

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. This prospectus does not constitute and must not be treated as investment, financial, legal or other advice. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker or other independent financial adviser authorised pursuant to the UK Financial Services and Markets Act 2000 (as amended) (the FSMA), who specialises in advising on the acquisition of securities.

A copy of this document, which comprises a prospectus relating to UIL Finance Limited ("UIL Finance") in connection with the issue of shares in the capital of UIL Finance and their admission to trading on the Main Market and to listing on the standard listing category of the Official List, has been prepared in accordance with the UK version of the EU Prospectus Regulation (2017/1129) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time (including, but not limited to, by the Prospectus (Amendment etc) (EU Exit) Regulations 2019/1234 (the "Prospectus Amendment Regulations 2019") and The Financial Services and Markets Act 2000 (Prospectus) Regulations 2019)) (the "UK Prospectus Regulation") and the prospectus regulation rules of the Financial Conduct Authority (the "FCA") (the "Prospectus Regulation Rules"). This Prospectus has been approved by the FCA, as the competent authority under the UK Prospectus Regulation and the FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Accordingly, such approval should not be considered as an endorsement of the issuer, or of the quality of the securities, that are the subject of this Prospectus; investors should make their own assessment as to the suitability of investing in the 2028 ZDP Shares. This Prospectus has been made available to the public as required by the Prospectus Regulation Rules.

The 2028 ZDP Shares are only suitable for investors: (i) who understand and are willing to assume the potential risks of capital loss and that there may be limited liquidity in the investments of the Group; (ii) for whom an investment in the 2028 ZDP 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 programme. If you are in any doubt about the contents of this document, you should consult your accountant, legal or professional adviser or financial adviser.

Applications will be made to the Financial Conduct Authority and to the London Stock Exchange respectively for the 2028 ZDP Shares arising on the conversion of the 2022 ZDP Shares issued pursuant to the Rollover Offer and issued pursuant to the Initial Issue to be admitted: (i) to the Official List (by way of a standard listing under Chapter 14 of the Listing Rules); and (ii) to the London Stock Exchange's main market for listed securities (together **Admission**). It is expected that such Admission will become effective and that unconditional dealings in such 2028 ZDP Shares will commence on the London Stock Exchange on 23 April 2021. Applications will also be made to the Financial Conduct Authority and to the London Stock Exchange respectively for Admission of any 2028 ZDP Shares issued pursuant to the Placing Programme. It is expected that such Admissions will become effective and that unconditional dealings in such 2028 ZDP Shares will commence on the London Stock Exchange during the period from 24 April 2021 to 17 March 2022.

The 2028 ZDP Shares are not and/or will not be dealt in on any other recognised investment exchange and no such other applications have been made or are currently expected.

A standard listing will afford investors in the 2028 ZDP Shares a lower level of regulatory protection than that afforded to investors in companies with premium listings on the Official List, which are subject to additional obligations under the Listing Rules.

If you have sold or otherwise transferred all your 2022 ZDP Shares please send this document and the accompanying documents as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. The distribution of this document and/or the accompanying documents in jurisdictions other than the UK, including the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

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# UIL Finance Limited

*(Incorporated in Bermuda under the Companies Act 1981, as amended, with company number 39479)*

a wholly owned subsidiary of

# UIL Limited

*(Incorporated in Bermuda under the Companies Act 1981, as amended, with company number 39480)*

## Rollover Offer of 2022 ZDP Shares into 2028 ZDP Shares

and

**Placing, Intermediaries Offer and Offer for Subscription of up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising on the conversion of the 2022 ZDP Shares pursuant to the Rollover Offer)**

and

**Placing Programme of up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising on the conversion of the 2022 ZDP Shares pursuant to the Rollover Offer and issued pursuant to the Initial Issue)**

and

**Admission of 2028 ZDP Shares to the Standard Segment of the Official List**

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Pursuant to the Companies Act 1981 of Bermuda, there is no requirement to file this document with the Registrar of Companies in Bermuda. Neither the Bermuda Monetary Authority, the Registrar of Companies of Bermuda nor any other relevant Bermuda authority or government body accept any responsibility for the financial soundness of any proposal or for the correctness of any of the statements made or opinions expressed herein.

Shore Capital and Corporate Limited (**Shore Capital**), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for UIL Finance and UIL and for no one else in connection with the Proposals. Shore Capital will not regard any other person (whether or not a recipient of this document) as its client in relation to the Proposals and will not be responsible to any person other than UIL Finance and UIL for providing the protections afforded to clients of Shore Capital or for providing advice to them in relation to the Proposals or any other matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Shore Capital by the FCA or FSMA or the regulatory regime established thereunder, Shore Capital does not accept any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with UIL Finance, UIL, the Joint Portfolio Managers, the 2028 ZDP Shares or the Proposals and nothing in this document is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Shore Capital accordingly, to the fullest extent permissible by law, disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have to any person, other than UIL Finance and UIL, in respect of this document or any such statement.

No action has been taken to permit the distribution of this document or offer of the 2028 ZDP Shares in any jurisdiction other than the United Kingdom. Accordingly, this document may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

In particular the 2028 ZDP Shares offered by this document have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **Securities Act**) or registered or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Australia, Canada, Japan, New Zealand or the Republic of South Africa and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in Australia, Canada, Japan, New Zealand or the Republic of South Africa or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. UIL is not and will not be registered as an investment company under the US Investment Company Act of 1940, as amended. This document and the 2028 ZDP Shares have not been recommended, approved or disapproved by any US federal or state securities commission or regulatory authority. Furthermore, none of these authorities has opined on the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence. Further information regarding overseas investors is set out in Parts 5 and 6 of this document.

The contents of the website of UIL and the contents of the websites of the Joint Portfolio Managers do not form part of this Prospectus.

All registered or unregistered service marks, trademarks and trade names referred to in this Prospectus are the property of their respective owners and the Group's use thereof does not imply an affiliation with, or endorsement by, the owners of such service marks, trademarks and trade names.

The whole of this document should be read. The attention of potential investors is drawn in particular to pages 10 to 21 of this document, which set out the principal risk factors associated with an investment in the Group.

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# SUMMARY

## 1 INTRODUCTION AND WARNINGS

This summary should be read as an introduction to this document and any decision to invest in 2028 ZDP Shares should be based on consideration of this document as a whole by the investor. The investor could lose all or part of its invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in 2028 ZDP Shares.

UIL Finance is offering securities under this Prospectus pursuant to: (i) an offer to Qualifying Holders of 2022 ZDP Shares to rollover some or all of their Qualifying Holding (subject to the overall limits of the Rollover Offer) into 2028 Shares (the **Rollover Offer**); (ii) a placing, intermediaries offer and offer for subscription of 2028 ZDP Shares (the **Initial Issue**); and (iii) a placing programme of 2028 ZDP Shares (the **Placing Programme**) (together the **Proposals**).

The securities which UIL Finance intends to issue under the Proposals are zero dividend preference shares of par value of 3.8676 pence each (the **2028 ZDP Shares**), whose ISIN is BMG916101576 and SEDOL number is BL6BB99.

UIL Finance, the issuer and offeror of the securities can be contacted by writing to its registered office, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda or by calling, within business hours, +1 441 295 1422. UIL Finance can also be contacted through its AIFM, ICM Investment Management Limited by writing to PO Box 208, Epsom, Surrey KT18 7YF, calling within business hours, +44 (0)1372 271486 or emailing [webcontact@icm.limited](mailto:webcontact@icm.limited). UIL Finance's legal entity identifier (LEI) is 213800JPJWZ5P3QJX538.

This Prospectus has been approved by the United Kingdom Financial Conduct Authority of 12 Endeavour Square, London E20 1JN on 18 March 2021. Contact information relating to the Financial Conduct Authority can be found at <https://www.fca.org.uk/contact>.

## 2 KEY INFORMATION ON THE ISSUER

### 2.1 Who is the issuer of the securities?

The issuer is UIL Finance Limited of Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its LEI is 213800JPJWZ5P3QJX538. It was incorporated as an exempted closed-ended investment company in Bermuda and is domiciled in Bermuda. UIL Finance has no subsidiaries. UIL Finance does not have a fixed winding-up date or any periodic continuation votes and it will not be necessary to liquidate UIL Finance in connection with the redemption of the ZDP Shares.

UIL Finance was formed solely for the purpose of issuing zero dividend preference shares and its only asset is the obligation of UIL (i) to repay any interest free loan, and (ii) to reimburse UIL Finance (by way of payment in advance, if required) any and all costs, expenses, fees or interest UIL Finance incurs or is otherwise liable to pay to the holder of the ZDP Shares so as to enable UIL Finance to pay the final capital entitlement of each ZDP Share when it falls due for payment on maturity pursuant to the Subscription Agreement.

All of the issued ordinary shares in UIL Finance are held by UIL and therefore UIL Finance is controlled by UIL. Save for UIL, UIL Finance is not aware of any person who could, directly or indirectly, jointly or severally, exercise control over UIL Finance.

Neither UIL Finance nor any of the UIL Finance Directors is aware of any arrangements, the operation of which may at a subsequent date result in a change of control of UIL Finance.

The principal activity of the Group is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not reflected in the market price.

As at the close of business on 17 March 2021 (being the latest practicable date before publication of this Prospectus), the Company has received notification from Mr Duncan Saville that he had an interest in 62,435,821 ordinary shares (73.9 per cent. of UIL's issued share capital) which included the holding of General Provincial Life Pension Fund Limited (54,851,533 ordinary shares (65.0 per cent.)) and Union Mutual Pension Fund Limited (7,479,538 ordinary shares 8.9 per cent.). Save as set out above, there are no other persons known to be interested in 5 per cent. or more of the share capital of UIL (being the threshold for notification under the Disclosure Guidance and Transparency Rules).

The person referred to above does not have voting rights in respect of UIL's share capital which differ from those of any other shareholder. Save in respect of Mr Duncan Saville, UIL is not aware of any person who could, directly or indirectly, jointly or severally, exercise control over UIL. Neither UIL nor any of the UIL Directors is aware of any arrangements, the operation of which may at a subsequent date result in a change of control of UIL.

