Share Class (the "**Continuation Fee**"). If the 2020 Continuation Vote passes for both Share Classes, the Continuation Fee will be apportioned pro-rata between the Ordinary Shares and the C Shares based on the NAV attributed to each Share Class.
  - (iii) In the event that the 2020 Continuation Vote does not pass for either Share Class, an alternative fee basis will be adopted for any Share Class that is placed into managed wind-down (the "**Wind-Down Fee**"), and the fees would be applied to each Share Class independently. The Wind-Down Fee would be calculated on the following basis:
    - (1) the assets in the portfolio that are classified as Stage 1 under IFRS 9 as at 31 March 2020, would be subject to a management fee of 1.0% of NAV per annum; and
    - (2) the assets in the portfolio that are classified as Stage 2 or Stage 3 under IFRS 9 as at 31 March 2020, would be subject to a management fee of 0.75% of NAV per annum plus a performance fee of 10% of any net capital gains on realisations during each financial year.

The total fees payable by each Share Class would be capped at 1.0% of the average NAV for the financial year of the relevant Share Class, with any excess performance fee being carried forward and which may be offset by the Company against any net negative realisations in the following financial year.

KKV has agreed to deduct the AIFM Fee from its management fee.

- (c) Acquisition of Shares: KKV undertakes to allocate 5 per cent. of the management fee to acquire Ordinary Shares and C Shares in the market which will be subject to lock-up for a period of two years.
- (d) Term: The New IMA can be terminated on 12 months' notice by any party. There is no minimum term. If the New IMA is terminated on or before the first anniversary of the date of the New IMA, KKV will be entitled to receive a payment from the Company equal to certain costs that the Company would otherwise have incurred in connection with the transfer of the investment management arrangements to KKV (the majority being the cost that the Company would have incurred to terminate the previous investment management agreement with SQN Capital). If the New IMA is terminated after the first anniversary of the date of the New IMA but on or before the third anniversary of the date of the New IMA, KKV will be entitled to receive an additional payment from the Company equal to the cost that the Company would have incurred to terminate the previous investment management agreement with SQN, reducing over the 24 month period on a straight line basis.

### 2 AIFM Agreement

- (a) AIFM: The Company has appointed IFM to act as the AIFM to the Company. IFM is responsible for overall portfolio management and risk management services and has delegated its portfolio management services to KKV.

- (b) AIFM Fee: IFM will receive an annual management fee equal to £85,000 or, if greater, the equivalent of (i) 0.08 per cent. of the NAV where the NAV of the Company is less than or equal to £150 million, (ii) 0.05 per cent. of the NAV where the NAV of the Company is greater than £150 million but less than £250 million and (iii) 0.03 per cent. of the NAV where the NAV is greater than £500 million (the “**AIFM Fee**”), although this will be reimbursed by KKV (see paragraph 1(b) above).
- (c) Term: The AIFM Agreement is terminable on six months' notice subject to a minimum term of 18 months.



## PART 4 – DEFINITIONS

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

<b>"2020 Continuation Vote"</b>	has the meaning given to it in paragraph 2(b) of Part 1 of this document
<b>"2021 Continuation Vote"</b>	has the meaning given to it in paragraph 2(b) of Part 1 of this document
<b>"AGM"</b>	an annual general meeting of the Company
<b>"AIFM"</b>	IFM, the alternative investment fund manager of the Company
<b>"AIFM Agreement"</b>	the AIFM agreement between the Company and IFM dated 5 June 2020 appointing IFM as the alternative investment fund manager of the Company, as summarised in Part 3 of this document
<b>"AIFM Fee"</b>	has the meaning given to it in paragraph 2(d) of Part 3 of this document
<b>"Amendments to the Articles"</b>	has the meaning given to it in paragraph 1 of Part 1 of this document
<b>"Appointment Date"</b>	6 June 2020 as defined in paragraph 2(a) of Part 1 of this document
<b>"Articles"</b>	the articles of incorporation of the Company, as amended from time to time
<b>"Business Day"</b>	a day on which London Stock Exchange plc and banks in London and Guernsey are normally open for business
<b>"C Class Continuation Vote"</b>	has the meaning given to it in paragraph 1 of Part 1 of this document
<b>"C Class Meeting"</b>	the meeting of the C Shareholders to consider the C Class Resolutions, convened for 10.10 a.m. BST on 16 July 2020 or any adjournment thereof
<b>"C Class Resolutions"</b>	the (i) special resolution to approve the Amendments to the Articles and the (ii) ordinary resolution to approve the C Class Continuation Vote
<b>"C Portfolio"</b>	the portfolio of investments held by the C Shares
<b>"C Shareholder"</b>	a holder of C Shares
<b>"C Shares"</b>	the redeemable shares of no par value each in the capital of the Company and designated as "C Shares"
<b>"certificated" or "in certificated form"</b>	not in uncertificated form
<b>"Change of Name"</b>	has the meaning given to it in paragraph 1 of Part 1 of this document

