

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

This Prospectus comprises a prospectus relating to FlowStream Royalties Ltd (the “Company”) in connection with the issue of Shares, prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made pursuant to section 73A of the FSMA. This Prospectus has been approved by the Financial Conduct Authority and has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

Securities admitted to trading on the Specialist Fund Segment are not admitted to the Official List of the Financial Conduct Authority. Therefore the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Financial Conduct Authority’s Listing Rules. The London Stock Exchange has not examined or approved the contents of this Prospectus.

The Specialist Fund Segment is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment. Further, the Shares are only suitable for investors: (i) who understand and are willing to assume the potential risks of capital loss and understand that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment. If you are in any doubt about the contents of this Prospectus, you should consult your accountant, legal or professional adviser or financial adviser.

The Company and each of the Directors, whose names appear on page 54 of this Prospectus, accept responsibility for the information contained in this Prospectus. The Company and the Directors, having taken all reasonable care to ensure that such is the case, confirm that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire Prospectus and, in particular, the section headed “Risk Factors” beginning on page 22 when considering an investment in the Company.

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## **FLOWSTREAM ROYALTIES LTD**

*(Incorporated in Jersey under the Companies (Jersey) Law 1991, as amended, with registered number 128621)*

**Initial Placing and Offer for Subscription of up to 250 million Ordinary Shares of no par value at an Initial Issue Price of US\$1.00 per Ordinary Share**

*and*

**Placing Programme for Ordinary Shares and/or C Shares (together with the Initial Placing and Offer for Subscription) not to exceed 750 million Ordinary Shares and/or C Shares**

*and*

**Admission of Ordinary Shares and C Shares to trading on the Specialist Fund Segment of the London Stock Exchange’s Main Market**

*Investment Manager*

**FLOWSTREAM INVESTMENT MANAGEMENT LTD**

*Joint Bookrunner*

**NPLUS1 SINGER ADVISORY LLP**

*Joint Bookrunner*

**WINTERFLOOD SECURITIES LIMITED**

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This Prospectus is prepared, and a copy of it has been sent to the Jersey Financial Services Commission, in accordance with the Collective Investment Funds (Certified Funds – Prospectuses) (Jersey) Order 2012. The Jersey Financial Services Commission does not take any responsibility for the financial soundness of the fund or for the correctness of any statements made or expressed in this Prospectus. The Company has been established in Jersey as a listed fund under a fast-track authorisation process.

Neither the Initial Issue nor the Placing Programme will proceed if the Net Proceeds of the Initial Issue would be less than the Minimum Net Proceeds.

Application will be made for the Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market. It is expected that First Admission will become effective and that dealings in the Ordinary Shares issued pursuant to the Initial Issue will commence at 8.00 a.m. on 1 October 2019. Dealings on the London Stock Exchange before First Admission will only be settled if First Admission takes place. The Shares will not be dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Shares may not be offered or sold within the United States or to, or for the account or benefit of US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. The Shares are being offered and sold solely outside the United States to non-US persons in "offshore transactions" within the meaning of, and in reliance on, Regulation S. The Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and investors will not be entitled to the benefit of that Act. No offer, purchase, sale or transfer of the Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

**The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed judgment upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.**

Each of Nplus1 Singer Advisory LLP ("**N+1 Singer**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, and Winterflood Securities Limited ("**Winterflood**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and for no one else in relation to First Admission, the Initial Placing, any Programme Admission and/or the Placing Programme and the other arrangements referred to in this Prospectus. Neither N+1 Singer nor Winterflood will regard any other person (whether or not a recipient of this Prospectus) as its client in relation to First Admission, the Initial Placing, the Offer for Subscription, any Programme Admission and/or the Placing Programme and the other arrangements referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing any advice in relation to First Admission, the Initial Placing, the Offer for Subscription, any Programme Admission and/or the Placing Programme, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on N+1 Singer and Winterflood (respectively) by the FSMA or the regulatory regime established thereunder, neither N+1 Singer nor Winterflood makes any representation express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares, First Admission, the Initial Placing, the Offer for Subscription, any Programme Admission and/or the Placing Programme. Each of N+1 Singer and Winterflood (and their respective affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for any statutory liability) whether arising in tort, contract or otherwise which it might have in respect of the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares, First Admission, the Initial Placing, the Offer for Subscription, any Programme Admission and/or the Placing Programme.

This Prospectus is dated 16 July 2019.

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## Summary

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

<b>Section A – Introduction and warnings</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
A.1.	Warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the claimant investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2.	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given to the use of this Prospectus in connection with the subsequent resale or final placement of securities by financial intermediaries.

<b>Section B – Issuer</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
B.1.	Legal and commercial name	The legal and commercial name of the Company is FlowStream Royalties Ltd.
B.2.	Domicile and legal form	The Company was incorporated in Jersey under the Companies Law as a company limited by shares on 25 March 2019 and is a closed-ended investment company with registered number 128621.
B.5.	Group description	Not applicable. The Company is not part of a group.
B.6.	Major shareholders	As at the date of this Prospectus, insofar as known to the Company, there are no parties known to have a notifiable interest under Jersey law in the Company’s capital or voting rights.

		<p>All Shareholders have the same voting rights in respect of the share capital of the Company.</p> <p>Pending the allotment of Ordinary Shares pursuant to the Initial Issue, the Company is controlled by the Investment Manager and FlowStream Group Ltd. The Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company immediately following First Admission.</p>
B.7.	Key financial information	Not applicable. No key financial information is included in this Prospectus as the Company is yet to commence operations.
B.8.	Key pro forma financial information	Not applicable. No pro forma financial information is included in this Prospectus.
B.9.	Profit forecast	Not applicable. No profit forecast or estimate is made in this Prospectus.
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no audit reports in this Prospectus.
B.11.	Insufficiency of working capital	Not applicable. Taking into account the Minimum Net Proceeds, the Company is of the opinion that the Company has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.
B.34.	Investment objective and policy	<p>The Company's investment objective is to seek to generate long-term shareholder returns, predominantly in the form of sustainable income distributions, from exposure primarily to Royalties and Streams on assets in the upstream oil and gas industry and associated infrastructure.</p> <p>Once the Company is fully invested, it intends to have not less than 85 per cent. of its gross assets held in the form of Royalties and Streams, (which includes for this purpose any hedging or other risk mitigation instruments associated with such Royalties and Streams), with the remainder being held in the form of other Investments (which includes for this purpose any hedging or other risk mitigation instruments associated with such Investments) that are permitted pursuant to the investment policy (save for amounts held for working capital purposes). Where an Investment has features of both (i) Royalties and/or Streams and (ii) other forms of Investment, such investment shall be treated as a Royalty and/or Stream (as applicable) for the purposes of determining whether such Investment is deemed to be either a Royalty or Stream or another form of Investment.</p> <p>The Company's investment policy is to seek to achieve its investment objective predominantly through:</p>

		<p>(i) acquiring (i) existing royalty contracts and other instruments pursuant to which the owner of the royalty receives cash payments or payments in kind calculated by reference to an agreed percentage of either production of hydrocarbons or cash flows generated from the sale of such hydrocarbons (whether with or without deductions that may be agreed as part of the terms) and the price at which such hydrocarbons are sold, that are typically, but not exclusively, granted by an oil or gas company to a land owner or capital provider and (ii) Royalty Lands (being fee simple and other mineral interests in Lands prospective for petroleum and natural gas and Lands in respect of which royalty interests subsist) (together, “<b>Royalties</b>”); and</p> <p>(ii) creating bespoke, bilaterally negotiated financing, pursuant to which the Company (or subsidiary thereof) provides up-front capital to an interest holder in an upstream oil and gas asset or associated infrastructure and, in return, receives cash payments typically calculated by reference either to an agreed percentage of production of hydrocarbons or cash flows generated from the sale of such hydrocarbons (whether with or without deductions that may be agreed as part of the terms) and the price at which such hydrocarbons are sold or to a percentage of another cash flow derived from the relevant oil and gas asset or associated infrastructure (“<b>Streams</b>”).</p> <p>The Company may also make Investments, other than Royalties and Streams, that are underpinned by assets in the upstream oil and gas industry and associated infrastructure. Such Investments may take the form of loans, notes, bonds and other debt instruments and securities, including convertible debt, whether senior or subordinated and whether secured or unsecured (“<b>Debt Instruments</b>”) or shares or a right to subscribe for or convert securities into shares including, without limitation, ordinary shares, convertible shares, preference or preferred shares and warrants (“<b>Equity and Equity Related Securities</b>”).</p> <p>The Company shall not invest in Investments on oil and gas fields if the relevant underlying oil or gas field’s (or fields’) percentage of PDP reserves is less than 40 per cent. of the same oil or gas field’s (or fields’) 2P reserves.</p> <p>The assets in the upstream oil and gas industry and associated infrastructure to which the Company will have exposure are expected to be principally located in jurisdictions that are members of the OECD, the G20 (excluding Russia), Malaysia and Singapore (the “<b>Principal Jurisdictions</b>”). The Company may also make Investments underpinned by assets in the upstream oil and gas industry and associated infrastructure with exposure to other jurisdictions where the Investment Manager has evaluated the mitigation of potential risks that</p>
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		<p>may be associated with such exposure through one or more of political risk insurance or structural solutions that could reasonably be expected to de-risk or diversify potential risks that may be associated with such exposure.</p> <p>Whilst there are no limits to the size of any single Investment, the Company will over time seek to create a diversified portfolio of investments by making Investments across a range of different oil and gas assets issued by a variety of counterparties.</p> <p>The Company may make its Investments through subsidiaries or directly. Where Investments are made through subsidiaries, the investment restrictions will be applied on a look-through basis.</p>
B.35.	Borrowing limits	<p>The Company may incur indebtedness of up to a maximum of 50 per cent. of its Net Asset Value, calculated at the time of drawdown. The Investment Manager's powers to incur such indebtedness on behalf of the Company within such limits shall be subject to any restrictions set out in the Investment Management Agreement, as amended from time to time.</p> <p>Although not forming part of the investment policy of the Company, under the Investment Management Agreement, the Investment Manager will not incur aggregate borrowings greater than 35 per cent. of the Net Asset Value, calculated as at the time of drawdown, without prior Board approval.</p> <p>Where the Company invests through any wholly-owned subsidiary, leverage at the subsidiary level will apply towards the restrictions on the Company's overall indebtedness set out above.</p>
B.36.	Regulatory status	<p>The Company is regulated in Jersey by the Jersey Financial Services Commission (the "JFSC") as a listed fund pursuant to the CIF Law and the Jersey Listed Fund Guide published by the JFSC. The Company operates under the Companies Law and orders and regulations made thereunder. The Company is not authorised or regulated as a collective investment scheme by the Financial Conduct Authority.</p>
B.37.	Typical investor	<p>The Initial Issue and each Subsequent Placing is designed to be suitable for institutional, professional, professionally-advised and knowledgeable investors seeking exposure to Royalties and Streams in the upstream oil and gas sector. The Shares may also be suitable for investors who are financially sophisticated, non-advised investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Shares issued in the Initial Issue and/or any Subsequent Placing.</p>

B.38.	Investment of 20 per cent. or more of gross assets in single underlying asset or collective investment undertaking	Not applicable. No single underlying asset will represent more than 20 per cent. of Gross Assets at First Admission.
B.39.	Investment of 40 per cent. or more of gross assets in another collective investment undertaking	Not applicable. No single underlying asset will represent more than 40 per cent. of Gross Assets in another collective investment undertaking at First Admission.
B.40.	Applicant's service providers	<p><b>Investment Manager</b></p> <p>The Company's investment manager is FlowStream Investment Management Ltd (the "<b>Investment Manager</b>"). The Investment Manager is responsible for the management of the assets of the Company in accordance with the terms of the Investment Management Agreement.</p> <p>Under the terms of the Investment Management Agreement, the Investment Manager is entitled to the management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.</p> <p><b>Management Fee</b></p> <p>With effect from First Admission, the Investment Manager will be entitled to a monthly management fee (the "<b>Management Fee</b>") equal to 1/12 of:</p> <ul style="list-style-type: none"> <li>(i) 1 per cent. of the NAV up to, and including, US\$500 million;</li> <li>(ii) 0.75 per cent. of the NAV in excess of US\$500 million and up to and including US\$1 billion; and</li> <li>(iii) 0.50 per cent. of the NAV in excess of US\$1 billion,</li> </ul> <p>using the most recent preceding quarterly Net Asset Value in respect of which the Management Fee is to be paid (calculated before deducting any accrued Management Fee in respect of such month).</p> <p>The Management Fee will be calculated and paid monthly in advance.</p> <p>For the initial period after First Admission before the first quarterly Net Asset Value has been published, the applicable Net Asset Value for calculating the Management Fee will be the value of the Net Proceeds. For the avoidance of doubt, to the extent C Shares and/or Realisation Shares are outstanding, the Management Fee shall be calculated on the aggregate Net Asset Value attributable to the Ordinary Shares, the C Shares and the Realisation Shares.</p> <p><b>Performance Fee</b></p> <p>Subject to the audited NAV per Ordinary Share (adjusted for, inter alia, adding back any accrual for the Performance Fee) as</p>



		<p>at the end of each Calculation Period (the “<b>Closing NAV per Ordinary Share</b>”) being equal to or exceeding the higher of: (i) an amount equal to a compounding increase of 8 per cent. per annum (on a daily basis) to the Issue Price (adjusted to account for dividends paid or other distributions made) (the “<b>Performance Hurdle</b>”); and (ii) the previous applicable NAV per Ordinary Share (as adjusted) in respect of which a Performance Fee was paid (the “<b>High Watermark</b>”), the Investment Manager shall be entitled to receive an amount equal to 10 per cent. of the sum by which the Closing NAV per Ordinary Share exceeds the higher of the Annual Performance Hurdle or the High Watermark multiplied by the weighted average of the number of Ordinary Shares in issue over the relevant Calculation Period (excluding any Ordinary Shares held in treasury) (the “<b>Performance Fee</b>”).</p> <p>The “<b>Annual Performance Hurdle</b>” is the Closing NAV per Ordinary Share for the prior Calculation Period (or the Issue Price for the First Calculation Period) adjusted for any dividends paid or other distributions made and increased at a compounding increase of 8 per cent. per annum (on a daily basis).</p> <p>The Performance Fee for a Calculation Period shall be paid as soon as practicable after the end of the relevant Performance Period and, in any event (subject to certain exceptions), within one month following the issue of the invoice in respect of such Calculation Period.</p> <p>The first calculation period will be from the date of First Admission to 31 December 2019 (the “<b>First Calculation Period</b>”) and thereafter calculation periods shall track the financial year of the Company (each a “<b>Subsequent Calculation Period</b>”, and with the First Calculation Period, “<b>Calculation Periods</b>”), save that the last Calculation Period shall end on the date on which the relevant share class is cancelled, redeemed in full or repurchased in full, a liquidation resolution is approved in respect of the Company (or such other date as may be stipulated in the liquidation resolution), the date on which the Investment Management Agreement is terminated or (in the case of C Shares converting into Ordinary Shares) the latest practicable date agreed by the Board and the Investment Manager in order to include the amount of the Performance Fee as a liability of the C Shares in calculating the conversion ratio.</p> <p>The Performance Fee shall also be payable separately in respect of the growth of the adjusted NAV per C Share and/or the adjusted NAV per Realisation Share or other class of shares to the extent that there are any such shares in issue at the end of a Calculation Period, on the same basis as described above for the Ordinary Shares (adjusting for the corresponding time periods as appropriate). The calculation of the Performance Fee for each of the share classes in issue will be discrete and there will be no netting out of performance among such classes.</p>
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		<p>Subject to certain circumstances detailed below, the amount of Performance Fee payable to the Investment Manager shall be paid in the form of Ordinary Shares issued by the Company to the Investment Manager (or any member(s) of the Investment Manager’s Group in such proportions as the Investment Manager directs) or purchased from the secondary market (the “<b>Performance Shares</b>” and the “<b>Performance Share Amount</b>”).</p> <p>The Performance Share Amount shall be payable by the Company in cash to the extent necessary if:</p> <p>(A) the Company is limited or prohibited from issuing or acquiring (as agent or otherwise on behalf of the Investment Manager) Ordinary Shares by any Applicable Requirement;</p> <p>(B) to the extent that the acquisition of the Performance Shares would require the Investment Manager or any member of the Investment Manager’s Group (individually or as a group) to make a mandatory bid under Rule 9 of the Takeover Code; or</p> <p>(C) where applicable, the Company does not have authority to issue the relevant Ordinary Shares on a non-pre-emptive basis.</p> <p>In respect of a Performance Fee payable which is attributable to C Shares and where the relevant Calculation Period ends on conversion of the relevant C Shares into Ordinary Shares only, the amount of the Performance Fee shall be calculated prior to conversion of the C Shares and accounted for as a liability of the C Shares when completing the conversion ratio in accordance with the Articles. However, the Performance Fee shall be paid in Ordinary Shares and not C Shares.</p> <p>The Investment Manager shall neither offer, sell, contract to sell, pledge, mortgage, charge, assign, grant options over, or otherwise dispose of, directly or indirectly, any Performance Shares nor mandate a third party to do so on its behalf, or announce the intention to do so (together, a “<b>Disposal</b>”) for a period of 12 months in respect of the first 25 per cent. of the Performance Shares; 24 months in respect of the next 25 per cent. of the Performance Shares; 36 months in respect of the next 25 per cent. of the Performance Shares; and 48 months in respect of the final 25 per cent. of the Performance Shares immediately following the relevant Payment Due Date in relation to such Performance Shares (the “<b>Lock-up Periods</b>”). To the extent that the Performance Shares are issued to any members of the Investment Manager’s group or personnel, the Investment Manager shall procure that such persons are bound by similar restrictions on Disposal for the Lock-Up Periods (and that the Company and each of its subsidiaries from time to time has third party rights to enable any of them to enforce such restrictions on Disposal)(the “<b>Lock-up Restrictions</b>”).</p>
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		<p>The Lock-up Restrictions shall not apply where the Investment Manager has:</p> <ol style="list-style-type: none"> <li>(1) accepted a general offer for the issued share capital of the Company made in accordance with the Takeover Code (a “<b>General Offer</b>”);</li> <li>(2) sold the Performance Shares to an offeror or potential offeror during an offer period (within the meaning of the Takeover Code);</li> <li>(3) made any Disposal pursuant to an offer by the Company to purchase its own Ordinary Shares where such an offer is made on identical terms to all holders of Ordinary Shares in the Company;</li> <li>(4) made any Disposal through the implementation of any scheme of arrangement by the Company or other procedure to effect an amalgamation to give effect to a General Offer;</li> <li>(5) sold or transferred the Performance Shares pursuant to an order made by a court with competent jurisdiction or where required by applicable law or regulation; or</li> <li>(6) made a Disposal pursuant to any decision or ruling by an administrator, administrative receiver or liquidator appointed to the Investment Manager in connection with a winding-up or liquidation of the Investment Manager.</li> </ol> <p>Any Performance Fee payable in respect of the C Shares shall be payable in C Shares for as long as the C Shares are outstanding, and if the C Shares have converted between becoming due and being paid, the fee shall be paid in Ordinary Shares using the applicable conversion ratio for such C Shares. Any Performance Fee payable in respect of the Realisation Shares shall be payable in Realisation Shares of that class.</p> <p><b>Joint Bookrunners</b></p> <p>N+1 Singer and Winterflood have agreed to act as Joint Bookrunners in respect of the Initial Issue and the Placing Programme.</p> <p>Under the Placing Agreement, the Joint Bookrunners have agreed to use their respective reasonable endeavours to procure subscribers for Ordinary Shares at the Initial Issue Price pursuant to the Initial Placing. In consideration for their services in relation to the Initial Issue and conditional upon completion of the Initial Issue, each of the Joint Bookrunners will be paid a customary commission based on the value of the Ordinary Shares subscribed for by investors procured by them under the Initial Issue, together with reimbursement for all out-of-pocket expenses properly incurred and documented by them in connection with the Initial Issue.</p> <p>In connection with the Placing Programme, each of the Joint Bookrunners have agreed, subject to certain conditions, to use their respective reasonable endeavours to procure subscribers</p>
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		<p>for Ordinary Shares and/or C Shares at the applicable Placing Programme Price.</p> <p>In consideration for their services in relation to the Placing Programme and conditional upon completion of the relevant Subsequent Placing, each of the Joint Bookrunners will be paid a customary commission based on the value of the Ordinary Shares and/or C Shares subscribed for by investors procured by them, together with reimbursement for all out-of-pocket expenses properly incurred and documented by them in connection with the relevant Subsequent Placing.</p> <p><b>Joint Brokers</b></p> <p>N+1 Singer and Winterflood Investment Trusts (a division of Winterflood) have been appointed as joint corporate brokers to the Company.</p> <p><b>Administrator</b></p> <p>Sanne Fund Administration Limited has been appointed as the administrator and company secretary of the Company. The Administrator will be responsible for the maintenance of the books and financial accounts of the Company and the calculation, in conjunction with the Investment Manager, of the Net Asset Value. In addition, it will be responsible for, <i>inter alia</i>, production of the Company's accounts. In its capacity as the Company's company secretary, the Administrator also provides general secretarial functions required by the Companies Law including, <i>inter alia</i>, the maintenance of the Company's statutory books.</p> <p>Under the terms of the Administration Agreement, the Administrator is entitled to customary annual fees in respect of: (i) valuation and accounting services; (ii) tax reporting and other administration services; and (iii) the company secretarial services it will provide. The Administrator is also entitled to recover third party expenses and disbursements.</p> <p><b>Registrar</b></p> <p>Link Asset Services has been appointed as the Company's registrar to provide share registration services. Under the terms of the Registrar Agreement, the Registrar is entitled to receive an annual maintenance fee calculated on a per Shareholder basis, subject to an annual minimum fee.</p> <p><b>Receiving Agent</b></p> <p>Link Asset Services has been appointed as the Company's receiving agent in respect of the Offer for Subscription. Under the terms of the Receiving Agent Services Agreement, the Receiving Agent is entitled to a fixed professional advisory and processing fee (including all out-of-pocket expenses incurred by it in connection with its duties). These fees will be for the account of the Company.</p>
B.41.	Regulatory status of investment manager	The Investment Manager is regulated by the Jersey Financial Services Commission.

B.42.	Calculation and publication of Net Asset Value	<p>The Net Asset Value will be calculated by the Administrator, on a quarterly basis, in accordance with IFRS, on the basis of information provided by the Investment Manager. The Board will also approve each Net Asset Value calculation. The Net Asset Value calculations as at 31 December in each year will be audited as part of the annual accounts audit process. The Company intends to appoint an independent expert to conduct an annual review of each of the risk adjusted production profiles used for the purposes of assessing the fair value of the relevant Investments.</p> <p>The Administrator will calculate and publish the Net Asset Value, the NAV per Ordinary Share, the NAV per C Share (if C Shares have been issued) and the NAV per Realisation Share (if a Realisation occurs) based on a valuation point of 5.00 p.m. (UK time) on the last Business Day of each quarter. Each quarterly Net Asset Value will be published through an RNS announcement and made available on the Company's website, normally within 45 days of such quarter end.</p> <p>Published Net Asset Value calculations as at the relevant quarter end are conclusive and binding on all Shareholders. In addition, the Company, the Investment Manager and the Administrator may, in their sole discretion, arrange for additional valuations to be published or extend the 45 day period to cater for exceptional circumstances or significant new developments.</p> <p>The Net Asset Value is the value of all assets of the Company less its liabilities to creditors.</p> <p>The NAV per Ordinary Share is the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue at the relevant time. The NAV per C Share (if C Shares have been issued) is the Net Asset Value attributable to the C Shares divided by the number of C Shares in issue at the relevant time. The NAV per Realisation Share (if a Realisation has occurred) is the Net Asset Value attributable to the Realisation Shares divided by the number of Realisation Shares in issue at the relevant time.</p>
B.43.	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44.	No financial statements have been made up	The Company has not commenced operations and no financial statements have been made up as at the date of this Prospectus.
B.45.	Portfolio	Not applicable. The Company is newly incorporated and does not currently hold any assets.
B.46.	Net Asset Value	The NAV per Ordinary Share at First Admission is expected to be US\$0.98 assuming that the costs and expenses of the Initial Issue that are payable by the Company are 2 per cent. of the Gross Issue Proceeds (being the maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue).

Section C – Securities								
Element	Disclosure Requirement	Disclosure						
C.1.	Type and class of securities	<p>The Company intends to issue up to 250 million Ordinary Shares of no par value pursuant to the Initial Issue, comprised of the Initial Placing, the Offer for Subscription and the Investment Manager Personnel Investment each at an issue price of US\$1.00 each.</p> <p>The Company intends to issue Ordinary Shares and/or C Shares (the Shares having no par value), pursuant to the Placing Programme. The issue price of the C Shares will be US\$1.00; the issue price of the Ordinary Shares issued pursuant to the Placing Programme will be determined by the Directors and the Joint Bookrunners by reference to the prevailing cum-dividend NAV per Ordinary Share and a sufficient premium to cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions) and having regard to prevailing market conditions.</p> <p>The ISIN of the Ordinary Shares is JE00BJHPL856. The SEDOL of the Ordinary Shares is BJHPL85. The ticker for the Ordinary Shares is FSR.</p> <p>The ISIN of the C Shares is JE00BJHPLC93. The SEDOL of the C Shares is BJHPLC9. The ticker for the C Shares is FSRC.</p>						
C.2.	Currency denomination of Shares	Ordinary Shares and C Shares shall both be denominated in US Dollars.						
C.3.	Details of share capital	<p>Set out below is the issued share capital of the Company as at the date of this Prospectus:</p> <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"></th> <th style="text-align: right;"><i>Aggregate issue price (US\$)</i></th> <th style="text-align: right;"><i>Number</i></th> </tr> </thead> <tbody> <tr> <td>Management Shares of no par value</td> <td style="text-align: right;">2</td> <td style="text-align: right;">2</td> </tr> </tbody> </table>		<i>Aggregate issue price (US\$)</i>	<i>Number</i>	Management Shares of no par value	2	2
	<i>Aggregate issue price (US\$)</i>	<i>Number</i>						
Management Shares of no par value	2	2						
C.4.	Rights attaching to the Ordinary Shares and C Shares	<p>The holders of the Ordinary Shares are entitled to participate in any dividends declared in relation to the Ordinary Shares.</p> <p>The Ordinary Shares shall carry the right to receive notice of and attend, speak and vote at general meetings of the Company.</p> <p>Subject to the terms of the Articles, holders of the Ordinary Shares may transfer all or any certificated or uncertificated Ordinary Shares.</p> <p>On a winding-up or a return of capital by the Company, the holders of Ordinary Shares shall be entitled to the assets attributable to the Ordinary Shares.</p> <p>The holders of C Shares are entitled to participate in any dividends of the Company in relation to assets attributable to that class of C Share.</p> <p>The C Shares carry the right to receive notice of and to attend and vote at general meetings of the Company.</p>						

		<p>C Shares shall be transferable in the same manner as Ordinary Shares.</p> <p>Holders of C Shares will be entitled to participate in a winding-up of the company or a return of capital in relation to the assets attributable to the C Shares.</p> <p>C Shares will convert into Ordinary Shares on the basis of the applicable Conversion Ratio calculated as at the applicable Calculation Time. The New Ordinary Shares to be issued following conversion of the C Shares will rank <i>pari passu</i> with the Ordinary Shares then in issue for dividends and other distributions declared, made or paid by reference to a record date falling after the Conversion Time.</p> <p>The consent of Ordinary Shareholders and holders of C Shares by way of a special resolution (voting together on a single resolution) will be required for the variation of the Articles.</p>
C.5.	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Ordinary Shares or the C Shares, subject to compliance with applicable securities laws.
C.6.	Admission	<p>Application will be made to the London Stock Exchange for the Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market. It is expected that First Admission will become effective and that dealings for normal settlement in the Ordinary Shares will commence on 1 October 2019.</p> <p>Applications will be made to the London Stock Exchange at such times as the Company may determine for the Shares to be issued pursuant to the Placing Programme to be admitted to the Specialist Fund Segment of the London Stock Exchange's Main Market. The first and any subsequent Placing Programme Admission will become effective and dealings in the Placing Programme Shares will commence on such dates as the Company may determine, in any case being no later than 15 July 2020.</p>
C.7.	Dividend policy	<p>Subject to market conditions, applicable law and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay dividends to Ordinary Shareholders on a quarterly basis, commencing in the first quarter in which the Company's initial Investment is made. Accordingly, if the first investment is concluded prior to 30 September 2019 then a dividend will be declared and paid during the fourth quarter of 2019. Whilst not forming part of its investment policy, once the Net Proceeds are fully invested in accordance with the investment policy the Company will target the payment of dividends on the Ordinary Shares which equate to a yield of 7 per cent. per annum on the Initial Issue Price, payable in quarterly instalments (the "<b>Target Dividend</b>"). The Company will seek to grow the target dividend yield to 8 per cent. over time, subject to achieving significant portfolio diversification.</p>



		<p>It is the current intention of the Board to adopt a policy of balancing the quarterly dividend payments. The Board, in its sole discretion, may choose not to adopt a dividend balancing policy if it considers this is desirable to minimise the effects of cash drag on the Company's performance.</p> <p>The Directors may, at their sole discretion, resolve to pay to holders of C Shares (if C Shares are issued) such dividend out of the assets attributable to such class of C Shares as the Directors may determine up to the Conversion Time for such class of C Shares.</p> <p>The Target Dividend is a target only and not a profit forecast. There can be no assurance that the Target Dividend can or will be achieved from time to time or at all and it shall not be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on the Target Dividend in deciding whether to invest in the Ordinary Shares or assume that the Company will make any distributions at all.</p>
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<b>Section D – Risks</b>		
<b>Element</b>	<b>Disclosure Requirement</b>	<b>Disclosure</b>
D.1.	Key information on the key risks that are specific to the Company and its industry	<ul style="list-style-type: none"> <li>• Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns and thereby cause "cash drag" on the Company's performance. Adverse market conditions and their consequences may have a material adverse effect on payments received from the Company's Investments, yield on investment and, therefore, cash flows. To the extent that there is a delay in making Investments, the Company's returns may be reduced.</li> <li>• The Company's performance may be adversely affected by competition for Investments and there can be no guarantee that the Company will be able to secure terms in relation to the deployment of its capital into Investments.</li> <li>• Where there are insufficient investment opportunities, or where the volume of available and suitable investment opportunities falls, the Company may be forced to invest in cash, cash equivalents or other instruments that fall within its investment policy but are unlikely to deliver significant returns.</li> <li>• The Company may be delayed or restricted from making investments in certain jurisdictions by regulatory requirements.</li> <li>• The Company may borrow to fund investments, directly or through subsidiary entities. Though the use of borrowings should enhance the Net Asset Value of the Shares, it could have the inverse effect if the Company's returns on its Investments drop significantly below those expected at the time of making the relevant Investments.</li> </ul>



		<ul style="list-style-type: none"> <li>• The Investments acquired or sourced with the Net Proceeds are likely to be concentrated and may continue to be concentrated thereafter, which may result in greater volatility in the Company's Investments and, consequently, its Net Asset Value.</li> <li>• The Company's Investments will be largely Royalties and Streams in the upstream oil and gas and associated infrastructure sectors. There is typically no reliable liquid market for such assets and the valuation of such investments involves the Investment Manager exercising judgement. There can be no guarantee that the basis of calculation of the value of the Company's Investments, used in the valuation process, will reflect the actual value on realisation of those Investments.</li> <li>• The revenue the Company intends to derive from its Royalties and Streams will be affected by changes in the market price of the hydrocarbons underlying the Royalties and Streams. Commodity prices, including those to which the Company will be exposed, typically fluctuate on a daily basis and can be affected by numerous factors beyond the Company's control, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the US Dollar and geopolitical events in significant hydrocarbon-producing and consuming countries. Such external economic factors are, in turn, influenced by changes in international investment patterns, monetary systems and political developments.</li> <li>• The Company's Investments from time to time may not produce the anticipated revenues. The success of the Company's Investments will, in part, be based on the accuracy of assumptions regarding the estimates of reserves and the production estimates of operators or Investment counterparties as well as the Investment Manager's ability to make accurate assumptions regarding the valuation, timing and amount of revenues to be derived from the Company's Investments.</li> <li>• Royalty and Stream interests in hydrocarbon assets are largely contractual in nature, as are other Investments underpinned by hydrocarbon assets. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. Such parties may not have sufficient cash flow at a particular payment date to honour the contractual terms or they may enter bankruptcy, liquidation or analogous proceedings.</li> <li>• The Company's Investments in Royalties, Streams, Debt Instruments and Equity and Equity Related Securities may rank for payment behind payments of interest and repayments of principal under the relevant counterparty's debt obligations.</li> </ul>
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		<ul style="list-style-type: none"> <li>The Company will rely on key individuals at the Investment Manager and/or its affiliates to identify and select investment opportunities and to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these key individuals at the Investment Manager.</li> <li>Prior to making an Investment, the Investment Manager will perform due diligence on the proposed Investment. In doing so, it would typically rely in part on information from third parties as a part of this due diligence. To the extent that the Investment Manager or other third parties underestimate or fail to identify risks and liabilities associated with the Investment in question, this may impact on the returns from the Investment.</li> <li>The Company's Investments will be subject to various political and economic risks beyond the Company's control, which could substantially and adversely affect the value of and returns on such Investments.</li> </ul>
D.3.	Key information on the key risks that are specific to the Shares	<ul style="list-style-type: none"> <li>The value of the Shares and the income derived from those shares (if any) can fluctuate and may go down as well as up.</li> <li>The market price of the Shares may fluctuate widely in response to different factors and there can be no assurance that the Shares of the Company will be repurchased by the Company, even if they trade materially below their Net Asset Value.</li> <li>As the Shares will be admitted to the Specialist Fund Segment, the Company will not be subject to the Listing Rules.</li> <li>It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares.</li> <li>If the Directors decide to issue further Shares, the proportions of the voting rights held by Shareholders may be diluted.</li> <li>Pending conversion of any C Shares into Ordinary Shares, the portfolio of assets attributable to such C Shares will be less diversified than that attributable to the Ordinary Shares.</li> <li>Changes in tax law may reduce any return for investors in the Company.</li> </ul>

Section E – Offer		
Element	Disclosure Requirement	Disclosure
E.1.	Proceeds and expenses of the issue	The Net Proceeds of the Initial Issue are dependent on the level of subscriptions received pursuant to the Initial Issue. Assuming Gross Issue Proceeds are US\$250 million and the costs and expenses of the Initial Issue are 2 per cent. of the

		<p>Gross Issue Proceeds (being the maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue), the Net Proceeds will be approximately US\$245 million.</p> <p>The Initial Issue and Placing Programme are not being underwritten and, as at the date of this Prospectus, the actual number of Ordinary Shares issued pursuant to the Initial Issue and Shares to be issued pursuant to the Placing Programme, and therefore the net proceeds of the Initial Issue and Placing Programme are not known but will be notified by the Company via an RNS announcement prior to the relevant Admission.</p> <p>The net proceeds of the Placing Programme are dependent on: (i) the aggregate number of Ordinary Shares and/or C Shares issued pursuant to the Placing Programme; and (ii) the applicable Placing Programme Price at which any Ordinary Shares are issued pursuant to the Placing Programme.</p> <p>Any C Shares issued pursuant to the Placing Programme will be issued at a fixed price of US\$1.00 per C Share; the issue price of any Ordinary Shares issued pursuant to the Placing Programme will be determined by the Directors and the Joint Bookrunners by reference to the prevailing cum-dividend NAV per Ordinary Share and a sufficient premium to cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing concessions) and having regard to prevailing market conditions.</p> <p>The expected expenses to be borne by the holders of C Shares in relation to any Subsequent Placing will be notified by the Company via an RNS announcement prior to the relevant Subsequent Placing.</p>
E.2.a.	Reasons for the Issue, use of proceeds and estimated net amount of proceeds	<p>The Board, as advised by the Investment Manager, believes that there are attractive opportunities for the Company to deliver value for Shareholders primarily through exposure to Royalties and Streams in the upstream oil and gas and associated infrastructure sectors.</p> <p>The estimated Net Proceeds of the Initial Issue are US\$245 million, assuming that the Gross Issue Proceeds of US\$250 million are raised and the costs and expenses of the Initial Issue are 2 per cent. of the Gross Issue Proceeds (being the maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue).</p> <p>The Company's principal use of cash (including the Net Proceeds of the Initial Issue and the Placing Programme) will be to make Investments sourced by the Investment Manager in line with the Company's investment policy, as well as the payment of expenses related to the Initial Issue and the Placing Programme, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy.</p>

E.3.	Terms and conditions of the Initial Issue	<p>The Ordinary Shares are being made available under the Initial Issue at the Initial Issue Price.</p> <p>The Initial Issue will not proceed if the Net Proceeds would be less than US\$98 million (or such lesser amount as the Company and the Joint Bookrunners may determine and notify to investors via a supplementary prospectus).</p> <p>The Initial Placing will close at 5.00 p.m. on 24 September 2019 (or such date as the Company, the Investment Manager and the Joint Bookrunners may agree). If the Placing is extended or shortened, the revised timetable will be notified through an RNS announcement.</p> <p>Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of US\$1,000, and thereafter in multiples of US\$100 and must be submitted so as to be received by the Receiving Agent no later than 11.00 a.m. on 24 September 2019 (or such date as the Company, the Investment Manager and the Joint Bookrunners may agree).</p> <p>The Initial Issue is conditional, <i>inter alia</i>, on:</p> <ul style="list-style-type: none"> <li>(i) the Placing Agreement becoming wholly unconditional (save as to First Admission) and not having been terminated in accordance with its terms prior to First Admission;</li> <li>(ii) First Admission occurring by 8.00 a.m. on 1 October 2019 (or such date, not being later than 31 October 2019, as the Company, the Investment Manager and the Joint Bookrunners may agree) in respect of the Initial Issue; and</li> <li>(iii) the Initial Issue raising at least the Minimum Net Proceeds.</li> </ul> <p><b>Placing Programme</b></p> <p>Following completion of the Initial Issue, the Directors may implement the Placing Programme to enable the Company to raise additional capital on such dates as the Company may determine in its sole discretion being no later than 15 July 2020.</p> <p>Under the Placing Programme, the Company is proposing to issue Ordinary Shares and/or C Shares, as the case may be, provided that the Company shall not issue more than 750 million Ordinary Shares and/or C Shares pursuant to the Initial Placing and the Placing Programme.</p> <p>Under the Placing Programme, the Joint Bookrunners have agreed, subject to certain conditions, to use their respective reasonable endeavours to procure subscribers for Ordinary Shares and/or C Shares at the applicable Placing Programme Price.</p>
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		<p>Neither the Initial Issue nor the Placing Programme is being underwritten.</p> <p>Each Subsequent Placing is conditional, <i>inter alia</i>, on:</p> <ul style="list-style-type: none"> <li>(i) the applicable Placing Programme Price being determined by the Directors (to the extent that Ordinary Shares are to be issued) as described below;</li> <li>(ii) Programme Admission occurring in respect of the relevant issue of Shares under the Placing Programme; and</li> <li>(iii) to the extent required under the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company.</li> </ul> <p>In circumstances where these conditions are not met, the relevant issue of Shares pursuant to the Placing Programme will not take place.</p>
E.4.	Material interests	Not applicable. As at the date of this Prospectus, there are no interests that are material to the Initial Issue and Placing Programme and no conflicting interests.
E.5.	Name of person selling securities	Not applicable. No person or entity is offering to sell Shares as part of the Initial Issue or the Placing Programme.
E.6.	Dilution	<p>Not applicable. No dilution will result from the Initial Issue.</p> <p>If 500 million Ordinary Shares are issued pursuant to the Placing Programme, assuming that 250 million Ordinary Shares were issued pursuant to the Initial Issue and that persons who were Shareholders immediately after the Initial Issue do not participate in the Placing Programme, there would be a dilution of approximately 200 per cent. in the voting control of persons who were Shareholders immediately after the Initial Issue.</p>
E.7.	Estimated expenses charged to the investor by the issuer	<p>The costs and expenses (including irrecoverable VAT) of, and incidental to, the Initial Issue payable by the Company are expected to be 2 per cent. of the Gross Issue Proceeds (being the maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue).</p> <p>Other than in respect of expenses of, or incidental to, First Admission and the Initial Issue which the Company intends to pay out of the proceeds of the Initial Issue, there are no commissions, fees or expenses to be charged to investors by the Company under the Initial Issue.</p> <p>The costs and expenses of the Placing Programme will depend on subscriptions received.</p>

## Risk Factors

Investment in the Company should not be regarded as short-term in nature and involves a high degree of risk. Accordingly, investors should consider carefully all of the information set out in this Prospectus and the risks attaching to an investment in the Company, including, in particular, the risks described below.

The Directors believe that the risks described below are the material risks relating to the Shares at the date of this Prospectus. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the performance of the Company and the value of the Shares. Investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an application to participate in the Initial Issue and/or the Placing Programme.

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

The past performance of the historic investments made by the management team available to the Investment Manager which are referred to in this Prospectus are for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee, of future performance.

### RISKS RELATING TO THE COMPANY

#### ***The Company is newly formed and has no operating history***

The Company was incorporated on 25 March 2019, has not produced any financial statements, and intends to invest primarily in a portfolio of Royalties and Streams in the upstream oil and gas and associated infrastructure sectors, but currently has no investments and will not do so until after First Admission.

As a consequence, prior to First Admission, prospective investors in the Company will have no opportunity to evaluate the terms of any potential investment opportunities or actual significant investments, or financial data to assist them in evaluating the prospects of the Company and the related merits of an investment in the Shares. Following First Admission, Shareholders will only have a role in approving any investments the Company makes to the extent that the Company has opted to comply with certain of the Listing Rules.

#### ***There can be no assurance that the Investment Manager will be successful in implementing the Company's investment objective***

The Company may not achieve its investment objective. Meeting that objective is a target but the existence of such an objective should not be considered as an assurance or guarantee that it can or will be met.

The Company will be dependent upon the Investment Manager's successful implementation of the Company's investment policy and its investment strategies, and ultimately on its ability to create an investment portfolio capable of generating attractive returns. This implementation in turn will be subject to a number of factors, including market conditions and the timing of investments relative to market cycles, many of which are beyond the control of the Company and difficult to predict. There can be no assurance that the Company will be successful in sourcing suitable opportunities for Investments in the upstream oil and gas and associated infrastructure sectors.

***Delays in deployment of the proceeds of the Initial Issue or the Placing Programme may have an impact on the performance of the Company's portfolio and cash flows***

As at the date of this Prospectus, the Company has no investments, and pending deployment of the Net Proceeds intends to invest cash held in cash deposits, gilts and money market funds. Interim cash management is likely to yield significantly lower returns than the target returns from Investments. There can be no assurance as to how long it will take for the Company to invest all of the Net Proceeds of the Initial Issue and the Placing Programme, and the longer the period the greater the likelihood that the Company's results of operations will be materially adversely affected. To the extent that there is a delay in investing the Net Proceeds, the Company's aggregate return on investments will be significantly reduced.

The Company's investment objective includes the aim of providing Shareholders with a dividend income. There is no guarantee that any dividends will be paid in respect of any financial year or period. The ability to pay dividends is dependent on a number of factors including the level of income returns from the Company's portfolio of investments. There can be no guarantee that the Company's portfolio of investments will achieve the target rates of return referred to in this Prospectus or that it will not sustain any capital losses through its investments.

***Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns***

The Company's investment objective requires it to invest in Investments which may be both illiquid and scarce. Market conditions may increase illiquidity and scarcity and have a generally negative impact on the Company's ability to identify and execute investments in suitable Royalties and Streams in the upstream oil and gas and associated infrastructure sectors that might generate acceptable returns. Market conditions may also restrict the availability of suitable Royalties and Streams in the upstream oil and gas and associated infrastructure sectors that may generate acceptable returns and thereby cause "cash drag" on the Company's performance. Adverse market conditions and their consequences may have a material adverse effect on the Company's investment portfolio.

The Company's future success largely depends upon its ability to make Investments at appropriate valuations, including through the acquisition of Royalties and the creation of Streams, together with other financing transactions. The reserves that underpin the Company's Investments will decline over time as the oil or gas from the fields or assets is produced and the Company will need to create or acquire additional Investments to maintain revenue. There can be no assurance that the Company will be able to identify and complete such Investments, at reasonable prices, on favourable terms or at all.

In addition, the Company will face competition in making Investments. Other companies are engaged in the search for and the acquisition of Royalties and the creation of Streams including established companies with substantial financial resources and operational capabilities, and there is a limited supply of desirable opportunities. The Company may be at a competitive disadvantage as competitors may have greater financial and technical resources than it and the Investment Manager and may be able to accept lower returns on their investment. Competition may also lead to an increase in prices for Royalties and may result in less favourable terms for the generation of Streams and other Investments. In addition, traditional equity and debt markets may allow oil and gas companies and holders of associated assets to raise financing on more favourable terms than a competing Stream transaction would allow. There can be no assurance that the Company will be able to compete successfully to acquire Royalties or create Streams.

If the Company is unable to make Investments, or the Investments made by the Company are on terms less advantageous than would otherwise have been the case because of these factors, the delay in deployment of the Company's capital and/or the lower returns generated by Investments could have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.



***The Company may borrow in connection with its investment activities which subjects it to interest rate risk and additional losses when the value of its investments fall***

Borrowings may be employed at the level of the Company and at the level of any investee entity (including any subsidiary that may be established or utilised by the Company in connection with obtaining leverage against any of its assets).

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the Shares, it could have the inverse effect if the Company's returns on its Investments drop significantly below those expected at the time of making the relevant Investments. Similarly, in the event that the Company's income drops significantly below that expected from the relevant Investments, the use of borrowings could increase the impact of such a drop on the net revenue of the Company and accordingly could have an adverse effect on the Company's ability to pay dividends to Shareholders and to make new Investments.

The Company (and/or any future subsidiary of it that incurs borrowings) is expected to pay interest on any borrowing it incurs. As such, the Company may be exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may also affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings. In the event that interest rate movements lower the level of income receivable on cash deposits or raise the interest required to be paid by the Company, net returns to investors may be reduced and the Company may find it difficult or costly to refinance indebtedness as it matures and if interest rates are higher when the indebtedness is refinanced, the Company's costs would increase.

***Concentration in the Company's portfolio may affect the Company's ability to achieve its investment objective***

The Investments acquired or sourced with the Net Proceeds are likely to be concentrated and the portfolio may continue to be concentrated thereafter. Concentration in the Company's portfolio may increase certain risks to which the Company is subject, some or all of which may be related to events outside the Company's control. These would include risks around the creditworthiness of the relevant counterparty, the nature of the asset and of the oil and gas operations underpinning the asset in question. The occurrence of these situations may result in greater volatility in the Company's Investments and, consequently, its Net Asset Value, and may materially and adversely affect the performance of the Company and the Company's returns to Shareholders. Such increased concentration of the Company's assets could also result in greater losses to the Company in adverse market conditions than would have been the case with a less concentrated portfolio, and have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***There is typically no reliable liquid market available for the purposes of valuing the Company's investments***

The Company's Investments will be largely Royalties and Streams in the upstream oil and gas and associated infrastructure sectors. There is typically no reliable liquid market for such assets and the valuation of such investments involves the Investment Manager exercising judgement. There can be no guarantee that the basis of calculation of the value of the Company's investments used in the valuation process will reflect the actual value on realisation of those investments. The valuations used to calculate the Net Asset Value will be determined by the Administrator using information provided by the Investment Manager in accordance with a valuation framework determined by the Board. The Company intends to publish quarterly Net Asset Value figures in US Dollars. The Net Asset Value figures issued by the Company should be regarded as indicative only and the actual, realisable NAV per Ordinary Share may be materially different.