## 2.2 Is there a guarantee attached to the securities?

The Final Capital Entitlement of any class of ZDP Shares, which is intended to be paid on the relevant ZDP Repayment Date, is not guaranteed. UIL and UIL Finance have entered into arrangements which are intended to ensure that UIL Finance will be able to pay the Final Capital Entitlement on the relevant ZDP Repayment Date but it is not guaranteed that UIL will be able to satisfy its obligations under these arrangements. Specifically, UIL and UIL Finance have entered into a subscription agreement pursuant to which, in consideration for UIL Finance agreeing to transfer to UIL certain assets, UIL has undertaken (i) to repay any interest free loan, and (ii) to reimburse UIL Finance (by way of payment in advance, if required) any and all costs, expenses, fees or interest UIL Finance incurs or is otherwise liable to pay to the holder of the ZDP Shares so as to enable UIL Finance to pay the final capital entitlement of each ZDP Share when it falls due for payment on maturity. However, there can be no assurance that the arrangements under the Subscription Agreement will result in UIL Finance having sufficient funds available to it to meet its payment obligations in respect of any class of ZDP Shares in full or at all.

UIL Finance is a wholly-owned subsidiary of UIL. UIL's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its LEI is 213800CTZ7TEIE7YM468. UIL does not have a fixed winding-up date or any periodic continuation votes. UIL is an exempted, closed ended investment company incorporated in Bermuda with limited liability. UIL currently holds all of the ordinary shares of UIL Finance. UIL's current investment objective is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not reflected in the market price.

## 2.3 Who are the Directors?

No member of the Group has any executive directors. The following are non-executive directors of UIL for the purposes of the UK Corporate Governance Code: Peter Burrows AO (Chairman), Stuart Bridges, Alison Hill, Christopher Samuel and David Shillson. The Directors of UIL have also been appointed as Directors of UIL Finance.

## 2.4 Who are the statutory auditors?

The statutory auditors to the Group are KPMG LLP of 15 Canada Square, London E14 5GL, United Kingdom.

## 2.5 What is the key financial information regarding the Group?

**Table 1: Additional information relevant to closed ended funds (Unaudited)**

Share Class	Total NAV <sup>1</sup>	No. of Shares	NAV per Share <sup>1</sup>	Historical performance of UIL to 28 February 2021				
				6 months (%)	1 year (%)	3 years (%)	5 years (%)	Inception (%) <sup>*</sup>
Ordinary Shares	£285.3m	84,431,783	337.95p					
			NAV total return	26.4	20.8	43.3	136.9	660.9

\* inception of Utilico Investment Trust plc

<sup>1</sup> Note: this information is accurate as at 16 March 2021, being the latest practicable date before the publication of this document

**Table 2: Group Income statement**

	Year ended 30 June			Half-year ended 31 December	
	2018	2019	2020	2019	2020
Total Income (£'000)	63,015	98,021	(47,505)	(8,773)	60,982
Net profit/(loss) (£'000)	41,020	74,008	(62,040)	(16,041)	54,409
Performance fee (£'000)	5,337	8,538	–	–	–
Investment Management Fee (accrued/paid) (£'000)	1,174	1,198	1,152	616	442
Any other material fees to service providers (£'000)	548	666	274	131	123
Earnings per share (pence)	45.63	82.97	(71.53)	(18.34)	63.32

**Table 3: Group Balance sheet**

	Year ended 30 June			Half-year ended 31 December	
	2018	2019	2020	2019	2020
Total Net Assets (£'000)	261,134	326,268	251,625	301,631	302,158

**Table 4: UIL Finance Income statement**

	Year ended 30 June			Half-year ended 31 December	
	2018	2019	2020	2019	2020
Total Income (£'000)	12,821	12,082	10,643	5,309	4,959
Net profit/(loss) (£'000)	–	–	–	–	–
Performance fee (£'000)	–	–	–	–	–
Investment Management Fee (£'000)	–	–	–	–	–
Any other material fees to service providers (£'000)	–	–	–	–	–
Earnings per share (pence)	–	–	–	–	–

**Table 5: UIL Finance Balance sheet**

	Year ended 30 June			Half-year ended 31 December	
	2018	2019	2020	2019	2020
Total Net Assets (£'000)	–	–	–	–	–

## 2.6 What are the key risks that are specific to the issuer?

The attention of investors is drawn to the risks associated with an investment in the Group which, in particular, include the following:

### **Key risks relating to the Group's business**

- The success of the investment strategies followed by the Joint Portfolio Managers depends upon their success at interpreting market data and predicting the future course of price movements of securities and other investments. No assurance can be given that the strategies to be used will be successful which may ultimately have a material adverse effect on UIL's ability to meet its obligations under the Subscription Agreement and thereby on UIL Finance's ability to pay the Final Capital Entitlement of the 2028 ZDP Shares in full on the 2028 ZDP Repayment Date.
- UIL's investment approach is to invest in a relatively concentrated portfolio of investments. Accordingly, UIL may be regarded as representing a different risk than a generalist investment company and the underperformance of an investment may have an adverse impact on UIL's profitability.
- UIL's investment policy is broad in scope and permits investment in the securities of companies in specialist sectors and smaller and/or unquoted companies that can

involve greater risk than is customarily associated with investment in larger, more established companies. It may be difficult to value or realise investments in such companies as they are often less liquid and potentially subject to a greater degree of price fluctuation. If the realisable value of the Group's assets is less than UIL's valuation of those assets, this may ultimately have a material adverse effect on UIL's ability to meet its obligations under the Subscription Agreement and thereby on UIL Finance's ability to pay the Final Capital Entitlement on the 2028 ZDP Shares in full on the 2028 ZDP Repayment Date.

- UIL uses gearing in the form of bank debt in addition to the structural gearing provided by the ZDP Shares, exposing investors to increased risk as gearing can increase the portfolio's market exposure and volatility.
- UIL and its investments are materially affected by conditions in the global financial markets and economic conditions throughout the world, including, but not limited to, rising interest rates, inflation, business and consumer confidence, availability of credit, currency exchange rates and controls, changes in laws, trade barriers, commodity prices, terrorism and political uncertainty. These factors are outside UIL's control and may affect the level and volatility of securities' prices and the liquidity and the value of investments, which could adversely affect UIL's profitability, Net Asset Value and prices of the Group's securities.

#### ***Key risks relating to taxation***

- Any change in the Group's tax status or in taxation legislation or practice in the United Kingdom or elsewhere, could affect the value of the investments held by the Group and the Group's ability to provide returns to Shareholders and could also affect the tax treatment of the ZDP Shares and the tax treatment of their Final Capital Entitlement.

### **3 KEY INFORMATION ON THE SECURITIES**

#### **3.1 What are the main features of the securities?**

##### ***2028 ZDP Shares***

The securities which UIL Finance intends to issue under the Proposals are up to 25,000,000 2028 Zero Dividend Preference Shares of par value 3.8676 pence each, whose ISIN is BMG916101576, SEDOL number is BL6BB99 and ticker symbol is UTLI.

As at 17 March 2021, being the latest practicable date prior to publication of this document UIL had 84,431,783 Ordinary Shares of 10 pence par value in issue. As at 17 March 2021, being the latest practicable date prior to publication of this document there were no 2028 ZDP Shares in issue. As at the same date UIL Finance had the following shares in issue: 10 Ordinary Shares; 50,000,000 2022 ZDP Shares; 30,000,000 2024 ZDP Shares; and 25,000,000 2026 ZDP Shares.

##### ***Rights attaching to the 2028 ZDP Shares***

The 2028 ZDP Shares will carry no entitlement to income and the whole of any return will therefore take the form of capital. The 2028 ZDP Shares will have an initial capital entitlement on 23 April 2021 of 100p per 2028 ZDP Share and will have a Final Capital Entitlement of 152.29p per 2028 ZDP Share on 31 October 2028, equivalent to a Gross Redemption Yield of 5.75 per cent. per annum on the 2028 ZDP Share Issue Price. No further ZDP Shares will be issued at a price which has the effect of reducing the ZDP Cover for the 2028 ZDP Shares, at or around the time of the issue of such additional 2028 ZDP Shares, below 1.35x. The 2028 ZDP Shares will not carry the right to vote at general meetings of UIL or UIL Finance but they will carry the right to vote as a class on certain proposals which would be likely to affect materially their position.

##### ***Relative Seniority of ZDP Shares***

The ZDP Shares have differing priorities on return of capital, with the holders of the 2022 ZDP Shares, the 2024 ZDP Shares and the 2026 ZDP Shares ranking in priority to the holders of 2028 ZDP Shares in respect of their Accrued Capital Entitlements in the event that UIL or UIL Finance is wound up. The ZDP Shares rank ahead of the Ordinary Shares in the event of a winding up of the Group.

### ***Restrictions on the free transferability of the 2028 ZDP Shares***

Subject as provided below, any ZDP Shareholder may transfer all or any of his ZDP Shares by instrument of transfer in any form which the UIL Finance Directors may approve. The UIL Finance Board may, in its absolute discretion and without giving any reason, refuse to register any transfer of a fully paid share unless such transfer satisfies certain conditions. The UIL Finance Board may in its absolute discretion and without giving any reason, refuse to register a transfer of a partly paid share provided that the UIL Finance Directors have exercised their discretion without thereby prejudicing dealings being on an open and proper basis. The UIL Finance Board may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted or required by the Regulations.

### ***Dividend Policy***

No dividends will be paid to any ZDP Shareholders.

## **3.2 Where will the securities be traded?**

Application will be made to the London Stock Exchange for all of the 2028 ZDP Shares to be issued pursuant to the Proposals to be admitted to trading on the Main Market (standard listing segment). It is expected that Admission will become effective, and that dealings in the 2028 ZDP Shares will commence, on 23 April 2021.

## **3.3 What are the key risks that are specific to the securities?**

The attention of investors is drawn to the risks associated with an investment in the 2028 ZDP Shares issued pursuant to the Proposals which, in particular, include the following:

- UIL Finance has no assets other than the obligation of UIL to put UIL Finance in a position to meet its obligations in respect of the ZDP Shares pursuant to the Subscription Agreement. UIL's obligations to UIL Finance under the Subscription Agreement are structurally subordinated to the liabilities of UIL under the Loan Facility, which is secured against UIL's assets. Any default under this facility could ultimately have a material adverse effect on the ability of UIL Finance to pay the Final Capital Entitlement on the 2028 ZDP Shares in full on the 2028 ZDP Repayment Date.
- The Final Capital Entitlement for any class of ZDP Shares is not guaranteed. If UIL Finance does not have sufficient cash resources and if UIL does not, or is unable to, meet its obligation to contribute such funds to UIL Finance under the Subscription Agreement, UIL Finance will be unable to pay the Final Capital Entitlement of the ZDP Shares and ZDP Shareholders may lose some or all of their investment.
- The ZDP Shares have differing priorities on return of capital, with the holders of the 2022 ZDP Shares, the 2024 ZDP Shares and the 2026 ZDP Shares ranking in priority to the holders of 2028 ZDP Shares in respect of their Accrued Capital Entitlements in the event that UIL or UIL Finance is wound up.
- 2028 ZDP Shareholders only have the right to receive the Final Capital Entitlement on the 2028 ZDP Repayment Date. 2028 ZDP Shareholders wishing to realise their investment earlier will have to dispose of their 2028 ZDP Shares through the stock market. However, there can be no guarantee that a listing will be maintained or that there will be a liquid market for the 2028 ZDP Shares.
- The market value of the 2028 ZDP Shares will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the 2028 ZDP Shares, as the differential in return profile between the 2028 ZDP Shares and alternative investments is likely to narrow.