<b>"Class Resolutions"</b>	means the C Class Resolutions and the Ordinary Class Resolutions
<b>"Company"</b>	SQN Asset Finance Income Fund Limited to be renamed KKV Secured Loan Fund Limited subject to the passing of the Shareholder Resolution to approve the Change of Name
<b>"Continuation Fee"</b>	has the meaning given to it in paragraph 1(b)(ii) of Part 3 of this document
<b>"CREST"</b>	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
<b>"CREST Regulations"</b>	the Uncertificated Securities (Guernsey) Regulations, 2009, as amended
<b>"Directors" or "Board"</b>	the directors of the Company, whose names appear on at the beginning of Part 1 of this document
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited
<b>"Form(s) of Proxy"</b>	the form(s) of proxy provided with this document for use by Shareholders in connection with the EGM, Ordinary Class Meeting and C Class Meeting
<b>"EGM"</b>	the extraordinary general meeting of the Company to consider the Shareholder Resolutions, convened for 10.00 a.m. BST on 16 July 2020 or any adjournment thereof
<b>"IFM"</b>	International Fund Management Limited
<b>"IFRS 9"</b>	the International Financial Reporting Standard 9, as published by the International Accounting Standards Board from time to time;
<b>"KKV"</b>	KKV Investment Management Ltd
<b>"KSL"</b>	Kvika Securities Ltd
<b>"Kvika Banki"</b>	Kvika Banki h.f.
<b>"Law"</b>	the Companies (Guernsey) Law, 2008 (as amended)
<b>"Listing Rules"</b>	the Listing Rules made by the Financial Conduct Authority under section 74 of the Financial Services and Markets Act 2000
<b>"NAV"</b>	means the net asset value of the Group as a whole, calculated in accordance with the Company's normal reporting policies from time to time;
<b>"New Investment Management Agreement"</b>	the investment management agreement between the

or " <b>New IMA</b> "	Company, KKV and IFM dated 5 June 2020 appointing KKV as the portfolio manager to the Company, as summarised in Part 3 of this document
" <b>Ordinary Class Continuation Vote</b> "	has the meaning given to it in paragraph 1 of Part 1 of this document
" <b>Ordinary Class Meeting</b> "	the meeting of the Ordinary Shareholders to consider the Ordinary Class Resolutions, convened for 10.05 a.m. BST on 16 July 2020 or any adjournment thereof
" <b>Ordinary Class Resolutions</b> "	the (i) special resolution to approve the Amendments to the Articles and the (ii) ordinary resolution to approve the Ordinary Class Continuation Vote
" <b>Ordinary Portfolio</b> "	the portfolio of investments held by the Ordinary Shares
" <b>Ordinary Shareholder</b> "	a holder of Ordinary Shares
" <b>Ordinary Shares</b> "	the ordinary shares of no par value each in the capital of the Company and designated as "ordinary shares"
" <b>Portfolios</b> "	the C Portfolio and the Ordinary Portfolio
" <b>Proposals</b> "	has the meaning given to it in paragraph 1 of Part 1 of this document
" <b>Registrar</b> "	Link Market Services (Guernsey) Limited
" <b>Resolutions</b> "	the Shareholder Resolutions and the Class Resolutions
" <b>Shareholder</b> "	a holder of Shares
" <b>Shareholder Resolutions</b> "	the (i) special resolution to approve the Amendments to the Articles and (ii) special resolution to approve the Change of Name
" <b>Shares</b> "	the Ordinary Shares and/or the C Shares as the context requires
" <b>Share Class</b> "	either the class of Ordinary Shares or the class of C Shares (as the context requires) (and " <b>Share Classes</b> " shall be construed accordingly);
" <b>SQN Capital</b> "	SQN UK and SQN Capital Management, LLC
" <b>SQN UK</b> "	SQN Capital Management (UK) Limited
" <b>uncertificated</b> " or " <b>in uncertificated form</b> "	a Share recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
" <b>United Kingdom</b> " or " <b>UK</b> "	the United Kingdom of Great Britain and Northern Ireland