***The Company's accounting policies and their interpretation and application may change***

The application of accounting standards requires the Directors to make judgements, estimates and assumptions regarding the classification, revaluation and impairment of its Investments. The Company intends to account for its Investments based on the substance of the underlying commercial terms of each



Investment and therefore different accounting standards may be applied to different types of Investment. If the Company changes its accounting policies or their interpretation and application going forward, whether due to changes in IFRS or otherwise, the Company may need to restate its financial statements or change the way in which it classifies its Investments. Any such restatements or reclassifications could result in changes to, *inter alia*, the Company's revenue, revaluations and impairments of Investments or tax charge and could have a material adverse effect on the return on the Company's Investments and therefore its revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***Reputational risk in connection with the Company's operations may materially adversely affect the Company***

The Company is dependent upon its, and the Investment Manager's, reputation to make Investments and achieve its investment objective. In particular, litigation, failures of the Company's Investments to perform or any other negative publicity, could harm the reputation of the Company. If the Company or the Investment Manager is associated with a field or other asset which is the subject of litigation or negative publicity, including regarding its environmental impact, the Company's reputation could be damaged. The Company also may experience negative reactions from the financial markets or potential counterparties if it is unable to successfully complete transactions. If investors do not have confidence in the Company or the Investment Manager, do not agree with the Company's investment objective or policy, or have a negative view of Investments into which the Company enters, or if the Company's reputation is harmed due to other factors, this could have a material adverse effect on the market price of the Shares.

**RISKS RELATED TO THE COMPANY'S INVESTMENT OBJECTIVE AND STRATEGY**

**Risks relating to Royalties and Streams**

***Changes in the market price of the hydrocarbons that underlie the Royalties and Streams will affect the revenue generated therefrom and the Company's ability to achieve returns***

The revenue the Company intends to derive from its Royalties and Streams will be affected by changes in the market price of the hydrocarbons underlying the Royalties and Streams. Commodity prices, including those to which the Company will be exposed, typically fluctuate on a daily basis and can be affected by numerous factors beyond the Company's control, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the US Dollar and geopolitical events in significant hydrocarbon-producing and consuming countries. Such external economic factors are, in turn, influenced by changes in international investment patterns, monetary systems and political developments.

Many commodities, by their nature, are subject to wide price fluctuations, in particular based on demand, and potential future material price declines would likely result in a decrease in revenue or, in the case of severe declines that could cause a suspension or termination of production by relevant operators, a complete cessation of revenue from any relevant Investment.

The Company will seek to assess the possible merits of employing financial hedging strategies both in relation to: (i) all potential new investments that are being considered; and (ii) in relation to its portfolio of assets on an ongoing regular basis. In certain circumstances the Company may desire to hedge either commodity price risks or foreign exchange risks by entering into financial hedges. The Company will typically seek to financially hedge via the purchase of commodity or foreign exchange put options. However, while hedging of commodity prices and currency risks are possible, there is no guarantee that appropriate hedging will be available at an acceptable cost, that any such commodity or foreign exchange hedging programme will be successful in removing the risks associated with fluctuations in commodity prices or currencies, or that a hedging counterparty will be willing to provide the hedges that the Company is seeking to put in place from time to time. Whilst the Company expects to typically employ long put option hedging strategies, it may from time to time consider hedging structures that would prevent the Company from benefiting fully from commodity price increases.

Any commodity price decline or unsuccessful hedging in respect of commodity prices may result in a material adverse effect on the Company's revenues, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***It may be difficult or impossible for the Company to ensure that the fields or other assets underpinning its Investments are operated in the Company's best interest***

The revenue derived from the Company's Investments will typically be based on the underlying production from the fields and other assets that underpin such Investments. The owners and operators of such fields and other assets will generally have the power to determine the manner in which the relevant fields and assets are exploited, including decisions to expand, continue, reduce or cease production or operations from any such field or on any such asset, decisions about the marketing of products extracted from the field or asset and decisions to conduct development of non-producing fields and assets. The interests of third party owners and operators and those of the Company in respect of the relevant field or asset may not always be aligned. In addition, the owners or operators may take action contrary to the Company's policies or objectives; be unable or unwilling to fulfil their obligations under their agreements with the Company; have difficulty obtaining or be unable to obtain the financing necessary to move projects forward; or experience financial, operational or other difficulties, including insolvency which could limit the owners' or operators' ability to perform their obligations relating to the relevant fields or assets. Furthermore, operators of assets underlying the Company's investments must, among other things, obtain and maintain all necessary permits and access to goods and services needed to maintain operations, and there can be no assurance that operators will be able to do so.

The Company may not be entitled to any material compensation if any of the fields or other assets underpinning its investments in Royalties and Streams shuts in or discontinues operations on a temporary or permanent basis. At any time, any of the operators of the fields or other assets underpinning the Company's Royalties and Streams or their successors may decide to suspend or discontinue operations. The owners or operators of the fields or other assets underpinning the Company's investments in Royalties and Streams may from time to time announce transactions, including the sale or transfer of the relevant field or asset or of the owner or operator itself, over which the Company has little or no control as well as little input into who the relevant field or asset is sold to or the price at which it is sold. If such transactions are completed it may result in a new operator controlling the relevant field or asset, who may or may not operate the project in a similar manner to the current operator which may positively or negatively impact the Company. In the event any such transaction is announced, there is no certainty that such transaction will be completed, or completed as announced, and any consequences of such non-completion on the Company may be difficult or impossible to predict.

The inability of the Company to control the operations of the fields or other assets underpinning the Company's investments in Royalties and Streams may have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend.

***The Company's Investments may not produce anticipated revenues***

The Company's Investments from time to time may not produce the anticipated revenues. The success of the Company's Investments will, in part, be based on the accuracy of assumptions regarding the estimates of reserves and the production estimates of operators or Investment counterparties as well as the Investment Manager's ability to make accurate assumptions regarding the valuation, timing and amount of revenues to be derived from the Company's Investments. Any of the operators, the Investment counterparties and the Company may seek third party valuations and other reports to assist with their assessments.

Until reserves are actually produced, the amount and quality of reserves must be considered as estimates only. Any material change in the amount or quality of reserves may affect the economic viability of the Company's Investments. Fluctuation in commodity prices, results of drilling and production and the evaluation of development plans subsequent to the date of any estimate may require revisions of such estimates. The quality and volume of reserves and recovery rates may not be the same as anticipated at the time of investment by the Company. Additionally, production estimates are subject to change, and

actual production may vary materially from such estimates. No assurance can be given that any estimates of future production and future production costs with respect to any of the fields or assets underpinning the Company's Investments will be achieved. The Company can expect overall declines in production over the years in fields or assets underpinning the Company's Investments unless operators are able to replace hydrocarbons that have been produced through further field development. There can be no assurance that the operators of fields where the Company holds Investments will be able to maintain or increase production by replacing hydrocarbons in this manner.

Further, if an operator does not operate a field in accordance with good oilfield practice due to lack of capital, inexperience, unexpected problems, delays, or otherwise, then the Investment may not yield the expected financial return.

Any material reductions in estimates of the quality or volume of reserves, or the ability of the operators of the fields or assets that underpin the Company's Investments to extract these reserves and to achieve production estimates and anticipated revenues, may reduce the return on the Company's Investments and therefore have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***There may be disputes in relation to the Company's Investments***

While the Investment Manager will seek to confirm through due diligence the validity, enforceability and scope of the Streams and Royalties the Company creates and acquires, there can be no assurance that disputes over these and other matters will not arise. Royalties and Streams are generally subject to uncertainties and complexities arising from the application of contract and property laws governing private parties and/or local or national governments in the jurisdiction where the underlying hydrocarbon projects are located and therefore understanding these issues is a complex matter. Disputes could arise challenging, among other things, various rights of the Royalty or Stream counterparty and/or third parties in or to the Royalty or Stream, methods for calculating the payment due under the Royalty or Stream, production and other thresholds and caps applicable to payments under the Royalty or Stream, the obligation of a counterparty to make payments or provide information, and various defects or ambiguities in the agreement governing a Royalty or Stream.

Royalties and Streams in many jurisdictions are contractual in nature, rather than interests in land, and are therefore subject to disputes arising out of contractual defects as well as to change of control, bankruptcy or insolvency of counterparties and non-performance, any of which could defeat the Company's claim in respect of a Royalty or Stream or result in a reduction of the revenue from the Royalty or Stream received by the Company. Even if the Company retains its Royalty or Stream in respect of a field or other asset after any change of control, bankruptcy or insolvency of the counterparty or operator, the project may end up under the control of a new operator, who may or may not operate the project in a similar manner to the current operator, which may positively or negatively impact the Company. The Company may not have the protection of security interests over property and title or similar insurance for Royalties and Streams is typically not available.

Unknown defects in or disputes relating to Royalties or Streams that the Company may hold from time to time may prevent it from realising all of the anticipated benefits from its Royalties and Streams and could reduce or delay the returns on the Company's Investments and therefore have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***The Company will have limited access to information, data and disclosure regarding the operation of the fields or other assets that underpin its Investments, which will affect its ability to assess their performance***

The Company will sometimes have limited, if any, access to non-public data regarding the operations of the fields that underpin its Investments (particularly those Investments that are Royalties or Streams). This could affect the Investment Manager's ability to assess or enhance the performance of any relevant Investment. The Company typically will not have the ability to independently verify such information or

provide assurance that such third party information is complete or accurate. Additionally, where the field or other asset is operated by a private company, rather than a public company, public disclosure may be more limited. Where possible, the Investment Manager will always try to improve the Company's access to information regarding its Investments. However, such negotiations are not always successful, particularly in relation to Royalties.

The receipt, timing and content of updates or disclosure on the fields and other assets that underpin the Company's Investments can be unpredictable. Where such disclosure contains new and unfavourable material information, this may have a material adverse effect on the Company and its Shares. The Company does not necessarily receive a copy of such disclosure before it is made public or have an opportunity to review the data or information on which such disclosure will be based. The limited access to data and disclosure regarding the operations of the fields and other assets that underpin the Company's Investments may restrict the Company's ability to enhance or maintain the performance of its Investments which may have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***The Company may depend on third parties for the accurate determination of Royalty or Stream payments and, while certain of the Company's Royalty and Stream agreements may provide the Company with audit rights, such audits may occur months after the Company's recognition of revenue***

Certain of the Company's Royalty and Stream payments may be calculated by the relevant counterparties based on the reported production. Each such counterparty's calculation of the Company's Royalty and Stream payments will be subject to and dependent upon the adequacy and accuracy of the production and accounting functions of each such counterparty, and errors may occur from time to time in the calculations made. Certain Royalty and Stream agreements may require the relevant counterparty to provide the Company with production and operating information that may, depending on the completeness and accuracy of such information, enable the Company to detect errors in the calculation of payments that it receives. While the Company may have the contractual right to receive a statement for its Royalties and Streams, it may not have full information rights or audit rights in respect of all of its Royalties and Streams. As a result, the Company's ability to detect payment calculation errors or fraud through its internal controls and procedures may be limited, and in certain circumstances the Company may need to make retroactive revenue adjustments. The Company intends that its Royalty and Stream agreements will provide it the right to audit the operational calculations and production data for the associated payments; however, there is no guarantee that such rights will be obtained and, even where such rights are obtained, such audits may occur many months following the Company's recognition of the relevant revenue and may require the Company to adjust its revenue in later periods. Therefore, although the Investment Manager and Administrator have implemented procedures, systems and controls to ensure that revenue earned from the Company's Royalties and Streams is properly accounted for, any inaccuracies in the calculation of payments could require the Company to restate its financial statements and could have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***The Company will be dependent on the counterparties to its Investments making payments due under its Investments and any delay in or failure to make such payments will affect the revenues generated by the Company's portfolio***

The Company will be dependent to a large extent upon the financial viability and operational effectiveness of its counterparties and the owners of the fields and assets that underpin the Company's Investments. As payments from production will flow through the counterparty and, sometimes, the operator of the relevant field or other asset, there is a risk of delay and additional expense in receiving such payments. Investments may involve regular export of hydrocarbons through pipeline systems or may involve the lifting of oil from FPSOs, which may be irregular and only occur periodically. Further, where pipelines are involved in the export, those pipelines will terminate at onshore locations and at onshore terminals which may be owned and operated by third parties and whose performance and operations could impact on the sale of the hydrocarbons. Additionally, under certain Royalties or Streams, the Company may only receive payment when the Royalty or Stream counterparty is paid by the purchaser of the underlying production. Payments

may be delayed by, among other things, restrictions imposed by lenders, delays in the sale or delivery of, and payment for, products, shut-ins or other cessations or restrictions on production, recovery by the operators of expenses incurred in the operation of the field or other assets underpinning the relevant Investment, the establishment by the operators of reserves for such expenses or the insolvency of the counterparty, field operator or other field interest holder. The Company's rights to payment under its Investments will, in some cases, need to be enforced by contract without the protection of a security interest that the Company could readily enforce. This restricts the Company's ability, unless it has a properly perfected security interest, to collect outstanding payments upon a default.

Where the Company does not have a properly perfected security interest, in the event of the bankruptcy of the relevant counterparty, the Company may be treated as an unsecured creditor and, therefore, have a limited prospect of recovery. Failure to receive any payments from a counterparty, or the failure to receive full recovery on the insolvency of a counterparty, would reduce the returns on the Company's Investments and therefore have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

#### ***Counterparties may not honour the Company's Investments***

Royalty and Stream interests in hydrocarbon assets are largely contractual in nature, as are other Investments underpinned by hydrocarbon assets. Parties to contracts do not always honour contractual terms and contracts themselves may be subject to interpretation or technical defects. Such parties may not have sufficient cash flow at a particular payment date to honour the contractual terms or they may enter bankruptcy, liquidation or analogous proceedings. Additionally, counterparties may not comply with their obligations to provide information or to allow the Company to exercise any audit rights. To the extent counterparties do not abide by their contractual obligations, the Company would be required to take legal action to enforce its contractual rights. Such litigation may be time consuming and costly and there is no guarantee of success. If counterparties do not honour their contractual obligations, either by choice or due to financial difficulties or bankruptcy, liquidation or analogous proceedings, or if the Company is unable to enforce its contractual rights, their return on the Company's Investments may be reduced and this may have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

#### ***The development and operation of hydrocarbon assets is inherently dangerous and subject to risks beyond the Company's control***

The operation of hydrocarbon assets at all stages of development involves significant risks which may be mitigated, but not eliminated, by a combination of careful evaluation, experience and knowledge. Any adverse action affecting the operation of, production from or recoverability of reserves from any field or other asset underpinning the Company's Investments from time to time, including, but not limited to, unusual and unexpected geological events, challenging weather conditions, damage to life or property, environmental damage, difficulty hiring suitable personnel and engineering contractors or securing offtake agreements on commercially suitable terms, may have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

#### ***The Company is subject to risks related to the making of Investments or other material transactions***

In the ordinary course of business, the Investment Manager will engage in a regular review of opportunities for the Company to acquire Royalties, to create Streams or to make other Investments in accordance with the investment policy. The Company will, generally at any time, have a number of opportunities in various stages of active review, including, for example, its engagement of consultants and advisors to analyse particular opportunities, technical, financial and other confidential information, submission of indications of interest and participation in discussions or negotiations for transaction. Any transaction may have specific risks associated with it, including risks related to the completion of the transaction, the field, or fields and associated infrastructure, the proposed counterparty, the operator and the other working interest holders, or the jurisdictions in which the field or fields are located.



The Company may not always be able to conduct due diligence in as thorough a manner as it would prefer on potential transactions, particularly where it is acquiring a Royalty where the counterparty has no obligation to provide information. The Company may therefore have to rely solely on publicly available information and there can be no assurance that a due diligence examination based on public information will reveal all of the risks and uncertainties associated with the potential acquisition, or the full extent of such risks and uncertainties. In addition, the Investment Manager may consider opportunities to restructure the Company's Investments where it believes such restructuring would provide a long-term benefit to the Company, though such restructuring may reduce near-term revenues or result in the incurrence of transaction-related costs. The Company could enter into one or more acquisition or restructuring transactions at any time.

***Development and operation of oil and gas fields and associated infrastructure is typically very cost and capital intensive and any inability of the working interest holders of such fields to meet liquidity needs, obtain financing or operate profitably could have material adverse effects on the value of and revenue from the Company's Investments***

The development and operation of oil and gas fields and associated infrastructure is typically very cost and capital intensive, and if the working interest holders of such fields do not have the financial strength or sufficient credit or other financing capability to cover the costs of developing or operating a field and its associated infrastructure, the operator may curtail, delay or cease development or operations thereat. The ability of working interest holders to raise and service sufficient capital may be affected by, among other things, macroeconomic conditions, future commodity prices, or economic volatility in the global financial market. In addition, economic volatility or a credit crisis could adversely affect the ability of working interest holders to obtain debt or equity financing for the development and operation of their fields. If any such persons suffer these material adverse effects, then the Company's Investments and the value of and revenue from its Investments may be negatively impacted which could have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares. In order to mitigate these risks, the Company will focus its Investments on assets that are producing in accordance with the restrictions set out in the investment policy.

***The Company's Investments will be subject to various political and economic risks***

The Company will be subject to various risks incidental to investing. Factors affecting economic conditions, including, *inter alia*, currency devaluation, exchange rate fluctuations, competition, domestic, transnational, international and worldwide political, military and diplomatic events and trends, none of which will be in the control of the Company, could substantially and adversely affect the value of and returns on the Company's Investments and therefore the financial position and prospects of the Company, its ability to pay a dividend and consequently the Company's Net Asset Value and/or the market price of the Shares.

***Potential litigation affecting the fields and other assets underpinning the Company's Investments could have an adverse effect on the Company***

Potential litigation or other third party claims may arise on a field or other asset underpinning one of the Company's Royalties or Streams which, if successful, could impair development and/or operations or limit its counterparties' ability to enforce its title or rights with respect to the relevant field or other asset. As the holder of an Investment, the Company will not generally have any influence on the litigation and may not have access to non-public information concerning such litigation. Any such litigation that results in the cessation or reduction of production from a field or other asset underpinning one of the Company's Investments (whether temporary or permanent) or results in the counterparty no longer having legal ownership of the reserves or assets could have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***The Company may make an Investment subject to rights in favour of the counterparty or third parties that could adversely affect the revenues generated from the Company's portfolio***

Investments may be subject to: (i) buy-back right provisions pursuant to which a counterparty may buy-back all or a portion of the Investment; or (ii) pre-emptive rights pursuant to which parties to underlying operating agreements have the right of first refusal or first offer with respect to a proposed sale or assignment of a Royalty or Stream to the Company. The Company may make Investments which are subject to these types of provisions. Holders of these rights may exercise them such that certain Investments might not be available to the Company or may result in the value of the Investment being returned to the Company earlier than anticipated, and accordingly the Company may not be able to redeploy such returns in new Investments that generate an equivalent return in a timely manner or at all, which may cause cash drag in the Company's portfolio and therefore have a material adverse effect on the Company's future revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***The Company's Investments may rank junior to the relevant counterparties' debt obligations***

The Company's Royalties and Streams may rank for payment behind payments of interest and repayments of principal under the relevant counterparty's debt obligations. To that extent, such Royalties and Streams are similar to debt instruments that are junior in ranking and/or that are subordinated to senior debt such as "second lien" debt. Such Royalties and Streams may expose the Company to particular risks in a distress situation, such as the risk that its interests are not aligned with holders of the senior debt outstanding who will generally be entitled to determine the remedies to be exercised. Remedies pursued by holders of the senior debt could be adverse to the interests of the Company. In addition, if an event of default has occurred and is continuing, the Company may not be entitled to any payments until interest and principal of the senior and/or other debt is paid in full.

**Risks relating to Debt Instruments**

***Investments in debt obligations are subject to credit and interest rate risks***

In addition to Royalties and Streams, the Company may from time to time invest in Debt Instruments. Such Debt Instruments are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that the borrower will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of a borrower are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a Debt Instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt obligations which are rated by rating agencies are often reviewed and may be subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a Debt Instrument, particularly if it is not held to maturity. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. In addition, interest rate increases generally will increase the interest carrying costs to the Company of non-fixed rate leveraged investments.

***Subordinated debt and unsecured debt***

The Company may gain exposure to Debt Instruments that are junior in ranking and/or that are subordinated to senior debt, including subordinated debt that ranks below other obligations of the borrower in right of payment such as "last out" or "second lien" debt. Subordinated investments are subject to a greater risk of loss than senior investments as a result of adverse changes in the financial condition of the borrower or in general economic conditions. Subordinated investments may expose the Company to particular risks in a distress situation, such as the risk that the interests of creditors are not aligned as holders of the senior debt outstanding will generally be entitled to determine the remedies to be exercised. Remedies pursued by holders of the senior debt could be adverse to the interests of the Company. In addition, if an event of default has occurred and is continuing, holders of junior investments, including subordinated debt, may not be entitled to any payments until interest and principal of the senior debt is paid in full.

### **Risks relating to Equity and Equity Related Securities**

***In certain circumstances, the Company may receive Equity and/or Equity Related Securities in a counterparty and there can be no guarantee that such Investments will have or maintain value***

As a part of the commercial negotiations, in addition to creating a Stream or investing in a Debt Instrument, the Company may also acquire Equity and/or Equity Related Securities in the counterparty. The value of such Equity and/or Equity Related Securities, whilst held by the Company, may be influenced by a variety of factors, internal and external, such as the performance of the relevant counterparty and general economic and market conditions. In addition, accepting Equity or Equity Related Securities in the counterparty by the Company in exchange for a lower return on the relevant Stream or Debt Instrument may be detrimental to the Company if the relevant counterparty enters bankruptcy, liquidation or analogous proceedings, as creditors are entitled to be repaid in full before distributions can be made to equity holders in the event of an insolvency, liquidation, dissolution, reorganisation or bankruptcy of the counterparty, and the Company may not be able to realise any value for such Equity and/or Equity Related Securities. Moreover, any Equity and/or Equity Related Securities are unlikely to be liquid and therefore the Company may not be able to realise the value of such Equity and/or Equity Related Securities as expected at the time of making the Investment, at the expected valuation, or at all.

### **Risks relating to the upstream oil and gas Industry**

***The Company is subject to many of the same risks as the counterparties to its Investments***

To the extent that they relate to the production of hydrocarbons from, and the continued operation of the fields that underpin the Company's Investments, the Company may be subject to many of the risks applicable to its counterparties to such Investments. These risks include, *inter alia*, commodity price risk, development risk, production risk and counterparty risk. The likelihood that Shareholders of the Company will receive dividends will be dependent, in part, upon the operating performance, profitability, financial position and creditworthiness of the Company's counterparties and the other working interest holders in the relevant field or other asset and on the Company's counterparties' ability to make payments to the Company.

***Oil and gas operations are exposed to risks of changes in government regulation and changing political attitudes and stability in the countries in which they are situated***

The development, operation, production, marketing and sales activities of the Company's potential counterparties are subject to various laws and regulations governing, *inter alia*, development, production, Royalties and taxes, export licences, import tariffs, labour standards and occupational health and safety, environmental and decommissioning issues and land claims of local people. The Company may also, in the future, own Investments in a number of jurisdictions where the relevant government may seek to be a significant interest holder in the underlying field or fields.

Amendments to current laws and regulations or more stringent implementation thereof could have a substantial adverse impact on the fields underpinning the Company's Investments and cause increases in exploration expenses, capital expenditures, production costs, tariffs or taxes or reduction in levels of production at producing fields or require abandonment or delays in development of new fields.

Failure to comply with applicable laws, regulations, agreements and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in oil and gas (and related) operations or in the development of oil and gas fields may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

There is no guarantee that the operator of any field that may from time to time underpin any of the Company's Investments will operate in full compliance with all applicable laws and regulations, or that new laws and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production from, or development of, the relevant field or fields, and



therefore reduce the returns on the Company's Investments which could in turn have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***Oil and gas operations require various government approvals, licences and permits, and delays or a failure to obtain, maintain or comply with the terms of any such property rights, permits and licences, could result in interruption or closure of operations, exploration or development on the properties***

Many of the rights, interests and agreements of the Company's potential counterparties are subject to government approvals, licences and permits and such licences and permits are subject to change in various circumstances. In addition, the granting, renewal and continued effectiveness of such approvals, licences and permits are subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company's counterparties will be successful in maintaining any or all of their required approvals, agreements, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company's counterparties may be restricted or prohibited from continuing or proceeding with planned development or operation of fields and other assets that may from time to time underpin the Company's Investments, which could reduce the returns on the Company's Investments and therefore have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***Oil and gas operations are exposed to risks related to their permissions, construction, development and/or expansion***

Where the Company makes Investments relating to fields or other assets that are in a development and/or expansion stage, such projects will be subject to numerous risks including, but not limited to, delays in obtaining equipment, materials and services essential to the development of such projects in a timely manner, delays or inability to obtain required permits, changes in environmental or other regulations, currency exchange rates, labour shortages and cost escalations. There can be no assurance that the interest holders and operators of such projects will have the financial, technical and operational resources to complete the development and/or expansion of such projects in accordance with expectations or at all, which could result in a delay or reduction in production and consequently could have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***Adequate infrastructure may not be available to develop the fields and other assets that may underpin the Company's Royalties and Streams from time to time***

Oil and gas development and exploration activities depend on the existence of adequate infrastructure. Weather, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect such activities, which would reduce the returns on the Company's Investments having a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***Production is dependent on owners' and operators' employees***

Production from oil and gas operations depends on the efforts of the owners' and/or operators' employees. The ability of the owners and operators of oil and gas projects to hire and retain suitably skilled and experienced personnel is key to those operations. Further, relations with employees may be adversely affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in the jurisdictions in which those operations are conducted. Changes in such legislation or otherwise in the relationships of the owners and operators of such oil and gas projects with their employees may result in strikes, lockouts or other work stoppages, any of which could have a material adverse effect on such operations, and, where such projects underpin the Company's Investments, the Company's revenue and financial condition. Some of the Company's Investments from time to time may be in countries that have underdeveloped health care systems, with most of the population having only limited access to healthcare, and a range of endemic and/or epidemic infectious diseases, which can impact on the

availability of employees. If any of these factors cause the owners and operators of such projects to decide to cease production on a field that underpins any of the Company's Investments, such decision could have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***Oil and gas operations are subject to environmental laws and regulations that may increase the costs of doing business and may restrict the operations***

Most phases of oil and gas operations are typically subject to environmental laws and regulations, including laws regulating the removal of natural resources from the ground and the discharge of materials into the environment. They also typically set forth limitations on the generation, transportation, storage and disposal of hazardous waste. The oil and gas operations that may from time to time underpin the Company's Investments may need to address contamination at their properties in the future, either for existing environmental conditions, or for leaks or discharges that may arise from its ongoing operations or other contingencies. Contamination from hazardous substances may subject the operator and others to liability for the investigation and remediation of contamination, as well as for claims seeking to recover losses for related property damage, personal injury or damage to natural resources. Non-compliance with any environmental laws or regulations could result in the loss for the Company's counterparties of permits or licences necessary for their operation.

Environmental legislation is continually evolving to mandate generally stricter standards and enforcement, generally increased fines and penalties for non-compliance, generally more stringent environmental assessments of proposed projects and generally a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect oil and gas projects that underpin the Company's Investments. Environmental hazards, which are unknown at the present time and which have been caused by previous or existing owners or operators of oil and gas fields that may from time to time underpin the Company's Investments may cause the Company's counterparties to incur significant costs that could, consequently, have a material adverse effect upon such counterparties' financial position and prospects. If and to the extent that the deterioration of counterparties' financial position and prospects results in such counterparties being unable to honour the contractual terms of the Company's Investments and/or reduces or eliminates the value of the Company's Equity and/or Equity Related Securities in the relevant counterparty, the returns generated by the Company's Investments could be reduced and its revenue, financial condition and ability to pay a dividend and, consequently, its Net Asset Value and/or the market price of the Shares may decline.

***Oil and gas projects may be subject to the rights of indigenous peoples***

Various international and national laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of indigenous peoples. Many of these materials impose obligations on governments to respect the rights of indigenous people. Some mandate that governments consult with indigenous people regarding government actions which may affect indigenous people, including actions to approve or grant hydrocarbon rights or permits. The obligations of governments and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. There is a risk that one or more groups of indigenous people may oppose exploration, appraisal and development of oil and gas projects, production, continued operation or further development that may underpin one or more of the Investments from time to time. Opposition by indigenous people to such activities may require modification of, or preclude operation or development of, projects or may require the entering into of agreements with indigenous people. Claims and protests of indigenous peoples may disrupt or delay activities of the operators of such projects and consequently could have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

***Operations in foreign jurisdictions are subject to many risks, which could decrease the Company's revenues***

The Company is focused on the creation and acquisition of Royalties and Streams in jurisdictions that are part of the OECD or G20 (excluding Russia) but including Malaysia and Singapore, which, in the Directors' opinion, are relatively low risk jurisdictions. Nonetheless, in certain countries in which the Company may have Investments from time to time (which are not restricted to the Principal Jurisdictions), the assets and operations that underpin such Investments may be subject to certain uncertainties, including, *inter alia*, licences, permits, approvals and contracts, changes in government royalty regimes and taxation policies, foreign exchange, international monetary fluctuations, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Such legislation could have a material adverse effect on the feasibility of an oil and gas project. In addition, in the event of a dispute arising from foreign operations, the Company or its counterparties may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts or an arbitral tribunal in a favourable jurisdiction.

***The Company's counterparties and the operations that underpin the Company's Investments will be exposed to changes in the taxation laws of multiple jurisdictions***

Legislation could be adopted in the jurisdictions in which the Company's counterparties operate that could impose new or larger tax obligations with respect to the oil and gas operations that underpin the Company's Investments from time to time, which could impact the economic feasibility of the relevant operations. No assurance can be given that new taxation rules will not be enacted or that existing rules will not be applied in a manner which could result in the Company's counterparties from time to time being subject to increased levels of tax, either directly or through withholding tax, which could consequently have a material adverse effect on the Company's revenue, financial condition and ability to pay a dividend and, consequently, the Company's Net Asset Value and/or the market price of the Shares.

**RISKS RELATED TO THE INVESTMENT MANAGER**

***The Company is reliant on the performance and retention of key personnel***

The Company will rely on key individuals at the Investment Manager and/or its affiliates to identify and select investment opportunities and to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these key individuals at the Investment Manager. The death or departure of any of these from the Investment Manager without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations. Accordingly, the ability of the Company to achieve its investment objective depends heavily on the experience of the Investment Manager's team, and more generally on the ability of the Investment Manager and/or its affiliates to attract and retain suitable staff. The Board will have broad discretion to monitor the performance of the Investment Manager or to appoint a replacement but the performance of the Investment Manager or that of any replacement cannot be guaranteed.

***Neither the past performance of the Investment Manager nor that of the Investment Manager's key individuals is a guarantee of the future performance of the Company***

The Company has presented certain information in this Prospectus regarding the past performance of the key individuals available to the Investment Manager. The past performance of the key individuals available to the Investment Manager is not indicative, or intended to be indicative, of future performance or results of the Company. In particular, past investments made have been made at a stage in the development phase of a field that would not have been available to the Company under its investment policy.

***The Company's due diligence may not identify all risks and liabilities in respect of an Investment***

Prior to making an Investment, the Investment Manager will perform due diligence on the proposed Investment. In doing so, it would typically rely in part on information from third parties as a part of this due diligence. To the extent that the Investment Manager or other third parties underestimate or fail to identify

risks and liabilities associated with the Investment in question, this may impact on the returns from the Investment.

#### **RISKS RELATED TO THE SHARES**

***The market price of the Shares may fluctuate widely in response to different factors and there can be no assurance that the Shares will be repurchased by the Company even if they trade at a price materially below their Net Asset Value***

The market price of the Shares may not reflect the value of the underlying Investments of the Company and may be subject to wide fluctuations in response to many factors, including, amongst other things, additional issuances or future sales of the Company's shares or other securities exchangeable for, or convertible into, its Shares in the future, the addition or departure of key individuals available to the Investment Manager, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the Company or any of its assets, or the upstream oil and gas sector, a perception that other market sectors may have higher growth prospects, general economic conditions, prevailing interest rates, or legislative changes relating to investments in Royalties and Streams on upstream oil and gas assets and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Shares. The market value of the Shares may vary considerably from the Company's underlying Net Asset Value. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Shares.

The Company has Shareholder approval, conditional on First Admission, to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue immediately following First Admission (and the Directors intend to seek annual (or, if required, more frequent) renewal of this authority from Shareholders) and subject to the requirements of the Companies Law, the Articles and other applicable legislation, the Company may thus purchase Ordinary Shares in the market with the intention of, amongst other things, enhancing the NAV per Ordinary Share. The Company may decide to make any such purchases (and the timing of such purchases), however, at the absolute discretion of the Directors. There can be no assurance that any purchases will take place or that any purchases will have the effect of narrowing any discount to Net Asset Value at which the Ordinary Shares may trade.

***As the Shares will be admitted to the Specialist Fund Segment, the Company will not be subject to the Listing Rules***

The Specialist Fund Segment is a peer group market for closed-ended investment companies employing more sophisticated structures and investment management remits and which are seeking professional, institutional and highly knowledgeable investors. Specialist Fund Segment securities are not admitted to the Official List and accordingly the rights and protections set out in the Listing Rules (such as those relating to significant transactions and related party transactions) will not automatically be afforded to holders of a security traded on the Specialist Fund Segment. Although the Company also, so far as appropriate, intends to voluntarily comply with certain of the Listing Rules that apply to closed-ended investment companies listed on the premium segment of the Official List, the FCA will not monitor the Company's compliance with the Listing Rules, nor will it impose any sanctions in respect of any breach of such requirements by the Company.

***A liquid market for the Shares may fail to develop***

First Admission should not be taken as implying that there will be a liquid market for the Shares. Prior to First Admission, there has been no public market for the Shares and there is no guarantee that an active trading market will develop or be sustained after First Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the Shares may be adversely affected. Even if an active trading market develops, the market price of the Shares may not reflect the value of the underlying investments of the Company.

***The Company may in the future issue new Ordinary Shares or C Shares, which may dilute Shareholders' equity***

Further issues of Ordinary Shares may, subject to compliance with the relevant provisions of the Companies Law and the Articles, be made on a non-pre-emptive basis. Existing holders of Shares may, depending on the level of their participation in the relevant share issue, have the percentage of voting rights they hold in the Company diluted.

***Sales of Shares by the Investment Manager, its affiliates or the investment professionals available to the Investment Manager, or the possibility of such sales, may affect the market price of the Shares***

Sales of Shares or interests in Shares by the Investment Manager, its affiliates or the investment professionals available to the Investment Manager could cause the market price of the Shares to decline. Whilst such person may sell their Shares in the market, a substantial amount of Shares being sold, or the perception that sales of this type could occur, could cause the market price of the Shares to decline. This may make it more difficult for Shareholders to sell Shares at a time and price that they deem appropriate.

***The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions***

Subject to the requirements of the Companies Law, any dividends and other distributions paid by the Company will be made at the discretion of the Board. The payment of any such dividends or other distributions will in general depend on the Company's ability to generate realised profits, which, in turn, will depend on the Company's ability to acquire investments which pay dividends, its financial condition, its current and anticipated cash needs, its costs and net proceeds on sale of its investments, legal and regulatory restrictions and such other factors as the Board may deem relevant from time to time. As such, investors should have no expectation that the Target Dividend will be met or as to the amount of dividends or distributions that will be paid by the Company or that dividends or distributions will be paid at all.

***The Shares are subject to certain provisions that may cause the Board to refuse to register, or require the transfer of, Shares***

Although the Shares are freely transferable, there are certain circumstances in which the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of the Shares.

These circumstances include where a transfer of Shares would cause, or is likely to cause: (i) the assets of the Company to be considered "plan assets" under the Plan Asset Regulations; (ii) the Company to be required to register under the Investment Company Act, or members of the senior management of the Company to be required to register as "investment advisers" under the Investment Advisers Act; (iii) the Company to be required to register under the US Exchange Act or any similar legislation, amongst others; or (iv) the Company to be unable to comply with its obligations under the Foreign Account Tax Compliance Provisions (commonly known as FATCA).

## **CYBERSECURITY RISK**

The Company and/or one or more of its service providers, including the Investment Manager, may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of or breach in cybersecurity ("**cyber incidents**") refers to both intentional and unintentional events that may cause the relevant party to lose proprietary information, suffer data corruption, or lose operational capacity. In general, cyber incidents can result from deliberate attacks ("**Cyber-attacks**") or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorised access to digital systems (e.g. through "**hacking**" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorised access, such as causing denial-of-service attacks on websites (i.e. efforts to make network services unavailable to intended users).

Cyber incidents may cause disruption and impact business operations, potentially resulting in financial losses, interference with the ability to calculate the Net Asset Value, impediments to trading, the inability



of Shareholders to subscribe for, exchange or redeem Shares, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

While the Investment Manager has established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures, including the possibility that certain risks have not been identified. Furthermore, none of the Company, the Investment Manager and/or the service providers can control the cybersecurity plans, strategies, systems, policies and procedures put in place by the counterparties to the Investments.

#### **RISKS RELATING SPECIFICALLY TO THE C SHARES**

C Shares will be issued in separate tranches and will convert into Ordinary Shares at the Conversion Time. Pending conversion of such C Shares into Ordinary Shares, the portfolio of assets attributable to the C Shares (the “**C Share Portfolio**”) will differ from the portfolio of assets attributable to the Ordinary Shares (the “**Ordinary Share Portfolio**”) in terms of both performance (the assets in the portfolios will be different) and diversification (the C Share Portfolio will be more concentrated than the Ordinary Share Portfolio pending Conversion).

#### **RISKS RELATED TO REGULATION AND TAXATION**

##### ***The vote by the United Kingdom to leave the European Union***

The United Kingdom held a referendum on 23 June 2016 in which a majority of voters voted to exit the European Union, which is referred to as “Brexit”. As at the date of this Prospectus, the form of the United Kingdom’s future relationship, as well as the date on which Brexit will take effect, remain unknown. The effects of Brexit will depend, amongst other things, on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently. Brexit could adversely affect UK, European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets.

The Company’s ability to raise new capital could be hindered by any heightened market volatility caused by Brexit in the shorter term. In the longer term, if any changes to the national private placement regimes on which the Company currently relies to raise capital from certain investors based in the EEA (as described in the risk factor below entitled “Alternative Investment Fund Managers’ Directive”) arise as a result of Brexit or otherwise, this could restrict the Company’s ability to market its Shares in the EEA, which in turn may have a negative effect on marketing and liquidity of the Shares generally. Brexit could also adversely affect the operational, regulatory, insurance and tax regime to which the Company is currently subject. Any of these effects of Brexit, and others that the Directors cannot anticipate at this stage given the political and economic uncertainty surrounding the nature of the United Kingdom’s future relationship with the European Union, could adversely affect the Company’s business, financial condition and cash flows. They could also negatively impact the value of the Company and make accurate valuations of the Company’s Shares and the investment interests comprising the assets of the Company more difficult.

##### ***Taxation attributable to transactions***

The Investment Manager will typically take tax advice in relation to asset acquisitions and disposals and other matters and may or may not assume certain market risk and incur certain expenses in this regard to achieve favourable tax treatment of a transaction. Key judgements will be exercised in relation to revenue recognition and relevant tax exemptions based on the contractual nature of the Company’s Royalties and Streams. Although every care will be taken to ensure the highest standards of compliance, there is no certainty that a review by any individual tax authority would concur with all judgements and positions taken by the Investment Manager. Any incorrect tax filings could have a material adverse effect on the Company’s revenue, financial condition and ability to pay a dividend.

***The Company has not registered and does not intend to register as an investment company under the Investment Company Act***

The Company is not, and does not intend to become, registered in the United States as an investment company under the Investment Company Act and related rules and regulations. The Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies.

As the Company is not so registered and does not plan to register, none of these protections or restrictions is, or will be, applicable to the Company. In addition, to avoid being required to register as an investment company under the Investment Company Act, the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of Shares held by a person to whom the sale or transfer of Shares may cause the Company to be classified as an investment company under the Investment Company Act. These procedures may materially affect certain Shareholders' ability to transfer their Shares.

***The assets of the Company could be deemed to be "plan assets" that are subject to the requirements of ERISA or Section 4975 of the Internal Revenue Code, which could restrain the Company from making certain investments, and result in excise taxes and liabilities***

Under the current Plan Asset Regulations, if interests held by Benefit Plan Investors are deemed to be "significant" within the meaning of the Plan Asset Regulations (broadly, if Benefit Plan Investors hold 25 per cent. or greater of any class of equity interest in the Company) then the assets of the Company may be deemed to be "plan assets" within the meaning of the Plan Asset Regulations. After the Initial Issue, the Company may be unable to monitor whether Benefit Plan Investors or investors acquire Shares and therefore, there can be no assurance that Benefit Plan Investors will never acquire Shares or that, if they do, the ownership of all Benefit Plan Investors will be below the 25 per cent. threshold discussed above or that the Company's assets will not otherwise constitute "plan assets" under Plan Asset Regulations. If the Company's assets were deemed to constitute "plan assets" within the meaning of the Plan Asset Regulations, certain transactions that the Company might enter into in the ordinary course of business and operation might constitute non-exempt prohibited transactions under ERISA or the Internal Revenue Code, resulting in excise taxes or other liabilities under ERISA or the Internal Revenue Code. In addition, any fiduciary of a Benefit Plan Investor or an employee benefit plan subject to Similar Law that is responsible for the Plan's investment in the Shares could be liable for any ERISA violations or violations of such Similar Law relating to the Company.

***Changes in tax legislation or practice***

Any change in the Company's tax status or treatment, in taxation legislation, the withholding regime or tax practice in Jersey and the UK and any jurisdiction in which its Investments are held to be tax resident may affect the value of the Investments held by the Company or the Company's ability to successfully pursue and achieve its investment objective, or alter the after-tax returns to Shareholders. Statements in this Prospectus concerning the taxation of Shareholders are based upon current United Kingdom and Jersey tax law and published practice, any aspect of which law and practice is, in principle, subject to change (potentially with retrospective effect) that may adversely affect the ability of the Company to successfully pursue its investment policy or meet its investment objective, and which may adversely affect the taxation of Shareholders.

The investment objective included in this Prospectus is based on the Company not being treated as resident outside Jersey for tax purposes. A non-UK incorporated company will generally be regarded as tax resident in the UK if its central management and control is exercised in the UK. However, section 363A Taxation (International and Other Provisions) Act 2010 provides an override to the general law so that a company that would otherwise be tax resident in the UK will not be so resident if it is an AIF (within the meaning of the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773)) that meets certain conditions. The Company will be considered an AIF that falls within this override. However, if the Company were to be tax resident in another territory, the Company may be subject to additional taxes which could adversely impact the returns available for distribution to Shareholders.

Prospective investors should consult their tax advisers with respect to their own tax position before deciding whether to invest in the Company.

### ***US Foreign Account Tax Compliance Act (“FATCA”) and Common Reporting Standard***

The governments of the United States and Jersey have entered into an intergovernmental agreement (the “**US-Jersey IGA**”) related to implementing FATCA which is implemented through Jersey’s domestic legislation. FATCA imposes certain information reporting requirements on a foreign financial institution (“**FFI**”) or other non-US entity and, in certain cases, US federal withholding tax on certain US source payments and gross proceeds from a sale of assets generating US source payments. The Company is likely to be considered an FFI, and will therefore have to comply with certain registration and reporting requirements in order not to be subject to US withholding tax under FATCA. In addition, the Company may be required to withhold US tax at the rate of 30 per cent. on “withholdable payments” and, since 31 December 2018, certain “foreign passthru payments”, to persons that are not compliant with FATCA or that do not provide the necessary information or documents, to the extent such payments are treated as attributable to certain US source payments.

Jersey has also implemented the Common Reporting Standard or “CRS” regime with effect from 1 January 2016. Accordingly, reporting in respect of periods commencing on or after 1 January 2016 is required in accordance with the CRS (as implemented in Jersey).

Under the CRS and legislation enacted in Jersey to implement the CRS, certain disclosure requirements are imposed in respect of certain investors 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. Where applicable, information to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The CRS has been implemented through Jersey’s domestic legislation in accordance with guidance issued by the OECD as supplemented by guidance notes in Jersey. Under the CRS, reports are made to the Jersey Comptroller of Taxes and then passed to the competent authority of the jurisdiction in which the account holder is resident.

The requirements under FATCA, the Common Reporting Standard and similar regimes and any related legislation, intergovernmental agreements and/or regulations may impose additional burdens and costs on the Company or Shareholders. There is no guarantee that the Company will be able to satisfy such obligations and any failure to comply may materially adversely affect the Company’s business, financial condition, results of operations, Net Asset Value and/or the market price of the Ordinary Shares, and the Company’s ability to deliver returns, or pay dividends, to Shareholders. In addition, there can be no guarantee that any payments in respect of the Shares will not be subject to withholding tax under FATCA. To the extent that such withholding tax applies, the Company is not required to pay any additional amounts.

In subscribing for, or acquiring Ordinary Shares, each Shareholder is agreeing, upon the request of the Company or its delegate, to provide such information as is necessary to comply with FATCA, the Common Reporting Standard and other similar regimes and any related legislation and/or regulations. In particular, prospective investors should be aware that certain forced transfer provisions contained in the Articles may apply in the case that the Company suffers any pecuniary disadvantage as a result of the Company’s failure to comply with FATCA as a result of a Non-Qualified Holder failing to provide information as requested by the Company in accordance with the Articles.

Investors should consult with their respective tax advisers regarding the possible implications of FATCA, the Common Reporting Standard and similar regimes concerning the automatic exchange of information and any related legislation, intergovernmental agreements and/or regulations.

### ***EU list of non-cooperative tax jurisdictions***

On 5 December 2017, the EU Member States released their first agreed list of 17 non-cooperative tax jurisdictions as part of the EU’s work to fight tax evasion and avoidance. The list aims to assess jurisdictions against agreed criteria for good governance, including in relation to tax transparency, fair taxation, the 120 implementation of BEPS and substance requirements for zero-tax jurisdictions. Jersey had initially been



placed on the list of jurisdictions who committed to address various concerns about economic substance (the “**commitments list**”), which carried the threat, if such concerns were not addressed, of being moved to the EU’s “**common list**” of jurisdictions which have refused to engage with the EU or to address tax good governance shortcomings, which carries potential sanctions. However, on 12 March 2019, the European Commission announced that Jersey was one of 25 countries which have delivered the reforms and improvements promised, and was therefore cleared from the commitments list.

### ***Financial Transactions Tax***

Certain countries within the EU (“**FTT jurisdictions**”) are proposing to introduce a financial transaction tax (“**FTT**”) on certain financial transactions which have a connection with a FTT jurisdiction. A financial transaction may be connected with a FTT jurisdiction where one party is established (or deemed to be established) in a FTT jurisdiction. One of the factors that may be taken into account is where the transaction is of a financial instrument used in a FTT jurisdiction. Many of the details relating to the FTT are still being discussed. If the FTT is implemented, it may have an impact on the economic returns to the Company.

### ***The Base Erosion and Profit Shifting Project (the “BEPS Project”)***

The Organisation for Economic Co-operation and Development (“**OECD**”) is currently undertaking a project, known as the BEPS Project, with the aim that jurisdictions should change their domestic tax laws and introduce additional or amended provisions in double taxation treaties. A number of jurisdictions, including the UK, have already implemented certain BEPS Project measures (for example, the UK has introduced anti-hybrid legislation and rules restricting the extent to which companies within the charge to UK corporation tax may obtain relief for interest expenses). In addition, the UK has ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (“**MLI**”), which is intended to facilitate the speedy introduction by participating states of double tax treaty-related BEPS Project recommendations.