## **4 KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET.**

### **4.1 Under which conditions and timetable can I invest in this security?**

UIL Finance is seeking to issue up to 25 million 2028 ZDP Shares by way of the Proposals which consist of the Rollover Offer, the Initial Issue and the Placing Programme. Existing ZDP Shareholders will not suffer any dilution as there are no 2028 ZDP Shares currently in issue. Holders of ordinary shares issued by UIL will not suffer any dilution of their voting rights as a

result of the issue of the 2028 ZDP Shares pursuant to the Proposals as ZDP Shares do not carry any voting rights save in limited circumstances.

Application will be made for all of the 2028 ZDP Shares to be issued pursuant to the Proposals to be admitted to the Official List (by way of a standard listing under Chapter 14 of the Listing Rules) and to trading on the Main Market of the London Stock Exchange.

The net proceeds of the Initial Issue are dependent on the level of take up under the Rollover Offer. Based on the assumptions, the estimated expenses of the Rollover Offer and the Initial Issue are £0.4 million and are expected to be met out of the gross proceeds of the Initial Issue, reducing the funds available to be invested on Shareholders' behalf. Assuming the Initial Issue is fully subscribed and no 2028 ZDP Shares arise pursuant to the conversion of any 2022 ZDP Shares under the Rollover Offer, the maximum net proceeds of the Initial Issue will be £24.6 million. If the Rollover Offer is taken up in full and no 2028 ZDP Shares are issued pursuant to the Initial Issue and the Placing Programme, UIL will bear the expenses of the Proposals out of its existing resources. Neither the Initial Issue nor any Placing under the Placing Programme is or will be underwritten. No taxes or expenses will be charged directly to any investor by the Company.

### ***The Rollover Offer***

Under the Rollover Offer, each Qualifying Holder of 2022 ZDP Shares on the Record Date will be given the opportunity to rollover some or all of their Qualifying Holding (subject to the overall limits of the Rollover Offer) into new 2028 ZDP Shares. The Rollover Value attributed to each 2022 ZDP Share will be 137.5p, a premium of 2.60 per cent. to its Accrued Capital Entitlement as at the Rollover Date. The new 2028 ZDP Shares arising on the conversion of 2022 ZDP Shares pursuant to the Rollover Offer will be deemed to be issued at the 2028 ZDP Share issue price, which will be 100p per 2028 ZDP Share. The 2028 ZDP Shares will have a Gross Redemption Yield of 5.75 per cent. and a maturity date of 31 October 2028. The Latest time and date for receipt of Forms of Election and TTE Instructions in connection with the Rollover Offer is 1.00 p.m. on 13 April 2021 and the results of the Rollover Offer are expected to be announced on 14 April 2021. Admission of the 2028 ZDP Shares arising upon conversion of the 2022 ZDP Shares pursuant to the Rollover Offer is expected to occur on 23 April 2021.

The Rollover Offer is conditional on: (i) valid elections being received in respect of 2028 ZDP Shares, together with 2028 ZDP Shares issued pursuant to the Initial Issue, with a minimum value at the Issue Price of £700,000; (ii) the ZDP Cover of the 2028 ZDP Shares being not less than 1.35x, taking into account the effect of the 2028 ZDP Shares created upon the conversion of any 2022 ZDP Shares pursuant to the Rollover Offer; (iii) the Placing Agreement remaining in full force and effect and not having been terminated in accordance with its terms prior to completion of the Rollover Offer; and (iv) Admission of the 2028 ZDP Shares arising on conversion of the 2022 ZDP Shares pursuant to the Rollover Offer. In circumstances in which these conditions are not fully met, the Rollover Offer will not take place and no 2022 ZDP Shares will be converted into 2028 ZDP Shares. If the conditions to the Rollover Offer are not satisfied, the Rollover Offer will not proceed and any elections under the Rollover Offer will not be effective. In such circumstances, 2022 ZDP Shares, which are the subject of such elections will be redeemed on the 2022 ZDP Repayment Date in accordance with the terms of the 2022 ZDP Shares.

### ***The Initial Issue***

2028 ZDP Shares are being made available under the Initial Issue at the Initial Issue Price of 100p per 2028 ZDP Share. The Initial Placing will close at 11.00 a.m. on 20 April 2021 (or such later date as UIL, the Joint Portfolio Managers and Shore Capital may agree). The Offer for Subscription is being made in the United Kingdom only. Completed Application Forms and the accompanying payment in relation to the Offer for Subscription must be posted or delivered by hand (during normal working hours only) so as to be received by no later than 11.00 a.m. on 20 April 2021. Completed Application Forms from Intermediaries must be received by Shore Capital by not later than 11.00 a.m. on 20 April 2021. The results of the Initial Issue are expected to be announced on 21 April 2021. The Initial Issue is subject to substantially the same conditions as the Rollover Offer. Admission of the 2028 ZDP Shares issued pursuant to the Initial Issue is expected to occur on 23 April 2021.

### ***Placing Programme***

Following the Rollover Offer and the Initial Issue, the UIL Finance Directors may implement the Placing Programme. The maximum number of 2028 ZDP Shares which will be issued under the Placing Programme is 25 million (less any 2028 ZDP Shares issued pursuant to the Rollover Offer and the Initial Issue). The Placing Programme is flexible and may have a number of closing dates. The Placing Programme will open on 24 April 2021 and the latest date for issuing 2028 ZDP Shares under the Placing Programme will be 17 March 2022. The UIL Finance Directors reserve the right to close the Placing Programme at any time prior to 17 March 2022.

Each allotment and issue of 2028 ZDP Shares pursuant to the Placing Programme will be conditional, *inter alia*, on: (i) the applicable Placing Programme Price being not more than the Accrued Capital Entitlement of the 2028 ZDP Shares at the time of the relevant allotment; (ii) the ZDP Cover of the 2028 ZDP Shares not being less than 1.35x, taking into account the effect of the relevant allotment; (iii) the Placing Agreement becoming otherwise unconditional in respect of that Placing, and not being terminated in accordance with its terms before the relevant Admission becomes effective; and (iv) Admission of the 2028 ZDP Shares issued pursuant to the relevant Placing. If the conditions to the Initial Issue or a Placing under the Placing Programme are not satisfied, the Initial Issue or the relevant Placing will not proceed and any applications made in respect of the Initial Issue or such Placing will be rejected. In such circumstances, application monies will be returned (at the Applicants' sole risk) without payment of interest, as soon as practicable thereafter.

#### **4.2 Why is this prospectus being produced?**

##### ***Background to and reasons for the Proposals***

UIL Finance currently has three series of ZDP Share in issue. These are due for redemption on 31 October in 2022, 2024 and 2026 respectively. The aggregate redemption sum payable on the redemption of the 2022 ZDP Shares is approximately £73.5 million. This will be due on 31 October 2022. The UIL Finance Board believes the Proposals which consist of the Rollover Offer, the Initial Issue and the Placing Programme will enable 2022 ZDP Shareholders to remain invested in the Group. The net proceeds of the Initial Issue and the Placing Programme will be paid by UIL Finance to UIL and will assist in financing the amount required for the redemption of the 2022 ZDP Shares or otherwise will be used for investment to continue to further diversify its portfolio in accordance with its investment policy.

##### ***Conflicts of interest***

The Joint Portfolio Managers currently serve as joint portfolio managers to Utilico Emerging Markets Trust plc (**UEM**), Somers Limited (**Somers**), Zeta Resources Limited (**Zeta**) and Allectus Limited (**Allectus**), as well as UIL, and the Joint Portfolio Managers and their respective associates may be involved in other financial, investment or professional activities in the future, including advising other investment clients. In particular, they may provide investment management, investment advice or other services in relation to investment companies which may have similar investment policies to that of UIL. As a result, the Joint Portfolio Managers may have conflicts of interest in allocating investments among UIL and other clients, including ones in which they or their respective affiliates may have a greater financial interest. UEM, Somers, Zeta and Allectus invest in, respectively, the emerging market utilities, financial services, resources and technology sectors. The Joint Portfolio Managers have undertaken to take all reasonable steps to avoid conflicts of interest. If such conflicts of interest cannot be avoided the Joint Portfolio Managers shall take all reasonable steps to identify, manage, monitor and (where applicable) disclose those conflicts of interest in order to prevent them from adversely affecting the interests of UIL and Shareholders, and to ensure that UIL is treated fairly. UIL and UEM both invest in infrastructure, utility and related companies. As a result it is possible that conflicts of interest may arise with regard to potential investments. To minimise this risk an investment allocation policy has been adopted by both companies.

## **RISK FACTORS**

Investment in the 2028 ZDP Shares involves a high degree of risk. Accordingly, prospective and existing investors should review this document carefully and consider all of the information contained in this document and the risks attaching to an investment in UIL Finance and the Group prior to making any investment decision.

Prospective investors should note that the risks relating to the 2028 ZDP Shares summarised in the “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 2028 ZDP Shares. However, as the risks which the Group 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 “Summary” but also, among other things, the risks and uncertainties described below.

The risks referred to below are all the material risks applicable to UIL Finance, the Group and the 2028 ZDP Shares of which the Directors are aware as at the date of this document. Additional risks that are not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on UIL Finance, the Group and the 2028 ZDP Shares.

Any decision to invest in UIL Finance, the Group or the 2028 ZDP Shares should be based on a consideration of this document as a whole. An investment in UIL Finance, the Group or the 2028 ZDP Shares is only suitable for investors who are capable of evaluating the risks or merits of such investment and who have sufficient resources to bear any loss which might arise from such investment (which may be equal to the whole amount invested).