**"Wind-Down Fee"**

has the meaning given to it in paragraph 1(b)(iii) of Part 3 of this document

## NOTICE OF EGM

### SQN ASSET FINANCE INCOME FUND LIMITED

(Incorporated in Guernsey with registration number 58519)

**PLEASE NOTE THAT AS A RESULT OF THE COVID-19 PANDEMIC, SHAREHOLDERS WILL NOT BE PERMITTED TO ATTEND THE EGM UNLESS PERMISSION IS OBTAINED IN ADVANCE AND THEREFORE SHAREHOLDERS ARE STRONGLY ENCOURAGED TO RETURN THEIR FORM OF PROXY AS EARLY AS POSSIBLE**

**Notice is hereby given** that an extraordinary general meeting of the Company will be held at BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA on 16 July 2020 at 10.00 a.m. BST to consider and, if thought fit, approve the following Shareholder Resolutions, each as a special resolution:

#### SPECIAL RESOLUTIONS

1. **THAT**, conditional on the passing of resolution 2 of the Ordinary Class Meeting and resolution 2 of the C Class Meeting, the Articles shall be amended as follows:
  - i. the existing article 5.4 of the Articles be deleted and replaced by the following: *'Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share (or option, warrant or other right in respect of a share) in the Company may be issued with such preferred, deferred or other special rights or restrictions, whether as to dividend, voting, return of capital or otherwise, as the Board may determine.'*
  - ii. the existing article 6.1 of the Articles be deleted and replaced by the following: *'Subject to Article 7, the unissued shares shall be at the disposal of the Board which may allot, grant options, warrants or other rights over or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that no share shall be issued at a discount to par value (if applicable) except in accordance with the Law and so that the amount payable on application on each share shall be fixed by the Board.'*
  - iii. the existing article 25.3 of the Articles be deleted and replaced by the following: *'The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office or such other venue as the Board may specify: (a) in the case of a meeting or adjourned meeting, not less than forty eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; (b) in the case of a poll taken more than forty eight (48) hours after it was demanded, not less than twenty four (24) hours before the time appointed for the taking of the poll; or (c) in the case of a poll taken not more than 48 hours after it was demanded, the time at which it was demanded, excluding, in each case, a day that is not a working day and in default, unless the Board directs otherwise, the instrument of proxy shall not be treated as valid.'*
  - iv. the existing article 33.11 of the Articles be deleted and replaced by the following: *'Any material changes to the Company's investment policy will only be made in accordance with the requirements under the Listing Rules. Any such change will require approval by way of an ordinary resolution of the Company or, if the change relates to the investment policy of a particular class of Shares only, an ordinary resolution of that particular class of Shares. Such an alteration would be announced by the Company through a Regulatory Information Service.'*
  - v. the existing article 34.1 of the Articles be deleted and replaced by the following: *'A Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board in accordance with and to the extent required by Section 162 of the Law, the nature and extent of their interest.'*
  - vi. the existing article 35.3 of the Articles be deleted and replaced by the following: *'At every annual general meeting every Director shall retire from office and may offer himself for re-appointment by the Members.'*
  - vii. the existing article 35.4 of the Articles be deleted and replaced by the following: *'If the Company in general meeting removes any Director before the expiration of his period of office, being the period from the date of such Director's appointment to the first annual general meeting following his appointment, it or the Board may appoint another person to be a Director in his stead who shall retain his office until the next annual general meeting. Such removal shall be without prejudice to any claims such Director may have for damages for breach of any contract of service between him and the Company.'*