Several of the areas of tax law on which the BEPS Project is focusing are potentially relevant to the ability of the Company to efficiently realise and/or repatriate income and capital gains from the jurisdictions in which they arise. Depending on the extent to and manner in which relevant jurisdictions implement changes in those areas of tax law, the ability of the Company to do those things may be adversely impacted. The implementation of the BEPS Project is likely to be a time of significant tax legislative changes for the OECD jurisdictions in which the Company may invest. These changes potentially include, for example, restrictions on interest and other deductions for tax purposes and/or restrictions on an entity’s ability to rely on a double tax treaty (in particular, one of the features of the MLI is the introduction of a “principal purpose test” into certain double tax treaties, which may limit the ability of the Company and/or any of its subsidiaries to claim treaty relief). It is not clear precisely what impact there may be to the Company as a result of such changes. Depending on how the BEPS Project is implemented, any changes to tax laws, or double tax treaties based on recommendations made by the OECD in relation to the BEPS Project, may also result in additional reporting and disclosure obligations for Shareholders.

### ***Prevention of the criminal facilitation of tax evasion***

Two United Kingdom corporate criminal offences for failure to prevent the facilitation of tax evasion (“**FTP offences**”) exist under the Criminal Finances Act 2017. The offences came into force on 30 September 2017. The FTP offences impose criminal liability on a company or a partnership (a “**relevant body**”) if it fails to prevent the criminal facilitation of tax evasion by a “person associated” with the relevant body. There is a defence to the charge if the relevant body can show that it had in place “reasonable prevention procedures” at the time the facilitation took place.

In order to comply with the Criminal Finances Act 2017, the Company and/or the Investment Manager may require additional information from Shareholders or prospective investors in the Company regarding their tax affairs.

***Risk relating to packaged retail and insurance-based investment products (“PRIIPs”)***

Investors should be aware that the PRIIPs Regulation requires the Company, as a PRIIP manufacturer, to prepare a key information document (“KID”) in respect of the Ordinary Shares and the C Shares. This KID must be made available by the Company to retail investors prior to them making any investment decision and is available on the Company’s website at [www.flowstreamroyalties.com](http://www.flowstreamroyalties.com). The content of a KID is highly prescriptive, both in terms of the calculations underlying the numbers and the narrative, with limited ability to add further context and explanations, and therefore the KID should be read in conjunction with other material produced by the Company including the annual report (once published) and the Prospectus which are available on the Company’s website.

***Alternative Investment Fund Managers Directive***

The AIFM Directive seeks to regulate alternative investment fund managers (“AIFMs”) and imposes obligations on AIFMs in the EEA or who market shares in such funds (“AIFs”) to EEA investors.

An AIFM may only market an AIF to EU investors if it is authorised by a relevant EU regulator or complies with national private placement regimes. Therefore, Shares can only be marketed by the AIFM to professional investors (within the meaning assigned to this term under the AIFM Directive) in the UK and Ireland in accordance with Article 35 or Article 36 (as applicable) of the AIFM Directive (as implemented by Regulation 59 of the AIFM Regulations). The AIFM has filed notifications with the FCA to market the Shares to professional investors in the UK under the AIFM Directive and with the Central Bank of Ireland to market the Shares in Ireland under the Irish national private placement regime.

Any regulatory changes arising from the AIFM Directive (or otherwise) that limits the Company’s ability to market future issues of its Shares may materially adversely affect the Company’s ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company’s business, financial condition, results of operations, Net Asset Value and/or the market price of the Shares.

## Important Information

Prospective Shareholders should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than as contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Manager, Administrator or the Joint Bookrunners or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules and the Disclosure Guidance and Transparency Rules neither the delivery of this Prospectus nor any subscription made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date.

Prospective Shareholders must not treat the contents of this Prospectus or any subsequent communications from the Company, the Investment Manager, the Administrator or the Joint Bookrunners or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

In connection with the Initial Placing and any Subsequent Placing, one or both of the Joint Bookrunners or any of their respective affiliates acting as an investor for its or their own account(s) may subscribe for the Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or related investments in connection with the Initial Placing, any Subsequent Placing or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, one or both of the Joint Bookrunners or any of their respective affiliates acting as an investor for its or their own account(s). Neither Joint Bookrunner intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

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

### Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Productive Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any manufacturer (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares the subject of the Initial Placing, the Offer for Subscription and any Subsequent Placing have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Initial Placing and the Offer for Subscription. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of institutional, professional, professionally-advised and knowledgeable investors, professional clients and eligible counterparties.

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

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

#### **Data protection: Personal Data Collection Notice**

Each investor acknowledges that it has been informed that, pursuant to applicable data protection legislation (including the GDPR and the DP Law) and regulatory requirements in Jersey and/or the EEA, as appropriate (“**DP Legislation**”) the Company, the Administrator and/or the Registrar hold their personal data. Personal data will be retained on record for a period exceeding six years after which it is no longer used (subject always to any limitations on retention periods set out in the DP Legislation). The Registrar and the Administrator will process such personal data at all times in compliance with DP Legislation and shall only process such information for the purposes set out in the Company’s privacy notice (the “**Purposes**”) which is available for consultation on the Company’s website [www.flowstreamroyalties.com](http://www.flowstreamroyalties.com) (the “**Privacy Notice**”).

Where necessary to fulfil the Purposes, the Company will disclose personal data to:

- (a) third parties located either within, or outside of the EEA, for the Registrar and the Administrator to perform their respective functions, or when it is within its legitimate interests, and in particular in connection with the holding of Ordinary Shares and/or C Shares; or
- (b) its Affiliates, the Registrar, the Administrator or the Investment Manager and their respective associates, some of which are located outside of the EEA.

Any sharing of personal data between parties will be carried out in compliance with DP Legislation and as set out in the Company’s Privacy Notice.

In providing the Registrar with personal data, the investor hereby represents and warrants to the Company, the Registrar and the Administrator that: (1) it complies in all material aspects with its data controller obligations under DP Legislation, and in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company’s Privacy Notice to such relevant data subjects; and (2) where consent is legally competent and/or required under DP Legislation, the investor has obtained the consent of any data subject to the Company, the Administrator and the Registrar and their respective Affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes).

Each investor acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the investor is a natural person he or she (as the case may be) represents and warrants that (as applicable) he or she has read and understood the terms of the Company’s Privacy Notice.

Each investor acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company) where the investor is not a natural person it represents and warrants:

- (a) it has brought the Company’s Privacy Notice to the attention of any underlying data subjects on whose behalf or account the investor may act or whose personal data will be disclosed to the Company and the Administrator as a result of the investor agreeing to subscribe for Ordinary Shares and/or C Shares under the Placing; and
- (b) the investor has complied in all other respects with all applicable data protection legislation in respect of disclosure and provision of personal data to the Company.

Where the investor acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Initial Issue and/or Placing Programme:

- (a) comply with all applicable data protection legislation;
- (b) take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to the personal data;
- (c) if required, agree with the Company, the Administrator and the Registrar (as applicable), the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- (d) immediately on demand, fully indemnify the Company, the Administrator and the Registrar (as applicable) and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company, the Administrator and/or the Registrar in connection with any failure by the investor to comply with the provisions set out above.

### **Regulatory information**

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this Prospectus may be prohibited in some countries.

### ***Jersey regulatory information***

The Company is regulated as a certified fund in Jersey pursuant to the CIF Law and the Jersey Listed Fund Guide published by the JFSC. This Prospectus is prepared, and a copy of it has been sent to the JFSC, in accordance with the Collective Investment Funds (Certified Funds – Prospectuses) (Jersey) Order 2012. The JFSC is protected by the CIF Law against liability arising from the discharge of its functions under the CIF Law. The Administrator, the Registrar and Investment Manager are each registered to conduct the relevant classes of fund services business under the Financial Services (Jersey) Law 1998, as amended (the “**FSJ Law**”). The JFSC is also protected by the FSJ Law against liability arising from the discharge of its functions under that law.

It is a requirement under Jersey law that the following prescribed information be included in any prospectus published by a Jersey regulated fund:

- the Company and its Directors have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement in this Prospectus, whether of fact or opinion. The Company and its Directors accept responsibility accordingly;
- the JFSC does not take responsibility for the financial soundness of the Company or for the correctness of any statements made or expressed in this Prospectus;
- if you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or financial adviser;
- it should be remembered that the price of shares and the income from them can go down as well as up and that shareholders may not receive, on sale or the cancellation of their shares, the amount they invested; and
- potential shareholders are strongly recommended to read and consider this Prospectus before becoming a shareholder in the Company.

Any changes to this Prospectus that would be contrary to the terms of the JFSC's Listed Fund Guide (as may be amended from time to time) or contrary to any of the JFSC's published policies applicable to the Company will require the consent of the JFSC.

Listed funds are established in Jersey under a fast-track authorisation process. This process requires you to be notified that the JFSC views this fund as suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice.

Regulatory requirements which may be deemed necessary by the JFSC for the protection of retail or inexperienced investors do not apply to listed funds. By investing in this fund you will be deemed to be acknowledging that you are a professional or experienced investor, or have taken appropriate professional advice, and accept the reduced requirements accordingly.

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

Further information in relation to the regulatory treatment of listed funds domiciled in Jersey may be found on the website of the JFSC at [www.jerseyfsc.org](http://www.jerseyfsc.org). Without limitation, neither the contents of the JFSC's website (or any other website) nor the contents of any website accessible from the hyperlinks on the JFSC's website (or any other website) is incorporated into or forms part of this Prospectus.

The Jersey regulatory requirements referred to above are not a reference to any requirements of the FCA or the Listing Rules.

### **Investment considerations**

The contents of this Prospectus are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer, redemption or other disposal of the Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objective will be achieved.

It should be remembered that the price of the Shares, and the income from such Shares (if any), can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles which investors should review. A summary of the Articles is contained in Part VIII of this Prospectus under the section headed "Articles".

### **Forward looking statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus



and include statements regarding the intentions, beliefs or current expectations of the Company and the Directors concerning, amongst other things, the investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects and the dividend policies of the Company. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in general market conditions, legislative or regulatory changes, changes in taxation regimes or development planning regimes, the Company's ability to invest its cash and the proceeds of the Initial Issue or any Subsequent Placing in suitable investments on a timely basis and the availability and cost of capital for future investments.

Potential investors are advised to read this Prospectus in its entirety, and, in particular, the section of this Prospectus entitled "Risk Factors" for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus may not occur or may not occur as foreseen.

These forward-looking statements speak only as at the date of this Prospectus. Subject to its legal and regulatory obligations (including under the Prospectus Rules, the DTRs and the Takeover Code), the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Nothing in the preceding three paragraphs should be taken as limiting the working capital statement in paragraph 10 of Part VIII of this Prospectus.

#### **Presentation of financial information**

The Company is newly formed and as at the date of this Prospectus has not commenced operations and has no assets or liabilities, and therefore no statutory financial statements have been prepared as at the date of this Prospectus. All future financial information for the Company is intended to be prepared in accordance with IFRS. In making an investment decision, prospective investors must rely on their own examination of the Company from time to time and the terms of the Initial Issue.

#### **Presentation of industry, market and other data**

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Company's business and the track record of FlowStream contained in this Prospectus consists of estimates based on data and reports compiled by professional organisations and analysts, information made public by investment vehicles currently managed by FlowStream, or data from other external sources and on the Company's, the Directors' and Investment Manager's knowledge of the upstream oil and gas industry. Information regarding the macroeconomic environment has been compiled from publicly available sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, but none of the Company, the Investment Manager or the Joint Bookrunners has independently verified that data. The Company gives no assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Company believes its and the Investment Manager's internal estimates to be reasonable, they have not been verified by any independent sources and the Company cannot give any assurance as to their accuracy.



### **Currency presentation**

Unless otherwise indicated, all references in this Prospectus to:

- “GBP”, “pounds sterling”, “£”, “pence” or “p” are to the lawful currency of the UK; and
- “USD”, “US\$”, “US Dollars”, “\$” are to the lawful currency of the United States.

### **Governing law**

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales and Jersey (as appropriate) and are subject to changes therein.

### **Website**

The contents of the Company’s website, [www.flowstreamroyalties.com](http://www.flowstreamroyalties.com), do not form part of this Prospectus. Investors should base their decision whether or not to invest in the Shares on the contents of this Prospectus alone.

### **Notice to prospective investors in the European Economic Area**

The Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA other than the United Kingdom (for so long as the United Kingdom is treated as an EEA State for the purposes of the AIFM Directive in accordance with the UK-EU Withdrawal Agreement or otherwise) and the Republic of Ireland and subject to certain exceptions, the Shares may not, directly or indirectly, be offered, sold, taken up or delivered in or into any member state of the EEA other than the United Kingdom and the Republic of Ireland. The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

### **Notice to prospective investors in Ireland**

The distribution of this Prospectus and the offering or purchase of Shares is restricted. Accordingly, this Prospectus may not be reproduced in whole or in part, nor may its contents be distributed in writing or orally to any third party and it may be read solely by the person to whom it is addressed and his/her professional advisers. Shares must not be publicly marketed to professional investors in Ireland without the prior authorisation of the Central Bank of Ireland (the “**Central Bank**”). Accordingly, notification has been made to the Central Bank in accordance with Regulation 37 of the European Union (Alternative Investment Fund Managers) Regulations 2013 and Shares in the Company will only be publicly marketed to professional investors in Ireland once authorised by the Central Bank. For the avoidance of doubt this Prospectus has not been reviewed or approved by the Central Bank.

### **Notice to prospective investors in Switzerland**

This Prospectus may only be freely circulated and Shares in the Company may only be freely offered, distributed or sold in Switzerland to regulated financial intermediaries such as banks, securities dealers, fund management companies, asset managers of collective investment schemes and central banks as well as to regulated insurance companies. Circulating this Prospectus and offering, distributing or selling Shares in the Company in Switzerland to other persons or entities including qualified investors as defined in the Federal Act on Collective Investment Schemes (“**CISA**”) and its implementing Ordinance (“**CISO**”) may trigger, in particular, (i) licensing/prudential supervision requirements for the distributor, (ii) a requirement to appoint a representative and paying agent in Switzerland and (iii) the necessity of a written distribution agreement between the representative in Switzerland and the distributor. Accordingly, legal advice should be sought before providing this Prospectus to and offering, distributing, selling or on-selling Shares of the Company in Switzerland to any other persons or entities. This Prospectus does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder. The Shares will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this Prospectus does not necessarily comply with the

information standards set out in the relevant listing rules. The documentation of the Company has not been and will not be approved, and may not be able to be approved, by the Swiss Financial Market Supervisory Authority (“**FINMA**”) under the CISA. Therefore, investors do not benefit from protection under the CISA or supervision by the FINMA. This Prospectus does not constitute investment advice. It may only be used by those persons to whom it has been handed out in connection with the Shares and may neither be copied or directly/indirectly distributed or made available to other persons.

#### **Notice to prospective investors in Australia**

This document does not constitute a prospectus or other disclosure document, or a product disclosure statement, under Chapter 6D or Part 7.9, respectively, of the Australian Corporations Act 2001 (Cth) (“**Corporations Act**”), has not been lodged with the Australian Securities and Investments Commission, and does not purport to include the information required of a prospectus or other disclosure document, or a product disclosure statement, under Chapter 6D or Part 7.9, respectively, of the Corporations Act.

Accordingly (i) the Initial Issue and the Placing Programme may only be made to persons to whom it is lawful to offer those Shares without disclosure to investors under Chapter 6D of the Corporations Act under one or more of the exemptions set out in section 708 of the Corporations Act; (ii) this document may only be made available in Australia to the persons as set forth in clause (i) above; (iii) each investor must warrant and agree that in accepting the offer of Shares under this document, the investor is a person referred to in clause (i) above; and (iv) unless otherwise permitted under the Corporations Act, the investor agrees not to sell or otherwise dispose of any Shares within Australia within 12 months after the date of their issue to the investor. None of the Company, the Investment Manager, N+1 Singer or Winterflood are licensed in Australia to provide financial product advice in relation to the Shares, the Initial Issue and/or the Placing Programme and any advice contained in this document is general advice only and does not take into account any person’s objectives, financial situation or needs. Before acting on any such advice, investors should read this document in full and consider the appropriateness of the advice, taking into account their own objectives, financial situation and needs (including financial and tax needs) and seek independent professional advice from their financial or other professional adviser before deciding whether to apply for Shares under the Initial Issue and/or Placing Programme. No cooling-off period applies in respect of the acquisition of Shares.

## Voluntary compliance with the Listing Rules of the FCA

Applications will be made for the Company's Shares have to be admitted to trading on the Specialist Fund Segment. A listing on the Specialist Fund Segment affords Shareholders a lower level of regulatory protection than that afforded to investors in securities that are admitted to the Official List. The Company is subject to the Admission and Disclosure Standards and certain provisions of the Disclosure Guidance and Transparency Rules whilst traded on the Specialist Fund Segment. Moreover, the Directors have resolved that, as a matter of good corporate governance, the Company will, with effect from First Admission voluntarily comply with the following provisions of the Listing Rules:

- The Company is not required to comply with the Listing Principles and/or the Premium Listing Principles set out at Chapter 7 of the Listing Rules. Nonetheless, it is the intention of the Company to continue to comply with the Listing Principles and the Premium Listing Principles.
- The Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed N+1 Singer and Winterflood Investment Trusts (a division of Winterflood) as Joint Brokers and N+1 Singer and Winterflood as Joint Bookrunners to guide the Company in understanding and meeting its responsibilities in connection with its admission to trading on the Specialist Fund Segment and also for compliance with Chapter 10 of the Listing Rules (as and when applicable) relating to significant transactions, with which the Company voluntarily complies.
- The Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company however voluntarily complies with the following provisions of Chapter 9 of the Listing Rules: (i) Listing Rule 9.3 (Continuing obligations: holders); (ii) Listing Rule 9.5 (Transactions); (iii) Listing Rule 9.6.4 to Listing Rule 9.6.21 other than Listing Rule 9.6.19(2) and Listing Rule 9.6.19(3) (which are not relevant) (Notifications); (iv) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (vi) Listing Rule 9.8 (Annual financial report).
- The Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. Nonetheless, the Company has adopted the following related party policy (in relation to which the Company's broker or brokers from time to time will guide the Company). The policy applies to any transaction which the Company may enter into with:
  - (i) any "substantial shareholder" (as defined in Listing Rule 11.1.4A) (other than: (a) related party transactions with "substantial shareholders" under Listing Rule 11.1.5(2) regarding coinvestments or joint provision of finance; or (b) issues of new securities in, or a sale of treasury shares of, the Company to "substantial shareholders" on terms which are more widely available, for example as part of an offer to the public or a placing to institutional investors);
  - (ii) any Director;
  - (iii) the Investment Manager;
  - (iv) any associate (as defined in the Listing Rules) of such persons,where (in each case) such transaction would constitute a "related party transaction" as defined in Chapter 11 of the Listing Rules. In accordance with its related party policy, the Company shall deal with such related party transactions, to the extent reasonably practicable, in accordance with Chapter 11 of the Listing Rules with appropriate modifications in relation to Chapter 11 requirements to provide information, confirmation and undertakings to the FCA.
- The Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its Ordinary Shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2, as more particularly described in the section headed "Discount and Premium Management" in Part II of this Prospectus.

- The Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding contents of circulars. The Company however voluntarily complies with the following provisions of Chapter 13 of the Listing Rules: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.4 (Class 1 circulars); (iii) Listing Rule 13.5 (Financial information in class 1 circulars); (iv) Listing Rule 13.7 (Circulars about purchase of own equity shares); and (v) Listing Rule 13.8 (Other circulars).
- The Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: Premium Listing). Nonetheless, the Company voluntarily complies with the following provisions of Chapter 15 of the Listing Rules: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations); (ii) Listing Rule 15.5 (Transactions); and (iii) Listing Rule 15.6 (Notifications and periodic financial information).

**It should be noted that the FCA will not have the authority to monitor the Company's voluntary compliance with the Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the FCA nor will it impose sanctions in respect of any breach of such requirements by the Company.**

## Expected Timetable of Principal Events

All references to times in this Prospectus are to London time

2019

### THE INITIAL ISSUE

Latest time and date for receipt of commitments under the Initial Placing <sup>1</sup>	5.00 p.m. on 24 September
Latest time and date for receipt of Offer for Subscription Applications under the Offer for Subscription <sup>1</sup>	11.00 a.m. on 24 September
RNS announcement of the results of the Initial Issue	8.00 a.m. on 25 September
Commencement of dealings in the Ordinary Shares on the Specialist Fund Segment of the London Stock Exchange's Main Market <sup>2</sup>	8.00 a.m. on 1 October
CREST accounts credited in respect of Ordinary Shares in uncertificated form	As soon as possible after 8.00 a.m. on 1 October
Despatch of definitive share certificates for Ordinary Shares (where applicable)	Approximately two weeks following First Admission

### PLACING PROGRAMME

Placing Programme opens	16 July 2019
Commencement of dealings in Shares issued pursuant to the Placing Programme on the Specialist Fund Segment of the London Stock Exchange's Main Market	8.00 a.m. on each day Shares are issued pursuant to the Placing Programme
CREST accounts credited in respect of Shares issued pursuant to the Placing Programme in uncertificated form	As soon as possible after 8.00 a.m. on each day Shares are issued in uncertificated form pursuant to the Placing Programme
Despatch of definitive share certificates for shares issued pursuant to the Placing Programme in certificated form (where applicable)	Approximately one week following the relevant Placing Programme Admission
Latest date for Shares to be issued pursuant to the Placing Programme	15 July 2020

Times and dates are subject to change.

1. The Directors may, with the prior approval of the Joint Bookrunners and the Investment Manager, extend or shorten such date and thereby extend or shorten either of the Initial Placing or the Offer for Subscription periods, provided that any extension shall be to a time and date no later than 8.00 a.m. on 31 October 2019. If any such periods are extended or shortened, the Company will notify investors of such change by publishing an RNS announcement.
2. In respect of the Initial Issue, there will be no dealings on a conditional basis prior to the commencement of unconditional dealings.

## Initial Issue Statistics

Target size of the Initial Issue	Up to US\$250 million
Issue price per Ordinary Share for the Initial Issue	US\$1.00
Target estimated Net Proceeds receivable by the Company*	Up to US\$245 million

\* The maximum size of the Initial Issue is US\$250 million with the actual size of the Initial Issue being subject to investor demand. The number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the amount of the Gross Issue Proceeds, is not known at the date of this Prospectus but will be notified by the Company via an RNS announcement prior to First Admission. The Initial Issue is conditional on the raising of the Minimum Net Proceeds. It is also assumed for this purpose that 250 million Ordinary Shares are issued pursuant to the Initial Issue and that the costs and expenses of the Initial Issue payable by the Company are equal to 2 per cent. of the Gross Issue Proceeds (being the maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue).

Certain directors and employees of the FlowStream group have indicated to the Company that they intend to either subscribe for, or acquire in the secondary market shortly after First Admission, 300,000 Ordinary Shares in aggregate (the Ordinary Shares subscribed for in the Initial Issue being the “**Investment Manager Personnel Investment**”).

## Placing Programme Statistics

Maximum number of Ordinary Shares and/or C Shares to be issued and allotted in aggregate pursuant to the Placing Programme (together with the Initial Placing and Offer for Subscription)	Up to 750 million
Placing Programme Price per Ordinary Share to be issued under the Placing Programme	To be determined in respect of each Subsequent Placing by the Directors at the time of the relevant Subsequent Placing
Placing Programme Price per C Share to be issued under the Placing Programme	US\$1.00

## Dealing Codes

The dealing codes for the Ordinary Shares will be as follows:

ISIN:	JE00BJHPL856
SEDOL:	BJHPL85
Ticker:	FSR

The dealing codes for the C Shares will be as follows:

ISIN:	JE00BJHPLC93
SEDOL:	BJHPLC9
Ticker:	FSRC

## Directors, Investment Manager and Advisers

<b>Directors</b>	Iain Macdonald (Chairman) Linda Beal Monique O’Keefe Mark Tucker <i>all of the registered office below</i>
<b>Registered Office</b>	IFC 5 St. Helier Jersey JE1 1ST  Telephone: 01534 722787
<b>Investment Manager and AIFM</b>	FlowStream Investment Management Ltd IFC 5 St. Helier Jersey JE1 1ST
<b>Joint Bookrunner</b>	Nplus1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX
<b>Joint Bookrunner</b>	Winterflood Securities Limited The Atrium Building Cannon Bridge House 25 Dowgate Hill London EC4R 2GA
<b>Administrator and company secretary</b>	Sanne Fund Administration Limited IFC 5 St. Helier Jersey JE1 1ST
<b>Registrar</b>	Link Asset Services 12 Castle Street St Helier Jersey JE2 3RT
<b>Receiving Agent</b>	Link Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>English and US Legal Adviser to the Company</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Jersey Legal Adviser to the Company</b>	Ogier LLP 44 Esplanade St Helier Jersey JE4 9WG



**English Legal Adviser to the Joint  
Bookrunners**

Gowling WLG LLP  
4 More London Riverside  
London  
SE1 2AU

**Auditors and Reporting  
Accountant**

PricewaterhouseCoopers CI LLP  
37 Esplanade  
St Helier  
Jersey JE1 4XA

## Part I

### Introduction to the Company and the Royalty and Stream Opportunity

#### Introduction to the Company

The Company is a newly established closed-ended investment company incorporated on 25 March 2019 in Jersey under the Companies Law with registered number 128621 with an unlimited life and whose registered office is at IFC 5, St Helier, Jersey JE1 1ST.

The Company is targeting raising up to US\$250 million pursuant to the Initial Issue comprising the Initial Placing and the Offer for Subscription, and may issue and allot Ordinary Shares and/or C Shares pursuant to the Placing Programme provided that the aggregate number of Ordinary Shares and/or C Shares issued pursuant to the Initial Issue and the Placing Programme shall not exceed 750 million. The Shares will be traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange.

The Company operates as an externally managed non-EEA domiciled AIF with a non-EEA AIFM for the purposes of the AIFM Directive.

Further information on the Company is set out in this Part I and in Part II of this Prospectus.

#### Investment Objective and Overview

The Company will seek to generate long-term shareholder returns, predominantly in the form of sustainable income distributions, from exposure primarily to Royalties and Streams on assets in the upstream oil and gas industry and associated infrastructure.

Once the Company is fully invested, it intends to have not less than 85 per cent. of its gross assets held in the form of Royalties and Streams (which includes for this purpose any hedging or other risk mitigation instruments associated with such Royalties and Streams), with the remainder being held in the form of other Investments (which includes for this purpose any hedging or other risk mitigation instruments associated with such Investments) that are permitted pursuant to the investment policy (save for amounts held for working capital purposes). Where an Investment has features of both (i) Royalties and/or Streams and (ii) other forms of Investment, such Investment shall be treated as a Royalty and/or Stream (as applicable) for the purposes of determining whether such Investment is deemed to be either a Royalty or Stream or another form of Investment.

#### Investment Policy

The Company will seek to achieve its investment objective predominantly through:

- (i) acquiring (i) existing royalty contracts and other instruments pursuant to which the owner of the royalty receives cash payments or payments in kind calculated by reference to an agreed percentage of either production of hydrocarbons or cash flows generated from the sale of such hydrocarbons (whether with or without deductions that may be agreed as part of the terms) and the price at which such hydrocarbons are sold, that are typically, but not exclusively, granted by an oil or gas company to a land owner or capital provider and (ii) Royalty Lands (being fee simple and other mineral interests in lands prospective for petroleum and natural gas and lands in respect of which royalty interests subsist) (together, "**Royalties**"); and
- (ii) creating bespoke, bilaterally negotiated financing, pursuant to which the Company (or subsidiary thereof) provides up-front capital to an interest holder in an upstream oil and gas asset or associated infrastructure and, in return, receives cash payments typically calculated by reference either to an agreed percentage of production of hydrocarbons or cash flows generated from the sale of such hydrocarbons (whether with or without deductions that may be agreed as part of the terms) and the price at which such hydrocarbons are sold or to a percentage of another cash flow derived from the relevant oil and gas asset or associated infrastructure ("**Streams**").

The Company may also make Investments, other than Royalties and Streams, that are underpinned by assets in the upstream oil and gas industry and associated infrastructure. Such Investments may take the form of loans, notes, bonds and other debt instruments and securities, including convertible debt, whether senior or subordinated and whether secured or unsecured ("**Debt Instruments**") or shares or a right to subscribe for or convert securities into shares including, without limitation, ordinary shares, convertible shares, preference or preferred shares and warrants ("**Equity and Equity Related Securities**").

The Company shall not invest in Investments on oil and gas fields if the relevant underlying oil or gas field's (or fields') percentage of PDP reserves is less than 40 per cent. of the same oil or gas field's (or fields') 2P reserves.

The assets in the upstream oil and gas industry and associated infrastructure to which the Company will have exposure are expected to be principally located in jurisdictions that are members of the OECD, the G20 (excluding Russia), Malaysia and Singapore (the "**Principal Jurisdictions**"). The Company may also make Investments underpinned by assets in the upstream oil and gas industry and associated infrastructure with exposure to other jurisdictions where the Investment Manager has evaluated the mitigation of potential risks that may be associated with such exposure through one or more of political risk insurance or structural solutions that could reasonably be expected to de-risk or diversify potential risks that may be associated with such exposure.

Whilst there are no limits to the size of any single Investment, the Company will over time seek to create a diversified portfolio of investments by making Investments across a range of different oil and gas assets issued by a variety of counterparties.

The Company may make its Investments through subsidiaries or directly. Where Investments are made through subsidiaries, the investment restrictions will be applied on a look-through basis.

#### ***Borrowing policy***

The Company may incur indebtedness of up to a maximum of 50 per cent. of its Net Asset Value, calculated at the time of drawdown. The Investment Manager's powers to incur such indebtedness on behalf of the Company within such limits shall be subject to any restrictions set out in the Investment Management Agreement, as amended from time to time.

Although not forming part of the investment policy of the Company, under the Investment Management Agreement, the Investment Manager will not incur aggregate borrowings greater than 35 per cent. of the Net Asset Value, calculated as at the time of drawdown, without prior Board approval.

Where the Company invests through any wholly owned subsidiary, leverage at the subsidiary level will apply towards the restrictions on the Company's overall indebtedness set out above.

#### ***Cash management***

The Company's uninvested capital may be invested in cash, cash equivalents, near cash instruments and money market instruments for cash management purposes.

#### ***Hedging***

The Investment Manager will seek to assess the possible merits of employing financial hedging strategies both in relation to: (i) all potential new Investments that are being considered by the Company; and (ii) in relation to the Company's portfolio of Investments from time to time on an ongoing quarterly basis. In certain circumstances, where appropriate, the Company may hedge either commodity price risks or foreign exchange risks by entering into financial hedges. Hedging of foreign exchange risks will principally be considered where the reference price of the hydrocarbons underpinning an Investment is denominated in a currency other than US Dollars.

Where appropriate to financially hedge, the Investment Manager will typically seek to financially hedge an individual Investment or the Company's aggregate portfolio through the implementation of low risk hedging strategies such as through the purchase of commodity or foreign exchange put options. Such long

put options strategies are designed to limit downside commodity or foreign exchange risks whilst ensuring that the Company continues to be exposed to potential upside benefits. Further, long put option strategies ensure that the Company does not introduce new financial risks as might be the case with certain collar or swap hedging strategies. The purchase of put options typically requires an upfront cash payment of premium to the hedge counterparty. The Investment Manager will consider these costs when assessing the merits of such hedging strategies from the perspective of their impact on investment returns. The Investment Manager's powers to execute hedging on behalf of the Company may be subject to any restrictions set out in the Investment Management Agreement, as amended from time to time.

### **Target Dividend and Returns**

Subject to market conditions, applicable law and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay dividends to Ordinary Shareholders on a quarterly basis, commencing in the first quarter in which the Company's initial Investment is made. Accordingly, if the first investment is concluded prior to 30 September 2019 then a dividend will be declared and paid during the fourth quarter of 2019. Whilst not forming part of its investment policy, once the Net Proceeds are fully invested in accordance with the investment policy the Company will target the payment of dividends on the Ordinary Shares which equate to a yield of 7 per cent. per annum on the Initial Issue Price, payable in quarterly instalments (the "**Target Dividend**"). The Company will seek to grow the target dividend yield to 8 per cent. over time, subject to achieving significant portfolio diversification.

When selecting investments, the Investment Manager will seek to make Investments with weighted average targeted net annualised returns on a portfolio basis (including Company costs and fees payable to the Investment Manager) of 11 to 12 per cent.

The Target Dividend and the target net annualised return on the portfolio of Investments are targets only and neither constitutes a profit forecast. There can be no assurance that the Target Dividend or target net annualised return on the portfolio of Investments can or will be achieved from time to time and neither should be seen as an indication of the Company's expected or actual results or returns. Accordingly, investors should not place any reliance on the Target Dividend or target net annualised return on the portfolio of Investments in deciding whether to invest in the Ordinary Shares and/or C Shares or assume that the Company will make any distributions at all.

### **Overview of the Upstream Oil and Gas Industry**

#### ***Industry Overview***

The global oil and gas industry encompasses the processes of exploration, appraisal, development, production, transporting and marketing of finished petroleum products. The industry is usually divided into three major components: upstream, midstream and downstream.

The Company is exclusively focussed on upstream oil and gas activities and associated infrastructure. By way of example, Investments tied to associated infrastructure can take the form of Investments tied to FPSOs or upstream oil and gas pipelines.

Total revenues for the upstream oil and gas sector were approximately US\$2 trillion in 2017. The sector is composed of companies that explore for, develop, and operate oil and gas fields. It is also sometimes referred to as the oil and gas exploration and production industry, or simply as E&P. Since 2017 estimates for worldwide gross domestic product ranged between US\$75 trillion and US\$87.5 trillion, meaning the oil and gas sector makes up between 2 per cent. and 3 per cent. of the global economy as of 2017 (*source: IBISWorld*).

#### ***Oil Prices and Demand***

Oil prices have staged a powerful recovery from the lows established in January 2016 of less than US\$30 per barrel (Brent price) to a high in excess of US\$85 per barrel during 2018. Brent prices have traded comfortably above US\$50 per barrel up until 15 July 2019 (the latest practicable date prior to the publication of this Prospectus) and the International Energy Agency expects prices to rise to US\$88 per

barrel by 2025 and US\$112 per barrel by 2040. This oil price recovery has been a result of various factors, including the sustained success of the production restraint agreement between OPEC and non-OPEC countries in force since the beginning of 2017, less oil coming to market from challenged producers and continued strong global oil demand growth (estimated by the Energy Information Administration at about 1.6 million barrels per day in 2018).

It is projected that global oil demand will increase until at least 2035. Daily global oil consumption is expected to grow from 89 million barrels in 2012 up to 109 million barrels in 2035. Transportation and industry are expected to continue to be the sectors with the highest demand for oil (*source: Statista*).

### ***Gas Prices and Demand***

Strong demand growth from China, greater industrial demand, and rising supplies from the United States, are expected to transform global natural gas markets over the next five years according to the International Energy Agency's latest market forecast.

Global gas demand is expected to grow at an average rate of 1.6 per cent. a year, reaching just over 4,100 billion cubic meters ("**bcm**") in 2023, up from 3,740 bcm in 2017, according to the International Energy Agency's latest annual gas market report. On the back of this demand growth, the World Bank expects US natural gas prices to increase from US\$2.7 per million British Thermal Units ("**mmbtu**") in 2019 to US\$4.0/mmbtu by 2030.

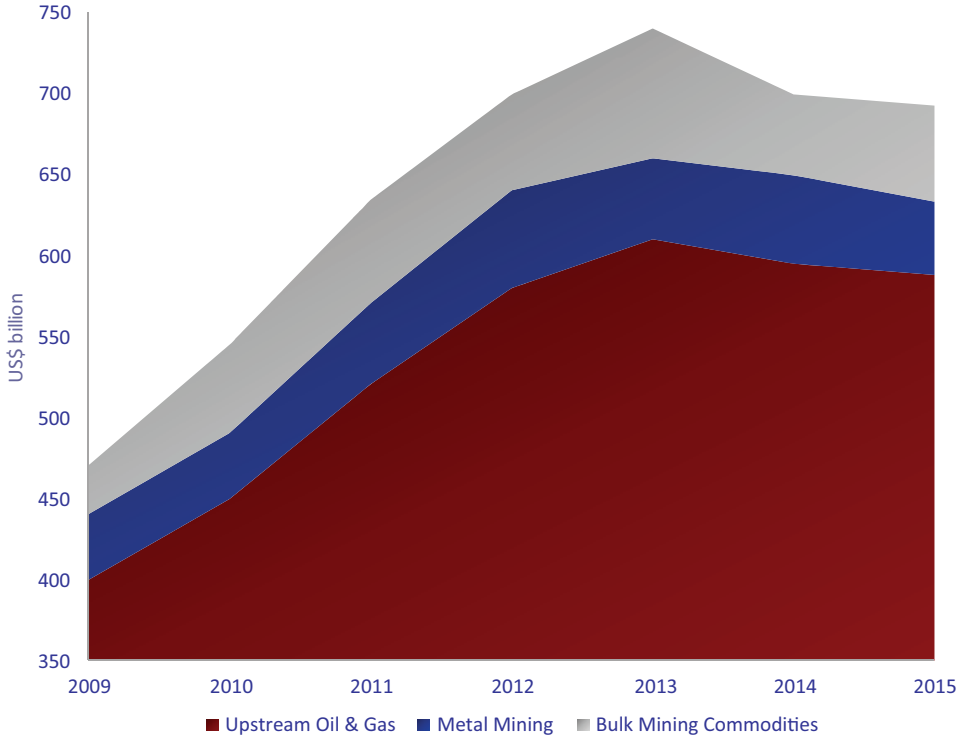
Chinese gas demand is forecast to grow by 60 per cent. between 2017 and 2023, underpinned by policies aimed at reducing local air pollution by switching from coal to gas (*source: International Energy Agency*). China alone accounts for 37 per cent. of the growth in global demand in the next five years and is expected to become the largest natural gas importer by 2019, overtaking Japan (*source: International Energy Agency*). The IEA also forecasts strong growth in gas use in other parts of Asia, including in South and Southeast Asia, driven by strong economic growth and efforts to improve air quality.

### ***Capital Expenditure***

The oil and gas industry is highly capital intensive. Total capital expenditure of US\$3.6 trillion is expected to be spent globally across the oil and gas value chain on planned and announced projects during the period 2018 to 2025.

With over half a trillion dollars of annual global upstream oil and gas capital expenditure, the upstream oil and gas sector spends a multiple of the equivalent capital expenditure in each of the metal and bulk commodity mining industries.

**Global Commodity Capital Expenditure per year (US\$ billion)**



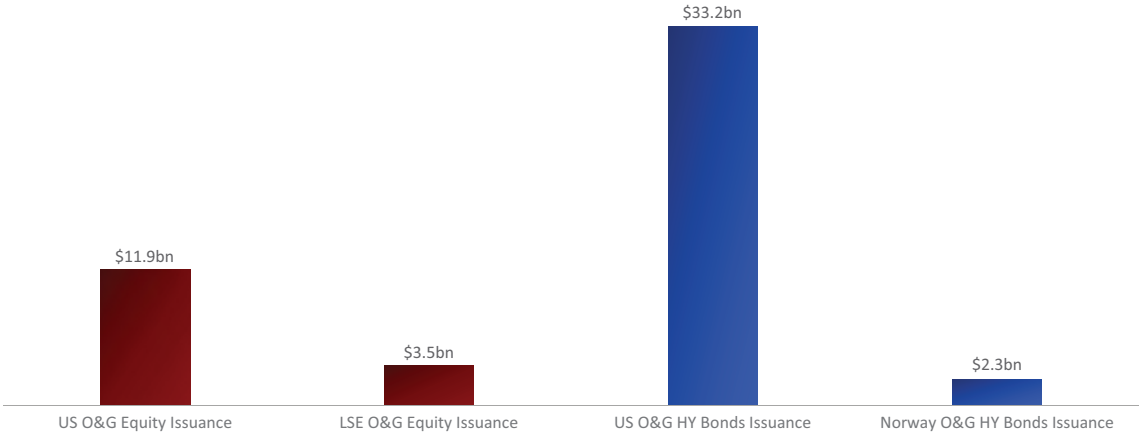
(Source: WoodMackenzie)

In the Investment Manager’s view, the capital intensity of the oil and gas industry, in particular in the upstream segment of the industry, creates a huge funding need and hence an investment opportunity for the Company.

**Oil and Gas Funding**

In the Investment Manager’s experience, the main traditional sources of funding for oil and gas companies are debt (primarily via the bank markets and bond markets) and equity. Between 2017 and H1 2018, US and Norwegian oil and gas high yield bond issuance totalled US\$35.5 billion, US and United Kingdom oil and gas equity issuance totalled US\$15.4 billion and European oil and gas senior loan issuance totalled US\$7.6 billion.

Outside of North America, the funding markets for oil and gas are less evolved. The Investment Manager has seen this to be especially the case in the bond markets. Total bond issuance by oil and gas companies outside of the US in 2018 was US\$2.3 billion versus a total of US\$33.2 billion issued by American oil and gas issuers, as shown in the chart below. This relative lack of depth in the international capital markets outside of the US presents an opportunity for the Company as a provider of a competitively priced (relative to equity) alternative source of capital to oil and gas companies that are seeking funding.

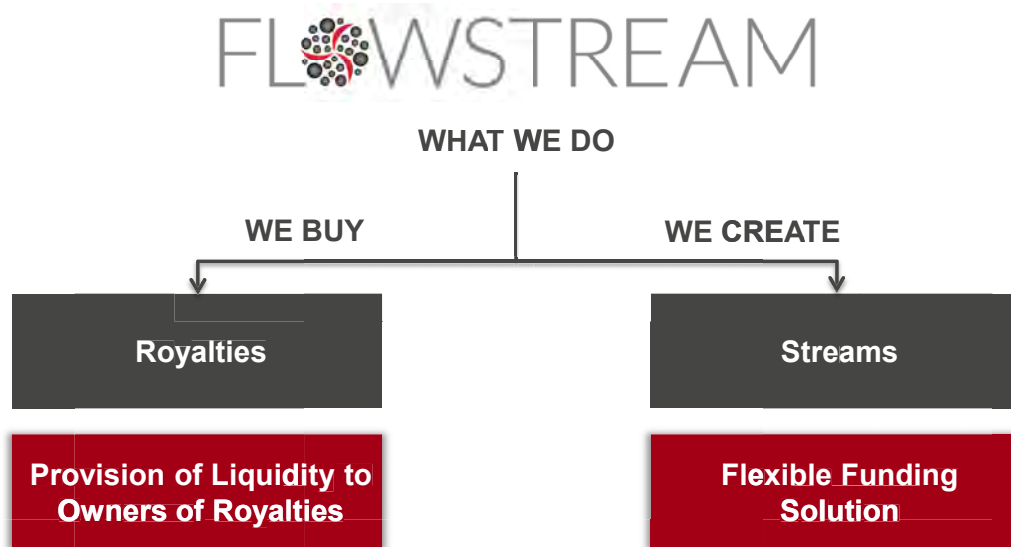


(Source: Bloomberg)



## Royalties and Streams: Overview

The Company, as advised by the Investment Manager, intends to acquire Royalties and to provide financing to interest holders in upstream oil and gas assets and associated infrastructure through Streams.



Royalties and Streams are ongoing economic interests in the production from an oil and/or gas property and, in the Investment Manager's experience, share the following common characteristics:

- they provide an entitlement to cash payments determined typically by reference to the amount of oil or gas production from a specific oil or gas field multiplied by the prevailing oil and gas price that the production is sold at multiplied by the size of the percentage of entitlement of the Royalty or Stream;
- since they are, in most jurisdictions, not an ownership in the underlying oil and/or gas field like a typical oil or gas company would have, they are not subject to cash calls to fund capital expenditure nor operating expenditure costs with the resultant risk of cost overruns and so are lower risk than an operating interest as held by a traditional oil or gas company;
- they typically provide exposure to the upside of commodity price, reserves and production increases, and, depending on how they are structured and/or financially hedged, can provide significant downside protections against these same variables; and
- Royalty and Stream owners do not have an operational involvement in the underlying oil/gas field. Therefore, neither the Company nor the Investment Manager needs to have sizeable teams focused on day-to-day operations but can instead focus on building a scaled and diversified portfolio quickly and cost effectively.

Notwithstanding the common characteristics of Royalties and Streams, there are a number of important distinctions between Royalties and Streams, which the Investment Manager has identified as follows:

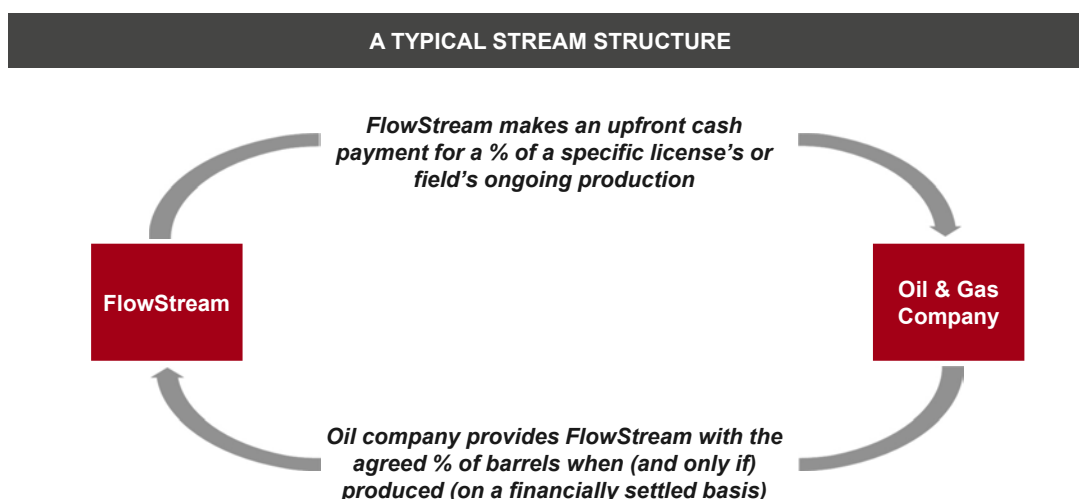
### **Royalties**

Royalties are existing contracts, reflecting the aforementioned common characteristics, that are typically created between two oil or gas companies or between an oil or gas company and an entrepreneur, in all cases without the Company's involvement. The Company, as advised by the Investment Manager, will seek to acquire such existing Royalties from corporates and individuals that own such contracts and in so doing provide liquidity to the vendor of the Royalty. Outside the US, most commonly Royalties arise as part of the consideration that a buyer of an oil or gas license pays to a seller of that license, often complimenting a cash component of the acquisition consideration.

## **Streams**

Streams share with Royalties the common characteristics, as described above, but are different in the following ways:

- Streams are new contracts, created on a bilateral basis between the Company and an oil or gas company;
- Streams arise because an oil or gas company has a funding need (of which there are many in such a capital intensive industry);
- the Company, as advised by the Investment Manager, identifies a high-quality, producing oil or gas field (or associated infrastructure) in an oil or gas company's portfolio, and structures a bespoke financing (i.e. the Stream) tied to that field so that the Company receives Royalty-like exposure to the field or associated infrastructure in return for capital provision;
- Streams can include credit-like protections such as security interests (typically second lien); and
- since a Stream is a bilaterally negotiated contract, the Company, as advised by the Investment Manager, can build significant protections into its contracts resulting in strong downside protections against commodity price, production and operational and financial underperformance, whilst simultaneously maintaining some exposure to the upside of these same variables.