The Group’s business, financial condition or operations could be materially and adversely affected by the occurrence of any of the risks described below. In such circumstances, the market price of the 2028 ZDP Shares could decline and investors could lose all or part of their investment.

### **RISKS RELATING TO THE 2028 ZDP SHARES**

#### **Subordination of ZDP Shares’ obligations under the Subscription Agreement**

The ZDP Shares rank ahead of the Ordinary Shares in the event of a winding up of the Group. However, UIL Finance has no assets other than the obligation of UIL to put UIL Finance in a position to meet its obligations in respect of the ZDP Shares pursuant to the Subscription Agreement.

UIL’s obligations under the Subscription Agreement are structurally subordinated to the liabilities of UIL under the Loan Facility, which is secured against UIL’s assets. Accordingly if there are defaults under this facility (or any other loan facilities entered into by the Group) and the relevant lender were to enforce the security, that would have a material adverse effect on the ability of UIL to meet its obligations to UIL Finance and thereby on UIL Finance’s ability to pay the Final Capital Entitlement on the 2028 ZDP Shares in full on the 2028 ZDP Repayment Date.

#### **Final Capital Entitlement is not guaranteed**

The Final Capital Entitlement of any class of ZDP Shares, which is intended to be paid on the relevant ZDP Repayment Date, is not guaranteed. UIL and UIL Finance have entered into arrangements which are intended to ensure that UIL Finance will be able to pay the Final Capital Entitlement on the relevant ZDP Repayment Date but it is not guaranteed that UIL will be able to satisfy its obligations under these arrangements. Specifically, UIL and UIL Finance have entered into a subscription agreement pursuant to which, in consideration for UIL Finance agreeing to transfer to UIL certain assets, UIL has undertaken: (i) to repay any interest free loan; and (ii) to reimburse UIL Finance (by way of payment in advance, if required) any and all costs, expenses, fees or interest UIL Finance incurs or is otherwise liable to pay to the holder of the ZDP Shares so as to enable UIL Finance to pay the final capital entitlement of each ZDP Share when it falls due for payment on maturity.

UIL Finance’s ability to pay the Final Capital Entitlement of any class of ZDP Shares is dependent on it having sufficient cash resources to meet such obligation and UIL meeting its obligation under the

Subscription Agreement to contribute such funds to UIL Finance. However, there can be no assurance that the arrangements under the Subscription Agreement will result in UIL Finance having sufficient funds available to it to meet its payment obligations in respect of any class of ZDP Shares. In particular, if UIL does not, or is unable to, meet its obligations under the Subscription Agreement, UIL Finance will be unable to pay the Final Capital Entitlement of the ZDP Shares and ZDP Shareholders may not receive some or all of their Final Capital Entitlement.

Based on the Assumptions, should the total assets of the Group have fallen by more than 52.8 per cent. per annum until 31 October 2028 the holders of the 2028 ZDP Shares will receive less than their Final Capital Entitlement.

The ability of UIL to meet its obligations under the Subscription Agreement depends on its ability to realise value from its investment portfolio or to borrow funds or raise equity on or prior to the relevant ZDP Repayment Date. Events or changes that will have a material adverse effect on the business of UIL or on the Group's ability to realise its investments for their present value may have a material adverse effect on UIL's ability to meet its obligations to UIL Finance under the Subscription Agreement and thereby on UIL Finance's ability to pay the Final Capital Entitlement on the 2028 ZDP Shares in full on the 2028 ZDP Repayment Date.

Should UIL be wound up prior to any ZDP Repayment Date, holders of the relevant ZDP Shares would only receive their Accrued Capital Entitlement to the date of the winding-up. This would be less than the Final Capital Entitlement and would be subject to UIL having sufficient net assets to meet its obligations under the Subscription Agreement.

#### **The ZDP Shares have differing priorities on a return of capital**

In the event that UIL or UIL Finance is wound up prior to 31 October 2022, holders of 2022 ZDP Shares will rank in priority to holders of 2024 ZDP Shares, who in turn will rank in priority to holders of 2026 ZDP Shares, who in turn will rank in priority to holders of the 2028 ZDP Shares, in each case in respect of their Accrued Capital Entitlements.

In the event that UIL or UIL Finance is wound-up after 31 October 2022 but before 31 October 2024, holders of 2024 ZDP Shares will rank in priority to holders of 2026 ZDP Shares who in turn will rank in priority to holders of 2028 ZDP Shares, in each case in respect of their Accrued Capital Entitlements.

In the event that UIL or UIL Finance is wound up after 31 October 2024 but before 31 October 2026, holders of 2026 ZDP Shares will rank in priority to holders of 2028 ZDP Shares in respect of their Accrued Capital Entitlements.

#### **2028 ZDP Shareholders will not receive any payment until the 2028 ZDP Repayment Date**

2028 ZDP Shareholders only have the right to receive the Final Capital Entitlement on the 2028 ZDP Repayment Date. 2028 ZDP Shareholders wishing to realise their investment earlier will have to dispose of their 2028 ZDP Shares through the stock market. However, there can be no guarantee that a listing will be maintained or that there will be a liquid market for the 2028 ZDP Shares (see "No guarantee that a listing will be maintained" and "No guarantee active trading market will develop or be maintained for the 2028 ZDP Shares" below).

#### **Interest rate rises are likely to lead to reductions in the market value of the 2028 ZDP Shares**

The market value of the 2028 ZDP Shares will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the 2028 ZDP Shares, as the differential in return profile between the 2028 ZDP Shares and alternative investments is likely to narrow.

#### **Consequences of a standard listing**

The 2028 ZDP Shares are expected to be admitted to the standard listing segment of the Official List and as a consequence additional ongoing requirements and protections applicable under the Listing

Rules to a company admitted to the premium listing segment of the Official List will not apply to UIL Finance.

UIL Finance is listed under Chapter 14 of the Listing Rules and as a consequence a significant number of the Listing Rules will not apply to UIL Finance. ZDP Shareholders will therefore not receive the full protections of the Listing Rules.

#### **No guarantee that a listing will be maintained**

Listing Rule 14.2.2 requires a minimum of 25 per cent. of each class of ZDP Shares to be in public hands. Persons in the same group or acting in concert who have an interest in 5 per cent. or more of a class of ZDP Shares will be excluded from the calculation of the public hands requirement.

The Rollover Offer, the Initial Issue and each Placing under the Placing Programme is conditional on Admission of the relevant 2028 ZDP Shares, and therefore subject to the satisfaction of Listing Rule 14.2.2 as to the number of 2028 ZDP Shares held in public hands as at Admission.

The UIL Finance Directors will have the discretion to scale back elections under the Rollover Offer otherwise than on a pro rata basis and whether or not such elections are in excess of a 2022 ZDP Shareholder's Basic Entitlement if the UIL Finance Directors consider this necessary to ensure that sufficient 2028 ZDP Shares are held in public hands to satisfy the Listing Rule requirement.

Similarly the UIL Finance Directors will have the discretion to scale back applications under the Initial Issue and any Placing under the Placing Programme otherwise than on a pro rata basis if the UIL Finance Directors consider this necessary to ensure that sufficient 2028 ZDP Shares are held in public hands to satisfy the Listing Rule requirement.

In particular, the UIL Finance Directors may exercise their discretion so that the relevant 2028 ZDP Shares can be placed pursuant to the Placing in order to satisfy this Listing Rule.

If the number of any class of ZDP Shares in public hands falls below the requisite threshold after their Admission, then the listing of that class of ZDP Shares may not be capable of being maintained and this is likely to reduce the liquidity of that class of ZDP Shares and to have a material adverse effect on the ability to sell the ZDP Shares for value prior to the relevant ZDP Repayment Date.

#### **No guarantee an active trading market will develop or be maintained for the 2028 ZDP Shares**

Listing should not be taken as implying that there will be a liquid market for the 2028 ZDP Shares. The 2028 ZDP Shares may not be widely held. There is no guarantee an active trading market will develop or be sustained for the 2028 ZDP Shares after their Admission. If an active trading market is not developed or maintained, the market price for the 2028 ZDP Shares may fall below the applicable Issue Price and 2028 ZDP Shareholders may not be able to realise their initial investment.

#### **The 2028 ZDP Shares may trade at a discount**

The 2028 ZDP Shares may trade at a discount to their Accrued Capital Entitlement, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition and prospects of the Group. The value of the 2028 ZDP Shares can go down as well as up.

#### **Other factors that may impact on market price and the realisable value of the 2028 ZDP Shares**

The market price and the realisable value of the 2028 ZDP Shares will be affected by interest rates, supply and demand for the 2028 ZDP Shares, market conditions and general investor sentiment. As such, the market value and the realisable value (prior to redemption) of any 2028 ZDP Shares will fluctuate and may vary considerably. In addition, the published market price of the 2028 ZDP Shares will be, typically, their middle market price. Due to the potential difference between the middle market price of the 2028 ZDP Shares and the price at which the 2028 ZDP Shares can be sold, there is no guarantee that the realisable value of the 2028 ZDP Shares will be the same as the published market price.

## **RISKS RELATING TO THE GROUP'S BUSINESS**

### **Investment strategies**

The success of the investment strategies followed by the Joint Portfolio Managers depends upon the Joint Portfolio Managers' success at correctly interpreting market data. Any factor which would make it more difficult to buy or sell investments in any country where UIL may invest may have an adverse effect on the profitability of UIL. No assurance can be given that the strategies to be used will be successful under all or any market conditions.

The performance of UIL's investment programme depends to a great extent on correct assessments of the future course of price movements of securities and other investments selected by the Joint Portfolio Managers. There can be no assurance that the Joint Portfolio Managers will be able to accurately predict these price movements. With respect to the investment strategies utilised by the Joint Portfolio Managers, there is always some, and occasionally a significant, degree of market risk. If UIL's investment strategy is unsuccessful this may have a material adverse effect on UIL's ability to meet its obligations to UIL Finance under the Subscription Agreement and thereby on UIL Finance's ability to pay the Final Capital Entitlement on the 2028 ZDP Shares in full on the 2028 ZDP Repayment Date.

### **Investment approach**

UIL seeks to invest in undervalued investments and, in accordance with its investment policy, has the ability to make investments in a wide range of sectors and markets. UIL aims to maximise value for its Shareholders through a relatively concentrated portfolio of investments. Accordingly, UIL may be regarded as representing a different risk than that of a generalist investment company.