- viii. the existing article 35.5 of the Articles be deleted and replaced by the following: *'If: (a) at the annual general meeting in any year any resolution or resolutions for the re-appointment of the persons eligible for re-appointment as Directors are put to the meeting and lost; and (b) at the end of that meeting the number of Directors is fewer than any minimum number of Directors required under Article 27.1, all retiring Directors who stood for re-appointment at that meeting (the "Retiring Directors") shall be deemed to have been re-appointed as Directors and shall remain in office but the Retiring Directors may only act for the purpose of filling vacancies, convening general meetings of the Company and performing such duties as are essential to maintain the Company as a going concern, and not for any other purpose.'*
- ix. the existing article 35.6 of the Articles be deleted and replaced by the following: *'The Retiring Directors shall convene a general meeting as soon as reasonably practicable following the meeting referred to in Article 35.5 and they shall retire from office at that meeting. If at the end of any meeting convened under this Article the number of Directors is fewer than any minimum number of Directors required under Article 27.1, the provisions of Article 35.5 and this Article shall also apply to that meeting.'*
- x. the existing article 36.2 of the Articles be deleted and replaced by the following: *'A Director in communication with one or more other Directors so that each Director participating in the communication can hear or read what is said or communicated by each of the others, is deemed to be present at a meeting with the other Directors so participating and, where a quorum is present, such meeting shall be treated as a validly held meeting of the Board and shall be deemed to have been held in the place where the chairman is present. Any Director physically present in the United Kingdom at the time of any such meeting may participate in a meeting by means of video link, telephone conference call or other electronic or telephonic means of communication provided that a majority of Directors are physically present outside of the United Kingdom.'*
- xi. the existing article 36.7 of the Articles be deleted and replaced by the following: *'The Board may delegate any of their powers to committees consisting of such one or more Directors as they think fit, provided that a majority of members of such committees are not physically present in the United Kingdom. Such committees shall meet only outside the United Kingdom. Any Director physically present in the United Kingdom at the time of any such meeting may participate in a meeting by means of a video link, telephone conference call or other electronic or telephone means of communication provided that a majority of members of the committees are physically present outside of the United Kingdom. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board. Subject thereto, this Article 36 shall apply mutatis mutandis to the proceedings of such committees.'*
- xii. the existing article 48.2 of the Articles be deleted and replaced by the following: *'Any notice or other document, if sent by post (including registered post, recorded delivery service or ordinary letter post), shall be deemed to have been served on the second day after the day on which the same was posted in the case of a notice or other document sent to an address in the United Kingdom, the Channel Islands or the Isle of Man and, in the case of a notice or other document sent elsewhere, on the third day after the day on which the same was posted, excluding in each case any day which is not a working day.'*
- xiii. the existing article 49.4 be deleted and replaced by the following: *'Without prejudice to Article 49.1, the Directors shall convene a class meeting of each class of Shares to be held: (i) following 30 June 2021 and by no later than 31 August 2021 and (ii) immediately after every third annual general meeting thereafter, starting in 2024, at which one or more ordinary resolutions (the "**Continuation Resolution**") will be proposed for the Company to continue as a closed ended investment company. In the event that a Continuation Resolution is not passed by a particular class of Shares (the "**Relevant Class**"), the Directors shall formulate proposals to be put to holders of the Relevant Class as soon as is reasonably practicable but, in any event, by no later than six months after the Continuation Resolution is not passed, to reorganise, unitise or reconstruct the portfolio of investments held by the Relevant Class or for such investments to be wound up with the aim of enabling holders of the Relevant Class to realise their holdings in the Company.'*
- 2. **THAT** the change of name of the Company to "KKV Secured Loan Fund Limited" be approved and authorised with immediate effect.

Words and expressions defined in the circular to Shareholders dated 16 June 2020 shall, save where the

context otherwise requires, have the same meanings in this Notice of EGM.

*By order of the Board*  
BNP Paribas Securities Services S.C.A., Guernsey Branch  
*Secretary*