Streaming is an attractive alternative source of capital for oil and gas companies. Streaming has a number of advantages as compared to more traditional sources of capital typically available to oil and gas companies. The Company, as advised by the Investment Manager, believes these include amongst others:

- Streams typically have a competitive cost of capital by comparison to the oil or gas company's own equity;
- Streams allow oil and gas companies to access funding without creating dilution across their whole portfolio (as would be the case with issuing equity) as streams are typically tied to specific assets in an oil and gas company's portfolio;
- Streams are typically accretive to debt covenants to which Stream counterparties may be subject, as under IFRS and US GAAP they are typically not treated as financial liabilities and major credit rating agencies view Streams as accretive to credit ratings (subject to the exact structure of the Stream);
- Streams represent a diversification of an oil or gas company's funding sources, reducing its dependency on any one source of capital;
- the Investment Manager can typically move faster in arranging a funding solution on a highly confidential basis than most other funding sources;

- because Streams are bilaterally negotiated and funded, they represent reduced execution uncertainty compared to capital market solutions such as issuing bonds or equity or putting together a bank club deal with multiple participating banks;
- because the Streams assume a degree of production risk, oil and gas companies find that they represent better alignment of interests between the capital providers and the oil and gas company than with bank or bond debt; and
- oil and gas companies often find that senior secured banks prefer to have a Stream in the capital structure together with them rather than a bond which likely has a high degree of hedge fund ownership.

The Company will have a bias towards Streams that give it exposure to long duration cash flows. Such Streams are typically structured so as to provide the Company with exposure to the cash flows from the underlying oil or gas asset for the life of the relevant field.

### ***Oil and gas funding through Streams and Royalties***

The markets for oil and gas Royalties and Streams are well-evolved in North America by comparison with the rest of the world. In North America a number of natural resource companies have for many years taken capital in the form of Streams. Further, in North America there is an active secondary market for existing oil and gas Royalties tied to oil and gas fields. Investors in North American oil and gas Royalties and Streams include listed companies such as Blackstone Minerals and private companies such as LongPoint Minerals as well as trusts, endowments and pension funds who will also at times own royalties directly, attracted by their long dated cash flows.

Outside of onshore North America, the oil and gas royalty and streaming markets are significantly less competitive. Companies active in investing in oil and gas Streams and Royalties that are active in the North American markets do not typically seek Stream and Royalty exposure internationally, preferring to focus their attention on the onshore US and Canadian markets.

The Board, as advised by the Investment Manager, believe these market dynamics create opportunities for the Company. Outside of North America, the Company, benefitting from the Investment Manager's experience and network, expects that the relative lack of competition for Royalties and Streams will provide for attractive risk-adjusted investment opportunities. In North America, the Company expects to see high quality investment opportunities with limited competition in the offshore, specifically in the US Gulf of Mexico.

### **Investment Highlights**

The Company, as advised by the Investment Manager, represents an attractive investment opportunity as a vehicle that seeks to provide both Stream capital to the oil and gas industry and acquire existing oil and gas Royalties for the reasons set out below.

#### ***Attractive industry dynamics for Stream financing and Royalty acquisitions with high barriers to entry***

As described above, the upstream oil and gas industry is scaled and highly capital intensive. Oil and gas companies that are seeking to develop and operate fields require steady access to substantial amounts of capital in order to fund their activities and replenish their oil and gas reserves. Oil and gas companies have increasingly focused on alternative sources of financing as a lower cost of capital alternative relative to using their own equity, resulting in increased opportunities for providers of alternative sources of capital.

However, this market, outside onshore US and Canada markets, has not historically been well served by traditional providers of capital (other than private equity funds that typically seek much higher rates of return in return for taking greater risk than the Company is prepared to take) because of the need for highly specialised industry, geological, contractual, regulatory and commercial expertise to generate consistently attractive risk-adjusted returns. The Investment Manager's professionals have complementary oil and gas technical, industry, legal, operating, structuring, tax and financial backgrounds which the Investment

Manager believes provide a competitive advantage in sourcing, evaluating, executing and managing investments in Streams and Royalties in the oil and gas industry.

***Proven ability to source attractive investment opportunities throughout the commodity price cycle***

Oil and gas Royalty and Stream investments have been consistently available over the course of the past five to six years (since the investment professionals available to the Investment Manager first began investing in Streams and buying Royalties) notwithstanding that this period has witnessed significant volatility in terms of oil and gas prices.

At times when oil and gas prices have been higher, oil and gas companies' capital requirements in connection with the sanctioning of capital expenditure related to new projects has been higher, as has been the level of mergers and acquisitions activity in the sector that also require financing.

When oil and gas prices have been lower, oil and gas companies have utilised Stream capital so as to reduce leverage, provide general liquidity, ease financial covenants and/or protect credit ratings.

In each of these circumstances, the respective dynamics have created a need for capital that the investment professionals available to the Investment Manager have been able to turn into opportunities for capital deployment.

***Uncorrelated returns***

Provision of Stream capital and the acquisition of Royalties in the way that the Company, advised by the Investment Manager, intends to do it, will offer returns that have relatively low correlation with those of traditional oil and gas company equity investments.

Specifically, unlike many of the North American based companies focused on investing in North American onshore Royalties and Streams, the Investment Manager actively seeks to reduce (or even eliminate completely, where possible) the correlation of the Company's individual Investments with oil and gas prices via significant structuring of its Streams and the financial hedging of its Royalty Investments. The Investment Manager will seek, wherever possible, to isolate and mitigate, via structuring and/or financial hedging, operational, financial and commodity price risks specific to each Investment that is being considered. The investment professionals available to the Investment Manager have a strong track record of successfully mitigating risk within several investments the team has made historically. As an example, certain of these Investments have been structured such that the net asset value of the Stream actually increases when either commodity prices weaken and/or produced oil and gas volumes disappoint versus expectation at the time of making the Investment.

Other historical Stream Investments that have been structured and invested in by the FlowStream professionals available to the Investment Manager have been structured such that at low oil prices and/or disappointing production levels they secure a minimum, yet still attractive return significantly in excess of what the underlying oil company's returns on the same field might be at such "stress-test" low oil prices and production disappointment forecasts, in return for foregoing some, but not all, of the upside in scenarios where oil prices are high and/or production exceeds what was expected.

The result, on a portfolio basis, is a reduced correlation with commodity prices and production outcomes compared to traditional oil and gas companies' equity's correlation with the same variables, coupled with enhanced downside returns protection, while maintaining some degree of upside exposure.

***Cash generation***

The Company, advised by the Investment Manager, will seek to provide Stream capital tied to oil and gas assets that are already in production. The Company is therefore expected to begin generating returns for Shareholders via dividends in the first quarter in which the Company's initial Investment is made. Returns would then be expected to continue throughout the life of the oil and gas asset to which the Investment is referenced.

### ***Access to Investment Manager's business development network***

The Investment Manager has an expansive network of tenured relationships with numerous oil and gas companies, oil and gas lending banks, oil and gas corporate finance advisors and private equity firms active in the oil and gas sector. The Investment Manager's team has established these relationships over decades, engaging in an ongoing dialogue regarding financing. These multi-year relationships give the Investment Manager's professionals a key advantage over other potential financing sources and any newly emerging competitors. As just one example of the commercial manifestation of these relationships, FlowStream has a formal agreement with BP under which FlowStream shall be BP's preferred stream provider for third party producer clients of BP's European based trading business and BP shall be FlowStream's preferred partner to act as offtaker where FlowStream deploys streaming or purchases existing royalties and offtake is or becomes available.

The professionals available to the Investment Manager have broad and deep experience across the oil and gas and finance industries which will allow the Company to provide customised solutions as well as structural creativity, which in turn can lead to superior risk reward outcomes for the Company. The Investment Manager believes that these attributes, along with its strong reputation and credibility across the industry, positively differentiate the Company. The investment pipeline described below demonstrates the value of this network to the Company's investment activities.

### ***Systematic and rigorous approach to investment selection and risk mitigation***

The Investment Manager adopts a rigorous screening and diligence process in the evaluation of its investment opportunities. This structured diligence process is driven by detailed scenario modelling as well as long-term relationships with oil and gas companies and hence understanding of their asset portfolios. The Investment Manager is able to draw on its tenured oil and gas technical members and on-call specialist technical consultants as it designs and scopes its due diligence processes around potential new investments.

The FlowStream investment professionals available to the Investment Manager have, since the formation of FlowStream in 2013, reviewed over 550 investment opportunities. Key considerations in the screening process include historical production levels of the oil or gas field, duration of expected future production, operating break-even costs of the field, perceived quality and expertise of the field's operator, credit quality of the counterparty, alternative financing options of the counterparty and integrity of the counterparty.

The Investment Manager will tailor the structure of the Streams to reflect its considered assessment of the risks that are relevant and specific to each individual investment opportunity and, in so doing, seeks to protect investors against both operational and commodity price-related downside risks.

### ***Structure of Investments***

The Investment Manager will seek to reduce the correlation of investment returns with both commodity prices and underlying asset performance. In particular, the Investment Manager will seek to isolate and mitigate specific operational and commodity price risks on transactions through the structuring of the relevant Stream contracts. By way of example, the Investment Manager might seek to structure a Stream such that the Company is entitled to a disproportionately large percentage of production (relative to the size of the investment) at the outset until such time as it achieves a pre-agreed internal rate of return ("IRR") at which point its percentage entitlement is reduced. This structure could result in the Net Asset Value of the Stream increasing when either commodity prices decline and/or production from the underlying oil or gas asset is lower than that expected at the time of creating the Stream as a consequence of the Company receiving the higher percentage of production for a longer period of time as the pre-agreed IRR will take longer to achieve.

### ***Mitigation of counterparty credit risk***

The Investment Manager will seek to mitigate Stream counterparty credit risk wherever possible. The following are some of the ways in which the Investment Manager will seek to do so:

- Wherever possible the Company will seek to transact with (i.e. enter into Stream contracts with or acquire Royalty counterparty exposure to) the legal entity in a counterparty's group structure that is as close as possible to the asset to which the Stream or Royalty is tied. In so doing it may, in certain circumstances, be possible to structurally subordinate debt that is higher up in that counterparty's group structure.
- In addition, the Investment Manager will seek, wherever possible, to negotiate liens over certain of the counterparty's assets.
- The Investment Manager will also seek to negotiate the ability to prevent counterparties from incurring additional debt beyond a certain cap to which the Stream would be subordinate.
- As part of its investment process, the Investment Manager will seek to stress-test counterparties' credit worthiness in various scenarios.
- Lastly, but importantly, in certain jurisdictions, such as the USA, Royalties and Streams may constitute "real interests in property". When this is the case the Royalty or Stream is bankruptcy remote from the counterparty's credit profile and credit events (i.e. the Royalty or Stream continues in existence in the event of insolvency of the Royalty or Stream counterparty).

### **Investment Pipeline**

As described above, the Company has access to the Investment Manager's significant network of relationships in the oil and gas industry. Utilising these relationships, the Investment Manager has identified a number of potential investment opportunities which are well suited to the Company's investment strategy and the Investment Manager is undertaking due diligence on, or is in advanced discussions with a number of prominent oil and gas companies with a view to extending Stream capital or acquiring existing Royalties.

### ***Characteristics of the pipeline deals***

Subject to completing satisfactory technical, legal and financial due diligence, it is expected that the Company's current deal pipeline will lead to investments into a series of attractive oil and gas Streams and Royalties in the period following First Admission. A non-binding, indicative term sheet has been agreed in respect of one of these potential Streams which would, if it were to proceed to completion, result in a substantial Investment by the Company.

The Investment Manager's current, most-advanced pipeline includes six potential Streams with an aggregate investment size of US\$480 million, together with a further potential Stream structured as a US\$300 million club deal. It is also considering three potential Royalty acquisitions which have an aggregate investment size of US\$270 million. The potential investments are broadly split between oil and gas assets in a number of jurisdictions including Australia, Brazil and the US. All of the underlying assets to the potential Investments are producing, with one in a producing and developing maturity phase. In addition to this most advanced pipeline, the Company, as advised by the Investment Manager, believes there are many hundreds of millions of dollars of potential capital deployment opportunities at earlier stages of engagement with the counterparties.

The creation or acquisition of Investments from the pool described above would result in a well-diversified portfolio (in terms of underlying oil and gas reservoirs, individual producing wells and payors) which is expected to have the following characteristics:

- attractive cash on cash yields from the point of investment;
- Streams and Royalties tied to oil and gas fields and associated infrastructure located in the Principal Jurisdictions;
- Streams and Royalties tied to long life oil and gas fields with low break-even costs;



- Stream contracts linked to oil and gas fields and associated infrastructure with experienced and credible operators;
- Stream contracts structured so as to provide strong downside protections to the Company's returns;
- credit-like protections including, where possible, security (typically second lien); and
- low correlation to realised oil and gas prices and broader equity and debt markets.

No binding agreements or commitments have been entered into in respect of the pipeline of potential Investments and there can be no guarantee that the Company will acquire or create such Investments following First Admission.

Following First Admission, the Company will invest substantially all of the Net Proceeds in accordance with the investment policy and the Directors believe that the Net Proceeds of the Initial Issue will be predominantly invested within 9 to 12 months of First Admission.

## Part II

### Company Structural Information

#### **Net Asset Value publication and calculation**

The Net Asset Value will be calculated by the Administrator on a quarterly basis, in accordance with IFRS, on the basis of information provided by the Investment Manager. The Board will also approve each Net Asset Value calculation.

The Net Asset Value calculations as at 31 December in each year will be audited as part of the annual accounts audit process.

The Administrator will calculate and publish the Net Asset Value, the NAV per Ordinary Share, the NAV per C Share (if C Shares have been issued) and the NAV per Realisation Share (if a Realisation occurs) based on a valuation point of 5.00 p.m. (UK time) on the last Business Day of each quarter. Each quarterly Net Asset Value will be published through an RNS announcement and made available on the Company's website, normally within 45 days of such quarter end.

Published Net Asset Value calculations as at the relevant quarter end are conclusive and binding on all Shareholders. In addition, the Company, the Investment Manager and the Administrator may, in their sole discretion, arrange for additional valuations to be published or extend the 45 day period to cater for exceptional circumstances or significant new developments.

The Net Asset Value is the value of all assets of the Company less its liabilities to creditors. The NAV per Ordinary Share is the Net Asset Value attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue at the relevant time. The NAV per C Share (if C Shares have been issued) is the Net Asset Value attributable to the C Shares divided by the number of C Shares in issue at the relevant time. The NAV per Realisation Share (if a Realisation has occurred) is the Net Asset Value attributable to the Realisation Shares divided by the number of Realisation Shares in issue at the relevant time.

#### ***Valuation methodology***

It is anticipated that the Company will qualify as an investment entity as defined in IFRS 10 and therefore will not consolidate its accounts but will present its investments in subsidiaries at fair market value. The Company will value investments in its subsidiaries at fair market value as determined at the date of measurement in accordance with a valuation framework determined by the Board and using a methodology based on accounting guidelines and the nature, facts and circumstances of the respective investments.

As detailed in this Prospectus, the Company will seek to acquire assets, in accordance with its investment policy, predominantly in the form of Royalties and Streams. The fair market value of each Royalty or Stream will be determined by the Board, with the assistance of the Investment Manager, using a discounted cash flow methodology which will reflect a combination of asset production profiles (where applicable), the Company's commodity price framework (where applicable) and the application of an appropriate discount rate, each as described below.

Each Royalty or Stream investment is expected to have ascribed to it a production profile covering the duration of the relevant project. The Investment Manager will propose that additional commercial risk factors are applied to the production profile to reflect different outcomes being realised for review and ultimately approval by the Board. The Investment Manager will update the risk adjusted production profiles annually, (or more frequently if material new information, in the Investment Manager or the Board's opinion so warrants it), to reflect the latest material technical and financial information received from the counterparties. The Company intends to appoint an independent expert to conduct an annual review of each of the risk adjusted production profiles used for the purposes of assessing the fair value of the relevant Investments.

As is common for natural resource companies reporting under IFRS, the commodity price framework adopted by the Board will be composed of a composite forward curve for purposes of forecasting near term commodity prices and a long-term commodity price assumption which will be arrived at by the Board based on third party produced long term forecasts, observable forward curves, lending bank commodity price inputs, and recently realized commodity prices.

The discount rate for use in determining fair value will be determined by the Board, with the assistance of the Investment Manager, and will be reviewed annually.

If the Board consider that any of the above bases of valuation are inappropriate for any particular Investment, or generally, they may adopt such other valuation procedures as they consider reasonable in the circumstances.

#### ***Suspension of Net Asset Value calculation***

The Directors may temporarily suspend the calculation, and publication, of the Net Asset Value during a period when, in the opinion of the Directors:

- there are political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, and disposal or valuation of investments of the Company or other transactions in the ordinary course of the Company's business is not reasonably practicable without this being materially detrimental to the interests of Shareholders or if, in the opinion of the Board, the Net Asset Value cannot be fairly calculated;
- there is a breakdown of the means of communication normally employed in determining the calculation of the Net Asset Value;
- as required by the Articles or other applicable law and regulation; or
- it is not reasonably practicable to determine the Net Asset Value on an accurate and timely basis.

Details of any suspension in making such calculations will be communicated through a Regulatory Information System as soon as reasonably practicable after a determination is made to suspend calculations. The Company, Investment Manager and the Administrator may, however, where the underlying data necessary to value the investments of the Company has not been received in good time to prepare the quarterly valuations, elect to calculate the current Net Asset Value, NAV per Ordinary Share, NAV per C Share (if C Shares have been issued) and the NAV per Realisation Share (if a Realisation has occurred), using previously provided data in order to avoid the suspension of the calculation of publication of Net Asset Value.

#### **Meetings and reports**

The Company expects to hold its first annual general meeting in the second quarter of 2020 and subsequent annual general meetings in the second quarter of each calendar year. The Company's audited annual report and accounts will be prepared to 31 December each year, commencing in 2019, and copies will be sent to Shareholders within four months of 31 December. Shareholders will also receive an unaudited interim report each year in respect of the period to 30 June, which will be published promptly, but in any event within three months of 30 June. The Company's audited annual report and accounts and interim report will be available on the Company's website.

The Company's accounts and the annual report will be drawn up in US Dollars and in accordance with IFRS.

#### **Dividend policy**

Subject to market conditions, applicable law and the Company's performance, financial position and financial outlook, it is the Directors' intention to pay dividends to Ordinary Shareholders on a quarterly basis, commencing in the first quarter in which the Company's initial Investment is made. Accordingly, if the first investment is concluded prior to 30 September 2019 then a dividend will be declared and paid during the fourth quarter of 2019. Further information regarding the Company's target dividend is set out in Part I of this Prospectus.

It is the current intention of the Board to adopt a policy of balancing the quarterly dividend payments. The Board, in its sole discretion, may choose not to adopt a dividend balancing policy if it considers this is desirable to minimise the effects of cash drag on the Company's performance.

The Directors may, at their sole discretion, resolve to pay to holders of C Shares (if C Shares are issued) such dividend out of the assets attributable to such class of C Shares as the Directors may determine up to the Conversion Time for such class of C Shares.

### **Corporate Governance**

The Company intends to comply with the provisions of the Listing Rules which require that the Company must "comply or explain" against the UK Corporate Governance Code (the "**Governance Code**").

The Directors have considered the principles and recommendations of the AIC Code. The AIC Code addresses all the principles set out in the Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to Shareholders.

As a newly incorporated company, the Company does not comply with the Governance Code or the AIC Code as at the date of this Prospectus. However, the Directors recognise the value of the Governance Code and have taken appropriate measures to ensure that from First Admission the Company will comply, so far as is possible given the Company's size and nature of business, with the AIC Code. The areas of non-compliance by the Company with the Governance Code will be as follows.

The Governance Code includes provisions relating to the role of the chief executive; executive directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company, and the Company will not therefore comply with them.

### **Discount and Premium Management**

#### ***Further issues***

In addition to the authority granted to it in connection with the issue of Shares pursuant to the Initial Issue and Placing Programme, the Board will have authority to allot further Ordinary Shares on a non pre-emptive basis following First Admission, representing up to 20 per cent. of the Company's issued share capital immediately following First Admission, such authority lasting until the first annual general meeting of the Company. To the extent that the authority is used before the first annual general meeting, the Company may convene a general meeting to refresh the authority. Shareholders' pre-emption rights over this unissued share capital have been disapplied so that the Board will not be obliged to offer any such new Ordinary Shares to Shareholders pro rata to their existing holdings. The reason for this is to retain flexibility, following First Admission, to issue new Ordinary Shares (including Ordinary Shares issued in accordance with the authority referred to above) to investors. Except where authorised by Shareholders, no Ordinary Shares will be issued at a price which is less than the NAV per existing Ordinary Share at the time of their issue unless they are first offered pro rata to Shareholders on a pre-emptive basis.

The Company's Articles contain provisions that permit the Directors to issue C Shares from time to time. C Shares are shares which convert into Ordinary Shares only when a specified proportion of the net proceeds of the issue of such C Shares have been invested in accordance with the Company's investment policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the Ordinary Shares). A C Share issue would therefore permit the Board to raise further capital for the Company whilst avoiding any immediate dilution of investment returns for existing Shareholders which may otherwise result.

The Ordinary Shares carry the right to receive all dividends declared by the Company, subject to the right of the C Shares or Realisation Shares (if any have been issued by the Company) to receive dividends that the Directors resolve to pay out of the net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares or Realisation Shares (as applicable).

### ***Purchase of own Ordinary Shares***

The Company may seek to address any significant discount to Net Asset Value at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market on an ad hoc basis.

The Directors have the authority to purchase in the market up to 14.99 per cent. of the Ordinary Shares in issue immediately following First Admission. This authority will expire at the conclusion of the Company's first annual general meeting or if earlier, 18 months from the date on which the resolution conferring the authority was passed. The Directors intend to seek annual renewal of this authority from Shareholders at each annual general meeting.

Notwithstanding that the Company may seek to address any significant discount to Net Asset Value by purchasing its Ordinary Shares in the market, in order to address prolonged periods in which the Ordinary Shares trade at a discount, the Company intends (subject to the relevant provisions of the Companies Law and applicable law and it having authority to do so in accordance with resolutions at the preceding annual general meeting) to repurchase Ordinary Shares in accordance with the terms of the following five paragraphs.

If, at the end of a calendar month, the Ordinary Shares have, on average, traded at a discount in excess of 5 per cent. to the Net Asset Value per Ordinary Share over the prior 3 months (including the month just ended) (calculated by comparing the middle market quotation of the Ordinary Shares at the end of each business day in the relevant period to the prevailing published Net Asset Value per Ordinary Share (and, to the extent the Ordinary Shares have gone 'ex-dividend' for the purposes of the relevant middle market quotation, such Net Asset Value will be exclusive of that dividend for the purposes of a fair comparison) and averaging this comparative figure over the relevant period), the Company will, subject to meeting its Target Dividend, use 50 per cent. of the Company's capital and income proceeds net of any debt or hedge servicing costs (generated after the conclusion of such 3 month rolling period), to repurchase Ordinary Shares at least until such time as the Ordinary Shares have traded at an average discount of 1 per cent. or less to the Net Asset Value per Ordinary Share over a 2 week rolling period.

If, at the end of a calendar month, the Ordinary Shares have, on average, traded at a discount in excess of 10 per cent. to the Net Asset Value per Ordinary Share over the prior 6 months (including the month just ended) (calculated by comparing the middle market quotation of the Ordinary Shares at the end of each business day in the relevant period to the prevailing published Net Asset Value per Ordinary Share (and, to the extent the Ordinary Shares have gone 'ex dividend' for the purposes of the relevant middle market quotation, such Net Asset Value will be exclusive of that dividend for the purposes of a fair comparison) and averaging this comparative figure over the relevant period), the Company will, subject to meeting its Target Dividend, use 100 per cent. of the Company's capital and income proceeds net of any debt or hedge servicing costs (generated after the conclusion of such 6 month rolling period), to repurchase Ordinary Shares at least until such time as the Ordinary Shares have traded at an average discount of 1 per cent. or less to the Net Asset Value per Ordinary Share over a 2 week rolling period.

Other than as set out above, the exercise by the Directors of the Company's powers to repurchase Shares and the timing and structure of any such repurchase is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion.

It is the current intention of the Directors to hold any Ordinary Shares which have been bought back in treasury. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. Ordinary Shares held in treasury may be sold by the Company at prices equal to or above the prevailing NAV per Ordinary Share.

In the event that the Board decides to repurchase Ordinary Shares, purchases will only be made through the market for cash at prices not exceeding the last reported NAV per Ordinary Share and such purchases will only be made in accordance with: (a) the Listing Rules with which the Company complies on a voluntary basis, which currently provide that the maximum price to be paid per Share must not be more than the higher of: (i) five per cent. above the average of the mid-market values of the relevant Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of: (1) the price of the last independent trade; and (2) the highest current independent bid for a Share on the trading venues where

the market purchases by the Company pursuant to the authority conferred by that resolution will be carried out; and (b) the Companies Law, which provides among other things that any such purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time.

The Directors will not buy back any Shares from any class of C Shares in issue prior to Conversion. Therefore, the Company will not assist any class of C Shares in limiting discount volatility or provide an additional source of liquidity. Notwithstanding the foregoing, the Company shall be permitted to purchase C Shares prior to Conversion in order to satisfy its obligation to pay the Performance Fee as described more fully in Part III of this Prospectus.

#### ***Continuation option resolution and the realisation opportunity***

At a general meeting on or prior to the fourth anniversary of First Admission, the Company will propose an ordinary resolution for approval by holders of Ordinary Shares that the Company offers Ordinary Shareholders a realisation opportunity (a “**Continuation Option Resolution**”).

If the Continuation Option Resolution is approved, the Company will offer all holders of Ordinary Shares at that time the right to elect to realise all or part of their holdings of Ordinary Shares by electing for all or some of the Ordinary Shares held by them to be redesignated as Realisation Shares. Holders of Ordinary Shares will be notified of the Realisation process within two calendar months of a Continuation Option Resolution being approved (including the proposed date of the redesignation of the relevant Ordinary Shares (the “**Realisation Date**”). Any Realisation will be subject to all relevant laws and regulations.

On the relevant Realisation Date, the Company’s portfolio will be split into two separate and distinct pools, namely the “**Continuation Pool**” (comprising the assets attributable to the continuing Ordinary Shares) and the “**Realisation Pool**” (comprising the assets attributable to the Realisation Shares). With effect from the Realisation Date, the assets in the Realisation Pool will be managed in accordance with an orderly realisation programme with the aim of making progressive returns of cash, as soon as practicable, to those Shareholders who have elected to receive Realisation Shares. Ordinary Shares held by Shareholders who do not submit a valid and complete election in accordance with the Articles during the relevant election period will remain Ordinary Shares. For the avoidance of doubt, the Investment Manager will continue to receive the Management Fee and Performance Fee with respect to the Realisation Shares.

The precise mechanism for any return of cash to Shareholders who have elected to realise their Ordinary Shares will depend upon the relevant factors prevailing at the time and compliance with applicable law and regulation and will be at the discretion of the Board, but may include a combination of capital distributions, share repurchases and redemptions, though the objective will be to return all net proceeds contained in the Realisation Pool.

The Realisation will not take place (and Ordinary Shares will not be redesignated as Realisation Shares as described above) if the aggregate Net Asset Value of the Ordinary Shares in respect of which Realisation elections have been received at the close of business on the last Business Day before the Realisation Date are less than the lower of US\$50 million and an amount equal to 10 per cent. of the aggregate Net Asset Value of the Ordinary Shares as a class immediately prior to the Realisation.

If the Net Asset Value of the continuing Ordinary Shares at the close of business on the last Business Day before the Realisation Date would be less than US\$50 million, the Directors may propose an ordinary resolution for the winding up of the Company and may pursue a liquidation of the Company instead of splitting the portfolio into the Continuation Pool and the Realisation Pool.

Unless it has already been determined that the Company will be wound-up, the Company will propose a further Continuation Option Resolution to holders of Ordinary Shares at the annual general meeting of the Company on or prior to the seventh anniversary of First Admission and at the annual general meeting every third year thereafter.

#### **FCA Requirements**

The Company will voluntarily comply with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA in relation to listed investment companies:



- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the group as a whole;
- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy; and
- not more than 10 per cent. of the Gross Assets at the time an investment is made will be invested in other closed-ended investment funds which are listed on the Official List, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed closed-ended investment funds, provided that in all cases not more than 15 per cent. of the Gross Assets at the time an investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. As required by the Listing Rules (as voluntarily complied with by the Company), any material change to the investment policy of the Company will be made only with the approval of Shareholders.

In the event of any breach of the investment policy, Shareholders will be informed of the remedial actions to be taken by the Company through an RNS announcement.

#### **Safe custody of the Company's property**

The Company will hold cash in bank accounts in the Company's name and will hold cash equivalents in securities dealing accounts in the Company's name. Contracts and any physical certificates representing the Company's interests in Investments will be held by the Investment Manager, with the Administrator retaining a copy on behalf of the Company.

Any voting rights in underlying assets held by the Company will be exercised by the Investment Manager on a discretionary basis.

#### **The AIFM Directive**

The AIFM Directive seeks to regulate alternative investment fund managers ("AIFMs") and imposes obligations on AIFMs in the EEA or who market shares in such funds to EEA investors.

Whilst the Investment Manager is the AIFM, the marketing of Shares to EEA investors will be restricted and will need to be undertaken in accordance with the relevant national private placement regimes of any EEA member states in which marketing takes place. The Investment Manager has currently filed notifications with the FCA pursuant to regulation 59 of the AIFMD Regulations to market the Shares in the UK under the UK national private placement regime and with the Central Bank of Ireland to market the Shares in Ireland under the Irish national private placement regime.

Any regulatory changes arising from the AIFM Directive (or otherwise) that limits the Company's ability to market future issues of its Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Shares.

The Company cannot guarantee that any relevant conditions to marketing will be satisfied. In cases where any such conditions are not satisfied, the ability of the Company to market Ordinary Shares and/or C Shares or raise further equity capital in the EEA may be limited or removed.

#### **NMPI Status**

On 1 January 2014 the Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the "NMPI Regulations") came into force in the UK. The NMPI Regulations extend the application of the existing UK regime restricting the promotion of unregulated collective investment schemes by FCA



authorised persons (such as independent financial advisers) to other “non-mainstream pooled investments” (or “**NMPIs**”). With effect from 1 January 2014, financial advisers, including authorised independent financial advisers, are restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors.

Although consultations on this subject by the FCA had suggested the Company and entities like it would be excluded from the scope of the NMPI Regulations (and thereby capable of promotion to all retail investors), the final NMPI Regulations and guidance from the FCA means that in order for the Company to be outside of the scope of the NMPI Regulations, the Company will need to rely on the exemption available to non-UK resident companies that are equivalent to investment trusts.

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

The Board intends to conduct the Company’s affairs such that the Company can satisfy requirements (i), (ii) and (iv) above. It is not anticipated that the Company would be regarded as a close company if it were resident in the UK, although this cannot be guaranteed. On the assumption that the Company is not a close company, it would qualify for approval as an investment trust if it were resident in the UK. The Company will be outside of the scope of the NMPI Regulations for such time as it satisfies the conditions to qualify as an investment trust. If the Company is unable to meet those conditions in the future, for any reason, consideration would be given to applying to the FCA for a waiver of the application of the NMPI Regulations in respect of the Shares. If the Company becomes a close company or does not, or ceases to, conduct its affairs so as to satisfy the non-UK investment trust exemption to the NMPI Regulations and the FCA does not otherwise grant a waiver, the ability of the Company to raise further capital may be affected. In this regard, it should be noted that, whilst the publication and distribution of a prospectus (including this Prospectus) is exempt from the NMPI Regulations, other communications by “approved persons” could be restricted (subject to any exemptions or waivers).

#### **Eligibility for investment by UCITS or NURS**

The Company has been advised that the Ordinary Shares are “transferable securities” and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in Jersey which is subject to the corporate governance mechanisms of Jersey company law; (ii) the Ordinary Shares are to be admitted to trading on the Specialist Fund Segment; and (iii) the Investment Manager is authorised and regulated by the JFSC. The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that UCITS or NURS, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Schemes Sourcebook of the FCA Handbook.

#### **Taxation**

Potential investors are referred to Part VII of this Prospectus for details of the taxation of the Company and Shareholders in the UK and Jersey. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK or Jersey are strongly advised to consult their professional advisers prior to making a subscription for Shares.

#### **Risk Factors**

The Company’s performance is dependent on many factors and potential investors should read the whole of this Prospectus and, in particular, the section entitled “Risk Factors” on pages 22 to 42 of this Prospectus.

## Part III

### Directors and Administration

#### **The Directors**

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and the investment policy and have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio.

The Directors may delegate certain functions to other parties such as the Investment Manager, the Administrator and the Registrar. In particular, the Directors have delegated responsibility for day to day management of the investments comprised in the Company's portfolio (including discretionary investment decision making powers) to the Investment Manager. The Directors have responsibility for exercising supervision of the Investment Manager.

#### ***Iain Macdonald (Chairman) (independent)***

Iain joined BP in 1979 as a chemical engineer. Over a 30-year career there, he progressed through a variety of technical, operational, marketing and business management roles before moving into finance management during his last ten years with the company. He was Head of Planning for the Group, then Group Controller, finally becoming Deputy Group Chief Financial Officer in charge of the integrated finance function. He was a member of the Board of TNK-BP, and a BP Pension Trustee. Iain retired from BP in 2010 and took up a position as Chief Financial Officer of Fairfield Energy Ltd, an independent North Sea oil and gas producer. He remained in charge of finance at Fairfield until the end of 2014. Iain is currently a Non-Executive Director of Premier Oil plc, where he is the Audit and Risk Committee Chairman, also a Non-Executive Director and chair of the Audit Committee of SUEK JSC, and a Non-Executive Director and Chair of the Finance Committee of the Workforce Development Trust Ltd.

#### ***Linda Beal (independent)***

Linda joined Price Waterhouse in 1982 and has been a member of the Institute of Chartered Accountants of England and Wales since 1986. She spent over 30 years at Price Waterhouse/PwC including 16 years as a Partner from 1997 to 2013 in the Energy and Natural Resources team. Linda was an international tax specialist advising FTSE 100, midcap and private companies on structuring funding and transactions and has experience of structuring in many territories. Linda was subsequently a Partner at Grant Thornton for two years from 2014 to 2016 where she became Global Leader for Energy and Natural Resources. Linda is co-founder and director of a professional services business network. She was Non-Executive Director and Audit Committee Chair for Tax Systems plc from 2016 until its takeover in March 2019. Linda is currently Non-Executive Director and Audit Committee Chair at San Leon Energy plc, Non-Executive Director and Chair of the Audit and Risk Committee at Kropz Plc, Non-Executive Director and Chair of the Audit and Risk and Remuneration Committees and Senior Independent Director at Aminex PLC and Non-Executive Director and Chair of the Audit Committee at Orca Exploration Group Inc.

#### ***Monique O'Keefe (independent)***

Monique O'Keefe is a Jersey-based Independent Non-Executive Director who sits on a number of boards including a LSE listed property fund, a private equity fund and a hedge fund. She also serves as a Commissioner with the Jersey Financial Services Commission. Monique has co-founded an investment consultancy business called Kairos Wealth Limited. Prior to moving to Jersey, Monique was a structured finance banker for Goldman Sachs in London, and Merrill Lynch in both London and New York. Prior to this, she worked as a senior finance lawyer at Clifford Chance in London and Minter Ellison in Australia. Monique is a member of the Institute of Directors and the Jersey Association of Directors And Officers, and holds degrees in Law and Arts, and a Masters in Law, from the University of Queensland, Australia.

**Mark Tucker (independent)**

In 1997 Mark joined Arborhedge Investments, Inc. (formally HFR Investments, Inc.) a Chicago based, boutique broker dealer specialising in the placement of hedge fund interests to institutions globally. Mark served as the President and Chief Executive Officer of Arborhedge until his return to Jersey in 2002, after which he remained a director and shareholder until 2012. Previously, Mark held a variety of retail and private banking roles in Jersey with both HSBC and Cater Allen Bank. In 1988 Mark relocated first to London, where he joined GNI Limited in a financial futures business development role, and later to New York where he was responsible for the alternative investment program of Gresham Asset Management, Inc. and later for the asset allocation and manager selection activities of Mitsui & Company. Mark is personally regulated by the Jersey Financial Services Commission in the conduct of financial services business and he is an Associate of the Chartered Institute of Bankers, a Chartered Fellow of the Chartered Institute for Securities and Investment and a member of the Institute of Directors. Mark also serves as a non-executive director and chairman of the Audit Committee of CVC Credit Partners European Opportunities Limited, a London listed debt fund, as well as serving as a non-executive director to several other offshore structures.

**Audit Committee**

The Company's Audit Committee, comprising all the independent Directors of the Company (which as at the date of this Prospectus will be all the Directors of the Company) will meet formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts and interim reports. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding.

Linda Beal will act as chairperson of the Audit Committee. The principal duties of the Audit Committee will be to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

**Management engagement committee**

The Company's Management Engagement Committee, comprising all the independent Directors of the Company (which as at the date of this Prospectus will be all the Directors of the Company), will meet formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Manager and also the terms of the Investment Management Agreement. Iain Macdonald will act as chairperson of the Management Engagement Committee.

**Nomination and remuneration matters**

As the Board is constituted entirely of independent non-executive directors, the Board as a whole will meet for the purpose of considering the framework and policy for the remuneration of the Directors pursuant to the Articles and to review the structure, size and composition of the Board. No Director shall be involved in any decisions as to their own remuneration.

**Matters reserved for the Board**

The Board has overall responsibility for the Company's activities, including reviewing its investment activity, performance, business conduct and policy and, unless required to be performed by the Investment Manager as a matter of law, certain matters have been reserved for consideration by the Board, including (but not limited to):

- approving the Company's long term objective and any decisions of a strategic nature including any change in investment objective, policy and restrictions, including those which may need to be submitted to Shareholders for approval;

- reviewing the performance of the Company in light of the Company's strategy objectives and budgets and ensuring that any necessary corrective action is taken;
- the appointment, overall supervision and removal of service providers and any material amendments to the agreements or contractual arrangements with any key delegates or service providers;
- approve the dividend policy, declare any interim dividends and any recommendation to shareholders in respect of final dividends;
- the review of the Company's overall corporate governance arrangements; and
- approving any actual or potential conflicts of interest (including approval of any transaction with an entity that is managed or advised by the Investment Manager or any of its affiliates).

#### **Directors' share dealings**

The Directors have adopted a share dealing code that is compliant with the Market Abuse Regulation. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors and PDMRs.

#### **Broker**

N+1 Singer and Winterflood have been appointed as joint corporate brokers to the Company.

#### **Administrator**

Sanne Fund Administration Limited has been appointed as the administrator and Company Secretary to the Company pursuant to the Administration Agreement (further details of which are set out in paragraph 9 of Part VIII of this Prospectus).

The Administrator will be responsible for the maintenance of the books and financial accounts of the Company and the calculation, in conjunction with the Investment Manager, of the Net Asset Value. In addition, it will be responsible for production of the Company's accounts, regulatory compliance and providing support to the Board's corporate governance process and its continuing obligations under the Listing Rules (as voluntarily complied with by the Company) and the Disclosure Guidance and Transparency Rules. In addition, the Administrator will be responsible for liaising with the Company, the Investment Manager and the Registrar in relation to the payment of any dividends, as well as general secretarial functions required by the Companies Law (including but not limited to the maintenance of the Company's statutory books).

#### **Registrar**

Link Asset Services has been appointed as the Company's registrar pursuant to the Registrar Agreement (further details of which are set out in paragraph 9 of Part VIII of this Prospectus).

#### **Receiving Agent**

Link Asset Services has been appointed as the Company's receiving agent in respect of the Offer for Subscription pursuant to the Receiving Agent Services Agreement (further details of which are set out in paragraph 9 of Part VIII of this Prospectus).

#### **Auditor**

PricewaterhouseCoopers CI LLP will provide audit services to the Company.

## **Fees and expenses**

### ***Initial expenses***

The costs and expenses of the Initial Issue which will be paid by the Company will not exceed US\$5 million, assuming Gross Issue Proceeds are US\$250 million (being the maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue).

The costs and expenses of the Initial Issue will be paid out of Gross Issue Proceeds and will therefore be borne indirectly by the investors.

The costs and expenses of the Initial Issue will be paid on or around First Admission and will include, without limitation, placing fees and commissions; registration, listing and admission fees; printing, advertising and distribution costs; legal fees, and any other applicable expenses. All such expenses will be immediately written off.

On the assumption that the Company achieves its target issue size of US\$250 million, the Net Asset Value immediately following First Admission is expected to increase by US\$245 million (in other words, 98 per cent. of Gross Issue Proceeds) assuming expenses of the Initial Issue are 2 per cent. of the Gross Issue Proceeds (being the maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue). In the event that the Company raises the Minimum Net Proceeds, the Net Asset Value immediately following First Admission is expected to increase by US\$98 million on the above basis.

### **Ongoing expenses**

#### ***Placing Programme expenses***

The costs and expenses of the Placing Programme will depend on subscriptions received in respect of individual Subsequent Placings.

Ordinary Shares will be made available to investors pursuant to the Placing Programme at a price calculated by reference to the prevailing cum-dividend NAV per Ordinary Share and a sufficient premium to cover the costs and expenses of the relevant Subsequent Placing (including without limitation, any placing commissions) and having regard to prevailing market conditions. The costs and expenses of an issue of C Shares pursuant to the Placing Programme will be borne by such C Shares.

#### ***Investment Manager's fees***

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.

With effect from First Admission, the Investment Manager will be entitled to a monthly management fee (the "**Management Fee**") equal to 1/12 of:

- (i) 1 per cent. of the NAV up to, and including, US\$500 million;
- (ii) 0.75 per cent. of the NAV in excess of US\$500 million and up to and including US\$1 billion; and
- (iii) 0.50 per cent. of the NAV in excess of US\$1 billion,

using the most recent preceding quarterly Net Asset Value in respect of which the Management Fee is to be paid (calculated before deducting any accrued Management Fee in respect of such a month).

For the initial period after First Admission before the first quarterly Net Asset Value has been published, the applicable Net Asset Value for calculating the Management Fee will be the value of the Net Proceeds. For the avoidance of doubt, to the extent C Shares and/or Realisation Shares are outstanding, the Management Fee shall be calculated on the aggregate Net Asset Value attributable to the Ordinary Shares, the C Shares and the Realisation Shares.

Subject to the audited NAV per Ordinary Share (adjusted for, inter alia, adding back any accrual for the Performance Fee) as at the end of each Calculation Period (the “**Closing NAV per Ordinary Share**”) being equal to or exceeding the higher of: (i) an amount equal to a compounding increase of 8 per cent. per annum (on a daily basis) to the Issue Price (adjusted to account for dividends paid or other distributions made) (the “**Performance Hurdle**”); and (ii) the previous applicable NAV per Ordinary Share (as adjusted) in respect of which a Performance Fee was paid (the “**High Watermark**”), the Investment Manager shall be entitled to receive an amount equal to 10 per cent. of the sum by which the Closing NAV per Ordinary Share exceeds the higher of the Annual Performance Hurdle or the High Watermark multiplied by the weighted average of the number of Ordinary Shares in issue over the relevant Calculation Period (excluding any Ordinary Shares held in treasury) (the “**Performance Fee**”).

The “**Annual Performance Hurdle**” is the Closing NAV per Ordinary Share for the prior Calculation Period (or the Issue Price for the First Calculation Period) adjusted for any dividends paid or other distributions made and increased at a compounding increase of 8 per cent. per annum (on a daily basis).

The Performance Fee for a Calculation Period shall be paid as soon as practicable after the end of the relevant Performance Period and, in any event (subject to paragraphs (1) (B) and (3) below (in each case, where applicable)), within one month following the issue of the invoice in respect of such Calculation Period.

The first calculation period will be from the date of First Admission to 31 December 2019 (the “**First Calculation Period**”) and thereafter calculation periods shall track the financial year of the Company (each a “**Subsequent Calculation Period**”, and with the First Calculation Period, “**Calculation Periods**”), save that the last Calculation Period shall end on the date on which the relevant share class is cancelled, redeemed in full or repurchased in full, a liquidation resolution is approved in respect of the Company (or such other date as may be stipulated in the liquidation resolution), the date on which the Investment Management Agreement is terminated or (in the case of C Shares converting into Ordinary Shares) the latest practicable date agreed by the Board and the Investment Manager in order to include the amount of the Performance Fee as a liability of the C Shares in calculating the conversion ratio.

The Performance Fee shall also be payable separately in respect of the growth of the adjusted NAV per C Share and/or the adjusted NAV per Realisation Share or other class of shares to the extent that there are any such shares in issue at the end of a Calculation Period, on the same basis as described above for the Ordinary Shares (adjusting for the corresponding time periods as appropriate). The calculation of the Performance Fee for each of the share classes in issue will be discrete and there will be no netting out of performance among such classes.

Subject to certain circumstances detailed below, the amount of Performance Fee payable to the Investment Manager shall be paid in the form of Ordinary Shares issued by the Company to the Investment Manager (or any member(s) of the Investment Manager’s Group in such proportions as the Investment Manager directs) or purchased from the secondary market (the “**Performance Shares**” and the “**Performance Share Amount**”) in accordance with the following:

- (1) subject to paragraph (2) below:
  - (A) if the Average Trading Price is equal to or higher than the last reported NAV per Ordinary Share (as adjusted to exclude any dividend which is included in such price and NAV per Ordinary Share if the Ordinary Shares delivered are ex that dividend (a “**Dividend Adjustment**”), the Company will issue to the Investment Manager (or any member(s) of the Investment Manager’s Group in such proportions as the Investment Manager directs) in payment of the Performance Share Amount such number of new Ordinary Shares credited as fully paid as is equal to the Performance Share Amount divided by the last reported NAV per Ordinary Share (subject to the Dividend Adjustment);
  - (B) if the Average Trading Price is lower than the last reported NAV per Ordinary Share (as adjusted to exclude any dividend which is included in such price and NAV per Ordinary Share if the Ordinary Shares delivered are ex that dividend), the Company shall satisfy its obligation



to pay the Performance Share Amount by the application of an amount equal to the Performance Share Amount to the purchase of Ordinary Shares for cash in the secondary market at a price no greater than the last reported NAV per Ordinary Share (subject to the Dividend Adjustment). To the extent that the Company makes or directs a broker or other agent of the Company to make any such purchases (in circumstances where it is not restricted from doing so by Applicable Requirements), the Company shall act as the agent of the Investment Manager and not as principal. If it is not possible to apply all of the Performance Share Amount to the acquisition of Ordinary Shares in the secondary market at or below the last reported NAV per Ordinary Share (subject to Dividend Adjustment) within two months following the Payment Due Date, then the Investment Manager may elect to extend that period for up to an additional four months or require that the Company issue such number of new Ordinary Shares as is equal to the remainder of the Performance Share Amount divided by the last reported NAV per Ordinary Share (subject to the Dividend Adjustment and rounded down to the nearest whole Ordinary Share). Any balance of the Performance Share Amount remaining unpaid at the end of such extended period will be paid by the Company issuing a number of new Ordinary Shares (rounded down to the nearest whole number) with an aggregate value equal to such balance on the basis of the last reported NAV per Ordinary Share as at the Payment Due Date (subject to the Dividend Adjustment).

- (2) The Performance Share Amount shall be payable by the Company in cash to the extent necessary if:
  - (A) the Company is limited or prohibited from issuing or acquiring (as agent or otherwise on behalf of the Investment Manager) Ordinary Shares by any Applicable Requirement;
  - (B) to the extent that the acquisition of the Performance Shares would require the Investment Manager or any member of the Investment Manager's Group (individually or as a group) to make a mandatory bid under Rule 9 of the Takeover Code; or
  - (C) where applicable, the Company does not have authority to issue the relevant Ordinary Shares on a non-pre-emptive basis.
- (3) In respect of a Performance Fee payable which is attributable to C Shares and where the relevant Calculation Period ends on conversion of the relevant C Shares into Ordinary Shares only, the amount of the Performance Fee shall be calculated prior to conversion of the C Shares and accounted for as a liability of the C Shares when completing the conversion ratio in accordance with the Articles. However, the Performance Fee shall be paid in Ordinary Shares and not C Shares.