Any utilities and infrastructure companies in which UIL invests may, in general, be exposed to a higher level of political and regulatory risk than companies in the stock market as a whole. In certain countries, the utilities and infrastructure regulatory framework is still developing. The existing dominant market position of some utilities and infrastructure companies may be eroded as their sectors are exposed to greater competition as a result of regulatory steps.

UIL may invest in newly privatised companies or companies which subsequently become privatised and this may involve additional risks relating to the capital structures of such companies.

UIL's direct and indirect investment portfolio is relatively concentrated with the top 10 holdings accounting for approximately 97 per cent. of the portfolio (as at 28 February 2021) and includes Somers Limited (a financial services sector holding company), Utilico Emerging Markets Trust plc (an investment trust investing in infrastructure, utility and related sectors, mainly in Emerging Markets), Zeta Resources Limited (a holding company with investments in the resources sector) and Resolute Mining Limited (a gold mining company).

### **Investment policy**

UIL's investment policy is broad in scope and permits investment in the securities of companies in specialist sectors and smaller and/or unquoted companies that can involve greater risk than is customarily associated with investment in larger, more established companies. It may be difficult to value or realise investments in such companies as they are often less liquid and potentially subject to a greater degree of price fluctuation. Any factor which would make it more difficult to buy or sell investments may have an adverse effect on the profitability of UIL. Even successful investments made by UIL may be illiquid for prolonged periods of time. Proper information for determining the value of such securities or the risks to which they are exposed may not be readily available.

Debt instruments held by the Group will be affected by general changes in interest rates that will result in increases and decreases in the market value of those instruments. Debt instruments will also be subject to credit or default risks associated with such assets.

If the realisable value of the Group's assets is less than UIL's valuation of those assets or the Group suffers a loss on the debt instruments held within its portfolio, this may have a material adverse effect on UIL's ability to meet its obligations to UIL Finance under the Subscription Agreement and thereby

on UIL Finance's ability to pay the Final Capital Entitlement on the 2028 ZDP Shares in full on the 2028 ZDP Repayment Date.

### **Borrowings**

UIL uses gearing in addition to the structural gearing provided by the ZDP Shares. Gearing can be employed in a variety of ways, including direct borrowing, buying securities on margin and the use of futures, warrants, options and other derivative products. Generally, gearing is used to increase the overall level of investment in a portfolio. Higher investment levels may offer the potential for higher returns. This exposes investors to increased risk as gearing can increase the portfolio's market exposure and volatility. In particular, whilst the use of borrowings should enhance the total return on UIL's portfolio where the return on UIL's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on UIL's portfolio. Furthermore, should any fall in the underlying asset value result in UIL breaching financial covenants contained in any loan facilities, it may be required to repay such borrowings in whole or in part, together with any attendant costs. Such a requirement could result in UIL being forced to sell investments at lower prices than would normally be obtained. This could adversely affect the capital and income returns to Shareholders including, but not limited to, the right of ZDP Shareholders (including the 2028 ZDP Shareholders) to receive their full Final Capital Entitlement on the relevant ZDP Repayment Date.

### **Economic Conditions**

UIL and its investments are materially affected by conditions in the global financial markets and economic conditions throughout the world, including, but not limited to, rising interest rates, inflation, business and consumer confidence, availability of credit, currency exchange rates and controls, changes in laws, trade barriers, commodity prices, terrorism and political uncertainty. These factors are outside UIL's control and may affect the level and volatility of securities prices and the liquidity and the value of investments, which could adversely affect UIL's profitability, Net Asset Value and prices of the Group's securities.

During periods of adverse economic conditions, UIL may have difficulty accessing financial markets, which could make it more difficult or impossible for UIL to obtain funding for additional investments or the redemption of any class of ZDP Shares. For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in Section B, paragraph 4 of Part 8 of this document.

### **Past performance**

The past performance of UIL and other investment companies managed or advised by the Joint Portfolio Managers or their affiliates is not indicative of the future performance of UIL. There can be no guarantee that UIL's investment objective will be achieved. UIL's ability to achieve returns may be adversely affected in the event of significant or sustained changes in market returns or volatility.

As with any investment in companies, UIL's investments may fall in value with the maximum loss on such investments being the value of the initial investment and, where relevant, any gains or subsequent investments made. If the total assets of the Group were to fall, based on the Assumptions, by more than 52.8 per cent. per annum from 23 April 2021 until 31 October 2028, the holders of the 2028 ZDP Shares will receive less than their Final Capital Entitlement.

### **ZDP Redemption Dates**

In the event that a redemption date of any class of ZDP Share coincides with a period of extreme market volatility, UIL may be forced to liquidate certain of its investments at a materially disadvantageous point in time in order to generate sufficient redemption proceeds. An inability to delay a liquidation of such assets until such time as market conditions are more favourable may serve to materially prejudice future Shareholder returns, including but not limited to, the right of ZDP Shareholders (including the 2028 ZDP Shareholders) to receive their full Final Capital Entitlement on the relevant ZDP Repayment Date.

## **Political and Country Risks**

UIL may invest directly or indirectly (including through its investment in Utilico Emerging Markets Trust plc) in investments based in countries where regulatory frameworks are still developing. Such countries are likely to be predominantly those which are included in leading Emerging Market indices. There is no assurance that future political and economic conditions in the individual countries in which UIL directly or indirectly invests will not result in their governments adopting different policies with respect to foreign investment. Any such changes in policy may affect ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, thereby influencing UIL's ability to generate profits. Such policy changes could extend to the expropriation of assets.

Investment by foreign investors may require consents or be subject to limitations, and repatriation of investment income, capital and the proceeds of sales by foreign investors may require government registration and/or approval. UIL could be adversely affected by delays in or a refusal to grant any required government approval or by any lack of availability of foreign exchange.

Companies in some countries are not always subject to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies incorporated in the United Kingdom. In addition, there may be less government supervision and regulation of stock exchanges, brokers and listed companies in some countries in which UIL may invest directly or indirectly compared to countries with more developed securities markets. Notwithstanding the foregoing, UIL will continue to comply with any obligations applicable to the Specialist Fund Segment of the Main Market of the London Stock Exchange.

## **Brexit – the vote by the United Kingdom to leave the European Union**

The United Kingdom voted in favour of withdrawing from the European Union in a referendum on 23 June 2016 and, on 29 March 2017, the UK Government exercised its right under Article 50 of the Treaty on the European Union to notify the European Union of the United Kingdom's intention to withdraw from the European Union. Although the United Kingdom and the European Union agreed a trading arrangement which took effect from 1 January 2021, there remains uncertainty with respect to the United Kingdom's trading relationship with the European Union and the political, economic, legal and social impact of such relationship going forward.

During this period of uncertainty, there may be significant volatility and disruption in the global financial markets generally and the currency markets as the value of Sterling fluctuates against other currencies. Such events may, in turn, contribute to worsening economic conditions, in the UK and Europe.

Any of these effects of Brexit, and others that the Directors cannot anticipate at this stage given the political and economic uncertainty following the UK's departure from the European Union, could have a material adverse effect on the Group, including its financial position and may materially prejudice future Shareholder returns, including but not limited to, the right of ZDP Shareholders (including the 2028 ZDP Shareholders) to receive their full Final Capital Entitlement on the relevant ZDP Repayment Date.

## **Risks associated with the effects of the Coronavirus Disease 2019 (COVID-19) pandemic**

The effects of the outbreak of the Coronavirus Disease 2019 (COVID-19) in December 2019, which was announced a pandemic by the World Health Organization on 11 March 2020, on companies in which the Group directly or indirectly invests, and the global economy in general, cannot be reliably assessed as at the date of this document. There is potential for the continuing disruption caused by COVID-19 to have a material adverse effect on the ability of investee companies to conduct their respective businesses and operations in the ordinary course which in turn could have a material adverse effect on the Group, including its financial position and may materially prejudice future Shareholder returns, including but not limited to, the right of ZDP Shareholders (including the 2028 ZDP Shareholders) to receive their full Final Capital Entitlement on the relevant ZDP Repayment Date.

## **Other Investment Types**

UIL has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities. UIL may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting UIL's portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments. There may not be a price correlation between price movements in the underlying securities, currency or index, on the one hand, and price movements in the investments which are the subject of the hedge, on the other hand, leading to losses due to UIL's hedging strategy. No assurance can be given that the hedging strategies which may be used by UIL will be successful under all or any market conditions.

These instruments are also subject to credit, liquidity and interest rate risks. Adverse changes in the financial position of an issuer of such securities or economic conditions generally may increase counterparty risk by impairing the ability of the issuer to make payments of interest or principal. Furthermore, if any of UIL's counterparties were to default on their obligations under derivative contracts it could have a material adverse effect on UIL, including its financial position, and may materially prejudice future Shareholder returns, including but not limited to, the right of ZDP Shareholders (including the 2028 ZDP Shareholders) to receive their full Final Capital Entitlement on the relevant ZDP Repayment Date.

UIL may invest in unlisted and unquoted securities. These types of securities are generally subject to higher valuation uncertainties and liquidity risks than securities listed or traded on a regulated market. If the realisable value of these assets is less than UIL's valuation of these assets, this may have a material adverse effect on UIL's ability to meet its obligations to UIL Finance under the Subscription Agreement and thereby on UIL Finance's ability to pay the Final Capital Entitlement on the 2028 ZDP Shares in full on the 2028 ZDP Repayment Date.

A proportion of UIL's portfolio may be held in cash from time to time. Such proportion of UIL's assets will be out of the market and will not benefit from positive stock market movements.

## **Investment in Investment Companies**

Subject to the investment restrictions set out in Part 2 of this document, UIL has the flexibility to invest in other investment companies and in particular has significant investments in Somers, UEM, Zeta and Allectus. Investment in other investment companies can expose UIL to further layers of fees (although the Joint Portfolio Managers will not earn a management fee in respect of assets invested by UIL in other funds managed or advised by the Joint Portfolio Managers or their associates) and gearing. Underlying investment companies may also invest in other investment companies (but cross investment between investment companies is not expected to be a factor, though it will be assessed at the time of any investment).

## **Special Situations**

UIL may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganisations, bankruptcies and similar transactions. There exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, take considerable time, or will result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, UIL may be required to sell its investment at a loss. Because there may be uncertainty concerning the outcome of transactions involving financially troubled companies in which UIL may invest, there is a potential risk of loss by UIL of its entire investment in such companies which may have a material adverse effect on future Shareholder returns, including but not limited to, the right of ZDP Shareholders (including the 2028 ZDP Shareholders) to receive their full Final Capital Entitlement on the relevant ZDP Repayment Date.