16 June 2020

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

**Notes:**

- (1) Only those shareholders registered in the Company's register of members at the close of business on 14 July 2020 or, if the meeting is adjourned, at the close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint another person (who need not be a member) as his proxy to exercise all or any of his rights to attend and speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares. A white Form of Proxy is enclosed which, if required, should be completed in accordance with the instructions. As result of the COVID-19 pandemic, Shareholders are strongly encouraged to complete and return their Form of Proxy as any admittance to the EGM will be subject to compliance with any restrictions on public gatherings and policies of the Registrar.
- (3) To be valid the white Form of Proxy must be deposited by post, at the offices of Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.00 a.m. BST on 14 July 2020. The Company will also accept Forms of Proxy deposited in accordance with the Articles. It is highly recommended that Shareholders submit their Form of Proxy as early as possible to ensure that their votes are counted at the EGM.
- (4) To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by Link Asset Services by no later than 10.00 a.m. BST on 14 July 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your white Form of Proxy must be received by the Company's Registrar no later than 10.00 a.m. BST on 14 July 2020.
- (5) Members who return the white Form of Proxy or register the appointment of a proxy electronically will still be able to attend the EGM and vote in person if they so wish however any admittance must be authorised in advance and will be subject to compliance with any existing restrictions on public gatherings and any policies of the Registrar.
- (6) If, within half an hour of the appointed time for the meeting, a quorum is not present, then the meeting will stand adjourned for seven days at the same time and place and no notice of adjournment need be given.
- (7) As at close of business on 15 June 2020, the Company's issued share capital comprised 355,975,669 Ordinary Shares, and 138,924,222 C Shares. Each Ordinary Share and each C Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business on 15 June 2020 is 494,899,891.

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



## NOTICE OF ORDINARY SHAREHOLDERS' CLASS MEETING

### SQN ASSET FINANCE INCOME FUND LIMITED

*Incorporated in Guernsey with registration number 58519)*

**PLEASE NOTE THAT AS A RESULT OF THE COVID-19 PANDEMIC, ORDINARY SHAREHOLDERS WILL NOT BE PERMITTED TO ATTEND THE ORDINARY CLASS MEETING UNLESS PERMISSION IS OBTAINED IN ADVANCE AND THEREFORE ORDINARY SHAREHOLDERS ARE STRONGLY ENCOURAGED TO RETURN THEIR FORM OF PROXY AS EARLY AS POSSIBLE**

**Notice is hereby given** that a separate general meeting of the holders of Ordinary Shares in the Company will be held at BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA on 16 July 2020 at 10.05 a.m. BST for the purpose of considering and, if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTION

1. **THAT** the Company shall continue its business as a closed-ended investment company in relation to the Ordinary Shares.

#### SPECIAL RESOLUTION

2. **THAT** the holders of the Ordinary Shares hereby sanction and consent to:
  - (a) the passing of resolution 1 of the EGM, as set out in the notice of EGM to be held on 16 July 2020 contained in the circular of the Company dated 16 June 2020 (the "**Circular**"), a copy of which has been laid before the meeting and signed for the purpose of identification by the Chairman of the meeting, and the carrying into effect of the resolution; and
  - (b) any and all variations or abrogations (including any deemed variation or abrogation) of the rights and privileges attached to the said Ordinary Shares which will or may result from the passing and the carrying into effect of the resolution or otherwise as may be effected thereby or involved therein.

16 June 2020

Words and expressions defined in the Circular shall, save where the context otherwise requires, have the same meanings in this Notice of Ordinary Class Meeting.

*By order of the Board*  
BNP Paribas Securities Services S.C.A., Guernsey Branch  
*Secretary*

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

**Notes:**

- (1) Only those Ordinary Shareholders registered in the Company's register of members at the close of business on 14 July 2020 or, if the meeting is adjourned, at the close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint another person (who need not be a member) as his proxy to exercise all or any of his rights to attend and speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares. A blue Form of Proxy is enclosed which, if required, should be completed in accordance with the instructions. As result of the COVID-19 pandemic, Ordinary Shareholders are strongly encouraged to complete and return their Form of Proxy as any admittance to the Ordinary Class Meeting will be subject to compliance with any restrictions on public gatherings and policies of the Registrar.
- (3) To be valid the blue Form of Proxy must be deposited by post, at the offices of Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.05 a.m. BST on 14 July 2020. The Company will also accept Forms of Proxy deposited in accordance with the Articles. It is highly recommended that Ordinary Shareholders submit their Form of Proxy as early as possible to ensure that their votes are counted at the Ordinary Class Meeting.
- (4) To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by Link Asset Services by no later than 10.05 a.m. BST on 14 July 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your blue Form of Proxy must be received by the Company's Registrar no later than 10.05 a.m. BST on 14 July 2020.
- (5) Members who return the blue Form of Proxy or register the appointment of a proxy electronically will still be able to attend the EGM and vote in person if they so wish however any admittance must be authorised in advance and will be subject to compliance with any restrictions on public gatherings and policies of the Registrar.
- (6) If, within half an hour of the appointed time for the meeting, a quorum is not present, then the meeting will stand adjourned for seven days at the same time and place and no notice of adjournment need be given.
- (7) As at close of business on 15 June 2020, the Company's issued share capital comprised 355,975,669 Ordinary Shares, and 138,924,222 C Shares. Each Ordinary Share and each C Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business on 15 June 2020 is 494,899,891. The total voting percentage of the Ordinary Shares is 71.9 per cent.