The Investment Manager shall neither offer, sell, contract to sell, pledge, mortgage, charge, assign, grant options over, or otherwise dispose of, directly or indirectly, any Performance Shares nor mandate a third party to do so on its behalf, or announce the intention to do so (together, a "**Disposal**") for a period of 12 months in respect of the first 25 per cent. of the Performance Shares; 24 months in respect of the next 25 per cent. of the Performance Shares; 36 months in respect of the next 25 per cent. of the Performance Shares; and 48 months in respect of the final 25 per cent. of the Performance Shares immediately following the relevant Payment Due Date in relation to such Performance Shares (the "**Lock-up Periods**"). To the extent that the Performance Shares are issued to any members of the Investment Manager's group or personnel, the Investment Manager shall procure that such persons are bound by similar restrictions on Disposal for the Lock-Up Periods (and that the Company and each of its subsidiaries from time to time has third party rights to enable any of them to enforce such restrictions on Disposal) (the "**Lock-up Restrictions**").

The Lock-up Restrictions shall not apply where the Investment Manager has:

- (1) accepted a general offer for the issued share capital of the Company made in accordance with the Takeover Code (a "**General Offer**");
- (2) sold the Performance Shares to an offeror or potential offeror during an offer period (within the meaning of the Takeover Code);



- (3) made any Disposal pursuant to an offer by the Company to purchase its own Ordinary Shares where such an offer is made on identical terms to all holders of Ordinary Shares in the Company;
- (4) made any Disposal through the implementation of any scheme of arrangement by the Company or other procedure to effect an amalgamation to give effect to a General Offer;
- (5) sold or transferred the Performance Shares pursuant to an order made by a court with competent jurisdiction or where required by applicable law or regulation; or
- (6) made a Disposal pursuant to any decision or ruling by an administrator, administrative receiver or liquidator appointed to the Investment Manager in connection with a winding-up or liquidation of the Investment Manager.

Any Performance Fee payable in respect of the C Shares shall be payable in C Shares for as long as the C Shares are outstanding, and if the C Shares have converted between becoming due and being paid, the fee shall be paid in Ordinary Shares using the applicable conversion ratio for such C Shares. Any Performance Fee payable in respect of the Realisation Shares shall be payable in Realisation Shares of that class.

### ***Other fees and expenses***

The Company will also incur further on-going annual fees and expenses, which will include the following:

- *Joint Brokers*  
N+1 Singer and Winterflood Investment Trusts (a division of Winterflood) have been appointed as joint corporate brokers to the Company. Under the terms of their respective Broker Agreements, the Joint Brokers are each entitled to a fee of £50,000 per annum (exclusive of VAT).
- *Administrator*  
Under the terms of the Administration Agreement, the Administrator is entitled to customary annual fees in respect of: (i) valuation and accounting services; (ii) tax reporting and other administration services; and (iii) the company secretarial services it will provide. The Administrator is also entitled to recover third party expenses and disbursements.
- *Registrar*  
The Registrar shall be entitled to receive an annual registration fee from the Company based on activity, subject to an annual minimum charge. Other registrar activity will be charged for in accordance with the Registrar's normal tariff as published from time to time.
- *Directors*  
The Directors will be remunerated for their services at a fee of £35,000 per annum (plus an additional £10,000 for the Chairperson and an additional £5,000 for the chairperson of the Audit Committee). Further information in relation to the remuneration of the Directors is set out in Part VIII of this Prospectus.
- *Other operational expenses*  
All other ongoing operational expenses (excluding fees and expenses paid to service providers as detailed above) of the Company will be borne by the Company including, without limitation, the incidental costs of making its investments and the implementation of its investment objective and policy (including any fees or commissions payable to intermediaries in respect of the sourcing of investments and any fees or commissions payable to any due diligence agents or other specialists engaged by the Investment Manager in connection with the implementation of the investment policy); travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit and legal fees; and annual listing fees. All out of pocket expenses that are reasonably and properly incurred, of the Investment Manager, the Administrator and the Registrar and the Directors relating to the Company will be borne by the Company.

## Part IV

### The Investment Manager, Process and Strategy

#### **The Investment Manager**

FlowStream Investment Management Ltd serves as the investment manager of the Company and is registered to conduct fund services business pursuant to the FSJ Law. The Investment Manager is regulated by the JFSC. The Investment Manager was established on 25 March 2019 and is registered in Jersey.

The Investment Manager is a wholly-owned subsidiary of FlowStream Group Ltd. FlowStream Commodities Ltd, which is also wholly-owned by FlowStream Group Ltd, will provide business development and due diligence services and back office and operations support to the Investment Manager, including legal, compliance, accounting, information technology, administration and investor relations services.

Details of the directors of the Investment Manager are set out below.

#### ***Directors of the Investment Manager***

##### *Jan Laubjerg*

Jan is co-founder, Chairman and Chief Executive Officer of FlowStream Group Ltd and a Principal and co-founder of the Investment Manager providing advisory oversight. Before founding FlowStream Commodities Ltd in 2013, Jan spent his career focused on advising oil and gas companies on M&A and capital raising. Immediately prior to FlowStream Commodities, Jan was Co-Head of Natural Resource and Head of Oil & Gas, EMEA for Nomura International. He joined Nomura post its acquisition of Lehman, having spent the majority of his career at Goldman Sachs, which he left as Managing Director responsible for upstream oil and gas clients across EMEA. Jan has acted for all forms of oil and gas clients, on largely all forms of deals, across six different continents. Prior to going to business school, Jan was a management consultant with Booz Allen & Hamilton. Jan has a MBA from INSEAD and a MA/BA from Cambridge University.

##### *Ben Iversen*

Ben is co-founder and Chief Financial Officer of FlowStream Group Ltd and a Principal and co-founder of the Investment Manager providing advisory oversight. Having spent over 25 years in investment banking in London, Hong Kong and Singapore, Ben has a deep expertise in all matters related to equity and equity-linked financing. His last role in banking, before founding FlowStream in 2013, was as Co-Head of Equity Capital Markets, EMEA for Nomura International. Prior to joining Nomura, he held senior positions at Lehman Brothers, Merrill Lynch and Cazenove & Co, focused on bringing equity and equity-linked capital to fast growing companies. Ben has been involved with raising capital for banking clients across a wide range of geographies and industries with a particular focus on the natural resources sector. Ben has a MA/BA from Cambridge University.

##### *Peter Rioda*

Peter is an independent non-executive director and consultant. As a chartered accountant with over 20 years' experience, he was previously a director and shareholder of Sanne Group, leading their fund administration business and serving as director of regulated alternatives funds. Peter is a committee member of the Jersey Funds Association and is an active representative of industry, raising standards, developing new fund products and consulting on regulatory developments. Peter is regulated by the Jersey Financial Services Commission to provide director services and is registered to act as a director with the Cayman Islands Monetary Authority. Peter graduated from Warwick University with a BSc (First class) in Mathematics and Statistics and an MSc (Distinction) in Management Science and Operational Research.

### *Miguel Arraya*

Miguel is a Jersey based professionally qualified director, with extensive international experience working with financial services companies, both private and listed, investment manager and fund boards in Jersey and Guernsey, sovereign wealth funds, institutions and family offices. As an investment professional, he has spent much of his career in fixed income, structured finance and fund management at executive level. He is a non-executive director of a number of investment companies, investing in structured credit, macro hedge strategies, aircraft financing, and private equity. He has a MBA with distinction from the University of Southampton, a BA (Hons) in Economics and Accounting from the University of Newcastle-Upon-Tyne. He is a Chartered Wealth Manager and Chartered Fellow of the Chartered Institute for Securities & Investment, a Fellow of The Chartered Management Institute and a Chartered Director of the Institute of Directors. He also holds the International Capital Markets Association General Certificate. Miguel is regulated by the Jersey Financial Services Commission to provide director services.

### *Key Personnel*

The Investment Manager will have access to FlowStream's established team of highly qualified individuals with tenured expertise and experience in the origination of oil and gas investment opportunities; the technical evaluation of oil and gas reserves and operations; financial analytics; complex financial structuring; oil and gas specific accountancy; international oil and gas taxation; and contract law relevant to oil and gas as well as streaming and royalties. Most of the team has been in place and working together since 2014.

### **Investment Selection and Due Diligence**

The Investment Manager has the authority to make investment decisions on the Company's behalf without prior approval of the board (other than in case of proposed transactions with the Investment Manager or members of its group or other entities managed or advised by FlowStream). The Investment Manager will utilise FlowStream's extensive, industry-focused knowledge and contacts to identify, source, analyse and structure attractive investment opportunities for the Company. The Investment Manager will identify Royalties and advise the Company on the creation of Streams and other Investments on assets based upon in-depth, rigorous analysis of the underlying characteristics of the relevant assets and the credit characteristics of the counterparty.

### **Investment Process**

FlowStream has a five step process which is implemented around all potential new investments. This process has been refined over time based on the learnings and experiences of the FlowStream team since the founding of FlowStream Commodities in 2013. The investment process from origination through to signing is as follows:

**Step 1: Origination:** FlowStream will source opportunities through its extensive network of relationships with oil and gas companies, banks, advisors and other intermediaries.

**Step 2: Pre-NDA Stage:** A high-level review of the opportunity from a technical and commercial perspective will be carried out based on available information prior to entering into a Non-Disclosure Agreement ("NDA"). Upon completion of this review, the investment opportunity will be presented to the members of the Investment Manager's Investment Committee to ensure that the opportunity fits within the Company's investment policy and to ensure that there are no relevant conflicts of interest arising from, for example, working with another party on funding a potential acquisition.

Provided that no insurmountable issues arise during Step 2, FlowStream will usually then enter into a NDA with the counterparty.

**Step 3: Post NDA & Pre-Submission of Initial Terms:** Upon signing the NDA, the data provided by the counterparty to FlowStream will be reviewed by the relevant individuals at FlowStream available to the Investment Manager, including experts in oil and gas technical and commercial matters, financial structuring, legal due diligence, contract documentation, accounting and tax.

At this stage of the transaction, the key due diligence focus areas for the next stage will be identified for each of the due diligence workstreams. External advisors with the requisite experience and expertise are also identified at this stage. Given the unique nature of each proposed Investment, FlowStream, together with external advisors, will identify at this stage specific relevant due diligence focus areas and start to consider which specific risks may need to be mitigated through the structure of the contract.

The final stage in Step 3 is the creation of a non-binding, indicative termsheet by the deal team which will then be reviewed and approved by the Investment Committee of the Investment Manager. Assuming that the term sheet is approved by the Investment Committee, the term sheet will then be submitted to the potential transaction counterparty.

**Step 4: Agreement on Terms, Due Diligence & Documentation:** Typically, once the non-binding, indicative termsheet has been agreed with the potential transaction counterparty, the Company will then engage the recommended external advisors, as identified in Step 3.

During this stage of the process, the transaction documentation will be negotiated by FlowStream and the due diligence workstreams will be completed under the supervision of the relevant team members. Once concluded, a detailed investment proposal will then be presented to the Investment Committee of the Investment Manager for approval of the proposed investment.

If the Investment Committee approves the proposed transaction, the Investment Committee will advise the Board of the Investment Manager of its recommendation with respect to the transaction. The Board of the Investment Manager will then either approve the transaction and/or ask that further due diligence be carried out and/or request for the transaction documentation to be amended, or decline the deal.

**Step 5: Signing:** Based on the Investment Manager's decision in Step 4, the investment will either be finalised with the counterparty or terminated.

#### **FlowStream Track Record**

The FlowStream investment professionals available to the Investment Manager have, since the formation of FlowStream Commodities in 2013, reviewed over 550 investment opportunities in the upstream oil and gas sector in Europe, the Americas, Asia-Pacific, the Middle East and Africa. After completing extensive diligence and negotiation, the team has invested in Royalties and Streams in Asia and Europe with counterparties such as Cairn Energy plc (in respect of Streams over the Catcher and Kraken fields in the UK North Sea), Premier Oil plc (in respect of a Stream over the Solan field in the UK North Sea) and Oranje Nassau Energie BV (in respect of a Stream over the Breagh gas field in the UK North Sea). The Streams over the Catcher, Kraken, Solan and Breagh fields are four of the largest UK North Sea developments by independent operators in recent years.

On a portfolio basis, the FlowStream team has achieved a current cash on cash yield on its historical investments in excess of 20 per cent. on an annualised basis and an IRR in the high teens at various oil prices. It should be noted that the past performance of the FlowStream team should not be treated as an indication of the future performance of the Company.

#### **Selected Examples of FlowStream Transactions**

##### ***Stream with Cairn Energy PLC tied to the Kraken and Catcher oil fields***

FlowStream entered into a two tranche Stream with a wholly owned subsidiary of Cairn Energy PLC ("**Cairn**") for an aggregate amount of US\$200 million tied to Cairn's interests in the Kraken and Catcher fields on the UK Continental Shelf ("**UKCS**"). The Streams provide exposure to two of the largest, independent-led UKCS development projects. The Kraken oil field is a key asset within Cairn's UKCS portfolio and came into production in June 2017. The field is located in UKCS Block 9/2b within the P1077 licence, approximately 350 km north east of Aberdeen in 110m of water.

The Kraken Stream is an example of FlowStream structuring transactions that create asymmetric pay-off profiles (namely, maintaining an upside exposure whilst minimizing downside risk), as payments under the Kraken Stream are subject to step-downs with the following profile: (i) 100 per cent. share of a 4.5 per cent.

share of the Kraken's gross field revenue received until an IRR of 10 per cent. is realized; (ii) thereafter, the percentage share steps down to 30 per cent. of a 4.5 per cent. share until an IRR of 15 per cent. is realized; and (iii) thereafter, the percentage share steps down again to 15 per cent. of a 4.5 per cent. share until the end of the life of the Stream. A Stream constructed in this manner means a decrease in commodity prices results in a larger percentage of revenues being due over a longer period until the target step-down IRR is achieved. This in turn protects downside IRRs while keeping exposure to upsides in commodity prices and production.

At the time of entering into the transaction, Cairn's annual financials stated that Cairn had net cash of approximately US\$335 million and an undrawn US\$575 million reserves based loan, thus making it one of the best capitalised European based independents, with a wide range of alternative sources of capital available to it.

#### ***Stream with Premier Oil plc tied to the Solan oil field***

FlowStream entered into a US\$100 million Stream agreement with a wholly-owned subsidiary of Premier Oil plc ("**Premier**"), tied to Premier's Solan oil field on the UKCS. Under the terms of the Stream deed, FlowStream Commodities provided US\$100 million in cash to Premier in return for a fixed percentage of Premier's gross revenue from the Solan field (throughout its life) less transportation and marketing costs until a predetermined rate of IRR is achieved. As a result, under such a structure, a decrease in commodity prices which otherwise would result in fall in returns, will instead result in payments over a longer time period before the predetermined rate of return is met, resulting in an increase in net asset value.

The Solan oil field is a key asset within Premier's UKCS portfolio and came into production in April 2016. The field is located in UKCS Block 205/26a in Licence P164, approximately 150 km west of the Shetland Islands in 135m of water and is 100 per cent. owned and operated by Premier. The development of the Solan field included an innovative concept with a fixed platform and subsea storage tank which is designed to minimize downtime in production activity.

#### **Conflicts of Interest**

The Investment Manager is not subject to any contractual restriction that would prevent it from acting as the discretionary investment manager or investment adviser to an entity other than the Company provided that it continues to dedicate sufficient time and resources to its services to the Company in accordance with the requirements of the Investment Management Agreement.

In performing discretionary or advisory services for another client, the Investment Manager may incur duties which could give rise to a conflict of interest between the Company and third party entities managed or advised by it. In particular, there is a risk that the Investment Manager may have a conflict of interest as to the allocation of investment opportunities sourced by it or another FlowStream entity between the Company and third party entities managed or advised by the Investment Manager. In order to address such potential conflicts of interest, the Investment Management Agreement requires that the Investment Manager allocate investment opportunities in accordance with the policy set out below.

For so long as the Investment Manager (or another affiliate of the Investment Manager) acts as the Company's investment manager, the Investment Manager shall, save as provided for below, allocate all investment opportunities in the Principal Jurisdictions and that are in accordance with the Company's investment policy to the Company.

If the Board determines that the Company does not have funds sufficient to make the relevant Investment and will not undertake a further fundraising to fund the relevant Investment (having been given reasonable notice to make such determination) or where the percentage of the PDP reserves attributable to the relevant asset is less than 40 per cent. of the 2P reserves attributable to the relevant asset, FlowStream may allocate the Investment to other funds or managed accounts owned, managed or advised by it from time to time.

Notwithstanding the Investment Manager's general authority to enter into transactions on behalf of the Company (subject to, *inter alia*, compliance with the Company's investment policy), to the extent that it is

proposed for the Company to enter into a transaction with any company, partnership or other vehicle managed, advised or otherwise controlled by the Investment Manager or any member of its group, such transaction shall only be entered into with the prior approval of the Board.

## Part V

### The Initial Issue

#### The Initial Issue

The Company is targeting raising up to US\$250 million through the Initial Issue. The Initial Issue comprises the Initial Placing and the Offer for Subscription.

The total number of Ordinary Shares issued under the Initial Issue will be agreed by the Joint Bookrunners and the Investment Manager, in consultation with the Company, after taking into account demand for the Ordinary Shares, subject to a minimum of 100 million Ordinary Shares being issued under the Initial Issue in aggregate.

The actual number of Ordinary Shares to be issued pursuant to the Initial Issue is not known as at the date of this Prospectus but will be notified by the Company via an RNS announcement and published on the Company's website, prior to First Admission.

The Initial Issue is conditional on the raising of the Minimum Net Proceeds. In the event that the Company decides to lower the amount of the Minimum Net Proceeds, the Company will be required to publish a supplementary prospectus. If the Initial Issue does not proceed, subscription monies received under the Initial Placing and Offer for Subscription will be returned without interest at the risk of the applicant. The target Initial Issue size should not be taken as an indication of the number of Ordinary Shares to be issued.

The Directors have determined that the Ordinary Shares under the Initial Issue will be issued at a price equal to US\$1.00 per Ordinary Share.

The Initial Issue is not being underwritten.

The Initial Issue is designed to be suitable for institutional, professional, professionally-advised and knowledgeable investors seeking exposure to Royalties and Streams in the upstream oil and gas sector. The Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Ordinary Shares issued in the Initial Issue.

#### The Initial Placing

The Joint Bookrunners have agreed to use their respective reasonable endeavours to procure Placees to subscribe for Ordinary Shares in the Initial Placing on the terms and subject to the conditions set out in the Placing Agreement. Details of the Placing Agreement are set out in paragraph 9 of Part VIII of this Prospectus.

The terms and conditions which shall apply to any subscription for Ordinary Shares procured by the Joint Bookrunners pursuant to the Initial Placing are contained in Part IX of this Prospectus.

#### Investment Manager Personnel Investment

Certain directors and employees of the FlowStream group have indicated to the Company that they intend to either subscribe for, or acquire in the secondary market shortly after First Admission, 300,000 Ordinary Shares in aggregate (the Ordinary Shares subscribed for in the Initial Issue being the "**Investment Manager Personnel Investment**"). Such Ordinary Shares shall not be subject to any lock-up arrangements.



## The Offer for Subscription

Ordinary Shares are available to certain categories of investor under the Offer for Subscription. The Offer for Subscription is only being made in the UK and Jersey but, subject to applicable law, the Company may allot Ordinary Shares on a private placement basis to Offer for Subscription Applicants in other jurisdictions.

The terms and conditions of application under the Offer for Subscription are set out in Part X of this Prospectus and an Offer for Subscription Application Form is set out at the end of this Prospectus. These terms and conditions should be read carefully before an Offer for Subscription Application is made. Investors should consult their respective stockbroker, bank manager, solicitor, accountant or other financial adviser if they are in any doubt about the contents of this Prospectus.

Offer for Subscription Applications must be for a minimum subscription amount of US\$1,000 and thereafter in multiples of US\$100.

Completed Offer for Subscription Application Forms, accompanied by a cheque or banker's draft in US Dollars made payable to "LMS RE: FlowStream Royalties Ltd – 2019 OFS A/C" and crossed "A/C payee" for the appropriate sum must be posted or delivered by hand (during normal business hours) to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 24 September 2019. The Offer for Subscription will, unless extended or shortened, be closed at that time.

For Offer for Subscription Applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 24 September 2019 directly into the bank account detailed below. The payment instruction must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction (for example: MJ SMITH 01234 567 8910). Applicants must ensure that they transfer sufficient funds to cover any banking, transfer or other charges. Neither the Receiving Agent nor the Company accepts any liability for any such fees incurred on transfer of funds.

Bank:	Lloyds Bank plc
Sort Code:	30-20-12
A/C No:	11947214
A/C Name:	Flowstream Royalties LTD – 2019 CHAPS A/C
Currency:	US\$

The Receiving Agent cannot take responsibility for identifying payments without a unique reference nor where a payment has been received but without an accompanying Offer for Subscription Application Form.

Offer for Subscription Applicants choosing to settle their applications within CREST, that is, "delivery versus payment" (DVP), will need to input their instructions to Link Asset Services' Participant account (RA06) by no later than 11.00 a.m. on 1 October 2019, allowing for the delivery and acceptance of Ordinary Shares to be made against payment at the Initial Issue Price per Ordinary Share using the following CREST matching criteria set out below:

Trade date:	26 September 2019
Settlement date:	1 October 2019
Company:	FLOWSTREAM ROYALTIES LTD
Security description:	ORD NPV
SEDOL:	BJHPL85
ISIN:	JE00BJHPL856

Applicants wishing to settle DVP will still need to complete and submit a valid Application Form to be received by no later than 11.00 a.m. on 24 September 2019 (being the closing date, unless extended or shortened). You should tick the relevant box in section 1 of the Application Form.

Applicants can confirm their final allotment of shares by contacting the helpline on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Note: Link will not take any action until a valid DEL message has been alleged to the Participant account by the applicant/custodian.

No acknowledgement of receipt or input will be provided.

Applicants should also ensure that their agent/custodian has a sufficient “debit cap” within the CREST system to facilitate settlement in addition to their usual daily trading and settlement requirements.

In the event of late/non-settlement, the Company reserves the right to deliver shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer have been satisfied.

### **Conditions**

The Initial Issue is conditional, inter alia, on:

- (i) the Placing Agreement becoming wholly unconditional (save as to First Admission) and not having been terminated in accordance with its terms prior to First Admission;
- (ii) First Admission occurring by 8.00 a.m. on 1 October 2019 (or such date, not being later than 31 October 2019, as the Company, the Investment Manager and the Joint Bookrunners may agree) in respect of the Initial Issue; and
- (iii) the Initial Issue raising at least the Minimum Net Proceeds.

### **Pricing**

All Ordinary Shares issued pursuant to the Initial Issue will be issued at the Initial Issue Price.

### **Subscriber warranties**

Each subscriber of Ordinary Shares in the Initial Issue and each subsequent investor in the Ordinary Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraph 4 in Part IX to this Prospectus.

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

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

### **Scaling back and allocation**

The Directors are authorised to issue up to 250 million Ordinary Shares and/or C Shares pursuant to the Initial Issue. To the extent that applications under the Initial Issue exceed 250 million Ordinary Shares in aggregate, the Joint Bookrunners and the Investment Manager reserve the right but following consultation with the Company, to scale back applications in such amounts as they agree are appropriate. The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Initial

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

There will be no priority given to applications under the Initial Placing or Offer for Subscription Applications pursuant to the Initial Issue.

The Company will notify investors of the number of Ordinary Shares in respect of which their application has been successful and the results of the Initial Issue will be announced by the Company on or around 25 September 2019 via an RNS announcement.

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest within 14 days and after the deduction of any applicable bank charges by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto or, in the case of payment made by CHAPS, by a return credit to the remitting bank account. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

### **Initial Issue arrangements**

The Placing Agreement contains provisions entitling the Joint Bookrunners to terminate the Initial Placing and Offer for Subscription (and the arrangements associated with them) at any time prior to First Admission in certain circumstances. If this right is exercised, the Initial Issue and these arrangements will lapse and any monies received in respect of the Initial Issue will be returned to applicants without interest.

The Placing Agreement provides for the Joint Bookrunners to be paid commissions in respect of the Ordinary Shares to be allotted pursuant to the Initial Issue. Any commissions received by the Joint Bookrunners may be retained, and any Ordinary Shares subscribed for by the Joint Bookrunners may be retained, or dealt in, by them for their own benefit.

Further details of the terms of the Placing Agreement are set out in paragraph 9 of Part VIII of this Prospectus.

### **General**

The Net Proceeds, assuming target Gross Issue Proceeds of US\$250 million and that the costs and expenses of the Initial Issue are equal to 2 per cent. of the Gross Issue Proceeds (being the maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue), to the Company will amount to approximately US\$245 million, after the deduction of commissions relating to the Initial Issue and the other fees and expenses payable by the Company which are related to the Initial Issue which are expected to amount to US\$5 million in aggregate if 250 million Ordinary Shares are issued.

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and Jersey, the Company and its agents (and their agents) may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of the Prospectus and prior to First Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s). In the event that a supplementary prospectus is published prior to First Admission, potential investors in the Offer for Subscription will have a statutory right of withdrawal.

### **Clearing and settlement**

Payment for the Ordinary Shares, in the case of the Initial Placing, should be made in accordance with settlement instructions to be provided to Placees by the Joint Bookrunners. Payment for Ordinary Shares

applied for under the Offer for Subscription should be made in accordance with the instructions contained in the Offer for Subscription Application Form set out at the end of this Prospectus. To the extent that any application for Ordinary Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST following First Admission. In the case of Ordinary Shares to be issued in uncertificated form pursuant to the Initial Issue, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the Ordinary Shares following First Admission may take place within the CREST system if any Shareholder so wishes.

### **CREST**

CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. Upon First Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from First Admission in respect of the Ordinary Shares issued under the Initial Issue and it is expected that the Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Ordinary Shares following First Admission may take place within the CREST system if any Shareholder so wishes.

It is expected that the Company will arrange for Euroclear to be instructed on 1 October 2019 to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Ordinary Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Ordinary Shares out of the CREST system following the Initial Issue should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for Ordinary Shares in the Initial Issue may elect to receive Ordinary Shares in uncertificated form if such investor is a system-member (as defined in the Regulations) in relation to CREST. If a Shareholder or transferee requests Ordinary Shares to be issued in certificated form and is holding such Ordinary Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Shareholders holding definitive certificates may elect at a later date to hold such Ordinary Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

### **First Admission and dealings**

First Admission is expected to take place and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 1 October 2019 in respect of the Initial Issue. There will be no conditional dealings in the Ordinary Shares.

The ISIN of the Ordinary Shares is JE00BJHPL856 and the SEDOL code is BJHPL85.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the NAV per Ordinary Share.

Where applicable, definitive share certificates in respect of the Ordinary Shares are expected to be despatched, by post at the risk of the recipients, to the relevant holders, approximately two weeks after First Admission. The Ordinary Shares are in registered form and can also be held in uncertificated form. Prior to the despatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

### **Use of proceeds**

The Directors intend to use the Gross Issue Proceeds of the Initial Issue, after paying the expenses (including the Initial Issue commissions) of the Initial Issue, to make Investments sourced by the Investment Manager in line with the Company's investment policy as well as to pay the Company's ongoing operational expenses. Such expenses include (i) acquisition costs and expenses (such as due diligence costs, legal, tax advice and taxes); (ii) the Management Fee and Performance Fee (if applicable); (iii) Directors' fees; and (iv) other operational costs and expenses. Suitable acquisition opportunities may not be immediately available. It is likely, therefore, that for a period following First Admission and at certain other times, the Company will have surplus cash. The Company may also pay dividends or make distributions in accordance with the Company's dividend policy.

The Directors expect that the annual running costs of the Company (excluding the Management Fee and Performance Fee (if applicable)) will initially be approximately US\$1.64 million per annum assuming Gross Issue Proceeds of US\$250 million and assuming a GBP:USD exchange rate of £1.00:US\$1.30. The Company will use the Net Proceeds of the Initial Issue initially to meet its running costs as necessary prior to making any Investments.

### **Purchase and transfer restrictions**

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Ordinary Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager or the Joint Bookrunners.

The Company has elected to impose the restrictions described below on the Initial Issue and on the future trading of the Ordinary Shares so that the Company will not be required to register the offer and sale of the Ordinary Shares under the Securities Act and will not have an obligation to register as an investment company under the Investment Company Act and related rules and also to address certain ERISA, Internal Revenue Code and other considerations.

These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Ordinary Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the Ordinary Shares made other than in compliance with the restrictions described below.

The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered and sold solely outside the United States to non-US Persons (as defined in Regulation S) in "offshore transactions" within the meaning of, and in reliance on, Regulation S.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the Ordinary Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

## Part VI

### The Placing Programme

#### 1. The Placing Programme

The Directors have been authorised to issue and allot Ordinary Shares and/or C Shares pursuant to the Placing Programme provided that the aggregate number of Ordinary Shares and/or C Shares issued pursuant to the Initial Issue and the Placing Programme shall not exceed 750 million. The Directors will not have to offer the Shares issued pursuant to the Placing Programme to existing Shareholders first (to the extent that Ordinary Shares are issued at a Placing Programme Price equal to or greater than the applicable NAV per Ordinary Share). The total number of Shares issued under the Placing Programme will be agreed by the Investment Manager and the Joint Bookrunners, in consultation with the Company, after taking into account demand for the Shares.

The Placing Programme is being implemented to satisfy market demand and to enable the Company to raise additional capital in the period from 16 July 2019 to 15 July 2020 should the Board determine that market conditions are appropriate. The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue and allot Ordinary Shares and/or C Shares over a period of time.

The number of Shares available under the Placing Programme is intended to provide flexibility and should not be taken as an indication of the number of Shares to be issued. Any issues of Shares under the Placing Programme will be notified by the Company through an RNS announcement and the Company's website prior to each Programme Admission.

The Placing Programme is not being underwritten. The terms and conditions which shall apply to any subscription for Shares pursuant to the Placing Programme are contained in Part IX of this Prospectus.

The Placing Programme is designed to be suitable for institutional, professional, professionally-advised and knowledgeable investors seeking exposure to Royalties and Streams in the upstream oil and gas sector. The Shares may also be suitable for investors who are financially sophisticated, non-advised investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Shares issued on the Placing Programme.

#### 2. Conditions

The Placing Programme is conditional, *inter alia*, on:

- (i) the applicable Placing Programme Price being agreed by the Company, the Investment Manager and the Joint Bookrunners (to the extent that Ordinary Shares are to be issued) as described below;
- (ii) Programme Admission occurring in respect of the relevant issue of Shares under the Placing Programme; and
- (iii) to the extent required under the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company.

In circumstances where these conditions are not met, the relevant issue of Shares pursuant to the Placing Programme will not take place.

#### 3. Pricing

The Placing Programme Price will be agreed by the Company, the Investment Manager and the Joint Bookrunners (to the extent that Ordinary Shares are to be issued). In determining the Placing Programme Price, the Directors will also take into consideration, *inter alia*, the prevailing market conditions at that time.



The Placing Programme Price in respect of Ordinary Shares will be notified via an RNS announcement as soon as practicable in conjunction with each issue.

C Shares issued under the Placing Programme will be issued at a Placing Programme Price of US\$1.00 per C Share.

Ordinary Shares issued under the Placing Programme will be issued at a price agreed by the Company, the Investment Manager and the Joint Bookrunners by reference to the prevailing cum-dividend NAV per Ordinary Share and a sufficient premium to cover the costs and expenses of the relevant Subsequent Placing (including without limitation, any placing commissions) and having regard to prevailing market conditions.

#### **4. Voting dilution**

If 500 million Ordinary Shares are issued pursuant to the Placing Programme, assuming that 250 million Ordinary Shares were issued in the Initial Issue and that Shareholders immediately after First Admission do not subscribe for Shares in the Placing Programme, there would be a dilution of approximately 200 per cent. in the voting control of existing Shareholders immediately after the Initial Issue.

#### **5. Subscriber warranties**

Each subscriber of Shares in the Placing Programme and each subsequent investor in the Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgements and arrangements set out in paragraph 4 in Part IX of this Prospectus.

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

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

#### **6. Scaling back and allocation**

The Directors are authorised to issue and allot up to an aggregate maximum of 750 million Ordinary Shares and/or C Shares pursuant to the Initial Issue and the Placing Programme. To the extent that commitments under the Placing Programme, when taken with the number of Ordinary Shares issued pursuant to the Initial Issue, exceed 750 million Ordinary Shares and/or C Shares in aggregate, the Joint Bookrunners and the Investment Manager reserve the right, but following consultation with the Company, to scale back applications in such amounts as they agree are appropriate. The Company reserves the right to decline in whole or in part any application for Shares pursuant to the Placing Programme. Accordingly, applicants for Shares may, in certain circumstances, not be allotted the number of Shares for which they have applied.

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

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

#### **7. Placing Programme arrangements**

Arrangements in respect of any issue of Shares under the Placing Programme will be entered into prior to the relevant Programme Admission.



## **8. General**

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and Jersey, (the Company and its agents (and their agents) may require evidence in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of the Prospectus and prior to 15 July 2020, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

## **9. Clearing and settlement**

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

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

## **10. CREST**

CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. Upon First Admission, the Articles will permit the holding of Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from First Admission in respect of the Ordinary Shares issued under the Initial Issue and it is expected that the Ordinary Shares will be admitted with effect from that time. Accordingly, settlement of transactions in the Ordinary Shares following First Admission may take place within the CREST system if any Shareholder so wishes. Prior to the issue of any C Shares, application will be made for the C Shares to be admitted to CREST with effect from the applicable Programme Admission.

The transfer of Shares out of the CREST system following an issue of Shares under the Placing Programme should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for Shares under the Placing Programme may elect to receive Shares in uncertificated form if such investor is a system-member (as defined in the Regulations) in relation to CREST. If a Shareholder or transferee requests Shares to be issued in certificated form and is holding such Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Shares. Shareholders holding definitive certificates may elect at a later date to hold such Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

## **11. Programme Admission and dealings**

There will be no conditional dealings in Shares prior to each Programme Admission.

The ISIN of the Ordinary Shares is JE00BJHPL856 and the SEDOL code is BJHPL85. The ISIN of the C Shares is JE00BJHPLC93 and the SEDOL code is BJHPLC9.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the issue Shares.

Accordingly, the dealing price of the Shares may not necessarily reflect changes in the NAV per Ordinary Share or C Share (as applicable).

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

## **12. Use of proceeds**

The Directors intend to use the net proceeds of the Placing Programme to make Investments sourced by the Investment Manager in line with the Company's investment policy as well as to pay ongoing operational expenses. Suitable acquisition opportunities may not be immediately available. It is likely, therefore, that for a period following each Programme Admission and at certain other times, the Company will have surplus cash. The Company may also pay dividends or make distributions in accordance with the Company's dividend policy.

The net proceeds of the Placing Programme are dependent, *inter alia*, on:

- (i) the Directors determining to proceed with an issue of Shares under the Placing Programme;
- (ii) the level of subscriptions received; and
- (iii) the Placing Programme Price determined in respect of each Subsequent Placing.

## **13. Purchase and transfer restrictions**

This Prospectus may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to acquire or subscribe securities in the United States or in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager or the Joint Bookrunners.

The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Shares in the United States. The Shares are being offered and sold solely outside the United States to non-US Persons (as defined in Regulation S) in "offshore transactions" within the meaning of, and in reliance on, Regulation S.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

The Company has elected to impose the restrictions described above on the Placing Programme and on the future trading of the Shares so that the Company will not be required to register the offer and sale of the Shares under the Securities Act and will not have an obligation to register as an investment company under the Investment Company Act and related rules and also to address certain ERISA, Internal Revenue Code and other considerations.

These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the Shares made other than in compliance with the restrictions described above.

## Part VII

### Taxation

#### GENERAL

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise in relation to the Company and Shareholders. This is not a comprehensive summary of all technical aspects of the structure and is not intended to constitute legal or tax advice to investors. Prospective investors should familiarise themselves with, and where appropriate should consult their own professional advisers on, the overall tax consequences of investing in the Company. The statements relate to investors acquiring Shares for investment purposes only, and not for the purposes of any trade. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment in the Company is made will endure indefinitely. The tax consequences for each investor of investing in the Company may depend upon the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

#### JERSEY TAXATION

##### The Company

Under Article 123C of the Jersey Income Tax Law and on the basis that the Company is tax resident in Jersey, the Company (being neither a financial services company nor a specified utility company under the Jersey Income Tax Law at the date of this Prospectus) will be regarded as subject to Jersey income tax at a rate of zero per cent.

If the Company derives any income from either (a) the ownership or disposal of land in Jersey, or (b) from the importation of or supply in Jersey of hydrocarbon oils, such income will be subject to tax at the rate of 20 per cent. It is not expected that the Company will derive any such income.

##### Stamp duty

In Jersey, no stamp duty is levied on the issue, acquisition, ownership, exchange, sale, transfer or other disposition of the Shares between living persons except that stamp duty is payable on Jersey grants of probate and letters of administration, which will generally be required to transfer Shares on the death of a holder of such Shares. In the case of a grant of probate or letters of administration, stamp duty is levied according to the size of the deceased's net moveable estate (wherever situated in respect of a holder of Shares domiciled in Jersey, or situated in Jersey in respect of a holder of Shares domiciled outside Jersey). Such duties are payable in respect of the net value of the estate (as at the date of death) rounded up to the nearest £10,000 at a rate of 0.5 per cent. of the first £100,000 and 0.75 per cent. thereafter up to a maximum net value of £13,360,000. The rules for joint holders and holdings through a nominee are different and advice relating to this form of holding should be obtained from a professional adviser.

Jersey does not otherwise levy taxes upon capital, inheritances, capital gains or gifts nor are there otherwise estate duties.

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

##### Shareholders

Dividends on Shares may be paid by the Company (other than to Jersey residents) without withholding or deduction for or on account of Jersey income tax. Holders of Shares (other than Jersey residents) will not be subject to any tax in Jersey in respect of the holding, sale or other disposition of such Shares.

It should also be noted that the Jersey Income Tax Law contains provisions for the taxation of Jersey resident individual shareholders of Jersey tax resident companies. Advice should be obtained from a professional adviser in these circumstances.

### **Goods and Services Tax**

Jersey has a goods and services tax (“**GST**”) on goods and services supplied in the Island. The current GST rate is 5 per cent. On the basis that the Company has obtained international services entity status, the Company is not:

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

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

### **Information Reporting**

Information relating to the Shares in the Company and the Shareholders may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes. This may include (but is not limited to) information relating to the value of the shareholdings, amounts paid or credited with respect to such Shares, details of the holders or beneficial owners of the Shares and information and documents in connection with transactions relating to the Shares. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries.

Where a Shareholder fails to provide any requested information (regardless of the consequences), the Company reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory repurchase of the Shareholder’s Shares and withdrawal of Shareholder from the Company.

### **OECD consultations on changes in tax law**

Prospective investors in the Fund should be aware that the OECD published its Action Plan on Base Erosion and Profit Shifting (otherwise known as BEPS) in 2013, the final reports were published on 5 October 2015 and jurisdictions are starting to consider their response. Depending on how BEPS is introduced, changes to tax laws based on recommendations made by the OECD in relation to BEPS may, for example, result in: the restriction or loss of existing access by the Fund to tax relief under applicable double taxation agreements; the creation of a permanent establishment of the Fund or of investors in the Fund within a certain jurisdiction; or restrictions on permitted levels of deductibility of expenses (such as interest) for tax purposes. Such effects could lead to additional tax being suffered by the Fund, which may adversely affect the value of the investments held by investors in the Fund. There could also be additional tax reporting and disclosure obligations for investors.

In June 2016, Jersey became a BEPS Associate and a member of the BEPS inclusive framework, which allows Jersey to contribute to the overall development of the BEPS project.

### **Economic Substance**

The Taxation (Companies – Economic Substance) (Jersey) Law 2019 (the “**Substance Law**”) came into effect on 1 January 2019. The Substance Law addresses the concerns of the EU Code of Conduct Group (Business Taxation) regarding economic substance raised as part of the BEPS project.

The Substance Law requires that a Jersey tax resident company conducting relevant activities from which it receives gross income must satisfy the economic substance tests set out in that law. One of the relevant

activities within the scope of the Substance Law is fund management and, accordingly, the Investment Manager will be required to satisfy the substance tests.

The Substance Law provides progressive sanctions for non-compliance including financial penalties, disclosure and striking off from the register.

## **UNITED KINGDOM TAXATION**

The following paragraphs are intended only as a general guide and are based on current UK Tax legislation and HM Revenue & Customs (“**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 Shareholders who are resident in the UK, who are the absolute beneficial owners of their Shares and who hold their Shares as an investment. They do not address the position of certain classes of Shareholders such as dealers in securities, insurance companies or collective investment schemes or Shareholders who have acquired their Ordinary Shares in connection with an office or employment, who may be subject to special rules. If you are in any doubt as to your tax position or if you are subject to tax in a jurisdiction outside the UK, you should consult an appropriate professional adviser without delay.

Any statements made in respect of tax rates for individual UK Shareholders assume that the Shareholder is a UK resident individual who is neither a Scottish taxpayer nor a Welsh taxpayer. Different tax rates may apply to UK resident individuals who are Scottish taxpayers or Welsh taxpayers.

### **The Company**

The Directors intend that the affairs of the Company should be managed and conducted so that it does not become resident in the UK for UK taxation purposes. Accordingly, and provided that the Company does not carry on a trade in the UK through a permanent establishment, the Company will not be subject to UK income tax or corporation tax on its profits other than on any UK source income. Certain royalties, interest and other income received by the Company which has UK source may be subject to withholding taxes in the UK.

### **Shareholders**

#### ***Dividends***

For individual Shareholders resident in the UK, the first £2,000 of dividends and dividend distributions received or accumulated in each tax year are free of income tax (the “dividend allowance”).

Where an individual’s dividends and dividend distributions from all sources exceed the dividend allowance, the excess will be liable to income tax at the dividend tax rates reflecting the Shareholder’s highest rate of tax. These rates are currently 7.5 per cent. for basic rate taxpayers, 32.5 per cent. for higher rate taxpayers and 38.1 per cent. for additional rate taxpayers. Dividends received within a Shareholder’s dividend allowance count towards total taxable income and affect the rate of tax due on any dividends received exceeding it.

A UK resident corporate Shareholder will be liable to UK corporation tax (currently 19 per cent., and set to fall to 17 per cent. in April 2020) unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is likely that dividends will fall within one of such exempt classes for companies that are not small for the purposes of Part 9A of the Corporation Tax Act 2009. Companies which are small should not be subject to corporation tax on distributions received from the Company given that the 2018 UK and Jersey Double Taxation Treaty came into force for UK corporation tax purposes on 1 April 2019. UK resident corporate Shareholders are advised to consult their independent professional tax advisers to determine whether dividends received will be subject to UK corporation tax.

As explained below, the Directors have been advised that the Realisation Shares should constitute interests in an offshore fund for UK tax purposes. Investors should note that if a dividend is paid by the Company in

respect of the Realisation Shares, and at any time during an accounting period the Company fails to satisfy the “qualifying investments test” in respect of the Realisation Pool (see “Bond fund rules” below):

- For UK resident individual Shareholders, the dividend will be treated as the payment of interest for income tax purposes and no dividend tax credit will be available. The rates applying would be those applying to interest income (i.e. 20 per cent. for basic rate tax payers, 40 per cent. for higher rate taxpayers and 45 per cent. for additional rate taxpayers);
- For Shareholders within the charge to UK corporation tax, the holding of Realisation Shares will be deemed to be a loan relationship for corporation tax purposes and taxed accordingly (see the “Bond fund rules” below).

### **Chargeable gains**

This section on chargeable gains is subject to the “Offshore fund rules” and “Bond fund rules” below.

Individual Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal of their Ordinary Shares or Realisation Shares. Individuals generally compute their gains by deducting from the net sale proceeds the capital gains base cost in respect of their Ordinary Shares or Realisation Shares. The resulting gains will be taxable at the capital gains tax rate applicable to the individual (currently 10% for basic rate taxpayers and 20% for those whose total income and chargeable gains are above the higher rate threshold), and may be reduced by capital losses brought forward from previous tax years or losses in the year, and by annual exemptions (the annual exemption from capital gains tax for UK resident individuals is £12,000 for 2019/2020).

Shareholders within the charge to UK corporation tax may be subject to corporation tax on chargeable gains in respect of any gain arising on a disposal of their Ordinary Shares or Realisation Shares. Indexation allowance would usually apply to reduce any chargeable gain arising on disposals (although it would not create or increase an allowable loss), but the indexation allowance has been frozen with effect from 31 December 2017 and will therefore not be available to Shareholders.

Subject to the next paragraph (dealing with temporary non-residents) Shareholders who are not resident in the UK for UK tax purposes will not generally be subject to UK tax on chargeable gains, unless they carry on a trade, profession or vocation in the UK through a branch or agency or (in the case of a company) permanent establishment and the Ordinary Shares disposed of are used, held or acquired for the purposes of that branch, agency or permanent establishment. In addition, from April 2019 capital gains realised by non-residents on the disposal of UK land, or assets deriving at least 75 per cent. of their value from UK land, are subject to UK tax. Shareholders who are not resident in the UK may be subject to charges to foreign taxation depending on their personal circumstances.

A Shareholder who is an individual, who has ceased to have sole UK residence for tax purposes in the UK for a period of less than five years and who disposes of Ordinary Shares or Realisation Shares during that period may be liable to UK taxation on capital gains (subject to any available exemption or relief). If applicable, the tax charge will arise in the tax year that the individual returns to the UK.

### **Offshore fund rules**

The Directors have been advised that the Ordinary Shares should not constitute interests in an “offshore fund” but that the Realisation Shares should constitute interests in an “offshore fund” for the purposes of UK taxation and that the provisions of Part 8 of the Taxation (International and Other Provisions) Act 2010 should, therefore, apply to the Realisation Shares. However, the Company has not obtained confirmation of its position under the offshore fund rules from HMRC.

Where the offshore funds legislation applies and “reporting fund” status has not been obtained in respect of the Realisation Shares, any gain realised by a Shareholder on the disposal of the Realisation Shares is treated for UK tax purposes as an income receipt (an “offshore income gain”) at the time of disposal rather than a capital gain. However, this income treatment should not apply if reporting fund status is obtained in respect of the Realisation Shares.



If any Shareholders elect to re-designate their Ordinary Shares as Realisation Shares, the Directors intend to apply to HMRC to obtain “reporting fund” status in respect of the Realisation Shares. If the application is successful, the Directors intend to maintain reporting fund status in respect of the Realisation Shares for each financial period. Accordingly, any gain realised on the disposal of the Realisation Shares by UK resident Shareholders should be taxed as capital gain in the UK, rather than as income.

### **Bond fund rules**

Investors subject to UK corporation tax should note that if the Realisation Shares constitute an interest in an offshore fund and the Company fails the “non-qualifying investments test” in section 493 of the Corporation Tax Act 2009 in respect of the Realisation Pool, holdings of Realisation Shares by such investors will be treated as rights arising under a creditor relationship of the investor for the purposes of the loan relationship rules contained in Part 5 of the Corporation Tax Act 2009. In summary, those rules, if applicable, would result in all returns on the Realisation Shares in respect of such investor’s accounting period to be taxed or relieved as an income receipt or expense on a “fair value accounting” basis. Accordingly, investors subject to UK corporation tax who acquire Realisation Shares may, depending on their own circumstances, incur a charge to corporation tax on an unrealised increase in the value of the holding of Realisation Shares (and likewise, obtain relief against corporation tax for an unrealised reduction in the value of their holding of Realisation Shares).