## **Exchange Risks**

UIL invests a substantial part of its assets in securities which are not denominated or quoted in Sterling, the base currency of UIL. The Group's Net Asset Value is reported in Sterling, part of the borrowings of UIL are incurred (and interest paid) in Sterling, the accrual on the ZDP Shares (including the 2028 ZDP Shares) is in Sterling terms and dividends (if any) will be declared and paid in Sterling. The movement of exchange rates between Sterling and any other currencies in which UIL's investments are denominated or the base currency of an investor may have a separate effect, unfavourable as well as favourable, on the return otherwise experienced on the investments made by UIL. Hedging arrangements relating to foreign currency returns and exposures, if any are put in place, may or may not have the desired effect.

Those persons who acquire or hold 2028 ZDP Shares and whose base currency is not Sterling will have a currency risk by virtue of holding such securities.

## **Shareholder Diversity**

The Shareholders and ZDP Shareholders may include taxable and tax-exempt entities and persons or entities organised and residing in various jurisdictions, who may have conflicting investment, tax and other interests with respect to their investments in the Group. The conflicting interests of individual holders of Ordinary Shares and holders of each class of ZDP Shares may relate to or arise from, among other things, the nature of investments made by UIL, and the timing of the acquisition and disposition of investments. Conflicts of interest may arise in connection with decisions made by the Joint Portfolio Managers, including the selection of investments which may be more beneficial for one Shareholder or ZDP Shareholder than for another Shareholder or ZDP Shareholder. In selecting and structuring investments appropriate for the Group, the Joint Portfolio Managers will consider the investment and tax objectives of the Group as a whole, not the investment, tax or other objectives of any Shareholder or ZDP Shareholder of the Group individually.

## **Potential Conflicts of Interest**

The Joint Portfolio Managers currently serve as joint portfolio managers to UEM, Somers, Zeta and Allectus as well as UIL, and the Joint Portfolio Managers and their respective associates may be involved in other financial, investment or professional activities in the future, including advising other investment clients. In particular, they may provide investment management, investment advice or other services in relation to investment companies which may have similar investment policies to that of UIL. As a result, the Joint Portfolio Managers may have conflicts of interest in allocating investments among UIL and other clients, including ones in which they or their respective affiliates may have a greater financial interest.

UEM, Somers, Zeta and Allectus invest in, respectively, the emerging market utilities, financial services, resources and technology sectors. The Joint Portfolio Managers have undertaken to take all reasonable steps to avoid conflicts of interest. If such conflicts of interest cannot be avoided the Joint Portfolio Managers shall take all reasonable steps to identify, manage, monitor and (where applicable) disclose those conflicts of interest in order to prevent them from adversely affecting the interests of UIL and Shareholders, and to ensure that UIL is treated fairly.

UIL and UEM both invest in infrastructure, utility and related companies. As a result it is possible that conflicts of interest may arise with regard to potential investments. To minimise this risk an investment allocation policy has been adopted by both companies.

## **Risk relating to the Joint Portfolio Managers**

The Joint Portfolio Managers have, subject to compliance with the investment policy of UIL, substantial discretion in the management of UIL's interests including the selection of the industry, geography, investment strategy and the timing of investments. While the UIL Board will review compliance with the investment policy and may direct the Joint Portfolio Managers to take certain actions in connection with UIL's investments, the UIL Board is not expected to review or approve all individual investment decisions.

The ability of UIL to achieve its stated investment objective is significantly dependent upon the expertise of the Joint Portfolio Managers and their ability to attract and retain suitable staff. UIL is also reliant upon the skills of the UIL Directors and the loss of any of these could reduce its ability to achieve its stated investment objective. The Joint Portfolio Managers have endeavoured to ensure that the principal members of their management teams are suitably incentivised, but the retention of such staff cannot be guaranteed.

There can be no assurance that the UIL Directors will be able to find a replacement manager if the Joint Portfolio Managers resign. In this event the UIL Directors would have to formulate and put to the Shareholders proposals for the future of UIL.

### **Operational and reputational risks**

UIL relies heavily on the Joint Portfolio Managers' and Administrator's financial, accounting and other data processing systems. If any of these systems do not operate properly or are disabled, UIL could suffer financial loss, a disruption of its businesses, regulatory intervention or reputational damage. The disaster recovery programs of the Joint Portfolio Managers and the Administrator may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse UIL for its losses, if at all. It is also possible that, from time to time, the Joint Portfolio Managers or UIL will be named as parties to litigation, which could cause substantial reputational damage to UIL or disrupt its investment strategy, business or potential growth.

### **Calculation of Net Asset Value**

In calculating UIL's Net Asset Value the Administrator will rely on the UIL Board's valuations of the unlisted companies in which UIL invests. Such valuations may be unaudited or may be subject to little verification or other due diligence and may not comply with generally accepted accounting practices or other valuation principles. If the realisable value of UIL's assets is less than its valuation of those assets this may have a material adverse effect on future Shareholder returns, including but not limited to, the right of ZDP Shareholders (including the 2028 ZDP Shareholders) to receive their full Final Capital Entitlement on the relevant ZDP Repayment Date.

## **RISKS RELATING TO TAXATION AND REGULATION**

### **Taxation**

Any change in the Group's tax status or in taxation legislation or practice in the United Kingdom or elsewhere, could affect the value of the investments held by the Group and the Group's ability to provide returns to Shareholders and could also affect the tax treatment of the ZDP Shares and the tax treatment of their Final Capital Entitlement.

The UK tax legislation contains disguised interest provisions intended to make returns which are economically equivalent to interest subject to UK tax as income not capital. If the provisions apply to the ZDP Shares, it is likely that the return on the ZDP Shares would be subject to tax as income in the hands of UK resident individuals and others who are subject to UK income tax. There is an exception to these provisions and the UIL Finance Directors and their advisers have concluded that it should apply to the ZDP Shares but more information is given in Part 9 of this document.

Statements in this document concerning the taxation of Shareholders are based upon current UK and Bermuda tax law and published practice, which law and practice are in principle subject to change (potentially with retrospective effect) that could adversely affect the ability of UIL to meet its investment objective. Statements in this document in particular take into account the United Kingdom offshore fund rules. Should UIL or any class of Shares be regarded as subject to the UK offshore fund rules, this may have adverse tax consequences for certain classes of UK resident Shareholders on the disposal of the 2028 ZDP Shares.

### **No Investment Company Act registration**

Neither UIL nor UIL Finance has been or will be registered under the Investment Company Act. The Investment Company Act provides certain protections to investors and imposes certain

restrictions on registered investment companies, none of which have been or will be applicable to UIL or UIL Finance. To avoid being required to register as an investment company under the Investment Company Act and to avoid violating the Investment Company Act, UIL Finance has implemented restrictions on the ownership of the ZDP Shares (including the 2028 ZDP Shares), which may require certain ZDP Shareholders to transfer their shareholdings.

### **Enforcement of Judgements**

As UIL and UIL Finance are Bermuda exempted companies, the rights of Shareholders and ZDP Shareholders are governed by Bermuda law and the Memorandum of Association and Bye-laws of UIL and UIL Finance. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. The majority of the Directors referred to in this document are not residents of the UK and a significant part of the Group's assets is expected to be located outside of the UK. As a result, it may be difficult for investors to effect service of proceedings issued in the UK on those persons, or to enforce judgements obtained in the UK courts against UIL, UIL Finance or those persons who may be liable under UK law but are not subject to UK jurisdiction.

### **United States (U.S.) Tax Withholding and Reporting under the Foreign Account Tax Compliance Act (FATCA)**

The Government of the United States of America and the Government of Bermuda have entered into a Model 2B (non-reciprocal) intergovernmental agreement (the **US-Bermuda IGA**) in relation to the application of FATCA in Bermuda and to Bermuda persons. The US-Bermuda IGA provides for applicable/affected Bermuda persons to register and/or enter into agreements and/or file required information directly with the US Internal Revenue Service (the **IRS**), including due diligence, reporting and withholding. The US-Bermuda IGA is intended to ensure that there are no local restrictions on or prohibitions for a Bermuda person to comply with FATCA. Assuming registration and compliance pursuant to the US- Bermuda IGA, a non-US financial institution (a foreign financial institution or FFI) would be treated as compliant with FATCA and not subject to withholding.

FATCA imposes a reporting regime and potentially a 30 per cent. withholding tax on certain payments made from (or attributable to) US sources or in respect of US assets (US source payments) to certain categories of recipient, including: (a) an FFI that does not comply with the terms of FATCA and is not otherwise exempt (a nonparticipating FFI); and (b) an accountholder which has failed to comply with certain documentation or information requirements under FATCA and is not otherwise exempt (a recalcitrant accountholder). Pursuant to the terms of the US-Bermuda IGA, certain Bermuda financial institutions (reporting financial institutions) will be required to provide certain information about their accountholders who are specified US persons or nonparticipating FFIs (both as defined in the US-Bermuda IGA) to the IRS, and to withhold on US source payments to accountholders which are nonparticipating FFIs and, in certain limited circumstances, recalcitrant accountholders, pursuant to the terms of an FFI Agreement (as defined in the US-Bermuda IGA).

Each of UIL and UIL Finance has registered with the IRS as a reporting financial institution for the purposes of FATCA. Accordingly, UIL and UIL Finance respectively have entered into and will be required to comply with the terms of an FFI Agreement (as defined in the US-Bermuda IGA), including the reporting and withholding requirements in respect of Shareholders and their interests outlined above. However, for so long as UIL's and UIL Finance's shares are admitted to trading on the Specialist Fund Segment or the Main Market (respectively), neither UIL nor UIL Finance may need to carry out any reporting or withholding in respect of the Shareholders or their interests (whether or not the Shareholders are nonparticipating FFIs, specified US persons or recalcitrant accountholders) to the extent that its shares are treated as regularly traded on an established securities market and do not, therefore constitute financial accounts for FATCA purposes. In such circumstances, UIL and/or UIL Finance may still need to file a nil return with the IRS.