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

## NOTICE OF C SHAREHOLDERS' CLASS MEETING

### SQN ASSET FINANCE INCOME FUND LIMITED

*(Incorporated in Guernsey with registration number 58519)*

**PLEASE NOTE THAT AS A RESULT OF THE COVID-19 PANDEMIC, C SHAREHOLDERS WILL NOT BE PERMITTED TO ATTEND THE C CLASS MEETING UNLESS PERMISSION IS OBTAINED IN ADVANCE AND THEREFORE C SHAREHOLDERS ARE STRONGLY ENCOURAGED TO RETURN THEIR FORM OF PROXY AS EARLY AS POSSIBLE**

**Notice is hereby given** that a separate general meeting of the holders of C Shares in the Company will be held at BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA on 16 July 2020 at 10.10 a.m. BST for the purpose of considering and, if thought fit, passing the following resolutions:

#### ORDINARY RESOLUTION

1. **THAT** the Company shall continue its business as a closed-ended investment company in relation to the C Shares.

#### SPECIAL RESOLUTION

2. **THAT the holders of the C Shares hereby sanction and consent to:**
  - (a) the passing of resolution 1 of the EGM, as set out in the notice of EGM to be held on 16 July 2020 contained in the circular of the Company dated 16 June 2020 (the "**Circular**"), a copy of which has been laid before the meeting and signed for the purpose of identification by the Chairman of the meeting, and the carrying into effect of the resolution; and
  - (b) any and all variations or abrogations (including any deemed variation or abrogation) of the rights and privileges attached to the said C Shares which will or may result from the passing and the carrying into effect of the resolution or otherwise as may be effected thereby or involved therein.

16 June 2020

Words and expressions defined in the Circular shall, save where the context otherwise requires, have the same meanings in this Notice of C Class Meeting.

*By order of the Board*  
BNP Paribas Securities Services S.C.A., Guernsey Branch  
*Secretary*

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

**Notes:**

- (1) Only those C Shareholders registered in the Company's register of members at the close of business on 14 July 2020 or, if the meeting is adjourned, at the close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (2) Any member entitled to attend and vote at the meeting is entitled to appoint another person (who need not be a member) as his proxy to exercise all or any of his rights to attend and speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares. A pink Form of Proxy is enclosed which, if required, should be completed in accordance with the instructions. As result of the COVID-19 pandemic, C Shareholders are strongly encouraged to complete and return their Form of Proxy as any admittance to the C Class Meeting will be subject to compliance with any restrictions on public gatherings and policies of the Registrar.
- (3) To be valid the pink Form of Proxy must be deposited by post, at the offices of Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 10.10 a.m. BST on 14 July 2020. The Company will also accept Forms of Proxy deposited in accordance with the Articles. It is highly recommended that C Shareholders submit their Form of Proxy as early as possible to ensure that their votes are counted at the C Class Meeting.
- (4) To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by Link Asset Services by no later than 10.10 a.m. BST on 14 July 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your pink Form of Proxy must be received by the Company's Registrar no later than 10.10 a.m. BST on 14 July 2020.
- (5) Members who return the pink Form of Proxy or register the appointment of a proxy electronically will still be able to attend the EGM and vote in person if they so wish however any admittance must be authorised in advance and will be subject to compliance with any restrictions on public gatherings and policies of the Registrar.
- (6) If, within half an hour of the appointed time for the meeting, a quorum is not present, then the meeting will stand adjourned for seven days at the same time and place and no notice of adjournment need be given.
- (7) As at close of business on 15 June 2020, the Company's issued share capital comprised 355,975,669 Ordinary Shares, and 138,924,222 C Shares. Each Ordinary Share and each C Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business on 15 June 2020 is 494,899,891. The total voting percentage of the C Shares is 28.1 per cent.

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