### **C Shares**

The C Shares will convert into New Ordinary Shares on the basis of the Conversion Ratio as set at the Conversion Time, unless the Company exercises its discretion to redeem the C Shares prior to the Conversion Time. The conversion will be treated as a reorganisation of share capital for UK tax purposes. Accordingly, the New Ordinary Shares will be treated as the same asset as the Shareholder’s holding of C Shares and as having been acquired at the same time as the Shareholder’s holding of C Shares was acquired. The amount of subscription money paid (if any) for such New Ordinary Shares will be added to the base cost of the existing holding of C Shares. Subject to the paragraph below (dealing with temporary non-residents) Shareholders who are not resident in the UK for UK tax purposes will not generally be subject to UK tax on chargeable gains, unless they carry on a trade, profession or vocation in the UK through a branch or agency or (in the case of a company) permanent establishment and the Ordinary Shares disposed of are used, held or acquired for the purposes of that branch, agency or permanent establishment. However, Shareholders who are not resident in the UK may be subject to charges to foreign taxation depending on their personal circumstances.

A Shareholder who is an individual, who has ceased to have sole UK residence for tax purposes in the UK for a period of less than five years and who disposes of Ordinary Shares during that period may be liable to UK taxation on capital gains (subject to any available exemption or relief). If applicable, the tax charge will arise in the tax year that the individual returns to the UK.

### **Other UK tax considerations**

The attention of UK resident Shareholders is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 25 per cent. of the interests in the Company. This applies if the Company is a close company for the purposes of UK taxation. It is not anticipated that the Company would be regarded as a close company if it were resident in the UK although this cannot be guaranteed.

The attention of individual Shareholders resident in the UK for taxation purposes is drawn to the provisions of sections 714 to 751 of the Income Tax Act 2007. These sections contain anti-avoidance legislation dealing with the transfer of assets to overseas persons in circumstances which may render such individuals liable to taxation in respect of undistributed profits of the Company unless a defence applies and is claimed by the taxpayer.



The attention of corporate Shareholders resident in the UK is drawn to the controlled foreign companies legislation contained in Part 9A of the Taxation (International and Other Provisions) Act 2010. Broadly, a charge may arise to UK tax resident corporate Shareholders if the Company is controlled directly or indirectly by persons who are resident in the UK, it has profits which are attributable to its significant people functions and one of the exemptions does not apply.

The attention of Shareholders resident in the UK is drawn to the provisions of (in the case of a UK resident individual Shareholder) Chapter 1 of Part 13 Income Tax Act 2007 and (in the case of a UK resident corporate Shareholder) Part 15 of the Corporation Tax Act 2010, which give powers to HMRC to cancel tax advantages derived from certain transactions in securities.

#### **Stamp duty and stamp duty reserve tax (SDRT)**

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

No UK stamp duty or SDRT will be payable on the issue of the Ordinary Shares or C Shares or the re-designation of Ordinary Shares to Realisation Shares. UK stamp duty (at the rate of 0.5 per cent, rounded up where necessary to the next £5, of the amount of the value of the consideration for the transfer) is payable on any instrument of transfer of Ordinary Shares, C Shares and/or Realisation Shares executed within, or in certain cases brought into, the UK. Provided that Ordinary Shares, C Shares and/or Realisation Shares are not registered in any register of the Company kept in the UK and are not paired with shares issued by a UK company, any agreement to transfer Ordinary Shares, C Shares and/or Realisation Shares should not be subject to SDRT.

#### **ISAs and SIPPs**

UK resident individuals who are considering acquiring Ordinary Shares are recommended to consult their own tax and/or investment advisers in relation to the eligibility of the Ordinary Shares for Individual Savings accounts (“ISAs”) and self-invested pension plans (“SIPPs”).

New Shares allotted under the Offer for Subscription are eligible for inclusion in an ISA (subject to the applicable subscription limits set out below). New Shares allotted under the Initial Placing and Placing Programme are not eligible for inclusion in an ISA. However Ordinary Shares and C Shares acquired by an account manager by purchase in the secondary market, subject to applicable subscription limits, as set out below, will be eligible for inclusion in an ISA. The subscription limit for an ISA account is currently £20,000 (for the 2019/2020 tax year).

The Ordinary Shares and C Shares should also qualify as a permissible asset for inclusion in a SIPP, subject to the individual terms of that SIPP.

## Part VIII

### Additional Information

#### 1. The Company

- (a) The Company is an investment company limited by shares, incorporated in Jersey under the Companies Law on 25 March 2019, with registered number 128621. The Company is regulated by the JFSC as a certified fund pursuant to the CIF Law and the Jersey Listed Fund Guide. The registered office and principal place of business of the Company is IFC 5, St Helier, Jersey JE1 1ST, and the telephone number is +44 (0)1534 722787. The statutory records of the Company will be kept at this address. The Company operates under the Companies Law, has no employees and does not own any premises.
- (b) The registrars of the Company are Link Asset Services. They will be responsible for maintaining the register of members of the Company.

#### 2. Share and loan capital of the Company

- (a) On incorporation, the issued share capital of the Company was two Management Shares of no par value which were subscribed by Sanne Nominees Limited as Nominee for each of the Investment Manager and FlowStream Group Ltd, in such capacities being the subscriber to the Company's memorandum and Articles. The Management Shares are not redeemable and have been issued solely in order to satisfy the requirement of the Companies Law that, in order for a company to issue redeemable shares or convert non-redeemable shares into redeemable shares, it is necessary for there to be non-redeemable shares of the company in issue.
- (b) Set out below is the issued and paid up share capital of the Company as at the date of this Prospectus:

	<i>Aggregate issue price (US\$)</i>	<i>Number</i>
Management Shares of no par value	2	2

- (c) Set out below is the issued and paid up share capital of the Company as it will be following the Initial Issue (assuming that 250 million Ordinary Shares are allotted):

	<i>Aggregate issue price (US\$)</i>	<i>Number</i>
Management Shares of no par value	2	2
Ordinary Shares	250,000,000	250,000,000

- (d) The effect of the Initial Issue will be to increase the net assets of the Company. On the assumption that the Initial Issue is subscribed as to 250 million Ordinary Shares, the fundraising is expected to increase the net assets of the Company by a minimum of US\$245 million. The Initial Issue is expected to be earnings enhancing.
- (e) The Directors have absolute authority to allot the Shares under the Articles and are expected to resolve to do so shortly prior to First Admission in respect of the Ordinary Shares to be issued pursuant to the Initial Issue. Similarly, where any Shares are to be issued pursuant to the Placing Programme, the Directors will resolve to allot the relevant Shares shortly prior to the relevant Subsequent Admission.
- (f) Pursuant to a written special resolution of the subscriber to the memorandum and Articles dated 15 July 2019, pre-emption rights have been disapplied in respect of up to 750 million Ordinary Shares or C Shares (such figure to include the Ordinary Shares issued pursuant to the Initial Issue and the Shares to be issued pursuant to the Placing Programme). Such authority shall last until the second annual general meeting of the Company.

- (g) In addition to the authority described in paragraph (f) above, pursuant to a written special resolution of the Management Shareholders dated 15 July 2019, pre-emption rights have been disapplied in respect of up to a number of Ordinary Shares representing up to 20 per cent. of the Company's issued share capital immediately following First Admission, such authority lasting until the first annual general meeting of the Company.
- (h) Pursuant to a written special resolution of the Management Shareholders dated 15 July 2019, the Directors have been granted general authority to purchase in the market up to 37,475,000 Ordinary Shares (or, if lower, up to 14.99 per cent. of the Ordinary Shares in issue immediately following First Admission) at a price not exceeding the last reported NAV per Ordinary Share as at the time of purchase, and such purchases will only be made in accordance with: (a) the Listing Rules (with which the Company has undertaken to comply voluntarily), which currently provide that the maximum price to be paid per Ordinary Share must not be more than the higher of: (i) five per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of: (1) the price of the last independent trade; and (2) the highest current independent bid for an Ordinary Share on the trading venues where the market purchases by the Company pursuant to the authority conferred by that resolution will be carried out; and (b) the Companies Law, which provides among other things that any such purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time. The Directors intend to seek annual renewal of this authority from the Shareholders at the Company's AGMs.
- (i) The Shares will be issued and created in accordance with the Articles and the Companies Law. The nature of the right represented by Shares is that of an Ordinary Share or a C Share in the capital of the Company.
- (j) The Shares are in registered form and, from the relevant Admission, will be capable of being held in uncertificated form and title to such Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where the Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 days of the completion of the registration process or transfer of the Shares, as the case may be. Where Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 54 of this Prospectus, maintains a register of Shareholders holding their Shares in CREST.
- (k) No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- (l) The Ordinary Shares and the C Shares (if issued) will be admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange. The Shares are not listed or traded on, and no application has been or is being made for the admission of the Shares to listing or trading on, any other stock exchange or securities market.
- (m) The Shares are in registered form and, from First Admission or the relevant Programme Admission (as applicable), will be capable of being held in uncertificated form and title to such Shares may be transferred by means of a relevant system (as defined in the Regulations). Where the Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 Business Days of the completion of the registration process or transfer, as the case may be, of the Shares. Where Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 54 of this Prospectus, maintains a register of Shareholders holding their Shares in CREST.
- (n) Ordinary Shares are being issued pursuant to the Initial Issue at a price of US\$1.00 per Ordinary Share. No expenses are being charged to any subscriber or purchaser.

- (o) There are no provisions of Jersey law which confer rights of pre-emption in respect of the allotment of shares. The Articles do, however, contain pre-emption rights in relation to allotments of Shares for cash. As set out in paragraphs 2(f) and (g) above, the Company has disapplied these pre-emption rights in respect of a defined number of Ordinary Shares and C Shares. Such authorities shall last until the second annual general meeting and the first annual general meeting of the Company, respectively.
- (p) Each new Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing Share of the same class and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Share of the same class, as set out in the Articles. The Shares will be denominated in US Dollars.

### 3. Articles

3.1 Under the Companies Law, the capacity of the Company is not limited by anything in its memorandum or articles of association. The memorandum is available for inspection at the addresses specified in paragraph 1 of this Part VIII.

3.2 The following is a summary of certain provisions of the Articles of the Company:

#### 3.3 Definitions

The following definitions apply for the purposes of this Part VIII in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this Prospectus:

“**disclosure notice**” means a notice served by the Company requiring particulars of interests in Shares or of the identity of persons interested in Shares;

“**excepted transfer**” means, in relation to any share held by a member:

- (i) a transfer pursuant to acceptance of an offer made to all the members (or all the members other than the person making the offer and his nominees) of the Company to acquire those shares or a specified proportion of them, or to all the members (or all the members other than the person making the offer and his nominees) of a particular class of those shares to acquire the shares of that class or a specified proportion of them; or
- (ii) a transfer in consequence of a sale made through a recognised investment exchange (as defined in FSMA) or any other stock exchange outside Jersey or the United Kingdom on which the shares are normally traded; or
- (iii) a transfer which is shown to the satisfaction of the Board to be made in consequence of a bona fide sale of the whole of the beneficial interest in the share to a person who is unconnected with the member and with any other person appearing to be interested in the share;

“**prescribed period**” means:

- (i) in a case where the default shares represent at least 0.25 per cent of their class, 14 days; and
- (ii) in any other case, 28 days;

“**Regulations**” means the Companies (Uncertificated Securities) (Jersey) Order 1999 (as amended from time to time);

“**relevant restrictions**” mean in the case of a restriction notice served on a person with a 0.25 per cent. interest that: (i) the shares shall not confer on the holder any right to attend or vote either personally or by proxy at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company or to exercise any other right conferred by membership in relation to general meetings; (ii) the Board may withhold payment of all or any

part of any dividends or other moneys payable in respect of the shares and the holder shall not be entitled to receive shares in lieu of dividend; (iii) the Board may decline to register a transfer of any of the shares which are certificated shares, unless such a transfer is pursuant to an arm's length sale, and in any other case mean only the restriction specified in part (i) of this definition;

**"Relevant Share Capital"** means the Company's issued share capital of any class carrying rights to vote in all circumstances at general meetings of the Company, and for the avoidance of doubt: (i) where the Company's share capital is divided into different classes of shares, references to Relevant Share Capital are to the issued share capital of each such class taken separately; and (ii) the temporary suspension of voting rights in respect of shares comprised in the issued share capital of the Company of any such class does not affect the Relevant Share Capital calculation; and

**"relevant system"** means a computer-based system and procedures permitted by the Regulations, which enable title to units of securities to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters enables and includes, without limitation, CREST.

### 3.4 **Ordinary Shares**

#### 3.4.1 *Dividends*

Subject to the rights of holders of C Shares and Realisation Shares holders of Ordinary Shares are entitled to receive, and participate in any dividends or other distributions of the Company other than in relation to assets attributable to any Class of C Share or Realisation Share.

#### 3.4.2 *Winding-up*

On a winding-up of the Company, the holders of Ordinary Shares shall have the rights set out in the Articles, as summarised in paragraph 3.21 below.

#### 3.4.3 *Voting*

Subject to any special rights, restrictions or prohibitions regarding voting for the time being attached to any Ordinary Shares, holders of Ordinary Shares shall have the right to receive notice of and to attend, speak and vote at general meetings of the Company. For shareholder resolutions in respect of a winding up of the Company, each class of shares will vote as a separate class. For all other resolutions, the holders of Ordinary Shares, the Realisation Shares and each class of C Shares shall vote as one class.

Each Shareholder being present in person or by proxy shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy shall have one vote in respect of each Ordinary Share that they hold.

### 3.5 **C Shares, Management Shares and Realisation Shares**

The Directors may, if they consider it appropriate, issue further shares as "C Shares". C Shares constitute a temporary and separate class of shares which are issued at a fixed price determined by the Company. The rights attaching to the C Shares are set out in paragraph 3.23 of this Part VIII.

The rights attaching to the Management Shares and Realisation Shares are set out in paragraphs 3.24 and 3.25 this Part VIII, respectively.

### 3.6 **Share Capital**

3.6.1 The Company may issue an unlimited number of shares of no par value.

3.6.2 Subject to the provisions of the Companies Law and without prejudice to any rights attached to any existing shares or class of shares or to the provisions of the Articles, any share may be issued at an issue price determined by the Directors, with or without such preferred, deferred or other special rights or restrictions as the Directors may determine.

- 3.6.3 The Company may issue fractions of shares and any such fractional shares shall rank *pari passu* in all respects with the corresponding fraction of other Shares of the same class issued by the Company.
- 3.6.4 The Company may from time to time hold its own shares as treasury shares.
- 3.6.5 The Company may acquire its own Ordinary Shares. Any such Ordinary Shares acquired by the Company may be cancelled or may be held as treasury shares, subject to and in accordance with the Companies Law.
- 3.6.6 The Company may issue shares which are, or at the option of the Company or the holder are, liable to be redeemed and convert all or any class of its shares into redeemable shares.
- 3.6.7 The Company may issue shares which do not entitle the holder to voting rights in any general meeting or entitle the holder to restricted voting rights in any general meeting.
- 3.6.8 Whenever the capital of the Company is divided into different classes of shares the rights attached to any class may (subject to the terms of issue of the shares of that class) be varied:
- (A) with the consent in writing of the holders of at least 75 per cent. of the issued shares of that class; or
  - (B) with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- 3.6.9 For the purposes of paragraph 3.6.8(B) all the provisions of the Articles relating to general meetings of the Company apply, mutatis mutandis, to every such separate meeting except that:
- (A) the necessary quorum shall be one or more persons holding, or representing by proxy, not less than one third of the issued shares of that class; and
  - (B) any holder holding issued shares of the class, present in person or by proxy or, in the case of a corporate member, by its duly authorised representative, may demand a poll.
- 3.6.10 The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the terms of issue of such shares) be deemed not to be varied by the creation or issue of further shares ranking *pari passu* therewith and, for the avoidance of doubt, the issue of Ordinary Shares, C Shares and Realisation Shares shall not be treated as varying the rights attaching to any other class of Share in issue or by the exercise of any power under the disclosure provisions requiring holders of shares to disclose an interest in the Company's shares pursuant to the Articles.
- 3.6.11 Subject to the provisions of the Companies Law, the Articles, and any resolution of the Company, the Directors have general and unconditional authority:
- (A) to allot, issue (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with of unissued shares of the Company of an unlimited number or an unlimited aggregate value or rights to subscribe or convert any security into shares; or
  - (B) to sell, transfer or cancel any treasury shares held by the Company,
  - (C) in any such case to such persons, at such times and on such terms and conditions as the Directors may decide. The Directors may designate the unissued shares upon issue as Ordinary Shares, C Shares, Realisation Shares or such other class or classes of shares (and denominated in any currency or currencies as the Directors may

determine) or as shares with special or other rights as the Directors may then determine.

3.6.12 Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust and (except as otherwise provided by the Articles).

### 3.7 **Disclosure Notice**

3.7.1 Each member must comply with the notification obligations to the Company contained in Chapter 5 of the Disclosure Guidance and Transparency Rules including, without limitation, the provisions of DTR 5.1.2, as if the Company were a UK-issuer (and not a non-UK issuer) for the purposes of those provisions.

3.7.2 Where the holder of any shares comprised in the Relevant Share Capital in the Company, or any other person appearing to be interested in those shares, fails to comply within the relevant period with (i) any of its obligations under the paragraph above (so far as the Company is, or has become, aware) or (ii) any disclosure notice in respect of those shares or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, the Company may give the holder of those shares a further notice (a “**restriction notice**”) to the effect that from the service of the restriction notice those shares will be subject to some or all of the relevant restrictions, and from service of the restriction notice those shares shall, notwithstanding any other provision of the Articles, be subject to those relevant restrictions accordingly. For the purpose of enforcing the relevant restriction referred to in sub-paragraph (iii) of the definition of “relevant restrictions”, the Board may give notice to the relevant member requiring the member to change the relevant shares held in uncertificated form to certificated form by the time stated in the notice and to keep them in certificated form for so long as the Board requires. The notice may also state that the member may not change any of the relevant Shares held in certificated form to uncertificated form. If the member does not comply with the notice, the Board may authorise any person to instruct the authorised operator (as defined in the Regulations) to change the relevant shares held in uncertificated form to certificated form.

3.7.3 If after the service of a restriction notice in respect of any shares the Board is satisfied that all information required by any disclosure notice relating to those shares or any of them from their holder or any other person appearing to be interested in the shares the subject of the restriction notice has been supplied, the Company shall, within seven days, cancel the restriction notice. The Company may at any time at its discretion cancel any restriction notice or exclude any shares from it. The Company shall cancel a restriction notice within seven days after receipt of a notice in writing that the relevant Shares have been transferred pursuant to an arm’s length sale.

3.7.4 Where any restriction notice is cancelled or ceases to have effect in relation to any shares, any moneys relating to those shares which were withheld by reason of that notice shall be paid without interest to the person who would but for the notice have been entitled to them or as he may direct.

3.7.5 Any new shares in the Company issued in right of any shares subject to a restriction notice shall also be subject to the restriction notice, and the Board may make any right to an allotment of the new shares subject to restrictions corresponding to those which will apply to those Shares by reason of the restriction notice when such shares are issued.

3.7.6 Any holder of shares on whom a restriction notice has been served may at any time request the Company to give in writing the reason why the restriction notice has been served, or why it remains uncanceled, and within 14 days of receipt of such a notice the Company shall give that information accordingly.



- 3.7.7 If a disclosure notice is given by the Company to a person appearing to be interested in any share, a copy shall at the same time be given to the holder, but the failure or omission to do so or the non-receipt of the copy by the holder shall not invalidate such notice.

### 3.8 **Pre-emption rights**

- 3.8.1 Save to the extent that a special resolution disapplying the following pre-emption rights has been passed by Shareholders, the Company shall not allot and issue equity securities, nor sell them from treasury, for cash on any terms to a person unless:

- (A) it has made an offer to each person who holds equity securities of the same class in the Company to allot to him on the same or more favourable terms a proportion of those equity securities that is as nearly as practicable equal to the proportion in number held by him of the share capital of the Company of that class; and
- (B) the period during which any such offer may be accepted has expired or the Company has received a notice of the acceptance or refusal of every offer so made from such Shareholders,

provided that the Directors may impose such exclusions and/or make such other arrangements as they deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange in any territory or otherwise.

- 3.8.2 Securities that the Company has offered to allot to a holder of equity securities in accordance with sub-paragraph 3.8.1 above may be issued to him, or anyone in whose favour he has renounced his right to their allotment, without contravening the restriction referred to in sub-paragraph 3.8.1.

- 3.8.3 An offer required to be made by the Company pursuant to the restriction referred to in sub-paragraph 3.8.1 should be made by a notice in writing (given in accordance with the Articles) and must state a period of not less than 14 days during which it may be accepted and the offer shall not be withdrawn before the end of that period.

- 3.8.4 Shares held by the Company as treasury shares are disregarded for the purposes of the restriction referred to in sub-paragraph 3.8.1, so that the Company is not treated as a person who holds Shares; and equity securities held as treasury shares are not treated as forming part of the share capital of the Company.

- 3.8.5 Notwithstanding sub-paragraphs 3.8.1 to 3.8.4, the Directors may be given by virtue of a special resolution the power to issue, or sell from treasury, equity securities either generally or in respect of a specific issue, or sale from treasury, such that

- (A) sub-paragraph 3.8.1 shall not apply to the issue of Ordinary Shares, C Shares Realisation Shares or otherwise, or sale of Ordinary Shares, C Shares, Realisation Shares or otherwise from treasury; or
- (B) sub-paragraph 3.8.1 shall only apply to the issue of Ordinary Shares, C Shares, Realisation Shares or otherwise, or sale of Ordinary Shares, C Shares, Realisation Shares or otherwise from treasury with such modifications as the directors may determine; and
- (C) the authority granted by the special resolution may be granted for such period of time as the special resolution permits and such authority may be revoked, repealed or varied by a further special resolution,

provided that such special resolution must:

- (D) state the maximum number of equity securities in respect of which sub-paragraph 3.8.1 excluded or modified; and
  - (E) specify the date on which such exclusion or modifications will expire, which must be not more than five years from the date on which the resolution is passed.
- 3.8.6 Any such special resolution passed may:
- (A) be renewed or further renewed by a further special resolution for a further period not exceeding five years; and
  - (B) be revoked or varied at any time by a further special resolution.
- 3.8.7 Notwithstanding that any such special resolution may have expired, the Directors may issue or sell from treasury equity securities in pursuance of an offer or agreement previously made by the Company, if the special resolution enabled the Company to make an offer or agreement which would or might require equity securities to be issued or sold from treasury after it expired.
- 3.8.8 The restriction referred to in sub-paragraph 3.8.1 shall not apply in relation to the issue of:
- (A) bonus shares, shares issued in lieu of dividend or distribution, nor to a particular issue of equity securities if they are, or are to be wholly or partly paid otherwise than in cash; or
  - (B) equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of shares or a class of shares at such record date as the Directors may determine where the securities attributable to the interests of holders of shares or a class of shares are proportionate (as near as may be practicable) to the respective number of shares of that class held by them on such record date, subject to such conditions or other arrangements as the Directors may deem necessary or expedient.
- 3.8.9 The pre-emption rights described above have been disapplied in relation to the issue of Shares in connection with the Initial Issue and subsequent issues of Ordinary Shares and C Shares by the passing of the special resolution referred to in paragraph 2 of this Part VIII.

### 3.9 ***Transfer of shares***

- 3.9.1 Subject to the terms of the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. An instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Directors may, without assigning any reasons therefor, refuse to register the transfer of a certificated Share (whether fully paid or not).
- 3.9.2 Subject to the terms of the Articles, any member may transfer all or any of his uncertificated shares by means of a relevant system authorised by the Directors in such manner provided for, and subject as provided, in the Regulations or such as may otherwise from time to time be adopted by the Directors on behalf of the Company and the rules of any relevant system and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Shares to be transferred.
- 3.9.3 The Directors may, in their absolute discretion and without giving a reason, refuse to register any transfer of any share in certificated form or uncertificated form (subject to the paragraph below) irrespective of whether or not the share is fully paid or the Company has no lien over it.

- 3.9.4 The Directors may refuse to register a transfer of an uncertificated share to a person who is to hold it thereafter in certificated form in any case where the Company is entitled to refuse (or is excepted from the requirement) under the Regulations to register the transfer. The Company will not be required to enter the names of more than four joint holders in the register of members of the Company.
- 3.9.5 The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of Shares to be admitted to settlement by means of a relevant system.
- 3.9.6 Subject to the CREST Jersey Requirements and/or the rules of any other relevant system, the registration of transfers may be suspended by giving such notices as may be required by the rules of any relevant system at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.
- 3.9.7 If the directors so decide, the Company may charge a reasonable fee for the registration of any instrument of transfer or any other document relating to the title to any share.
- 3.9.8 If it shall come to the notice of the Directors that any shares are owned directly or indirectly by a Non-Qualified Holder, the Directors may serve a notice (a "**Transfer Notice**") upon the person (or any one of such persons where Shares are registered in joint names) appearing in the register as the holder (the "**Vendor**") of any of the shares concerned (the "**Relevant Shares**") requiring the Vendor within twenty-one days (or such extended time as in all the circumstances the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Directors, is not a Non-Qualified Holder (such a person being hereinafter called an "**Eligible Transferee**"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates pursuant to the provisions referred to in this sub-paragraph or sub-paragraph 3.9.9 below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.
- 3.9.9 If within twenty-one days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Directors, the Company may sell the Relevant Shares on behalf of the holder of them by instructing a member of the London Stock Exchange to sell them on arm's length terms to any Eligible Transferee or Eligible Transferees. For this purpose the Directors may authorise in writing any officer or employee of the Company or any officer or employee of the secretary of the Company or of any manager that may be appointed to transfer the Relevant Shares on behalf of the holder of them to the purchaser or purchasers and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser will not be bound to see the application of the purchase monies nor will its title to the Relevant Shares be affected by an irregularity or invalidity in the proceedings relating to the sale or by the price at which the Relevant Shares are sold. The net proceeds of the sale of the Relevant Shares will be received by the Company, whose receipt will be a good discharge for the purchase moneys, and will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the Relevant Shares for an amount equal to the net proceeds of transfer upon surrender by it or them, in the case of certificated Shares, of the certificate for the Relevant Shares which the Vendor shall immediately be obliged to deliver to the Company. No trust will be created in respect of the debt and no interest will be payable in respect of it. The Company will pay to the Vendor at its discretion or on demand by the Vendor the proceeds of transferring the Relevant Shares (less costs and expenses) but otherwise the Company will not be required to account for any money secured from the net proceeds of transfer which may be employed in the business of the Company or as it thinks

fit. The Company may register the transferee as holder or holders of the Relevant Shares at which time the transferee will become absolutely entitled to them.

- 3.9.10 A person who becomes aware that it is a Non-Qualified Holder shall forthwith, unless it has already received a Transfer Notice pursuant to the provisions of the Articles summarised in sub-paragraph 3.9.8 above, either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with the provisions of the Articles summarised in sub paragraph 3.9.8 above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.
- 3.9.11 Subject to the provisions of the Articles, the Directors will, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held by a Non-Qualified Holder. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than twenty-one days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any share held by such a holder or joint holders as being held by a Non-Qualified Holder.
- 3.9.12 The Directors will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions of the Articles summarised in sub-paragraphs 3.9.8 and/or 3.9.9 and/or 3.9.10 and/or 3.9.11 above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Directors at the relevant date provided that the said powers have been exercised in good faith.

### 3.10 *Notice of interest*

- 3.10.1 The Company may give notice to any person whom the Company knows or has reasonable cause to believe to be interested in shares or to have been so interested at any time during the three years immediately preceding the date on which the notice is issued. The notice may require the person to confirm that fact or (as the case may be) to state whether or not it is the case, and if he holds, or has during that time held, any such interest, to give such further information as may be required in accordance with the following provisions of this section. The notice may require the person to whom it is addressed to give particulars of his own present or past interest in the shares (held by him at any time during the three year period). The notice may require the person to whom it is addressed, where his interest is a present interest and another interest in the shares subsists, or another interest in the shares subsisted during that three year period at a time when his interest subsisted, to give, so far as lies within his knowledge, such particulars with respect to that other interest as may be required by the notice. The particulars referred to in this sub-paragraph include the identity of persons interested in the shares in question, and whether persons interested in the same shares are or were parties to either certain share acquisition agreements, or an agreement or arrangement relating to the exercise of any rights conferred by the holding of the shares. The notice may require the person to whom it is addressed, where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it. The information required by the notice must be given within such reasonable time as may be specified in the notice.
- 3.10.2 Where, in respect of any shares, any member or any other person appearing to be interested in such shares held by a member has been issued with a notice as summarised in sub-paragraph 3.10.1 (a “**statutory notice**”) and has failed in relation to any shares (the “**default**”

shares”) to comply with the statutory notice and to give the Company the information required by such notice within the prescribed period from the date of the statutory notice, then the Board may serve on the holder of such default shares a notice (a disenfranchisement notice) whereupon the following sanctions shall apply (unless the Board otherwise determines):

- (A) such member shall not with effect from the service of the disenfranchisement notice be entitled in respect of the default shares to be present or to vote (either in person or by representative or by proxy) either at any general meeting or at any separate general meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (B) where such shares represent not less than 0.25 per cent in number of the issued shares of their class (calculated exclusive of treasury shares):
  - (i) any dividend or other monies payable in respect of the default shares shall be withheld by the Company which shall not be under any obligation to pay interest on it and the member shall not be entitled to elect to receive shares instead of that dividend;
  - (ii) no transfer, other than an excepted transfer, of any shares in certificated form held by the member shall be registered unless:
    - (a) the member is not himself in default as regards supplying the information required; and
    - (b) the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer,

(and, for the purpose of ensuring this sub-paragraph can apply to all shares held by the member, the Company may, in accordance with the Regulations, issue a written notification to the operator of a relevant system requiring the conversion into certificated form of any shares held by the member in uncertificated form).

- 3.10.3 Any new shares in the Company issued in relation to default shares shall be subject to the same sanctions as apply to the default shares, and the Directors may make any right to an allotment of the new shares subject to sanctions corresponding to those which will apply to those shares on issue, provided that any sanctions applying to, or to a right to, new shares by virtue of this sub-paragraph shall cease to have effect when the sanctions applying to the related default shares cease to have effect (and shall be suspended or cancelled if and to the extent that the sanctions applying to the related default shares are suspended or cancelled) and provided further that sub-paragraph 3.10.2 shall apply to the exclusion of this sub-paragraph if the Company gives a separate notice under sub-paragraph 3.10.1 in relation to the new shares.
- 3.10.4 The Company may at any time withdraw a disenfranchisement notice by serving on the holder of the default shares a notice in writing to that effect (a “**withdrawal notice**”), and a disenfranchisement notice shall be deemed to have been withdrawn at the end of the period of seven days (or such shorter period as the Directors may determine) following the earlier of receipt by the Company of the information required by the statutory notice in respect of all the shares to which the disenfranchisement notice related, or receipt by the Company of notice that the shares have been transferred by means of an excepted transfer and the directors may suspend or cancel any of the sanctions at any time in relation to any shares.
- 3.10.5 Unless and until a withdrawal notice is duly served in relation thereto or a disenfranchisement notice in relation thereto is deemed to have been withdrawn or the

shares to which a disenfranchisement notice relates are transferred by means of an excepted transfer, the sanctions referred to in sub-paragraphs 3.10.2 and 3.10.4 shall continue to apply.

- 3.10.6 Where, on the basis of information obtained from a member in respect of any Share held by him, the Company issues a notice as detailed in sub-paragraph 3.10.1 to any other person and such person fails to give the Company the information thereby required within the prescribed period and the Board serves a disenfranchisement notice upon such person, it shall at the same time send a copy of the disenfranchisement notice to the holder of such Share, but the accidental omission to do so, or the non-receipt by the holder of the copy, shall not invalidate or otherwise affect the application of the provisions of the Articles summarised in sub-paragraphs 3.10.2 and 3.10.4.
- 3.10.7 In addition to the right of the Directors to serve notice on any person as summarised in sub-paragraph 3.7.2, the Directors may serve notice on any member requiring that member to promptly provide the Company with any information, representations, certificates or forms relating to such holder (or its direct or indirect owners or account holders) that the Directors determine from time to time are necessary or appropriate for the Company to:
- (A) satisfy any account or payee identification, documentation or other diligence requirements and any reporting requirements imposed under sections 1471 to 1474 of the US Code and the Treasury Regulations promulgated thereunder and any agreement relating thereto (including, any amendments, modification, consolidation, re-enactment or replacement thereof made from time to time) (“**FATCA**”) or the requirements of any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction (“**Similar Laws**”); or
  - (B) avoid or reduce any tax otherwise imposed by FATCA or Similar Laws (including any withholding upon any payments to such holder by the Company); or
  - (C) permit the Company to enter into, comply with, or prevent a default under or termination of, an agreement of the type described in section 1471(b) of the US Code or under Similar Laws.

If any member (a “**Defaulting Member**”) is in default of supplying to the Company the information referred to above within the prescribed period (which shall not be less than 28 days after the service of the notice), the continued holding of shares in the Company by the Defaulting Member shall be deemed to cause the Company a pecuniary disadvantage and as such the Defaulting Member shall be a Non-Qualified Holder. The directors shall be entitled to require such Non-Qualified Holder by notice in writing to sell or transfer his shares to a person who is an Eligible Transferee within 21 days of such notice and if such sale does not take place within such 21 day period the directors may then exercise their other discretions in respect of that Non-Qualified Holder.

### 3.11 ***Alteration of Capital***

The Company may by special resolution alter its share capital, including, *inter alia*, consolidating share capital, sub-dividing shares, cancelling untaken shares, converting shares into shares of a different currency and denominating or redenominating the currency of share capital.

### 3.12 ***Notice of General Meetings***

Any general meeting shall be called by at least 14 clear days’ notice. A general meeting may be deemed to have been duly called by shorter notice if it is so agreed: (i) in the case of an annual general meeting by all the members entitled to attend and vote thereat; and (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at that meeting, being a majority together holding not less than (a) 95 per cent. where a special resolution is to be considered; or (b) 90 per cent. for all other meetings, in each of cases (a) and (b), of the total voting rights of the members who have that right. The accidental omission to give notice of a



meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

### 3.13 ***Votes of Members***

3.13.1 Subject to any special rights, restrictions or prohibitions regarding voting for the time being attached to any shares, holders of shares shall have the right to receive notice of and to attend, speak and vote at general meetings of the Company. For shareholder resolutions in respect of amendments to the Articles or in respect of a winding up of the Company, each class of shares will vote as a separate class. For all other resolutions, the holders of Ordinary Shares, Realisation Shares and each class of C Shares and any other classes of shares having voting rights from time to time shall vote as one class.

3.13.2 Each shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall, upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall, have one vote in respect of each share that they hold.

### 3.14 ***Powers of Directors***

Subject to applicable law (including the provisions of the Companies Law) and the Articles and any direction given by special resolution, the business of the Company shall be managed by the Directors who may for that purpose exercise all the powers of the Company. The Board may delegate any of its powers to a person or to a committee consisting of more than one person (provided that a majority of the members of a committee shall be Directors).

### 3.15 ***Appointment and Retirement of Directors***

3.15.1 Unless otherwise determined by the Company by ordinary resolution, the number of Directors shall not be subject to any maximum but shall not be less than two. Directors may be appointed by ordinary resolution or by the Board.

3.15.2 Subject to the provisions of the Companies Law, the Directors may appoint one or more of their number to the office of Chairman of the Board, managing Director or to any other executive office for such period and upon such terms as they determine.

3.15.3 A Director may resign from office as a Director by giving notice in writing to that effect to the Company at its office, which notice shall be effective upon such date as may be specified in the notice, failing which upon delivery to the Company.

3.15.4 At each AGM of the Company, each Director shall retire from office and each Director may offer himself for election or re-election by the Shareholders.

### 3.16 ***Disqualification and Removal of Directors***

3.16.1 Unless fixed by ordinary resolution, a Director shall not be required to own shares as a condition of his appointment.

3.16.2 A Director's office shall be terminated if:

- (A) if the Director resigns his office by notice to the Company in accordance with the Articles;
- (B) forthwith if he is prohibited by the laws of Jersey from acting as a Director;
- (C) forthwith if he is made bankrupt or makes an arrangement or composition with his creditors generally;
- (D) forthwith if in the opinion of a registered medical practitioner by whom he is being treated he becomes physically or mentally incapable of acting as a Director or if in the opinion of all the other Directors, he is mentally incapable of acting as a Director;



- (E) forthwith if he is made subject to any law relating to mental health or incompetence, whether by court order or otherwise; or
- (F) forthwith if without the consent of the other Directors, he is absent from meetings of Directors for a continuous period of six months.

### 3.17 **Remuneration of Directors**

Unless otherwise determined by the Company by ordinary resolution, the Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed the annual equivalent of £500,000 per annum (or such sum as the Company in general meeting shall from time to time determine).

### 3.18 **Directors' Interests**

3.18.1 Subject to and in accordance with the Companies Law, a Director must disclose any direct or indirect interest which to a material extent conflicts or may conflict with the interests of the Company. An interested director must declare the nature and extent of his interest at the meeting of the Board at which the question of entering into the transaction or arrangement is first considered or if for any reason he fails to comply with that obligation, as soon as practical after that meeting by notice in writing delivered to the secretary of the Company.

3.18.2 A Director may vote at a meeting of Directors on any resolution concerning a matter in which that Director has an interest or duty, whether directly or indirectly, so long as that Director discloses his interest pursuant to the Articles. Subject to such disclosure, the Director shall be counted towards a quorum of those present at the meeting and, if the Director votes on the resolution, his vote shall be counted.

3.18.3 Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company, any subsidiary of the Company or any body corporate in which the Company is otherwise interested, the proposals may be divided and considered in relation to each Director separately and each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

3.18.4 If a Director has disclosed his interest in accordance with paragraph 3.18.1, he will not, by reason of his office be liable to account to the Company for any benefit realised by any such transaction or arrangement and no such transaction or arrangement will be avoided on the ground of any such interest or benefit.

### 3.19 **Dividends and Distributions**

3.19.1 Subject to the provisions of the Companies Law and the Articles, the Company may by ordinary resolution declare dividends and/or make distributions in accordance with the respective rights of the members and to any special rights to dividends or other relevant rights or remedies set out in the terms of issue of any class of shares.

3.19.2 No dividend or other distribution shall exceed the amount recommended by the Directors.

3.19.3 Subject to the provisions of the Companies Law, the Board may pay interim dividends.

3.19.4 A resolution declaring a dividend may, upon the recommendation of the Board, direct that payment of a dividend shall be satisfied wholly or partly by the issue of shares or the distribution of assets and the Board shall give effect to such resolution.

3.20 Except as otherwise provided by the rights attaching to shares, all dividends shall be apportioned and paid proportionately to the amounts paid on the shares during the period or part of the period in respect of which the dividend is paid.

- 3.20.1 No dividend or other moneys payable in respect of a share shall bear interest against the Company, unless otherwise provided by the rights attached to the share.
- 3.20.2 The Directors may deduct from any dividend or other moneys payable to any member in respect of a share, all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
- 3.20.3 If a dividend cannot be paid to a member or remains unclaimed within six weeks after it was declared or both, the Directors may pay it into a separate account in the Company's name and the Company shall not be constituted a trustee thereof. Any dividend which has remained unclaimed for ten years from the date when it became due for payment shall be forfeited, and cease to remain owing by, the Company.
- 3.20.4 The Directors are empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to divide.

### 3.21 ***Winding-Up***

Upon a winding-up of the Company:

- 3.21.1 the assets attributable to Ordinary Shares shall be divided amongst the holders of the Ordinary Shares pro rata to their holdings of Ordinary Shares;
- 3.21.2 the assets attributable to a class of C Shares shall be divided amongst the holders of the C Shares of such class pro rata according to their holdings of that class of C Shares;
- 3.21.3 the assets attributable to a class of Realisation Shares shall be divided amongst the holders of the Realisation Shares of such class pro rata according to their holdings of that class of Realisation Shares; and
- 3.21.4 subject to the Articles, the Company may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the members in specie and/or vest the whole or any part of the assets in trustees for the benefit of members.

### 3.22 ***Certain US and US related Tax Matters***

The Company is authorised to take any action it determines is desirable to comply with certain US tax provisions colloquially referred to as the Foreign Account Tax Compliance Act and any other law of any other jurisdiction relating thereto including laws promulgated pursuant to an intergovernmental agreement relating thereto (together, "**FATCA**"), and may enter into an agreement with the US Internal Revenue Service or the taxing and revenue services of any other country. The Company shall not pay any additional amounts to any person in respect of any withholding of taxes, including those relating to FATCA.

The Company is not required to make available the information necessary for any person to make a so-called "qualified electing fund" election under US tax law.

### 3.23 ***Terms of C Shares***

#### 3.23.1 *Definitions*

The following definitions apply for the purposes of this paragraph 3.23:

**"Calculation Time"** means, in relation to any class of C Shares, the earliest of:

- (i) the close of business on the date on which the Board becomes aware or is notified by the Investment Manager that at least 80 per cent. of the net proceeds (or such other percentage as the Directors and the Investment Manager shall determine as part of the terms of issue of any class of C Shares or otherwise) attributable to that class of C

Shares shall have been invested in accordance with the Company's Investment Objective and Policy;

- (ii) the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that such circumstances are in contemplation; or
- (iii) the close of business on such date as the Directors may determine to enable the Company to comply with its obligations in respect of Conversion of that class of C Shares; and
- (iv) the close of business on the Business Day following twelve months after the admission of the relevant class of C Shares to trading on the London Stock Exchange's Main Market for listed securities or such other time or date as may be determined by the Directors at the time at which the relevant class of C Shares are issued;

**"Conversion"** means, in relation to any class of C Shares, the conversion of that class of C Shares into New Ordinary Shares in accordance with the Articles;

**"Conversion Ratio"** means, in relation to each class of C Shares, A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

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

and

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

where:

**"C"** is the aggregate of the value of the assets and investments of the Company attributable to the relevant class of C Shares (as determined by the Directors) at the Calculation Time which is to be calculated in accordance with the Company's latest published valuation methodology and otherwise calculated in the same manner as the Net Asset Value was calculated as at the previous NAV Calculation Date;

**"D"** is the amount which (to the extent not otherwise deducted in the calculation of C) in accordance with the Company's latest published valuation methodology fairly reflects the amount of the liabilities attributable to the relevant class of C Shares of the relevant class at the Calculation Time (including, for the avoidance of doubt, the full amount of all dividends declared by not paid);

**"E"** is the number of shares of the relevant class of C Shares in issue at the Calculation Time (excluding any Shares held in treasury);

**"F"** is the aggregate of the value of all the assets and investments attributable to the Ordinary Shares (as determined by the Directors and calculated at the Calculation Time which is to be calculated in accordance with the Company's latest published valuation methodology and otherwise in the same manner as the Net Asset Value was calculated as at the previous NAV Calculation Date;

**"G"** is the amount which (to the extent not otherwise deducted in the calculation of F) in accordance with the Company's latest published valuation methodology fairly reflects the amount of the liabilities and expenses attributable to the Ordinary Shares (as determined by the Directors) at the Calculation Time (including, for the avoidance of doubt, the full amount of all dividends declared but not paid); and

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

Provided always that:

- (i) the directors shall be entitled to make such adjustments to the value or amount of A and/or B (including any of their constituent amounts) as it believes to be appropriate having regard to, among other things, the assets of the Company immediately prior to the proposed issue date for the New Ordinary Shares or the Calculation Time or to the reasons for the issue of the relevant class of C Shares of the relevant class;
- (ii) in relation to any class of C Shares, the directors may, in accordance with the terms of issue of such class, amend the definition of Conversion Ratio in relation to that class; and
- (iii) where valuations are to be made as at the Calculation Time and the Calculation Time is not a Business Day, the directors shall apply the provisions of this definition as if the Calculation Time were the preceding Business Day;

“**Conversion Time**” means, in relation to any class of C Shares, a time following the Calculation Time being the earlier of:

- (i) the opening of business on such Business Day as may be selected by the Directors provided that such day shall not be more than one month after the Calculation Time; and
- (ii) such date as the Directors may resolve should Force Majeure Circumstances have arisen or the Directors resolve that such circumstances have arisen or are in contemplation;

“**Force Majeure Circumstances**” means in relation to any class of C Shares as a class: (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant class with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are, proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest;

“**Net Asset Value**” or “**NAV**” means the net asset value of the Company or, if the context requires, the net asset value of the Company attributable to a specific Class of Shares, in each case calculated in accordance with the accounting and valuation policies of the Company from time to time;

“**NAV Calculation Date**” means 31 March, 30 June, 30 September and 31 December in each year or such other date as the Directors may, in their discretion, determine; and

“**New Ordinary Shares**” means the Ordinary Shares arising on conversion of any class of C Shares.

### 3.23.2 *Issue and Conversion of C Shares*

Subject to the Articles and the Companies Law, the Directors shall be authorised to issue C Shares of any class on such terms as they determine provided that such terms are consistent with the provisions of the Articles. The Directors shall, on the issue of each class of C Shares, determine the latest Calculation Time and Conversion Time together with any amendments to the definition of Conversion Ratio attributable to each such class. Following the Calculation Time in respect of each class of C Shares, the Directors shall select the

Conversion Time and effect Conversion in accordance with the Articles in order that the holders of C Shares become the holders of New Ordinary Shares in accordance with the Conversion Ratio.

Each class of C Shares, if in issue at the same time, shall be deemed to be a separate class of shares. The Board may, if it so decides, designate each class of C Shares in such manner as it sees fit in order that each class of C Shares and the assets and liabilities of such class can be identified.

#### 3.23.3 *Dividends*

The C Shareholders of any class of C Shares will be entitled to participate in such dividends of the Company as the Directors resolve to pay to such C Shareholders in relation to assets attributable to that class of C Shares.

The New Ordinary Shares arising on Conversion of the C Shares shall rank *pari passu* with the outstanding Ordinary Shares of the relevant class in issue at the Conversion Time for all dividends and other distributions declared after the Conversion Time save that, in relation to any classes of C Shares, the Directors may determine, as part of the terms of issue of such class, New Ordinary Shares arising on Conversion will not rank for any dividend declared by reference to a record date falling on or before the Conversion Time.

#### 3.23.4 *Rights as to capital*

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

- (A) first, the net assets of the Company (less the aggregate net assets of the Company attributable to the C Shares) shall be divided amongst the holders of the Ordinary Shares and Realisation Shares as if they comprised the assets of the Company available for distribution; and
- (B) secondly, the net assets of the Company attributable to each class of C Shares shall be divided amongst the holders of the C Shares of such class pro rata according to their holdings of the relevant class of C Shares.

#### 3.23.5 *Voting rights*

The C Shares carry the right to receive notice of and to attend, speak and vote at any general meeting of the Company. For Shareholder resolutions in respect of a winding up of the Company, each class of shares will vote as a separate class. For all other resolutions, the holders of Ordinary Shares, the Realisation Shares and each class of C Shares will vote as a separate class.

### 3.24 ***Terms of Management Shares***

#### 3.24.1 *Holders of Shares*

The Management Shares are held by the Investment Manager and FlowStream Group Ltd or their nominees and the Company will not issue Management Shares to anyone other than the Investment Manager and FlowStream Group Ltd or their nominees. Provided that should the Investment Management Agreement be terminated, the holders of the Management Shares will transfer those Management Shares to such persons as the Company may direct. Management Shares confer upon the holders thereof rights in a winding-up or repayment of capital in accordance with the Articles but do not confer any other rights to participate in the profits or assets of the Company.

### 3.24.2 *Voting rights*

For so long as there are any Ordinary Shares outstanding, holders of Management Shares shall have no right to receive notice of and to attend, speak and vote at general meetings of the Company. Where no Ordinary Shares are in issue and subject to any special rights, restrictions or prohibitions regarding voting for the time being attached to any Management Shares, holders of Management Shares have the right to receive notice of and to attend, speak and vote at general meetings of the Company and each holder being present in person or by proxy shall upon a show of hands have one vote and upon a poll one vote in respect of every Management Share that they hold.