UIL and UIL Finance are complying with the terms of FATCA and have registered as reporting financial institutions for the purposes of FATCA and are complying with the terms of an FFI Agreement and all other terms of the reporting and withholding system contemplated by the US-

Bermuda IGA and FATCA (insofar as applicable under the terms of the US-Bermuda IGA). No assurance can, however, be provided that UIL and/or UIL Finance will be able to comply with FATCA and, in the event that UIL is not able to do so, a 30 per cent. withholding tax may be imposed on US source payments made to UIL, which may reduce the amounts available to it to make payments to its Shareholders including to UIL Finance under the Subscription Agreement to enable it to pay the Final Capital Entitlement on the relevant ZDP Repayment Date in full.

### **Common Reporting Standard**

In 2014, the OECD announced the introduction of the Common Reporting Standard (**CRS**), which has now been widely accepted as the international standard for financial account reporting for tax purposes outside of the United States. The CRS sets out the financial account information to be exchanged between participating countries, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions. Bermuda became a participant of the CRS pursuant to a multilateral competent authority agreement executed in 2014. Under the CRS reporting financial institutions are required to report requisite data to the Minister of Finance, in his capacity as the Competent Authority in Bermuda, for onward inter-governmental exchange. Bermuda legislation has been amended to ensure all Bermuda persons comply with the obligations of the CRS, FATCA and any other arrangements or agreements entered into by the Government of Bermuda for the exchange of information for tax purposes.

Whilst the CRS establishes an automatic exchange of information protocol and requires ongoing due diligence and annual filing by persons in Bermuda who are classified as reporting financial institutions, governments that have executed a tax information exchange agreement (**TIEA**) with Bermuda may continue to rely upon and seek tax information under the provisions of those agreements. Both the CRS and the TIEA regimes are aimed at promoting the transparency of tax information to combat tax evasion. Neither the CRS nor the TIEA regimes give rise to an increase in Bermuda tax liability of UIL or UIL Finance. Further, each of UIL and UIL Finance benefits from a Tax Assurance Certificate issued by the Minister of Finance which assures each company that in the event of there being enacted in Bermuda any legislation imposing tax computed on profits or income or computed on any assets, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of such tax shall not, until 31 March 2035, be applicable to the company or to any of the company's operations or the shares, debentures or other obligations of the company except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by UIL or UIL Finance in respect of real property owned or leased by the company in Bermuda.

If prospective investors are in any doubt as to the consequences of their acquiring, holding or disposing of 2028 ZDP Shares, they should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

### **Bermuda Economic Substance Compliance**

Pursuant to the Economic Substance Act (in this paragraph, the **ESA**) that came into force in Bermuda on 1 January 2019, a registered entity other than an entity which is resident for tax purposes in certain jurisdictions outside Bermuda (**non-resident entity**) that carries on as a business any one or more of the "relevant activities" referred to in the ESA must comply with economic substance requirements. The ESA may require in-scope Bermuda entities which are engaged in such "relevant activities" to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain adequate physical presence in Bermuda or perform core income-generating activities in Bermuda. The list of "relevant activities" includes carrying on any one or more of: banking, insurance, fund management, financing and leasing (which excludes operating leases), headquarters, shipping, distribution and service centre, intellectual property and holding entities.

Entities subject to the economic substance requirements will be required to evidence their compliance and file an economic substance declaration with the Bermuda Registrar on an annual basis.

Any entity that must satisfy economic substance requirements but fails to do so could face financial penalties, a restriction of its business activities, automatic reporting by the Bermuda authorities to the competent authorities in the European Union on an entity's non-compliance or being struck-of as a registered entity in Bermuda. If any one of the foregoing were to occur it may adversely affect the business operations of UIL and/or UIL Finance.

UIL Finance has determined that it is out of scope for the ESA requirements. UIL believes that it has complied with the ESA requirements and filed an economic substance declaration with the Bermuda Registrar in advance of UIL's filing deadline of 30 December 2020. The Bermuda Registrar will ultimately assess compliance with the ESA requirements.

## **ACTION TO BE TAKEN IN RESPECT OF THE ROLLOVER OFFER**

This section applies only to holders of 2022 ZDP Shares. Holders of Ordinary Shares, 2024 ZDP Shares and/or 2026 ZDP Shares do not need to take any action.

Accompanying this document is a Form of Election in respect of the Rollover Offer.

**IF YOU DO NOT WISH TO PARTICIPATE IN THE ROLLOVER OFFER IN RESPECT OF ANY OF YOUR 2022 ZDP SHARES OR YOU ARE AN OVERSEAS ZDP SHAREHOLDER, YOU NEED NOT COMPLETE OR RETURN THE FORM OF ELECTION.**

### **HOLDERS OF 2022 ZDP SHARES THAT ARE HELD IN CERTIFICATED FORM**

To elect to participate in the Rollover Offer in respect of 2022 ZDP Shares held in certificated form complete and return the Form of Election by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH as soon as possible and in any event by no later than 1.00 p.m. on 13 April 2021. A pre-paid envelope is enclosed for your use.

UIL Finance reserves the absolute right to inspect (either itself or through its agents) all Forms of Election and may consider void and reject any Form of Election that does not in UIL Finance's sole judgement (acting reasonably) meet the requirements of the Rollover Offer. UIL Finance also reserves the absolute right to waive any defect or irregularity in relation to the acceptance of the Rollover Offer by Eligible Shareholders, including any Form of Election (in whole or in part) which is not entirely in order or which is received after the Closing Date, missing share certificate(s) and/or other document(s) of title or to accept an indemnity acceptable to UIL Finance in lieu thereof. None of UIL Finance, UIL, the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in acceptances under the Rollover Offer or incur any liability for failure to give any such notification.

**If a holder of 2022 ZDP Shares signs and returns a Form of Election but does not specify in Box 1 of the form how many 2022 ZDP Shares he wishes to elect to participate in the Rollover Offer he will be deemed to have elected to participate in respect of his Basic Entitlement.**

### **HOLDERS OF 2022 ZDP SHARES THAT ARE HELD IN UNCERTIFICATED FORM (THAT IS THROUGH CREST)**

To elect to participate in the Rollover Offer in respect of 2022 ZDP Shares held as Depository Interests in uncertificated form you should send (or if you are a CREST sponsored member procure that your CREST sponsor sends) to Euroclear a TTE instruction in relation to your 2022 ZDP Shares. A TTE instruction to Euroclear must be properly authenticated in accordance with Euroclear's specifications for Transfer to Escrow and must contain the following details:

- the corporate action number of the Rollover Offer. This is allocated by Euroclear and will be available on screen from Euroclear;
- the number of 2022 ZDP Shares in respect of which you wish to elect to participate in the Rollover Offer;
- your Member Account ID;
- your participant ID;
- the participant ID of the escrow agent, in its capacity as a CREST receiving agent. This is 3RA32;
- the Member Account ID of the escrow agent. This is: UILZ2022;
- the intended settlement date for the Rollover Offer, which should be as soon as possible and in any event not later than 13 April 2021;
- the ISIN of the 2022 ZDP Shares. This is: BMG916101329;
- input with the standard delivery instruction, priority 80; and

- a contact name and telephone number in the shared note field.

A CREST sponsor who sends or is treated as sending a valid dematerialisation instruction in accordance with the above procedures, will thereby represent and warrant that it is not a, and is not sending the dematerialisation instruction on behalf of any, Overseas ZDP Shareholder.

Full details of the action to be taken are set out in this document and in the instructions on the Form of Election. **YOU SHOULD READ THE WHOLE OF THIS DOCUMENT, WHICH CONTAINS THE MATERIAL TERMS OF THE PROPOSALS, AND NOT JUST THIS SECTION WHEN DECIDING WHAT ACTION TO TAKE.**

The attention of Overseas ZDP Shareholders is drawn to the section headed “Overseas ZDP Shareholders” of the Chairman’s Letter set out in Part 1 of this document.

If you have any queries in relation to your shareholding(s), please contact Computershare Investor Services PLC by telephone on 0370 873 5861 (or +44 370 873 5861 if calling from outside the United Kingdom). Calls may be recorded and randomly monitored for security and training purposes. Computershare Investor Services PLC can only provide information regarding the completion of the Form of Election and cannot advise on the merits of the Proposals or provide you with investment, legal or tax advice.

## IMPORTANT INFORMATION

A copy of this document, which comprises a prospectus for the purposes of Article 3 of the UK Prospectus Regulation relating to UIL Finance Limited in connection with the issue of shares in the capital of UIL Finance, prepared in accordance with the Prospectus Regulation Rules and approved by the FCA as competent authority under the UK Prospectus Regulation and under Section 87A of FSMA, has been filed with the FCA and made available to the public in accordance with Rule 3.2.1 of the Prospectus Regulation Rules.

No arrangement has, however, been made with the competent authority in any other EEA Member State (or any other jurisdiction) for the use of this document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions. This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, 2028 ZDP Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this document may be prohibited in some countries. Prospective investors must not treat the contents of this document or any other communications from UIL Finance, UIL, the Joint Portfolio Managers, Shore Capital or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

This document should be read in its entirety before making an election for 2028 ZDP Shares under the Rollover Offer or any application for 2028 ZDP Shares under the Initial Issue or any Placing under the Placing Programme. In assessing an investment in the 2028 ZDP Shares, investors should rely only on the information in this document and any supplementary prospectus published by UIL Finance prior to Admission of the relevant 2028 ZDP Shares. No person has been authorised to give any information or make any representations other than those contained in this document and such supplementary prospectus and, if given or made, such information or representations must not be relied on as having been authorised by UIL Finance, UIL, the UIL Finance Directors or the UIL Directors, the Joint Portfolio Managers or Shore Capital and any of their respective affiliates, directors, officers, employees or agents or any other person.