### 3.25 ***Terms of Realisation Shares***

Subject to the rights attaching to the Ordinary Shares and the C Shares, the Realisation Shares shall have the following rights in the event that the Realisation takes place:

#### 3.25.1 *Dividends*

Holders of any class of Realisation Shares are entitled to participate in any dividends and other distributions of the Company as the directors may resolve to pay such holders in relation to assets attributable to that class of Realisation Shares (as determined by the directors) and for the avoidance of doubt, Ordinary Shares which are redesignated as Realisation Shares will not rank for any dividend or other distribution declared, paid or made on the Ordinary Shares after their redesignation.

#### 3.25.2 *Rights as to capital*

In the event of a winding up of the Company the surplus assets of the Company attributable to a class of Realisation Shares and available for distribution to the holders of Realisation Shares of such class (after payment of all other debts and liabilities of the Company) shall be distributed pro rata amongst the holders of that class of Realisation Shares according to their respective holdings and for the avoidance of doubt, Ordinary Shares which are redesignated as Realisation Shares will not be allocated surplus assets attributed to the Continuation Pool but will be allocated surplus assets attributed to the relevant Realisation Pool.

The cash received by the Company as a result of the realisation of assets comprised in the Realisation Pool will be returned to holders of the relevant class of Realisation Shares as soon as practicable through any of the following means or a combination thereof, at the discretion of the directors: capital distributions, share repurchases, redemptions and/or any other methods which the Directors may think fit.

#### 3.25.3 *Voting rights*

The holders of Realisation Shares will, subject to any terms on which any new Realisation Shares may for the time being be held, and to the provisions of the Articles, receive notice of, attend and vote at a meeting of the relevant class of Realisation Shares. For the avoidance of doubt, the holders of Realisation Shares will have no right to receive notice of, attend and vote at general meetings.

### 3.26 *Class consents and variation of rights*

Unless the terms on which a class of shares was issued state otherwise, the rights attaching to a class of shares may only be varied if one of the following applies:

- (A) the members holding not less than 75 per cent. of the issued shares of that class consent in writing to the variation; and
- (B) the variation is made with the sanction of a special resolution passed at a separate general meeting of the members holding the issued shares of that class.

#### 4. Compulsory Acquisition

The Companies Law provides that if an offer is made for the shares or any class of shares in the capital of a company and if, within four months after the date of such offer, the offer is approved or accepted by shareholders comprising not less than 90 per cent. in value of the shares affected, then the offeror may, within a period of two months immediately after the last day on which the offer can be approved or accepted, give notice to any dissenting shareholders informing them that it wishes to acquire their shares (an “**Acquisition Notice**”). Where an Acquisition Notice is given, the offeror is then entitled and bound to acquire the dissenting shareholders’ shares on the terms of the offer approved by the shareholders comprising not less than 90 per cent. in value of the shares affected; and where the terms of the offer provided a choice of consideration, the Acquisition Notice must give particulars of the choice and state (a) the period within which, and the manner in which, the dissenting shareholder must notify the offeror of his choice and (b) which consideration specified in the offer will apply if he does not so notify the offeror.

#### 5. Information on the Directors

- (a) Details of the names of companies and partnerships (excluding directorships of the Company) of which the Directors are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Prospectus:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Iain Macdonald	Premier Oil plc SUEK JSC Workforce Development Trust Well Worth Enterprises CIC	Fairfield Energy Ltd Molten Consulting Group TNK BP Ltd BP Pensions Ltd
Linda Beal	Aminex PLC Auxilia Limited Global Pricing Innovations Limited Kropz Plc Linda Beal Consulting LLP Orca Exploration Group Inc. San Leon Energy plc	Grant Thornton UK LLP Tax Systems plc
Monique O’Keefe	Actera Group Limited Cevian Capital II GP Limited Foresight Solar Fund Limited Jersey Financial Services Commission Kairos Wealth Limited Phoenix Spree Deutschland Limited	Board Apprentice Global Limited
Mark Tucker	CVC Credit Partners European Opportunities Limited Forten Asset Management Limited Long Lease Management Limited	

- (b) None of the Directors:

- (i) has any convictions in relation to fraudulent offences for at least the previous five years; or
- (ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation for at least the previous five years; or
- (iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.



## 6. Directors' and others' interests

- (a) The Directors currently have no interests in the share capital of the Company. Immediately following First Admission the interests (all of which are or will be beneficial unless otherwise stated) of the Directors in the ordinary share capital of the Company are as follows\*:

<i>Name of Director</i>	<i>Number of Ordinary Shares</i>	<i>Total issue price (US\$)</i>	<i>Percentage of issued share capital** (%)</i>
Iain Macdonald	15,000	15,000	0.006
Linda Beal	15,000	15,000	0.006
Monique O'Keefe	15,000	15,000	0.006
Mark Tucker	15,000	15,000	0.006

\* Assuming each of the Directors subscribes for the Ordinary Shares for which he or she has indicated an intention to subscribe and that the Initial Issue is fully subscribed

\*\* Assuming target Gross Issue Proceeds of US\$250 million

- (b) Save as disclosed in paragraph 6(a) above, immediately following First Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.
- (c) The voting rights of the Company's Shareholders are the same in respect of each Ordinary Share held.
- (d) As at the date of this Prospectus, the Company is not aware of any person who will, immediately following First Admission, hold five per cent. or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules of the FCA). Pending the allotment of Ordinary Shares pursuant to the Initial Issue, the Company is controlled by the Investment Manager and FlowStream Group Ltd. The Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company following first Admission.
- (e) The Directors are in addition to the Company, directors/partners of the companies listed in paragraph 5 of this Part VIII. The Articles contain provisions whereby a Director shall not vote, *inter alia*, in respect of any matter in which he or she has, directly or indirectly, any material interest. Save, in relation to the directorships listed in paragraph 5 of this Part VIII, there are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

## 7. Directors' Appointments

Under the terms of their appointments as non-executive Directors of the Company, each Director is entitled to an annual fee of £35,000 per annum. The Chairperson will be paid a further £10,000 per annum and the chairperson of the Audit Committee will be paid a further £5,000 in addition to this amount. The Directors may elect to apply the cash amount equal to their annual fee to subscribe for or purchase Shares. The Directors hold their office in accordance with the Articles and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The retirement, disqualification and removal provisions relating to the Directors (in their capacity as directors) are summarised in paragraph 3 of this Part VIII.

Under the terms of their appointments, the Company shall indemnify the Directors, *inter alia*, in respect of any losses, damages, actions, proceedings and liabilities arising from the proper performance of their duties except where such losses, damages, actions, proceedings and liabilities arise due to the Director's fraud or wilful misconduct.

## 8. Employees

The Company does not have any employees.

## 9. Material Contracts and Related Party Transactions

(a) The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material to the Company or have been entered into by the Company at any time and contain a provision under which the Company has any obligation or entitlement which is material to the Company at the date of this Prospectus:

- (i) A placing agreement dated 16 July 2019 entered into by, *inter alios*, the Company, the Investment Manager, each of the Directors and the Joint Bookrunners pursuant to which, subject to certain conditions, the Joint Bookrunners have agreed to act as joint bookrunners in respect of the Initial Issue and to use their respective reasonable endeavours to procure places for: (i) the Ordinary Shares to be issued pursuant to the Initial Placing; and (ii) Shares to be issued pursuant to Subsequent Placings under the Placing Programme.

The Placing Agreement is conditional on, among other things, First Admission occurring by 8.00 a.m. on 1 October 2019 (or such date as may be agreed between the Company, the Investment Manager and the Joint Bookrunners, not being later than 31 October 2019) in respect of the Initial Placing.

In respect of the Initial Placing, the Placing Agreement is further conditional upon raising the Minimum Net Proceeds. In the event that any of the conditions in the Placing Agreement are not met in respect of the Initial Placing or any Subsequent Placing, the Joint Bookrunners shall, amongst other things, not be under any obligation to complete the Initial Placing or relevant Subsequent Placing (as applicable), the Company shall withdraw its application for First Admission or the relevant Programme Admission (as applicable) (making an announcement in a form agreed with the Joint Bookrunners) and appropriate arrangements for the return of monies received shall be made.

In consideration for their services in relation to the Initial Issue and conditional upon completion of the Initial Issue, each of the Joint Bookrunners will be paid a customary commission based on the value of the Ordinary Shares subscribed for by investors procured by them under the Initial Issue, together with reimbursement for all out-of-pocket expenses properly incurred and documented by them in connection with the Initial Issue.

In consideration for their services in relation to the Placing Programme and conditional upon completion of the relevant Subsequent Placing, each of the Joint Bookrunners will be paid a customary commission based on the value of the Ordinary Shares and/or C Shares subscribed for by investors procured by them, together with reimbursement for all out-of-pocket expenses properly incurred and documented by them in connection with the relevant Subsequent Placing.

The Joint Bookrunners will also be paid a settlement fee in respect of investors not procured by them who settle through the Joint Bookrunners on the Initial Issue or any Subsequent Placing.

The Company, the Investment Manager and the Directors have in the Placing Agreement given certain customary warranties (subject, in the case of the Directors, to certain agreed caps), and the Company and the Investment Manager have agreed to provide customary indemnities, to the Joint Bookrunners.

- (ii) An agreement dated 16 July 2019 between the Company and the Investment Manager whereby the Investment Manager is appointed to act as investment manager of the Company. The Investment Manager has agreed to provide customary services of a discretionary investment manager that is also appointed as a non-EU AIFM to the Company.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to the Management Fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The Investment Manager is also entitled to a

Performance Fee in certain circumstances. Details of the Management Fee and Performance Fee are set out in Part III of this Prospectus under the sub-heading "Fees and expenses".

The Investment Management Agreement may be terminated by either party on not less than 12 months' notice, save that where the Company terminates the Investment Management Agreement, it will pay the Manager the Management Fee until the later of (a) the fifth anniversary of the Investment Management Agreement coming into effect and (b) the date that falls 12 months after notice of termination was given. The Investment Management Agreement may also be immediately terminated by either party in certain circumstances, such as a breach of its terms which is material in its context and the relevant party has failed to remedy that breach within 90 business days of notice requiring the same. The Company has also agreed to indemnify the Investment Manager for losses that the Investment Manager may incur in the performance of its duties pursuant to the Investment Management Agreement or otherwise in connection with the Company's activities that are not attributable to, *inter alia*, the gross negligence, wilful default, fraud or bad faith of, the Investment Manager.

- (iii) Broker Agreements dated 16 July 2019 between the Company and N+1 Singer and Winterflood Investment Trusts (a division of Winterflood), respectively pursuant to which the Joint Brokers will act as joint corporate brokers to the Company. As part of the engagement, each of the Joint Brokers has agreed, amongst other things, to advise on and co-ordinate an investor liaison programme for the Company, and to monitor and report to the Board where appropriate on the trading of the Shares and significant movements in its share price.

Each of the Joint Brokers shall be entitled to a fee of £50,000 per annum in respect of the first year following First Admission, payable quarterly. All fees and other expenses are exclusive of VAT, if any.

The Company has agreed to provide a customary indemnity to the Joint Brokers in their capacities as brokers against all losses which they may suffer or incur by reason of or arising out of or in connection with their respective engagements under the Broker Agreements.

- (iv) An agreement dated 16 July 2019 between the Company and the Administrator whereby the Administrator is appointed to act as administrator and company secretary of the Company.

Under the terms of the Administration Agreement, the Administrator is entitled to customary annual fees in respect of: (i) valuation and accounting services; (ii) tax reporting and other administration services; and (iii) the company secretarial services it will provide. The Administrator is also entitled to recover third party expenses and disbursements.

The Administration Agreement may be terminated by either party on 3 months' notice and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. The Administration Agreement contains customary indemnities from the Company in favour of the Administrator.

- (v) An agreement dated 16 July 2019 between the Company and the Registrar whereby the Registrar is appointed to act as registrar of the Company. The Registrar shall be entitled to receive an annual registration fee from the Company based on activity, subject to an annual minimum charge. The Registrar shall also be entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred and documented on behalf of the Company.

The Registrar Agreement shall continue in force unless and until terminated by either party giving to the other not less than three months' notice to terminate the same, such notice to expire on the third anniversary or any subsequent anniversary of the agreement's effective date (being the date of First Admission).

The maximum aggregate liability of the Registrar under the Registrar Agreement for any damage or other loss howsoever caused arising out of or in connection with the agreement or the provision of the services under the agreement will be limited to the lesser of £500,000 or an amount equal to five times the annual fee payable to the Registrar under the agreement. The limit of liability shall be calculated in accordance with the fee payable in force and agreed at such time as an event happened to give rise to a claim, and not at the date such event is discovered.

The Registrar Agreement contains customary indemnities from the Company in favour of the Registrar.

- (vi) An agreement dated 16 July 2019 between the Company and the Receiving Agent, pursuant to which the Receiving Agent is appointed to act as the Company's receiving agent in respect of the Offer for Subscription.

The Receiving Agent is entitled to a fixed fee professional advisory and processing fee (including all out-of-pocket expenses incurred by it in connection with its duties). These fees will be for the account of the Company.

The Receiving Agent Services Agreement shall continue in force until the services to be provided by the Receiving Agent in connection with the Offer for Subscription have been performed.

The maximum aggregate liability of the Receiving Agent under the Receiving Agent Services Agreement for any damage or other loss howsoever caused arising out of or in connection with the agreement or the provision of the services under the agreement will, in practice, be limited to an amount equal to five times the fee payable to the Receiving Agent.

The Receiving Agent Services Agreement contains customary indemnities from the Company in favour of the Receiving Agent.

- (b) Except with respect to the appointment letters entered into between the Company and each director and the Investment Management Agreement, the Company has not been a party to any related party transaction since its incorporation.

## **10. Working Capital**

Taking into account the Minimum Net Proceeds, the Company is of the opinion that the Company has sufficient working capital for its present requirements that is for at least the next 12 months from the date of this Prospectus.

## **11. Capitalisation and Indebtedness**

At the date of this Prospectus, the Company:

- (i) does not have any secured, unsecured or unguaranteed indebtedness, including direct and contingent indebtedness;
- (ii) has not granted any mortgage or charge over any of its assets; and
- (iii) does not have any contingent liabilities or guarantees.

As at the date of this Prospectus, the Company's issued share capital consists of two Management Shares of no par value.

## **12. No significant change**

There has been no significant change in the financial or trading position of the Company since its incorporation.

### **13. Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company or on the financial position or profitability of the Company.

### **14. General**

- (a) The Initial Issue will result in the existing Ordinary Share being diluted by 99.99 per cent. (assuming Gross Issue Proceeds of US\$250 million). None of the Ordinary Shares available under the Initial Issue are being underwritten.
- (b) The Initial Placing and each Subsequent Placing are being carried out on behalf of the Company by the Joint Bookrunners which are authorised and regulated in the United Kingdom by the Financial Conduct Authority.
- (c) The Investment Manager may be a promoter of the Company. Save as disclosed in paragraph 9 above no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- (d) Each of the Investment Manager and the Joint Bookrunners have given and not withdrawn their respective written consents to the issue of this Prospectus with references to its name in the form and context in which such references appear. The telephone number of the Investment Manager is +44 (0)1534 722787.
- (e) The Investment Manager accepts responsibility for: the information in Part IV of this Prospectus under the heading "FlowStream Track Record". The Investment Manager, having taken all reasonable care to ensure that such is the case, confirms that the information contained in Part IV of this Prospectus under the heading "FlowStream Track Record" is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.
- (f) Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (g) The Company has no existing interests in real property and has no tangible fixed assets which are material to its business.
- (h) Since incorporation, the Company has not made up any financial statements or published any financial information.
- (i) As at the date of this Prospectus, there are no interests that are material to the Initial Issue and Placing Programme and no conflicting interests.
- (j) As at the date of this Prospectus, neither the Company nor the Investment Manager (acting on behalf of the Company) has entered into any binding documentation in respect of any investments that may be made by the Company.
- (k) The Investment Manager was incorporated in Jersey on 25 March 2019, is registered in Jersey and has an issued share capital of £25,000.
- (l) The Administrator was incorporated in Jersey on 15 February 2013 with company number 112422 and an issued share capital of £500,000.
- (m) The Registrar was incorporated in Jersey on 6 March 1996.

## **15. Documents Available for Inspection**

Copies of the Articles, this Prospectus and the material contracts listed in Part VIII will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 15 July 2020.

A copy of this Prospectus has been submitted to the National Storage Mechanism and is available for inspection at <http://www.morningstar.co.uk/uk/NSM>. Copies of this Prospectus may be obtained, free of charge during normal business hours on any weekday (bank and public holidays excepted) at the Company's registered office up to and including 15 July 2020.

This Prospectus is dated 16 July 2019.

## Part IX

### Terms and Conditions of the Initial Placing and the Placing Programme

#### 1. Introduction

Each investor which confirms its agreement to subscribe for Ordinary Shares under the Initial Placing and/or any Subsequent Placing (as applicable) to the Joint Bookrunners (for the purposes of this Part IX, a “Placee”) will be bound by these terms and conditions and will be deemed to have accepted them.

Each of the Company and/or the Joint Bookrunners, as applicable, may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (for the purposes of this Part IX, a “Placing Letter”). The terms of this Part IX will, where applicable, be deemed to be incorporated into that Placing Letter.

#### 2. Agreement to Subscribe for Ordinary Shares/C Shares

Conditional on, amongst other things: (i) First Admission occurring and becoming effective by 8.00 a.m. (London time) on or prior to 1 October 2019 (or such time and/or date, not being later than 8.00 a.m. on 31 October 2019 as the Company, the Investment Manager and the Joint Bookrunners may agree) or the relevant Placing Programme Admission occurring in respect of any Subsequent Placing not later than 8.00 a.m. on such date as may be agreed between the Company, the Investment Manager and the Joint Bookrunners prior to the closing of the relevant placing, not being later than 15 July 2020; (ii) in the case of the Initial Placing, the Minimum Net Proceeds being raised pursuant to the Initial Placing; (iii) in the case of any issue under a Subsequent Placing, to the extent required by the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company; (iv) the Placing Agreement becoming otherwise unconditional in all respects (other than in respect of any condition regarding First Admission) in relation to the relevant issue and not having been terminated in accordance with its terms on or before 8.00 a.m. on the date of the First Admission or the relevant Programme Admission, as applicable; and (v) the Joint Bookrunners confirming to the Placees their allocation of Ordinary Shares or C Shares, as applicable, a Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares and/or C Shares allocated to it by the Joint Bookrunners at the Initial Issue Price or the applicable Placing Programme Price (as the case may be). To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

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

Fractions of Shares will not be issued.

#### 3. Payment for Ordinary Shares/C Shares

Each Placee undertakes to pay in full the Initial Issue Price or the Placing Programme Price, as applicable, for the Ordinary Shares or C Shares issued to such Placee in the manner and by the time directed by the Joint Bookrunners. In the event of any failure by a Placee to pay as so directed and/or by the time required by the Joint Bookrunners, as applicable, the relevant Placee shall be deemed hereby to have irrevocably and unconditionally appointed the Joint Bookrunners, as applicable, or any nominee of the Joint Bookrunners as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Ordinary Shares or C Shares (as applicable) in respect of which payment shall not have been made as directed, and to indemnify the Joint Bookrunners and their respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.



A sale of all or any of such Ordinary Shares or C Shares shall not release the relevant Placee from the obligation to make such payment for relevant Ordinary Shares or C Shares to the extent that the Joint Bookrunners or its nominee has failed to sell such Ordinary Shares or C Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the Initial Issue Price or Placing Programme Price.

#### **4. Representations, Warranties and Undertakings**

4.1 By agreeing to subscribe for Ordinary Shares or C Shares (as applicable), each Placee which enters into a commitment to subscribe for Ordinary Shares or C Shares (as applicable) (for the purposes of this Part IX, a “**Placing Commitment**”) will (for itself and for any person(s) procured by it to subscribe for Ordinary Shares or C Shares and any nominee(s) for any such person(s)) be deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Investment Manager, the Registrar and the Joint Bookrunners, that:

4.1.1 in agreeing to subscribe for Ordinary Shares or C Shares (as applicable) under the Initial Placing and/or Subsequent Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to First Admission or the relevant Programme Admission (as applicable) and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Ordinary Shares, the C Shares or the Initial Placing and/or any Subsequent Placing. It agrees that none of the Company, the Investment Manager, the Registrar or the Joint Bookrunners, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have against any such persons in respect of any other information or representation;

4.1.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares or C Shares under the Initial Placing or any Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Investment Manager, the Registrar or the Joint Bookrunners, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing or any Subsequent Placing.

4.1.3 it has carefully read and understands this Prospectus and any supplementary prospectus issued by the Company prior to First Admission or the relevant Programme Admission (as applicable) in its entirety and acknowledges that it is acquiring Ordinary Shares or C Shares on the terms and subject to the conditions set out in this Part IX and, as applicable, in the contract note or oral or email placing confirmation, as applicable, referred to in paragraph 4.1.11 of this Part IX (for the purposes of this Part IX, the “**Contract Note**” or the “**Placing Confirmation**”) and the Placing Letter (if any) and the Articles as in force at the date of First Admission or the relevant Programme Admission (as applicable);

4.1.4 it has not relied on the Joint Bookrunners, or any person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this Prospectus;

4.1.5 save to the extent the Investment Manager has expressly accepted responsibility for sections of this Prospectus, the content of this Prospectus and any supplementary prospectus issued by the Company is exclusively the responsibility of the Company and its Directors and neither the Joint Bookrunners, the Investment Manager (save to the extent the Investment Manager has expressly accepted responsibility for sections of this Prospectus), the Registrar, nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any

liability for any information, representation or statement contained in this Prospectus (and any such supplementary prospectus issued by the Company) or any information previously published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Initial Placing and/or any Subsequent Placing based on any information, representation or statement contained in this Prospectus or otherwise;

- 4.1.6 no person is authorised in connection with the Initial Placing and/or any Subsequent Placing to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to the date of First Admission or the relevant Placing Programme Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Joint Bookrunners, the Company, the Investment Manager or the Registrar;
- 4.1.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
- 4.1.8 the price per Ordinary Share and/or C Share is fixed at the Initial Issue Price or the Placing Programme Price (which shall be US\$1.00 in respect of any C Shares) as applicable and is payable to the Joint Bookrunners on behalf of the Company in accordance with the terms of this Part IX and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);
- 4.1.9 it has the funds available to pay in full for the Ordinary Shares or C Shares for which it has agreed to subscribe pursuant to its Placing Commitment and that it will pay the total subscription in accordance with the terms set out in this Part IX and, as applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;
- 4.1.10 its commitment to acquire Ordinary Shares and/or C Shares under the Initial Placing or any Subsequent Placing (as applicable) will be agreed orally or in writing (which shall include by email) with one of the Joint Bookrunners as agent for the Company and that a Contract Note or Placing Confirmation will be issued by one of the Joint Bookrunners as soon as possible thereafter. That oral or written agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and the relevant Joint Bookrunners to subscribe for the number of Ordinary Shares and/or C Shares (as applicable) allocated to it and comprising its Placing Commitment at the Initial Issue Price or the Placing Programme Price (as applicable) on the terms and conditions set out in this Part IX and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of First Admission or the relevant Programme Admission (as applicable). Except with the consent of the Joint Bookrunners such oral or written commitment will not be capable of variation or revocation after the time at which it is made;
- 4.1.11 its allocation of Ordinary Shares and/or C Shares under the Initial Placing and/or the Placing Programme (as applicable) under the Placing will be evidenced by Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Ordinary Shares and/or C Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares and/or C Shares; and (iii) settlement instructions to pay the Joint Bookrunners as agent for the Company. The terms of this Part IX will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.1.12 settlement of transactions in the Ordinary Shares and/or C Shares following First Admission or the relevant Programme Admission (as applicable), will take place in CREST but each of the Joint Bookrunners reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within

the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;

- 4.1.13 none of the Ordinary Shares or C Shares have been or will be registered under the laws of any member state of the EEA (other than the United Kingdom (for so long as the United Kingdom is treated as an EEA State for the purposes of the AIFM Directive in accordance with the UK-EU Withdrawal Agreement or otherwise) and the Republic of Ireland), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing would breach any applicable law. Accordingly, neither the Ordinary Shares nor the C Shares may be offered, sold, issued or delivered, directly or indirectly, within any of the following: any member state of the EEA (a "**Member State**") (other than the United Kingdom (for so long as the United Kingdom is treated as an EEA State for the purposes of the AIFM Directive in accordance with the UK-EU Withdrawal Agreement or otherwise) and the Republic of Ireland), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing would breach any applicable law unless an exemption from any registration requirement is available;
- 4.1.14 it: (i) is entitled to subscribe for the Ordinary Shares and/or C Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Ordinary Shares and/or C Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.1.15 if it is within the United Kingdom, it is (a) (i) a qualified investor within the meaning of Section 86(d) of the FSMA; and (ii) a person who falls within Articles 49(2)(a) to (d), 19(1) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the Ordinary Shares or C Shares may otherwise lawfully be offered whether under such Order or otherwise; or (b) if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Ordinary Shares or C Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.1.16 if it is a resident in a Member State (other than the United Kingdom), it is (a) a "qualified investor" within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive; and (b) otherwise permitted to be marketed to in accordance with the provisions of the AIFM Directive as implemented in the relevant Member State in which it is located;
- 4.1.17 in the case of any Ordinary Shares or C Shares acquired by a Placee as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive: (i) the Ordinary Shares or C Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (ii) where Ordinary Shares or C Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Ordinary Shares or C Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.1.18 if it is outside the United Kingdom, neither this Prospectus (and any supplementary prospectus issued by the Company) nor any other offering, marketing or other material in connection with the Initial Placing and/or any Subsequent Placing or the Ordinary Shares or C Shares (for the purposes of this Part IX, each a "**Placing Document**") constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is

procuring to subscribe for Ordinary Shares or C Shares pursuant to the Initial Placing and/or any Subsequent Placing unless, in the relevant territory, such offer, invitation, promotion or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares or C Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

- 4.1.19 (i) the Ordinary Shares and C Shares have not been and will not be registered under the Securities Act and are being offered only in “offshore transactions” to non-US Persons as defined in and pursuant to Regulation S; (ii) it, and any person for whose account or benefit it is acquiring the Ordinary Shares and C Shares, is a non-US Person (as defined in Regulation S) located outside the United States purchasing the Issue Shares in an “offshore transaction” in accordance with Regulation S; (iii) the Issue Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S; (iv) the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act; and the Ordinary Shares and C Shares may only be transferred in circumstances which will not result in the Company being required to register under the Investment Company Act; and (v) that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the Ordinary Shares and C Shares to non-US Persons (as defined in Regulation S) in “offshore transactions” within the meaning of, and in compliance with, Regulation S (which includes, for the avoidance of doubt, any bona fide sale on the London Stock Exchange’s Main Market) or otherwise in transactions that are exempt from registration under the Securities Act and that do not require the Company to register under the Investment Company Act;
- 4.1.20 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares or C Shares under the Initial Placing and/or any Subsequent Placing, that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Investment Manager, the Registrar or the Joint Bookrunners, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or any Subsequent Placing;
- 4.1.21 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and any supplemental prospectus issued by the Company) or any Placing Document to any persons within the United States or to any US Person, nor will it do any of the foregoing;
- 4.1.22 it does not have a registered address in, and is not a citizen, resident or national of Canada, Japan, the Republic of South Africa or any other jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares or C Shares and it is not acting on a non-discretionary basis for any such person;
- 4.1.23 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee’s agreement to subscribe for Ordinary Shares and/or C Shares under the Initial Placing and/or any Subsequent Placing and will not be any such person on the date that such subscription is accepted;
- 4.1.24 (i) it has communicated or caused to be communicated and will communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Ordinary Shares and C Shares only in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person; and (ii) that no Placing Document is being issued by

- one of the Joint Bookrunners in its capacity as an authorised person under section 21 of the FSMA and the Placing Documents may not therefore be subject to the controls which would apply if the Placing Documents were made or approved as financial promotion by an authorised person;
- 4.1.25 it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the in, from or otherwise involving, the United Kingdom;
- 4.1.26 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 4.1.27 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Ordinary Shares or C Shares or possession of this Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.1.28 neither of the Joint Bookrunners, nor any of their respective affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing and/or any Subsequent Placing or providing any advice in relation to the Initial Placing and/or Subsequent Placing and participation in the Initial Placing and/or any Subsequent Placing is on the basis that it is not and will not be a client of the Joint Bookrunners and that the Joint Bookrunners have no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Initial Placing and/or Subsequent Placing nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in any Placing Letter;
- 4.1.29 that, save in the event of fraud on the part of the Joint Bookrunners, none of the Joint Bookrunners, their ultimate holding companies, any direct or indirect subsidiary undertakings of such holding companies, any of its respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of the Joint Bookrunners' role as Bookrunner, placing agent, financial adviser, broker or otherwise in connection with the Initial Placing and/or Subsequent Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.1.30 that where it is subscribing for Ordinary Shares or C Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares or C Shares for each such account; (ii) to make on each such account's behalf the undertakings, acknowledgements, representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and the Joint Bookrunners. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares or C Shares by or on behalf of any such account;
- 4.1.31 it irrevocably appoints any Director and any director or duly authorised employee or agent of the Joint Bookrunners to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares and/or C Shares comprising its Placing Commitment in the event of its own failure to do so;
- 4.1.32 if the Initial Placing and/or any Subsequent Placing does not proceed or the relevant conditions under the Placing Agreement are not satisfied or the Ordinary Shares or C Shares for which valid applications are received and accepted are not admitted to trading on the



Specialist Fund Segment of the London Stock Exchange's Main Market for any reason whatsoever then none of the Joint Bookrunners, the Company, the Investment Manager and persons controlling, controlled by or under common control with any of them, and any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;

- 4.1.33 in connection with its participation in the Initial Placing and/or any Subsequent Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing and that its application for Ordinary Shares or C Shares under the Initial Placing and/or any Subsequent Placing is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied for Ordinary Shares and/or C Shares. In addition, it warrants that it is a person: (i) subject to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 in force in the United Kingdom (the "**Money Laundering Regulations**"); or (ii) subject to the Money Laundering Directive (2015/849/EC of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) subject to the Jersey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Regulations;
- 4.1.34 due to anti-money laundering requirements, the Joint Bookrunners and the Company may require proof of identity and verification of the source of the payment before the application for Ordinary Shares or C Shares under the Initial Placing and/or any Subsequent Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Joint Bookrunners and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will hold harmless and indemnify the Joint Bookrunners and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- 4.1.35 it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored both on the Registrar's and the Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Legislation, the Registrar, the Administrator and the Joint Bookrunners are each required to specify the purposes for which they will hold personal data. For the purposes of this Part IX "Data Protection Legislation" means any law applicable from time to time relating to the processing of personal data and/or privacy, as in force at the date of this Agreement or as re-enacted, applied, amended, superseded, repealed or consolidated, including without limitation, the UK Data Protection Act 2018, the General Data Protection Regulation (EU) 2016/679, the Privacy and Electronic Communications (EC Directive) Regulations 2003 and the Data Protection (Jersey) Law, 2018, in each case including any legally binding regulations, direction and orders issued from time to time under or in connection with any such law. The Registrar, the Administrator and the Joint Bookrunners will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:
- (a) process its personal data (including special categories of personal data (as defined in applicable Data Protection Legislation)) as required for or in connection with the holding of Ordinary Shares and/or C Shares, including processing personal data in connection with credit and money laundering checks on it and effecting the payment of dividends and other distributions to Shareholders;
  - (b) communicate with it as necessary in connection with the proper running of its business affairs and generally in connection with the holding of Ordinary Shares and/or C Shares;

- (c) provide personal data to such third parties as are or shall be necessary in connection with the proper running of its business affairs and generally in connection with the holding of Ordinary Shares and/or C Shares or as the Data Protection Legislation may require, including to third parties outside the United Kingdom or the European Economic Area (subject to the use of a transfer mechanism which is approved at the relevant time by the European Commission or any other regulatory body which has or acquires the right to approve methods of transfer of personal data outside the UK);
- (d) process its personal data for the purpose of their internal record-keeping and reporting obligations.

4.1.36 in providing the Joint Bookrunners, the Registrar and the Administrator with information, and to the extent that such information relates to a third party procured by a Placee to subscribe for Ordinary Shares and/or C Shares and any nominee for any such persons, it hereby represents and warrants to the Joint Bookrunners, the Registrar and the Administrator that it has obtained any necessary consents of any data subject whose data it has provided, to the Joint Bookrunners, the Registrar and the Administrator and their respective associates holding and using their personal data for the Purposes (including, where required, the explicit consent of the data subjects for the processing of any personal data (including special categories of personal data (as defined in applicable Data Protection Legislation)) for the Purposes set out in paragraph 4.1.34 above) and will make the list of "Purposes" for which the Joint Bookrunners, the Registrar and the Administrator will process the data (as set out in paragraph 4.1.36) available to all data subjects whose personal data may be shared by it in the performance of this Agreement. For the purposes of this Part IX, "data subject", "data controller", "data processor", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Legislation;

4.1.37 the Joint Bookrunners are entitled to exercise any of its rights under the Placing Agreement (including, without limitation, rights of termination) or any other right in its absolute discretion without any liability whatsoever to it;

4.1.38 the representations, undertakings and warranties contained in this Part IX and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any), are irrevocable. It acknowledges that the Joint Bookrunners and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings and it agrees that if any of the representations or warranties or undertakings made or deemed to have been made by its subscription of the Ordinary Shares and/or C Shares under the Initial Placing and/or any Subsequent Placing are no longer accurate, it shall promptly notify the Joint Bookrunners and the Company;

4.1.39 where it or any person acting on behalf of it is dealing with the Joint Bookrunners any money held in an account with the Joint Bookrunners on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require the Joint Bookrunners to segregate such money, as that money will be held by the Joint Bookrunners under a banking relationship and not as trustee;

4.1.40 any of its clients, whether or not identified to the Joint Bookrunners will remain its sole responsibility and will not become clients of the Joint Bookrunners for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;

4.1.41 the allocation of Ordinary Shares or C Shares in respect of the Initial Issue and/or any Subsequent Placing shall be determined by the Investment Manager and Joint Bookrunners in their absolute discretion (in consultation with the Company) and that the Investment Manager and the Joint Bookrunners may scale back any Placing Commitment on such basis as they may agree (which may not be the same for each Placee);



- 4.1.42 time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares or C Shares subscribed under the Initial Placing and/or any Subsequent Placing and to comply with its other obligations under the Initial Placing and/or any Subsequent Placing;
- 4.1.43 in the event that a supplementary prospectus is required to be produced pursuant to section 87G of the FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) of the FSMA, such Placee will immediately re-subscribe for the Ordinary Shares and/or C Shares previously comprising its Placing Commitment;
- 4.1.44 the Initial Placing will not proceed if the Minimum Net Proceeds are not raised; and
- 4.1.45 the commitment to subscribe for Ordinary Shares and/or C Shares on the terms set out in this Part IX and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of the Initial Placing and/or any Subsequent Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Initial Placing or any Subsequent Placing.

The Company, the Investment Manager, the Registrar and the Joint Bookrunners will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings and acknowledgements. You agree to indemnify and hold each of the Company, the Investment Manager, the Registrar and the Joint Bookrunners and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements in this Part IX.

## **5. Supply and Disclosure of Information**

If the Joint Bookrunners, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares or C Shares under the Initial Placing and/or any Subsequent Placing, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

## **6. Miscellaneous**

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

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

Each Placee agrees to be bound by the Articles (as amended from time to time) once the Ordinary Shares or C Shares, as applicable, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or any Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares or C Shares under the Initial Placing and/or any Subsequent Placing and the appointments and authorities mentioned in this Prospectus and all disputes and claims arising out of or in connection with its subject matter or formations (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Joint Bookrunners, the Company, the Investment Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Ordinary Shares or C Shares under the Initial Placing and/or any Subsequent Placing, references to a “Placee” in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

The Joint Bookrunners and the Company expressly reserve the right to modify the Initial Placing and/or any Subsequent Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. The Initial Placing and/or any Subsequent Placing are subject to the satisfaction of the conditions contained in the Placing Agreement and to the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part VIII of this Prospectus.

## Part X

### Terms and Conditions of Application under the Offer for Subscription

#### 1. Introduction

If you apply for Ordinary Shares under the Offer for Subscription, you will be agreeing with the Company, the Registrar and the Receiving Agent to the terms and conditions of application set out below.

#### 2. Offer to acquire Ordinary Shares

Your application must be made on the Offer for Subscription Application Form attached at the end of this Prospectus or as may be otherwise published by the Company. By completing and delivering an Offer for Subscription Application Form, you, as the applicant, and, if you sign the Offer for Subscription Application Form on behalf of another person or a corporation, that person or corporation:

- (a) offer to subscribe for such number of Ordinary Shares at US\$1.00 per Ordinary Share as may be purchased by the subscription amount specified in Box 1 on your Offer for Subscription Application Form (being a minimum of US\$1,000) or any smaller number for which such application is accepted at the Initial Issue Price on the terms, and subject to the conditions, set out in this Prospectus, including these terms and conditions of application and the Articles;
- (b) agree that, in consideration of the Company agreeing that it will not, prior to the date of First Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked otherwise than in accordance with your statutory rights under section 87Q(4) of the FSMA and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or in the case of delivery by hand, on receipt by the Receiving Agent of, your Offer for Subscription Application Form;
- (c) undertake to pay the amount specified in Box 1 on your Offer for Subscription Application Form in full on application and warrant that the remittance accompanying your Offer for Subscription Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive the share certificates for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in the Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent and the Company against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) void the agreement to allot the Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque, in your favour, at your risk, for an amount equal to the proceeds of the remittance which accompanied your Offer for Subscription Application Form, without interest);
- (d) agree that where on your Offer for Subscription Application Form a request is made for Ordinary Shares to be deposited into a CREST Account: (i) the Receiving Agent may in its absolute discretion amend the Offer for Subscription Application Form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holders specified in your Offer for Subscription Application Form (and you acknowledge that the Receiving Agent will so amend the Offer for Subscription Application Form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds); and (ii) the Receiving Agent or the Company may authorise your financial adviser or whomever he may direct to send a document of title for or credit your CREST account in respect of the number of Ordinary Shares for

which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Offer for Subscription Application Form;

- (e) agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2(d) above to issue Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Offer for Subscription Application Form may become entitled or pursuant to paragraph 2(d) above (and any monies returnable to you) may be retained by the Receiving Agent:
  - (i) pending clearance of your remittance;
  - (ii) pending investigation of any suspected breach of the warranties contained in paragraph 6 below or any other suspected breach of these terms and conditions of application; or
  - (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purposes of Jersey AML Requirements; and
  - (iv) any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (f) agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
- (g) agree that, if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Company) following a request therefor, the Company or the Receiving Agent may terminate the agreement with you to allot Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been allotted to you may be reallocated or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
- (h) warrant and confirm that:
  - (i) you are not a person engaged in money laundering;
  - (ii) none of the monies or assets transferred or to be transferred to (or for the account of) the Company and its agents for the purposes of the subscription are or will be the proceeds of criminal activities or activities that would be criminal if carried out in the United Kingdom; and
  - (iii) you are not a prohibited individual or entity or resident in a prohibited country or territory listed on the United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**") website and that you are not directly or indirectly affiliated with any country, territory, individual or entity named on an OFAC list or prohibited by any OFAC sanctions programmes;
- (i) represent and warrant to the Company that, where you are acting as a nominee on behalf of a retail investor based in the UK, you have delivered a hard copy of the Key Information Document to each retail investor on whose behalf you are accepting the Offer for Subscription prior to receipt of each such investor's instruction to accept the Offer for Subscription;
- (j) undertake to ensure that, in the case of an Offer for Subscription Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Offer for Subscription Application Form together with full identity documents for the person so signing;
- (k) undertake to pay interest at the rate described in paragraph 3(c) below if the remittance accompanying your Offer for Subscription Application Form is not honoured on first presentation;

- (l) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed Box 7 on your Offer for Subscription Application Form, but subject to paragraph 2(d) above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable by cheque in your favour without interest and at your risk;
- (m) confirm that you have read and complied with paragraph 8 of this Part X;
- (n) agree that all subscription cheques and payments will be processed through a bank account (the “**Acceptance Account**”) in the name of “LMS RE: FlowStream Royalties Ltd – 2019 OFS A/C” opened with the Receiving Agent;
- (o) acknowledge that any personal data supplied by an Offer for Subscription Applicant or on his behalf, shall be processed in accordance with the data collection notice which is set out on page 44 of the Prospectus; and
- (p) agree that your Offer for Subscription Application Form is addressed to the Company and the Receiving Agent.

Any application may be rejected in whole or in part at the sole discretion of the Company.

### **3. Acceptance of your Offer**

- (a) The Company may accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by notifying acceptance to the Receiving Agent, or the Receiving Agent may accept you offer on behalf of the Company.
- (b) The basis of allocation will be determined by the Investment Manager and the Joint Bookrunners in consultation with the Company. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects completed or delivered in accordance with the instructions accompanying the Offer for Subscription Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Offer for Subscription Application Form where you have agreed with the Company in some other manner to apply in accordance with these terms and conditions of application. The Company and Receiving Agent reserve the right (but shall not be obliged) to accept Offer for Subscription Application Forms and accompanying remittances which are received otherwise than in accordance with these terms and conditions of application.
- (c) The Receiving Agent will present all cheques and banker’s drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful Offer for Subscription applicants’ payment. The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent, to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 2 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.
- (d) The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than the minimum subscription of US\$1,000.

#### **4. Conditions**

- (a) The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:
- (i) the Placing Agreement becoming wholly unconditional (save as to First Admission) and not having been terminated in accordance with its terms prior to First Admission;
  - (ii) First Admission occurring by 8.00 a.m. on 1 October 2019 (or such date, not being later than 31 October 2019, as the Company, the Investment Manager and the Joint Bookrunners may agree) in respect of the Initial Issue; and
  - (iii) the Initial Issue raising at least the Minimum Net Proceeds.
- (b) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

#### **5. Return of application monies**

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest within 14 days and after the deduction of any applicable bank charges by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto or, in the case of payment made by CHAPS, by a return credit to the remitting bank account. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

#### **6. Warranties**

By completing an Offer for Subscription Application Form, you:

- (a) warrant that, if you sign the Offer for Subscription Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- (b) warrant that you are a resident of, and are located for the purposes of the Offer for Subscription in the United Kingdom or Jersey and no other jurisdiction;
- (c) warrant, if the laws of any territory or jurisdiction outside the United Kingdom or Jersey are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Joint Bookrunners or the Receiving Agent, or any of their respective officers, agents, employees or affiliates, acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom or Jersey in connection with the Offer for Subscription in respect of your application;
- (d) confirm that in making an Offer for Subscription Application you are not relying on any information or representations in relation to the Company other than those contained in this Prospectus and any supplementary prospectus published by the Company prior to First Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this Prospectus, any supplementary prospectus or any part thereof shall have any liability for any such other information or representation;

- (e) agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations contained therein;
- (f) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company prior to First Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Joint Bookrunners or the Receiving Agent;
- (g) warrant that you are not under the age of 18 on the date of your application;
- (h) agree that all documents and monies sent by post to, by or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Offer for Subscription Application Form;
- (i) confirm that you have reviewed the restrictions contained in paragraph 8 of this Part X below and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions therein;
- (j) agree that, in respect of those Ordinary Shares for which your Offer for Subscription Application Form has been received and processed and not rejected, acceptance of your Offer for Subscription Application Form shall be constituted by the Company instructing the Registrar to enter your name on the register of members of the Company;
- (k) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription (including any non-contractual obligations arising under or in connection therewith) shall be governed by and construed in accordance with English Law and that you submit to the non-exclusive jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (l) irrevocably authorise the Company, or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or the Receiving Agent to execute any documents required therefor and to enter your name on the register of members of the Company;
- (m) agree, on the request of the Company or any of its agents, to disclose promptly in writing to any of them such information as the Company or its agents may request in connection with your application and you agree that information relating to applications will be retained by the Receiving Agent in connection with the Offer for Subscription and may be disclosed as contemplated by the Jersey AML Requirements;
- (n) agree that the Receiving Agent is acting for the Company in connection with the Offer for Subscription and for no-one else and that it will not treat you as its customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for providing the protections afforded to its customers;
- (o) (i) the Ordinary Shares have not been and will not be registered under the Securities Act and are being offered only in “offshore transactions” to non-US Persons as defined in and pursuant to Regulation S; (ii) it, and any person for whose account or benefit it is subscribing for Ordinary Shares, is a non-US Person (as defined in Regulation S) located outside the United States subscribing for Ordinary Shares in an “offshore transaction” in accordance with Regulation S; (iii) the Ordinary Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation



S; (iv) the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act; and the Ordinary Shares may only be transferred in circumstances which will not result in the Company being required to register under the Investment Company Act; and (v) that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the Ordinary Shares to non-US Persons (as defined in Regulation S) in “offshore transactions” within the meaning of, and in compliance with, Regulation S (which includes, for the avoidance of doubt, any bona fide sale on the London Stock Exchange’s Main Market) or otherwise in transactions that are exempt from registration under the Securities Act and that do not require the Company to register under the Investment Company Act;

- (p) unless otherwise agreed in writing with the Company, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary 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 Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Internal Revenue 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 Internal Revenue Code. In addition, if a Placee 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 Internal Revenue Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (q) warrant that you are not subscribing for the Ordinary Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the Ordinary Shares;
- (r) warrant that the information contained in your Offer for Subscription Application Form is true and accurate; and
- (s) agree that if you request that Ordinary Shares are issued to you on a date other than First Admission and such Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Ordinary Shares on a different date.

## **7. Money laundering**

- (a) You agree that, in order to ensure compliance with the Money Laundering Regulations (where applicable) and the Jersey AML Requirements, the Receiving Agent may at its absolute discretion require, and you will provide, evidence which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status. Without prejudice to the generality of the foregoing such evidence may be required if you either:
  - (i) tender payment by way of banker’s draft or cheque or money order drawn on an account in the name of another person or persons (in which case verification of your identity may be required); or
  - (ii) appear to the Receiving Agent to be acting on behalf of some other person (in which case verification of identify of any persons on whose behalf you appear to be acting may be required).
- (b) Failure to provide the necessary evidence of identity (in a manner satisfactory to the Company and its agents, including in respect of the manner of its certification) may result in application(s) being rejected or delays in the authorisation of documents.
- (c) Without prejudice to the generality of paragraph 7(a) above, verification of the identity of applicants may be required if the total subscription price of the Ordinary Shares applied for, whether in one or more applications, exceeds the US Dollar equivalent of €15,000. If in such circumstances, you use a building society cheque, banker’s draft or money order, you should ensure that the bank or building

society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and add its stamp. If in such circumstances, you use a cheque drawn by a third party, you may be requested to provide a copy of your passport or driving licence certified by a solicitor and/or a recent original bank or building society statement or utility bill in your name and showing your current address (which originals will be returned by post at the applicant's risk).

- (d) For Offer for Subscription Applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 24 September 2019 (unless extended or shortened as detailed in this Prospectus) directly into the bank account detailed below. The payment instruction must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction (for example: MJ SMITH 01234 567 890). Applicants must ensure that they transfer sufficient funds to cover any banking, transfer or other charges. Neither the Receiving Agent nor the Company accepts any liability for any such fees incurred on transfer of funds.

Bank: Lloyds Bank plc

Sort Code: 30-20-12

A/C No: 11947214

A/C Name: Flowstream Royalties Ltd – 2019 CHAPS A/C

Currency: US\$

- (e) The Receiving Agent cannot take responsibility for identifying payments without a unique reference nor where a payment has been received but without an accompanying Offer for Subscription Application Form.

## 8. Overseas Investors

The attention of investors who are not resident in, or who are not citizens of the United Kingdom or Jersey is drawn to paragraphs 8(a) to 8(e) below:

- (a) The offer of Ordinary Shares under the Offer for Subscription is only being made in the UK and Jersey. Persons who are resident in, or citizens of, countries other than the United Kingdom or Jersey ("**Overseas Investors**") who wish to subscribe for Ordinary Shares under the Offer for Subscription may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Ordinary Shares under the Offer for Subscription. It is the responsibility of all Overseas Investors receiving this Prospectus and/or wishing to subscribe for the Ordinary Shares under the Offer for Subscription, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities requiring to be observed and paying any issue, transfer or other taxes due in such territory.
- (b) No person receiving a copy of this Prospectus in any territory other than the United Kingdom or Jersey may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.
- (c) None of the Ordinary Shares have been or will be registered under the laws of Australia, Canada, Japan or the Republic of South Africa or other political subdivision of Australia, Canada, Japan, or the Republic of South Africa. Accordingly, unless an exemption under such Act or laws is applicable, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Australia, Canada, Japan or the Republic of South Africa (as the case may be). If you subscribe for Ordinary Shares you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the

Company that you are not a resident of Australia, Canada, Japan or the Republic of South Africa or a corporation, partnership or other entity organised under the laws of Australia or Canada (or any political subdivision of any of them), Japan or the Republic of South Africa and that you are not subscribing for such Ordinary Shares for the account of any resident of Australia, Canada, Japan, or the Republic of South Africa and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into Australia, Canada, Japan or the Republic of South Africa or to any resident in Australia, Canada, Japan or the Republic of South Africa. No application will be accepted if it shows the applicant, payor or a prospective holder having an address in Australia, Canada, Japan or the Republic of South Africa.

- (d) The Ordinary Shares have not been, and will not be, registered under the Securities Act, or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Ordinary Shares may not be offered or sold within the United States or to, or for the account or benefit of US persons (as defined in Regulation S), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. The Ordinary Shares are being offered and sold solely outside the United States to non-US-persons in “offshore transactions” within the meaning of, and in reliance on, Regulation S. The Company has not been, and will not be, registered under the Investment Company Act, and investors will not be entitled to the benefit of that Act. No offer, purchase, sale or transfer of the Ordinary Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.
- (e) Persons (including, without limitation, nominees and trustees) receiving this Prospectus should not distribute or send it to any US person or in or into the United States, Australia, Canada, Japan or the Republic of South Africa or their respective territories of possessions or any other jurisdictions where to do so would or might contravene local securities laws or regulations.
- (f) The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares pursuant to the Offer for Subscription if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

## Definitions and Glossary

### Definitions

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

“Administration Agreement”	the accounting, administration services and company secretarial agreement between the Company and the Administrator, a summary of which is set out in paragraph 9 of Part VIII of this Prospectus
“Accounting Date”	31 December 2019 and 31 December in each year thereafter or such other date as the Company may determine or, in the case of the final Accounting Period, the date when the winding-up of the Company is completed
“Accounting Period”	a period ending on and including an Accounting Date and beginning (in the case of the first Accounting Period) on First Admission or (in the case of any other Accounting Period) on the day following the last day of the preceding Accounting Period
“Administrator”	Sanne Fund Administration Limited
“AIC”	the Association of Investment Companies
“AIC Code”	the AIC Code of Corporate Governance, as amended from time to time
“AIF”	an Alternative Investment Fund, as defined in the AIFM Directive
“AIFM”	an Alternative Investment Fund Manager, as defined in the AIFM Directive
“AIFM Directive”	the EU Directive on Alternative Investment Fund Managers
“Annual Performance Hurdle”	has the meaning given to it in Part III of this Prospectus
“Applicable Requirements”	all applicable law (whether in the form of statute or decision of a court or administrative tribunal) and regulation, and if applicable, the prevailing rules, regulations, determinations, guidelines or instructions of any governmental, stock exchange or regulatory authority in any jurisdiction to which the Investment Manager, any affiliate or the Company (as the context may require) is subject, as amended from time to time
“Articles”	the articles of association of the Company (as adopted at the time of First Admission)
“Average Trading Price”	during the last month of a Calculation Period the middle market quotation of the Shares at the end of each Business Day in the month (exclusive of any dividend declared) as at the end of such Business Day and averaging this figure over the month
“Benefit Plan Investor”	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of the ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the Internal Revenue Code (including an individual retirement account), (ii) an entity

	whose underlying assets include “plan assets” by reason of a plan’s investment in the entity, or (iii) any “benefit plan investor” as otherwise defined in section 3(42) of ERISA or regulations promulgated by the US Department of Labor
“Board”	the directors of the Company whose names are set out on page 54 of this Prospectus
“Broker Agreements”	the agreements between the Company and the Joint Brokers, a summary of which is set out in paragraph 9 of Part VIII of this Prospectus
“Business Day”	a day on which the London Stock Exchange is open for business and banks are normally open for business in London and Jersey (excluding Saturday and Sunday)
“Calculation Period”	the First Calculation Period and/or a Subsequent Calculation Period, as the context requires
“Central Bank”	the Central Bank of Ireland
“CIF Law”	the Collective Investment Funds (Jersey) Law 1988
“Closing NAV per Ordinary Share”	has the meaning given to it in Part III of this Prospectus
“Companies Law”	the Companies (Jersey) Law, 1991, as amended
“Company”	FlowStream Royalties Ltd
“Continuation Option Resolution”	has the meaning given to it in Part II of this Prospectus.
“Continuation Pool”	the assets attributable to the continuing Ordinary Shares following a Realisation
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
“CREST Account”	an account in the name of the relevant holder in CREST
“CREST Jersey Requirements”	such rules and requirements of Euroclear as may be Requirements applicable to issuers as from time to time specified in the CREST Manual
“C Shares”	Shares of no par value each in the capital of the Company issued as “C Shares” and having the rights and being subject to the restrictions set out in the Articles, which will convert into Ordinary Shares as set out in the Articles
“CTA 2010”	Corporation Tax Act 2010
“Debt Instruments”	loans, notes, bonds and other debt instruments and securities, including convertible debt, whether senior or subordinated and whether secured or unsecured
“DP Law”	the Data Protection (Jersey) Law 2018, as amended
“DP Legislation”	applicable data protection legislation (including the GDPR and the DP Law) and regulatory requirements in Jersey and/or the EEA, as appropriate
“Directors”	the directors of the Company whose names are set out on page 54 of this Prospectus

“Disposal”	offering, selling, contracting to sell, pledging, mortgaging, charging, assigning, granting options over, or otherwise disposing of, directly or indirectly, or mandating a third party to do so, or announcing an intention to do so
“Dividend Adjustment”	has the meaning given to it in Part III of this Prospectus
“DTRs” or “Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA
“EEA”	the states which comprise the European Economic Area
“Equity and Equity Related Securities”	shares or a right to subscribe for or convert securities into shares including, without limitation, ordinary shares, convertible shares, preference or preferred shares and warrants
“ERISA”	the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
“Euroclear”	Euroclear UK and Ireland Limited, the operator of CREST
“Exchange Act”	the US Securities Exchange Act of 1934, as amended from time to time
“FATCA”	the US Foreign Account Tax Compliance Act of 2010
“FCA”	the Financial Conduct Authority
“First Admission”	the admission of the Ordinary Shares issued pursuant to the Initial Issue to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange becoming effective in accordance with the LSE Admission Standards
“First Calculation Period”	the period from First Admission up to and including 31 December 2019
“FlowStream” or “FlowStream Commodities”	FlowStream Commodities Ltd and its affiliates from time to time
“FSJ Law”	the Financial Services (Jersey) Law 1998
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time
“G20”	the Group of Twenty, an international forum for the governments and central bank governors from 19 countries and the European Union
“General Offer”	a general offer for the issued share capital of the Company made in accordance with the Takeover Code
“GDPR”	the General Data Protection Regulation (EU) 2016/679
“Gross Assets”	the aggregate value of the total assets of the Company
“Gross Issue Proceeds”	the aggregate value of the Ordinary Shares issued under the Initial Issue at the Initial Issue Price
“Governance Code”	the code of best practice including the principles of good governance published by the Financial Reporting Council in June 2008, as amended from time to time (as replaced by the UK Corporate Governance Code, from the date of its issue)

“High Watermark”	has the meaning given to it in Part III of this Prospectus
“HMRC”	HM Revenue and Customs
“IFRS”	International Financial Reporting Standards, as amended from time to time and as applicable to the Company
“Initial Issue”	the Initial Placing, Offer for Subscription and Investment Manager Personnel Investment
“Initial Issue Price”	US\$1.00 per Ordinary Share
“Initial Placing”	the conditional placing by the Joint Bookrunners on behalf of the Company of Ordinary Shares at the Initial Issue Price closing on 24 September 2019 pursuant to the Placing Agreement
“Internal Revenue Code”	the US Internal Revenue Code of 1986, as amended
“Investments”	Royalties, Streams, Debt Instruments and Equity and Equity Related Securities
“Investment Advisers Act”	the US Investment Advisers Act of 1940, as amended from time to time
“Investment Company Act” or “ICA”	the US Investment Company Act of 1940, as amended from time to time
“Investment Management Agreement”	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 9 of Part VIII of this Prospectus
“Investment Manager”	FlowStream Investment Management Ltd
“Investment Manager Personnel Investment”	the subscription for Ordinary Shares pursuant to the Initial Issue as more fully described in Part V of this Prospectus
“Investment Trust Regulations”	The Investment Trust (Approved Company) (Tax) Regulations 2011
“IRS”	the US Internal Revenue Service
“Jersey AML Requirements”	the Proceeds of Crime (Jersey) Law 1999 and any subordinate legislation, regulations or orders, or other legislation concerning money laundering and the prevention of terrorist financing applicable in Jersey, including the Money Laundering (Jersey) Order 2008, together with any applicable legislation in the UK, including but not limited to, the Proceeds of Crime Act 2002 (as amended) and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 together with any subordinate legislation, regulations or guidance notes pursuant thereto
“Jersey AIF Code”	the Code of Practice for Alternative Investment Funds and AIF Services Business published by the JFSC
“Jersey Income Tax Law”	the Income Tax (Jersey) Law 1961
“Jersey Listed Fund Guide”	the classification guide published by the JFSC
“JFSC”	the Jersey Financial Services Commission



“JFSC Codes”	the Code of Practice for Certified Funds, Jersey Listed Fund Guide and any other applicable policy statements or guidance published by the Jersey Financial Services Commission
“Joint Bookrunners”	N+1 Singer and Winterflood in their several capacities as Joint Bookrunners to the Company in respect of the Initial Placing and the Placing Programme
“Joint Brokers”	N+1 Singer and Winterflood Investment Trusts (a division of Winterflood) in their several capacities as joint corporate brokers to the Company
“Key Information Document”	the Company’s “Key Information Document(s)”, such term having the same meaning as in the PRIIPs Regulation, prepared in respect of each class of Shares in issue from time to time
“Link Asset Services”	a trading name of Link Market Services Limited, the Receiving Agent and Link Market Services (Jersey) Limited, the Registrar
“Listing Rules”	the Listing Rules made by the FCA under Part VI of the FSMA, as amended from time to time
“Lock-up Periods”	the periods during which the Investment Manager will be restricted from making a Disposal of Performance Shares
“Lock-up Restrictions”	the restrictions on Disposal of Performance Shares applicable to members of the Investment Manager’s group and personnel during the Lock-up Periods
“London Stock Exchange”	London Stock Exchange plc
“Management Fee”	the annual management fee payable by the Company to the Investment Manager, as described in Part IV of this Prospectus
“Management Shares”	the management shares of no par value each in the share capital of the Company issued to the subscriber to the Company’s memorandum and Articles
“Market Abuse Regulation” or “MAR”	the Market Abuse Regulation (596/2014/EU), or any equivalent or similar legislation implemented in the United Kingdom following the United Kingdom’s withdrawal from the European Union
“Minimum Net Proceeds”	US\$98 million, being the total amount to be raised by the Initial Issue after the deduction of the Initial Issue commissions and the other fees and expenses payable by the Company which are related to the Initial Issue
“Money Laundering Regulations”	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulation 2017
“NAV per C Share”	the Net Asset Value specifically attributable to a C Share
“NAV per Ordinary Share”	the Net Asset Value specifically attributable to an Ordinary Share
“NAV per Realisation Share”	the Net Asset Value specifically attributable to a Realisation Share
“Net Asset Value” or “NAV”	the net asset value of the Company or, if the context requires, the net asset value of the Company attributable to a specific class of the Company’s shares, in each case calculated in accordance with the accounting and valuation policies adopted by the Company

“Net Proceeds”	the net proceeds of the Initial Issue, estimated at US\$245 million in aggregate (assuming Gross Issue Proceeds of US\$250 million and the costs and expenses of the Initial Issue being equal to 2 per cent. of the Gross Issue Proceeds (being the maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue))
“N+1 Singer”	Nplus1 Singer Advisory LLP, Joint Bookrunner and Joint Broker to the Company
“OECD”	the Organisation for Economic Cooperation and Development
“Offer for Subscription”	the offer for subscription of Ordinary Shares, to be issued at the Initial Issue Price, each on the terms and conditions set out in Part X of this Prospectus
“Offer for Subscription Applicant”	a person or persons (in the case of joint applicants) whose name(s) appear(s) on the registration details of an Offer for Subscription Application Form
“Offer for Subscription Application”	the offer made by an Offer for Subscription Applicant by completing an Offer for Subscription Application Form and posting (or delivering by hand during normal business hours only) it to the Receiving Agent
“Offer for Subscription Application Form”	the application form in connection with the Offer for Subscription which is set out at the end of this Prospectus
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	Ordinary Shares (issued and to be issued) of no par value each in the share capital of the Company
“Overseas Investors”	persons who are resident in, or citizens of, countries other than the United Kingdom or Jersey
“Payment Due Date”	the date of invoice from the Investment Manager in respect of the Performance Fee
“PDMR”	person discharging managerial responsibilities
“Performance Fee”	the Performance Fee payable to the Investment Manager pursuant to the Investment Management Agreement
“Performance Hurdle”	has the meaning given to it in Part III of this Prospectus
“Performance Shares”	the Shares issued to the Investment Manager (or any Member(s) of the Investment Manager’s Group in such proportions as the investment Manager directs) or purchased from the secondary market in payment of the Performance Fee
“Performance Share Amount”	the amount of the Performance Fee payable in Performance Shares
“Placee”	a person subscribing for Ordinary Shares under the Initial Placing or the Placing Programme (as applicable)
“Placing Agreement”	the Placing Agreement between, <i>inter alios</i> , the Company, the Directors, the Investment Manager and the Joint Bookrunners, as described in paragraph 9 of Part VIII of this Prospectus
“Placing Programme”	the proposed programme of placings of Ordinary Shares and/or C Shares as described in Part VI of this Prospectus

“Placing Programme Price”	the price of Shares issued pursuant to the Placing Programme, determined in accordance with Part VI of this Prospectus
“Plan Asset Regulations”	the US Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA
“Plans”	a tax qualified annuity plan described in section 405 of the Internal Revenue Code and an individual retirement account or individual retreat annuity as described in section 408 of the Internal Revenue Code
“PRIIPs Regulation”	Regulation (EU) No. 1286/2014 on key information documents for packaged retail and insurance-based investment products
“Principal Jurisdictions”	members of the OECD, the G20 (excluding Russia), Malaysia and Singapore
“Programme Admission”	any admission of the Ordinary Shares and/or C Shares issued pursuant to the Placing Programme to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange becoming effective in accordance with the LSE Admission Standards
“Prospectus”	this Prospectus, including the Appendices
“Prospectus Directive”	Directive 2010/73/EU as amended from time to time and any successor or replacement Directive
“Prospectus Rules”	the Prospectus Rules made by the FCA under Part VI of the FSMA
“RCIS Rules”	the Registered Collective Investment Scheme Rules 2015 (as amended)
“Realisation”	the reorganisation of the Company’s portfolio into two separate pools and the redesignation of some Ordinary Shares as Realisation Shares as described in Part II of this Prospectus
“Realisation Date”	the date of a Realisation as determined by the Board
“Realisation Pool”	the assets attributable to the Realisation Shares following a Realisation
“Realisation Shares”	shares of no par value each in the capital of the Company redesignated as “Realisation Shares” and having the rights and being subject to the restrictions set out in the Articles
“Receiving Agent”	Link Market Services Limited, trading as Link Asset Services
“Receiving Agent Services Agreement”	the receiving agent services agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 9 of Part VIII of this Prospectus
“Registrar”	Link Market Services (Jersey) Limited, trading as Link Asset Services
“Registrar Agreement”	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 9 of Part VIII of this Prospectus
“Regulation S”	Regulation S under the Securities Act
“RNS announcement”	an announcement by a regulatory news service

“Royalties”	(i) existing royalty contracts and other instruments pursuant to which the owner of the royalty receives cash payments or payments in kind calculated by reference to an agreed percentage of either production of hydrocarbons or cash flows generated from the sale of such hydrocarbons (whether with or without deductions that may be agreed as part of the terms) and the price at which such hydrocarbons are sold, that are typically, but not exclusively, granted by an oil or gas company to a land owner or capital provider and (ii) Royalty Lands
“Royalty Lands”	fee simple and other mineral interests in lands prospective for petroleum and natural gas and lands in respect of which royalty interests subsist
“Securities Act”	the US Securities Act of 1933, as amended
“Shareholder”	a holder of Ordinary Shares or C Shares in the Company
“Shares”	Ordinary Shares or C Shares (as the context may require)
“Similar Law”	any US federal, state, local or foreign law that is similar to provision 406 of ERISA or section 4975 of the Internal Revenue Code
“Singapore”	the Republic of Singapore
“Stream”	a bespoke, bilaterally negotiated financing, pursuant to which the Company (or subsidiary thereof) provides up-front capital to an interest holder in an upstream oil and gas asset or associated infrastructure and, in return, receives cash payments typically calculated by reference either to an agreed percentage of production of hydrocarbons or cash flows generated from the sale of such hydrocarbons (whether with or without deductions that may be agreed as part of the terms) and the price at which such hydrocarbons are sold or to a percentage of another cash flow derived from the relevant oil and gas asset or associated infrastructure
“Subsequent Calculation Period”	each 12-month period subsequent to the First Calculation Period, commencing on the relevant 1 January and ending on the relevant 31 December (inclusive)
“Subsequent Placing”	a placing of Ordinary Shares and/or C Shares at the applicable Placing Programme Price pursuant to the Placing Programme, as described in this Prospectus
“Substance Law”	the Taxation (Companies – Economic Substance) (Jersey) Law 2018
“Substantial Shareholder”	a company or body corporate that is beneficially entitled, directly or indirectly, to 10 per cent. or more of the dividends and/or share capital that controls, directly or indirectly, 10 per cent. or more of the voting rights of the Company
“Takeover Code”	the City Code on Takeovers and Mergers
“Treasury Regulations”	the US Department of Treasury Regulations
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

“US” or “United States”	the United States of America (including the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction
“US Person”	a “US Person” as defined in Regulation S of the Securities Act
“VAT”	UK Value Added Tax
“Winterflood”	Winterflood Securities Limited, Joint Bookrunner and Joint Broker to the Company

## Glossary

The following technical terms and phrases are used in this Prospectus:

“2P reserves”	the sum of the Proved Reserves and Probable Reserves
“FPSO”	a floating production, storage and offloading vessel
“Proved Developed Producing Reserves” or “PDP reserves”	Proved Reserves that are expected to be recovered from completion intervals that are open and producing at the time of the estimate
“Probable Reserves”	those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50 per cent. probability that the actual quantities recovered will equal or exceed the 2P estimate
“Proved Reserves”	Proved Reserves are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the estimate
“Reserves”	those quantities of petroleum anticipated to be commercially recoverable by application of approved development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied. Reserves are further subdivided in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their development and production status. To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability. There must be a reasonable expectation that all required internal and external approvals will be forthcoming, and there is evidence of firm intention to proceed with development within a reasonable time frame
“Shut in”	the temporary or permanent closure of a well or wells and/or production facilities which stops the flow of hydrocarbons

## Appendix 1

# SUPPLEMENT TO THE PROSPECTUS FOR FLOWSTREAM ROYALTIES LTD

for Offerings in or to Persons Domiciled or Registered in the European Economic Area

16 July 2019

This supplement (the “**Supplement**”) for offerings in or to persons domiciled or registered in the European Economic Area (the “**EEA**”) hereby supplements the prospectus dated 16 July 2019 as may be amended or supplemented from time to time (the “**Prospectus**”) for FlowStream Royalties Ltd (the “**Company**”) for the purposes described below. This Supplement is not a complete summary of, should be read in conjunction with and is qualified in its entirety by, the Prospectus, the articles of association of the Company and the investment management agreement between the Company and FlowStream Investment Management Ltd (the “**Investment Manager**”) relating thereto and related documentation.

This Supplement is being provided to certain prospective investors as an information-only document for the purpose of providing certain summary information about an investment in the Company as required pursuant to Articles 23(1), 23(2), 23(4) and 23(5) of Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers and its implementing measures (the “**AIFMD**”) and the Code of Practice for Alternative Investment Funds and AIF Services Business issued by the JFSC.

This Supplement does not update any information except as specifically described herein. Capitalised terms, unless otherwise defined herein, are used as defined in the Prospectus.

### AIFMD DISCLOSURE

The Investment Manager is subject to the AIFMD only to the limited extent applicable when a non-EEA Alternative Investment Fund Manager (an “**AIFM**”) offers or markets a non-EEA Alternative Investment Fund (an “**AIF**”) in the EEA. For the purposes of the AIFMD, the Company is the AIF and the Investment Manager is the AIFM. Since the Investment Manager is a non-EEA AIFM, certain of the disclosure requirements set forth in the AIFMD must be read, and have been addressed, in that context.

Article	Disclosure Requirement	Disclosure
<b>23(1)(A)</b>	<b>INVESTMENT STRATEGY</b>	
<b>1</b>	Description of the investment strategy and objectives of the Company	Please refer to the sections titled “Investment Objective and Overview” and “Investment Policy” in Part I of the Prospectus. The “Investment Selection and Due Diligence” section in Part IV of the Prospectus describes the investment strategy of the Company.
<b>2</b>	Description of the types of assets in which the Company may invest	Please refer to the section titled “Investment Policy” in Part I of the Prospectus.
<b>3</b>	Techniques the Company may employ	Please refer to the section titled “Investment Selection and Due Diligence” and “Investment Process” in Part IV of the Prospectus.
<b>4</b>	Risks associated with those types of assets and those techniques	Please refer to the “Risk Factors” section of the Prospectus, in particular the sub-sections titled “Risks related to the Company’s investment objective and strategy”, “Risks related to Debt Instruments”, “Risks relating to Equity and Equity Related Securities” and “Risks relating to the upstream oil and gas industry”.



<b>5</b>	Applicable investment restrictions	Please refer to the sections titled “Investment Policy” in Part I of the Prospectus and “FCA Requirements” in Part II of the Prospectus.
<b>6</b>	Use of leverage	
<b>a.</b>	Circumstances in which the Company may employ leverage	Please refer to the section titled “Borrowing Policy” in Part I of the Prospectus.
<b>b.</b>	Types and sources of leverage permitted	There are no restrictions on the type or source of leverage that the Company is permitted to incur.
<b>c.</b>	All risks associated with the use of leverage	Please refer to the “Risk Factors” section of the Prospectus for a description of the risks associated with the Company’s use of leverage, and in particular, the paragraph titled “The Company may borrow in connection with its investment activities which subjects it to interest rate risk and additional losses when the value of its investments fall”.
<b>d.</b>	Any restrictions on the use of leverage and any collateral and asset reuse arrangements	Please refer to the section titled “Borrowing Policy” in Part I of the Prospectus for the restrictions on the use of leverage.  There are no collateral or asset reuse arrangements.
<b>e.</b>	Maximum level of leverage which the Investment Manager is entitled to employ on behalf of the Company	The Company may incur indebtedness of up to a maximum of 50 per cent. of its Net Asset Value, calculated at the time of drawdown. The Investment Manager’s powers to incur such indebtedness on behalf of the Company within such limits shall be subject to any restrictions set out in the Investment Management Agreement, as amended from time to time.  Although not forming part of the investment policy of the Company, under the Investment Management Agreement, the Investment Manager will not incur aggregate borrowings greater than 35 per cent. of the Net Asset Value, calculated as at the time of drawdown, without prior Board approval.  Where the Company invests through any wholly owned subsidiary, leverage at the subsidiary level will apply towards the restrictions on the Company’s overall indebtedness set out above.
<b>23(1)(B)</b>	<b>CHANGE OF INVESTMENT STRATEGIES OR INVESTMENT POLICY</b>	
	Description of the procedures by which the Company may change its investment strategies or investment policy, or both	Any material change to the investment policy of the Company will be made only with the approval of Shareholders in accordance with the Listing Rules with which the Company has undertaken to comply voluntarily. Any change to the investment policy or investment restrictions which does not amount to a material change to the investment policy may be made by the Company without the approval of Shareholders.

23(1)(C)	CONTRACTUAL RELATIONSHIPS	
	<p>Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, on the applicable law and on the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established</p>	<p>The Company is a company limited by shares, incorporated in Jersey. While investors acquire an interest in the Company on subscribing for or purchasing Shares, the Company is the sole legal and/or beneficial owner of its Investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them.</p> <p>Shareholders' rights in respect of their investment in the Company are governed principally by the Articles and the Companies Law. Under Jersey law, the following types of claim may in certain circumstances be brought against a company by its shareholders: (i) contractual claims under its articles of association; (ii) claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; (iii) unfair prejudice claims; and (iv) derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its legal advisers.</p> <p>As noted above, Shareholders' rights are governed principally by the Articles and the Companies Law. By subscribing for Shares, investors agree to be bound by the Articles, which are governed by, and construed in accordance with, the laws of Jersey. The Company holds a certificate granted under the Collective Investment Funds (Jersey) Law 1988.</p> <p>Pursuant to the Judgments (Reciprocal Enforcement) (Jersey) Law 1960 and the rules under that law, if a final and conclusive judgment under which a sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty) were obtained in certain courts in England and Wales, Scotland, Northern Ireland, the Isle of Man or Guernsey in respect of the Company (where the Company had submitted to such jurisdiction), such judgment would, on application to the Royal Court in Jersey, be registered and would thereafter be enforceable.</p> <p>Although there is no similar enactment relating to judgments obtained in other countries, the practice of the Royal Court is such that where a final and conclusive judgment under which a debt or definite sum of money is payable (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or multiple damages) were obtained in the courts of any territory having jurisdiction against the Company: (i) the Royal Court would typically, on application properly made to it, recognise such judgment and give a judgment for liquidated damages in the amount of that judgment without reconsidering its merits; and (ii) such judgment of the Royal Court would thereafter be enforceable. This practice would, however, not apply where the foreign country did not have jurisdiction to give that judgment, where it was obtained by</p>

		<p>fraud, where its enforcement or recognition would be contrary to public policy or where the proceedings in which the judgment was obtained were opposed to natural justice.</p> <p>Where a matter comes before the courts of an EU member state (other than Denmark), the parties' choice of law to govern their contractual obligations is generally subject to the provisions of Regulation (EC) 593/2008 ("<b>Rome I</b>"). Under Rome I, the court may not give effect to a choice of law applicable to a contract in certain circumstances, including: (i) where there are mandatory rules of the member state's own law which are applicable regardless of the law chosen by the parties; and (ii) where the application of the parties' choice of law is incompatible with the public policy of the member state and where it is bound in relation to particular proceedings, types of contract or issues to apply the law of a different jurisdiction. Further, where all elements relevant to the situation at the time of choice are connected with or located in a country other than the country whose law has been chosen, the choice of the parties shall not prejudice the application of provisions of the law of that other country which cannot be derogated from by agreement.</p> <p>Rome I does not apply to certain matters, including questions governed by the law of companies (such as creation, legal capacity, internal organisation, insolvency and personal liability of officers and members for the obligations of the Company) and the power of an agent to bind a principal or of an organ of a company to bind the Company to a third party.</p> <p>With regard to any non-contractual obligations, EU member state courts (other than Denmark) will generally apply the provisions of Regulation 2007/864 ("<b>Rome II</b>") to determine the applicable law. The parties are able to choose the law applicable to non-contractual obligations subject to certain restrictions. Absent a choice, the general rule under Rome II is that the law applicable to non-contractual obligations is the law of the country in which the damage occurs or is likely to occur. Rome II does not apply to certain matters, including questions arising out of the law of companies (such as creation, legal capacity, internal organisation, insolvency, personal liability of officers and members for the obligations of the Company and personal liability of auditors to a company or to its members in the statutory audits of accounting documents).</p> <p>Where a matter comes before a non-EU court, it will apply its own conflict of laws rules to determine the law applicable to contractual or non-contractual obligations.</p>
<b>23(1)(D)</b>	<b>SERVICE PROVIDERS</b>	
<b>1</b>	Identity of the Investment Manager, the Company's depositary, auditor and other service providers	<p>The identity of the Investment Manager is set out in Part IV of the Prospectus and the identity of the Auditor and other service providers of the Company are set out in the section of the Prospectus titled "Directors, Investment Manager and Advisers".</p> <p>No depositary is required to be appointed, or has been appointed, by the Company.</p>

2	Description of the duties of each of those service providers	<p>The duties of the Administrator, Registrar and Auditor are set out in Part III of the Prospectus and the agreements entered into with each of these service providers are described in more detail in paragraph 9, “Material Contracts and Related Party Transactions” of Part VIII of the Prospectus.</p> <p>The duties of the Investment Manager are set out in Part IV of the Prospectus and the Investment Management Agreement is described in more detail in paragraph 9, “Material Contracts and Related Party Transactions” of Part VIII of the Prospectus.</p> <p>The duties of the Joint Bookrunners are set out in Part V and Part VI of the Prospectus and the Placing Agreement is described in more detail in paragraph 9, “Material Contracts and Related Party Transactions” of Part VIII of the Prospectus.</p>
3	Description of the investors’ rights in respect of those service providers	<p>Without prejudice to any potential right of action in common law that a Shareholder may have to bring a claim against a service provider to the Company, each Shareholder’s contractual relationship in respect of its investment in Ordinary Shares in the Company is with the Company only. Therefore, no Shareholder will have any contractual claim against any service provider with respect of such service provider’s default pursuant to the terms of the agreement that it has entered into with the Company.</p> <p>The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company should consult their legal adviser.</p>
<b>23(1)(E) PROFESSIONAL INDEMNITY LIABILITY</b>		
	Description of how the Investment Manager covers professional liability risks	<p>The Investment Manager is a non-EEA AIFM for the purposes of the AIFMD and so is not required to comply with Article 9(7) of the AIFMD, which relates to the maintenance of professional indemnity insurance or additional capital to cover professional liability risks.</p> <p>However, the Investment Manager has agreed, pursuant to the Investment Management Agreement, to maintain a professional indemnity insurance policy with a minimum liability cover of £5 million until the date that the Investment Management Agreement is terminated.</p>

<b>23(1)(F)</b> <b>23(2)</b>	<b>DELEGATIONS</b>	
<b>23(1)(F)</b>	Description of any delegated management functions as referred to in Annex I of the AIFMD by the Investment Manager and of any safekeeping function delegated by the Depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	<p>As a non-EEA AIFM, the Investment Manager is not subject to the detailed rules concerning delegation under Article 20 of the AIFMD. In that context, the Company has appointed the Investment Manager as investment manager with sole responsibility to manage the assets of the Company and to advise the Company on a day to day basis, in each case in accordance with the Company’s investment policy. The Investment Manager is permitted, with prior written notification to the Company and, subject, where required, to receipt of written confirmation of ‘no objection’ from the JFSC, to delegate any of its functions under the Investment Management Agreement other than the portfolio and risk management functions to a delegate (whether such delegate is an Associate of the Investment Manager or otherwise). The Company has consented to the delegation of certain services other than those services which are regulated activities, <i>inter alia</i>, in Jersey pursuant to the FSJ Law and the AIFM Directive.</p> <p>Notwithstanding the foregoing, all activities engaged in under the provisions of the Investment Management Agreement by the Investment Manager or any of its delegates on behalf of the Company shall at all times be subject to the overall policies, supervision and review of the Board.</p> <p>The Investment Manager’s conflicts of interest policy is described in the paragraph titled “Conflicts of Interest” in Part IV of the Prospectus.</p> <p>As described above, no depositary is required to be appointed, or has been appointed, by the Company.</p>
<b>23(2)</b>	A description of any arrangement made by the depositary to contractually discharge itself of liability	As described above, no depositary is required to be appointed, or has been appointed, by the Company.
<b>23(1)(G)</b>	<b>VALUATIONS</b>	
	Description of the Company’s valuation procedure and of the pricing methodology for valuing assets, including methods used to value hard-to-value assets	<p>As a non-EEA AIFM, the Investment Manager is not subject to the provisions concerning valuation procedures in Article 19 of the AIFMD. In that context, please refer to the paragraph titled “Net Asset Value publication and calculation” in Part II of the Prospectus. All assets of the Company will be valued in accordance with the methods set out in the Prospectus.</p> <p>The Company’s accounts and the annual report will be drawn up in US Dollars and in accordance with IFRS.</p>

<b>23(1)(H)</b>	<b>LIQUIDITY RISK MANAGEMENT</b>	
<b>1</b>	Description of the Company's liquidity risk management, including redemption rights both in normal and exceptional circumstances and the existing redemption arrangements with investors	<p>There are no redemption rights for Shareholders since the Company is closed-ended.</p> <p>Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations (primarily, debt) of the Company as they fall due. In managing the Company's assets, the Investment Manager will seek to ensure that the Company holds at all times a portfolio of assets (including cash) to enable the Company to discharge its payment obligations. The Company may also maintain a short-term overdraft facility that it may utilise from time to time for short-term liquidity purposes.</p>
<b>23(1)(I)</b>	<b>FEES AND EXPENSES</b>	
	Description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors	<p>Please refer to the section entitled "Fees and expenses" in Part III of the Prospectus. Since all such fees and expenses will be borne by the Company, they will be borne indirectly by investors. The maximum capped amount of the costs and expenses to be borne by the Company pursuant to the Initial Issue will be 2 per cent.</p> <p>No fees or expenses of the Company will be directly borne by the investors.</p> <p>Given that the amount of the fees payable by the Company following First Admission are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.</p>
<b>23(1)(J)</b>	<b>FAIR TREATMENT OF INVESTORS</b>	
	Description of how the Investment Manager ensures a fair treatment of investors and a description of any preferential treatment, the type of investors who obtain such preferential treatment and, where relevant, their legal or economic links with the Investment Manager	<p>Other than as disclosed in the Prospectus, the Investment Manager:</p> <ol style="list-style-type: none"> <li>1. will treat investors fairly;</li> <li>2. will not allow any investor to obtain preferential treatment; and</li> <li>3. has not entered into any agreement to allow any investor to be treated preferentially.</li> </ol>
<b>23(1)(K)</b>	<b>ANNUAL REPORTS</b>	
	The latest annual report of the Company	<p>The Company is newly incorporated and has not yet prepared its first annual report.</p> <p>When published, annual reports of the Company can be found on the Company's website: <a href="http://www.flowstreamroyalties.com">www.flowstreamroyalties.com</a>.</p>

<b>23(1)(L)</b>	<b>TERMS AND CONDITIONS</b>	
	The procedure and conditions for the issue and sale of interests in the Company	<p>The Shares will be offered by way of a Placing, Offer for Subscription and Placing Programme. The procedure for the Initial Issue is set out in Part V of the Prospectus. The procedure for the Placing Programme is set out in Part VI of the Prospectus.</p> <p>The terms and conditions of the Initial Placing and the Placing Programme are set out in Part IX of the Prospectus.</p> <p>The terms and conditions of application under the Offer for Subscription are set out in Part X of the Prospectus.</p> <p>The procedures and/or conditions applying to any further issue of Shares will be set out in a prospectus or RNS announcement at the time any relevant offer is made.</p> <p>Certain restrictions on the sale and transfer of the Shares are described in Part V and Part VI of the Prospectus under the paragraphs titled "Purchase and transfer restrictions".</p>
<b>23(1)(M)</b>	<b>NET ASSET VALUE</b>	
	The latest net asset value of the Company, or the latest market price of the interests of the Company	<p>The Net Asset Value is not available as the Company is newly incorporated.</p> <p>When published, Net Asset Value announcements of the Company can be found on the Company's website: <a href="http://www.flowstreamroyalties.com">www.flowstreamroyalties.com</a>.</p>
<b>23(1)(N)</b>	<b>HISTORICAL PERFORMANCE</b>	
	Where available, the historical performance of the Company	<p>No historic performance is available as the Company is newly incorporated.</p> <p>When published, annual and interim financial statements of the Company can be found on the Company's website: <a href="http://www.flowstreamroyalties.com">www.flowstreamroyalties.com</a>.</p>
<b>23(1)(O)</b>	<b>PRIME BROKERS</b>	
<b>1</b>	The identity of the prime broker and a description of any material arrangements of the Company with its prime brokers	Not applicable, the Company has not appointed any prime broker.
<b>2</b>	The way conflicts of interest in relation to any prime brokers are managed	Not applicable, the Company has not appointed any prime broker.
<b>3</b>	The provision in the contract with the depositary on the possibility of transfer and reuse of Company assets	Not applicable, the Company has not appointed any depositary.



4	Information relating to any transfer of liability to the prime broker that may exist	Not applicable, the Company has not appointed any prime broker.
<b>23(1)(P)</b>	<b>PERIODIC DISCLOSURES</b>	
	Description of how and when the information required to be disclosed periodically to investors under articles 23(4) and 23(5) (so far as relevant, leverage and risk profile) of the AIFMD will be disclosed	<p>The Investment Manager is required to disclose periodically to investors:</p> <ol style="list-style-type: none"> <li>1. the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature;</li> <li>2. any new arrangements for managing the liquidity of the Company; and</li> <li>3. the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks.</li> </ol> <p>The information shall be disclosed as part of the Company's periodic reporting to investors, as required as an issuer of securities admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange or at the same time as the Prospectus and, at a minimum, at the same time as the Company's annual report is made available.</p> <p>The Investment Manager must disclose on a regular basis:</p> <ol style="list-style-type: none"> <li>1. any changes to: <ol style="list-style-type: none"> <li>a. the maximum level of leverage that the Investment Manager may employ on behalf of the Company;</li> <li>b. any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and</li> </ol> </li> <li>2. the total amount of leverage employed by the Company.</li> </ol> <p>Information on changes to the maximum level of leverage and any right of reuse of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.</p> <p>Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to investors, as required as an issuer of securities admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, or at the same time as the Prospectus and at least at the same time as the annual report is made available to investors.</p> <p>Without limitation to the generality of the foregoing, any of the information specified above may be disclosed:</p> <ol style="list-style-type: none"> <li>1. in the Company's annual report;</li> <li>2. in the Company's unaudited interim report;</li> <li>3. by the issue of an announcement via a regulatory information service (or equivalent); or</li> <li>4. by the publication of the relevant information on the Company website.</li> </ol>

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## Appendix 2

### OFFER FOR SUBSCRIPTION APPLICATION FORM

If you wish to apply for Ordinary Shares, please complete, sign and return this Application Form, by post or (during normal business hours only) by hand to Link Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 24 September 2019 (unless extended or shortened).

**IMPORTANT: You are strongly recommended to read and consider the Prospectus before completing this Application Form. Before completing this Application Form, you should read the notes set out under the section entitled "Notes on how to complete the Application Form" at the back of this Application Form. All applicants must complete Boxes 1 to 3. Joint applicants should also complete Box 4.**

If you have a query concerning completion of this Application Form, please call Link Asset Services on 0371 664 0321 from within the UK or +44 371 664 0321 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at applicable international rates. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded or randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of an investment in the Ordinary Shares nor give any financial, legal or tax advice.

To: The Directors  
FlowStream Royalties Ltd (the "Company")

#### 1. Application

I/We offer to subscribe for such number of Ordinary Shares at the Initial Issue Price of US\$1.00 per Ordinary Share as may be purchased by the subscription amount set out in the box immediately below (the minimum being US\$1,000 and thereafter multiples of US\$100), fully paid subject to the Terms and Conditions of Application under the Offer for Subscription set out in Part X of the prospectus published by the Company dated 16 July 2019 and subject to the Memorandum and Articles.

**Application method (please tick one box)**     Cheque     CHAPS     DVP

Subscription Amount	US\$
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#### 2. Personal Details (please use block capitals)

Mr, Mrs, Ms or Title: Forenames (in full):	
Surname:	
Address (in full):	
Postcode:	Date of birth:

#### 3. Signature

Dated:	Signature:
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**4. Joint Applicants (please use block capitals)**

1.	Mr, Mrs, Ms or Title:	
	Forenames (in full):	
	Surname:	
	Signature:	
	Date of birth:	
2.	Mr, Mrs, Ms or Title:	
	Forenames (in full):	
	Surname:	
	Signature:	
	Date of birth:	
3.	Mr, Mrs, Ms or Title:	
	Forenames (in full):	
	Surname:	
	Signature:	
	Date of birth:	

**5. CREST details (only complete this section if you wish to register your application directly into your CREST Account which should be in the same name(s) as the applicants in Boxes 2 and 4 above)**

CREST Participant ID:								
CREST Member Account ID:								

**6. Settlement**

(a) ***Cheque/Banker's Draft***

If you are subscribing for Ordinary Shares and paying by cheque or banker's draft, pin or staple to this form your cheque or banker's draft for the exact amount shown in Box 1 made payable to "LMS RE: FlowStream Royalties Ltd – 2019 OFS A/C". Cheques and bankers payments must be drawn in US Dollars on an account at a bank branch in the UK and must bear a UK bank sort code number in the top right hand corner.

(b) ***Electronic Bank Transfer***

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 24 September 2019. Please see Part V on page 87 of the Prospectus for further information.

(c) **Settlement by delivery versus payment (“DVP”)**

If you choose to settle your application within CREST, that is, DVP, you or your settlement agent or custodian’s CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment at the Initial Issue Price per Ordinary Share using the following CREST matching criteria set out below:

Trade date:	26 September 2019
Settlement date:	1 October 2019
Company:	FLOWSTREAM ROYALTIES LTD
Security description:	ORD NPV
SEDOL:	BJHPL85
ISIN:	JE00BJHPL856

Applicants wishing to settle DVP will still need to complete and submit a valid Application Form to be received by no later than 11.00 a.m. on 24 September 2019 (being the closing date, unless extended or shortened). You should tick the relevant box in section 1 of the Application Form.

Applicants will also need to ensure that their settlement instructions are input to Link Asset Services’ Participant account (RA06) by no later than 11.00 a.m. on 1 October 2019 (being the date of First Admission, unless extended or shortened).

Applicants can confirm their final allotment of shares by contacting the helpline on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Note: Link will not take any action until a valid DEL message has been alleged to the Participant account by the applicant/custodian.

No acknowledgement of receipt or input will be provided.

Applicants should also ensure that their agent/custodian has a sufficient “debit cap” within the CREST system to facilitate settlement in addition to their usual daily trading and settlement requirements.

In the event of late/non-settlement, the Company reserves the right to deliver shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer have been satisfied.

**If you require a share certificate you should not use this facility.**

## **7. Identity Information**

### **PLEASE NOTE**

Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that Link Asset Services itself is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money.

Whilst Link Asset Services may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is the Sterling equivalent of €15,000 (currently approximately £13,000).

Link Asset Services will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks do not mean the investor is suspected of anything illegal and there is nothing to worry about.

The checks made at credit reference agencies leave an 'enquiry footprint' – an indelible record so that the investor can see who has made a check. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-money laundering checks appear as an enquiry/soft search on the investor's credit report. The report may contain a note saying "Identity Check to comply with Anti Money Laundering Regulations".

## Notes on how to complete the Application Form

Applications should be returned so as to be received no later than 11.00 a.m. on 24 September 2019 (unless extended or shortened).

If you have a query concerning completion of this Application Form, please call Link Asset Services on 0371 664 0321 from within the UK or +44 371 664 0321 if calling from outside the UK. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at applicable international rates. The helpline is open between 9.00 a.m. and 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded or randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of an investment in the Ordinary Shares nor give any financial, legal or tax advice.

### 1. Application

Fill in Box 1 with the amount of money being subscribed for Ordinary Shares. The amount being subscribed must be for a minimum of US\$1,000. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom the application is made in order to be treated most favourably in the scaling back process should this be required.

### 2. Personal Details

Fill in (in block capitals) the full name(s) and address of the sole first applicant. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference. A maximum of four joint holders is permitted. All holders named must sign the Application Form in Boxes 3 and 4 (where applicable).

### 3. Signature

All holders named in Boxes 2 and 4 (where applicable) must sign Boxes 3 and 4 (where applicable) and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

### 4. Settlement

#### (a) *Cheque/Banker's draft*

All payments by cheque or banker's draft must accompany your Application Form and be for the exact amount inserted in Box 1 of your Application Form. Applications accompanied by a post-dated cheque will not be accepted. Your payment must relate solely to the application made in the Application Form. No receipt will be issued. Your cheque or banker's draft must be made payable to "LMS RE: FlowStream Royalties Ltd – 2019 OFS A/C" in respect of an application and crossed "A/C Payee Only". The cheque or banker's draft must be drawn in Sterling on an account at a bank branch in the United Kingdom which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and bankers' drafts to be cleared through the facilities provided by any of those companies or committees, and must bear a United Kingdom bank sort code number in the top right hand corner. If you use a banker's draft or a building society cheque you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the banker's draft or cheque and adds its stamp. Cheques should be drawn on the personal account to which you have sole or joint title to the funds. Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the bank or building society has confirmed the name of the account holder by stamping and endorsing the cheque to such effect.



(b) **Electronic Bank Transfer**

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 24 September 2019. Please see Part V on page 87 of the Prospectus for further information.

(c) **Settlement by delivery versus payment (“DVP”)**

If you choose to settle your application within CREST, that is, DVP, you or your settlement agent or custodian’s CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment at the Initial Issue Price per Ordinary Share using the following CREST matching criteria set out below:

Trade date:	26 October 2019
Settlement date:	1 October 2019
Company:	FLOWSTREAM ROYALTIES LTD
Security description:	ORD NPV
SEDOL:	BJHPL85
ISIN:	JE00BJHPL856

Applicants wishing to settle DVP will still need to complete and submit a valid Application Form to be received by no later than 11.00 a.m. on 24 September 2019 (being the closing date, unless extended or shortened). You should tick the relevant box in section 1 of the Application Form.

Applicants will also need to ensure that their settlement instructions are input to Link Asset Services’ Participant account (RA06) by no later than 11.00 a.m. on 1 October 2019 (being the date of First Admission, unless extended or shortened).

Applicants can confirm their final allotment of shares by contacting the helpline on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

Note: Link will not take any action until a valid DEL message has been alleged to the Participant account by the applicant/custodian.

No acknowledgement of receipt or input will be provided.

Applicants should also ensure that their agent/custodian has a sufficient “debit cap” within the CREST system to facilitate settlement in addition to their usual daily trading and settlement requirements.

In the event of late/non-settlement, the Company reserves the right to deliver shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer have been satisfied.

**If you require a share certificate you should not use this facility.**

## 5. Identity Information

### **PLEASE NOTE**

Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that Link Asset Services itself is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money.

Whilst Link Asset Services may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is the Sterling equivalent of €15,000 (currently approximately £13,000).

Link Asset Services will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks do not mean the investor is suspected of anything illegal and there is nothing to worry about.

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## 6. Contact Details

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person the Receiving Agent may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in Box 3 on behalf of the first named holder. If no details are entered here and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

### **Instructions for delivery of completed Application Forms**

**Completed Application Forms should be returned, by post or by hand (during normal business hours), to Link Asset Services so as to be received by no later than 11.00 a.m. on 24 September 2019 (unless extended or shortened), together in each case with payment by cheque or duly endorsed banker's draft in full in respect of the application made by the Application Form except where payment is being made by electronic bank transfer or by CREST settlement. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.**