Without prejudice to any obligation of UIL Finance to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation, neither the delivery of this document nor any issue of 2028 ZDP Shares made pursuant to this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Apart from the liabilities and responsibilities (if any) which may be imposed on Shore Capital by the FCA or FSMA or the regulatory regime established thereunder, Shore Capital does not make any representation or warranty, express or implied, nor accept any responsibility whatsoever for the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it or on its behalf in connection with the Group, the Joint Portfolio Managers, the 2028 ZDP Shares, the Rollover Offer, the Initial Issue, the Placing Programme or the Admissions. Shore Capital (and its affiliates, directors, officers or employees) accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

In connection with the Rollover Offer, the Initial Issue and/or any Placing under the Placing Programme, Shore Capital and any of its affiliates acting as an investor for its or their own account(s), may acquire 2028 ZDP 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 UIL Finance, any other securities of UIL Finance or UIL or other related investments in connection with the Rollover Offer, the Initial Issue, the Placing Programme or otherwise. Accordingly, references in this document to the 2028 ZDP Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by Shore Capital and any of its affiliates acting as an investor for its or their own account(s). Neither Shore Capital nor any of its affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, in connection with the

Rollover Offer, the Initial Issue and/or any Placing under the Placing Programme, Shore Capital may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where 2028 ZDP Shares or other securities of UIL Finance or UIL are used as collateral, that could result in Shore Capital acquiring shareholdings in UIL Finance or UIL.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

No 2028 ZDP Shares have been offered or will be offered pursuant to the Initial Issue or the Placing Programme to the public in the United Kingdom prior to the publication of a prospectus in relation to the 2028 ZDP Shares which has been approved by the FCA, except that offers of 2028 ZDP Shares to the public may be made at any time with the prior consent of Shore Capital, under the following exemptions under the UK Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined in Regulation 2(e) of the UK Prospectus Regulation (as amended);
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation (as amended)) in the United Kingdom; or
- (c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation (as amended) with the prior consent of Shore Capital,

provided that no such offer of 2028 ZDP Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3(l) of the UK Prospectus Regulation (as amended).

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of 2028 ZDP Shares in the United Kingdom means a communication in any form and by any means presenting sufficient information on the terms of the offer and any 2028 ZDP Shares to be offered so as to enable an investor to decide to purchase or subscribe for 2028 ZDP Shares.

#### **INTERMEDIARIES OFFER**

Under the Intermediaries Offer, the 2028 ZDP Shares are being offered to Intermediaries who will facilitate the participation of their investor clients located in the United Kingdom.

UIL Finance consents to the use of this document by financial intermediaries in connection with the Intermediaries Offer: (i) in respect of the Intermediaries who have been appointed prior to the date of this Prospectus, as listed in paragraph 16 of Part 11 (Additional Information) of this document, from the date of this document; and (ii) in respect of Intermediaries who are appointed by UIL Finance after the date of this document, a list of which will appear on UIL’s website, from the date on which they are appointed to participate in the Intermediaries Offer and until 11.00 a.m. on 20 April 2021, unless the Intermediaries Offer is closed prior to that date (any such prior closure to be announced via a RIS).

**Any Intermediary that uses this document must state on its website that it uses this document in accordance with UIL Finance’s consent and the conditions attached thereto. Any application made by investors to any financial intermediary is subject to the terms and conditions imposed by each financial intermediary. Information on the terms and conditions of any subsequent resale or final placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.**

Any Intermediary may use this document for the marketing and offer of securities in the UK only. Each Intermediary has agreed, or will, on appointment agree, to the Intermediaries Terms and Conditions which regulate, *inter alia*, the conduct of the Intermediaries Offer in relation to the offering of the 2028 ZDP Shares on market standard terms and provide for the payment of commission to any Intermediary that elects to receive commission. Any application made by investors to any Intermediary is subject to the terms and conditions imposed by each Intermediary.

UIL Finance accepts responsibility for the information contained in this document with respect to any subscriber for 2028 ZDP Shares pursuant to the Intermediaries Offer and also with respect to the subsequent resale or final placement of securities by any financial intermediary which was given

consent to use this Prospectus. Any new information with respect to financial intermediaries unknown at the time of approval of this document will be available on UIL's website.

**Any Intermediary that uses this document must state on its website that it uses this document in accordance with UIL Finance's consent and the conditions attached thereto. Any application made by investors to any financial intermediary is subject to the terms and conditions imposed by each financial intermediary. Information on the terms and conditions of any subsequent resale or final placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.**

## **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 Product Governance Requirements**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the 2028 ZDP Shares have been subject to a product approval process, which has determined that such 2028 ZDP Shares are: (i) compatible with an end target market of retail investors and 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 2028 ZDP Shares may decline and investors could lose all or part of their investment; the 2028 ZDP Shares offer no guaranteed income and no capital protection; and an investment in the 2028 ZDP 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 Rollover Offer, the Initial Issue and the Placing Programme.

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 2028 ZDP Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the 2028 ZDP Shares and determining appropriate distribution channels.

## **UK PRIIPS LAWS**

In accordance with the UK PRIIPs Laws, a key information document in respect of the 2028 ZDP Shares in UIL Finance has been prepared by ICMIM and is available to investors at [www.uil.limited](http://www.uil.limited). If you are distributing the 2028 ZDP Shares, it is your responsibility to ensure that the key information document is provided to any clients that are "retail clients".

## **DISTRIBUTION TO RETAIL INVESTORS**

UIL Finance intends to conduct its affairs so that its ZDP Shares can be recommended by financial advisers to retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products. The ZDP Shares are expected to be excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because UIL Finance's payment obligations to investors in respect of the ZDP Shares are wholly or predominantly linked to, contingent on, highly sensitive to or dependent on, the performance of or changes in the value of shares, debentures or government and public securities.

UIL Finance intends to conduct its affairs so that its ZDP Shares can be recommended by financial advisers to retail investors in accordance with the rules on the distribution of financial instruments under EU MiFID II and the UK MiFID Laws. The Directors consider that the requirements of Article 57

of the EU MiFID II delegated regulation of 25 April 2016 (and the equivalent provision of the UK MiFID Laws) will be met in relation to the 2028 ZDP Shares and that, accordingly, the 2028 ZDP Shares should be considered “non-complex” for the purposes of EU MiFID II and the UK MiFID Laws.

## **INVESTMENT CONSIDERATIONS**

The 2028 ZDP Shares may not be a suitable investment for all investors. An investment in any 2028 ZDP Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. An investment in any 2028 ZDP Shares should constitute part of a diversified investment portfolio. Typical investors are expected to be professional investors and professionally advised private investors. If investors are in any doubt as to the consequences of their acquiring or holding any 2028 ZDP Shares, or whether an investment in 2028 ZDP Shares is suitable for them in the light of information contained in this document or their personal circumstances, including the financial resources available to them, they should consult their stockbroker or other independent financial adviser authorised under FSMA or, in the case of investors outside the United Kingdom, another appropriately authorised independent financial adviser before making their own decision to invest in 2028 ZDP Shares.

Any potential investor in the 2028 ZDP Shares must determine the suitability of that investment in light of his own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of: (i) the 2028 ZDP Shares; (ii) the merits and risks of investing in the 2028 ZDP Shares; and (iii) the information contained or incorporated by reference in this document or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his particular financial situation, an investment in the 2028 ZDP Shares and the impact such investment will have on his overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the 2028 ZDP Shares;
- understand thoroughly the terms of the 2028 ZDP Shares and be familiar with the behaviour of financial markets in which they participate; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect his investment and his ability to bear the applicable risks.

The contents of this document or any other communications from UIL Finance, UIL, the Joint Portfolio Managers or Shore Capital and any of their respective affiliates, directors, officers, employees or agents are not to be construed as advice relating to legal, financial, taxation, investment or any other matters. Prospective investors in the 2028 ZDP Shares should inform themselves as to:

- the legal requirements within their own countries for the purchase, holding, transfer or other disposal of 2028 ZDP Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of 2028 ZDP Shares which they might encounter; and
- the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of 2028 ZDP Shares.

Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Group and an investment in the 2028 ZDP Shares.

An investment in the 2028 ZDP Shares should be regarded as a long-term investment. There can be no assurance that UIL Finance will be able to pay the Final Capital Entitlement on the 2028 ZDP Repayment Date in full. It should be remembered that the price of securities and the income from them can go down as well as up.

## FORWARD-LOOKING STATEMENTS

This document 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”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Group’s intentions, beliefs or current expectations concerning, among other things, the Group’s financial condition and prospects.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the factors discussed in the sections entitled “Risk Factors” on pages 10 to 21 of this document and in “Part 2 – Information about the Group”.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect UIL Finance’s current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group. Investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision. These forward-looking statements apply only as of the date of this document. Although UIL Finance undertakes no obligation to revise or update any forward-looking statements contained herein (save where required by the Prospectus Regulation Rules, the Listing Rules, the EU AIFM Directive, the UK AIFMD Laws, UK MAR, EU MAR or the Disclosure Guidance and Transparency Rules), whether as a result of new information, future events, conditions or circumstances, any change in the Group’s expectations with regard thereto or otherwise, Shareholders are advised to read any communications made directly to them by UIL Finance and/or any additional disclosures in announcements that UIL may make via a RIS announcement.

For the avoidance of doubt, nothing in this paragraph constitutes a qualification of the working capital statement contained in Section B, paragraph 4 of Part 8 of this document.

## TIMES AND DATES

References to times and dates in this document are, unless otherwise stated, to United Kingdom times and dates.

## DISTRIBUTION

The distribution of this document and the accompanying documents in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this document and the accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned. This document and the accompanying documents do not constitute or form part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for any 2028 ZDP Shares in any jurisdiction in which such offer, invitation or solicitation is unlawful. In particular, no 2028 ZDP Shares have been, or will be, registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**), or under the securities laws of any state or other political sub-division of the United States or under the applicable securities laws of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Accordingly, subject to certain exceptions, no 2028 ZDP Shares may, directly or indirectly, be offered, sold, transferred, taken up or delivered, directly or indirectly, in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or for the benefit of any US Person (within the meaning of Regulation S made under the Securities Act) and this document will not be posted to any person in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa.

No person has been authorised to give any information or to make any representations other than those contained in this document and any supplementary prospectus published by UIL Finance prior to Admission of the relevant 2028 ZDP Shares and, if given or made, such information or

representations must not be relied on as having been authorised by UIL Finance or UIL. This document does not constitute an offer to sell or the solicitation of an offer to buy any securities in any circumstances in which such offer or solicitation is unlawful. The delivery of this document shall not under any circumstances imply that the information contained herein is correct as at any time subsequent to the date hereof or that there has not been any change in the affairs of the Group since the date hereof.

## DATA PROTECTION

The information that a prospective investor provides in documents in relation to a subscription for 2028 ZDP Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (personal data) will be processed by the Group all times in compliance with material requirements of applicable data protection legislation (including the UK GDPR, the EU GDPR, the DP Act and the PIPA) in Bermuda, the United Kingdom and/or the EEA, as appropriate (the **DP Legislation**) and shall only process such information for the purposes set out in the Group's privacy policy (the **Purposes**) which is available for consultation on UIL's website [www.uil.limited](http://www.uil.limited) (the **Privacy Policy**).

Where necessary to fulfil the Purposes, the Group may disclose personal data to:

- third parties located either within, or outside of, Bermuda, the United Kingdom and/or the EEA, for the Registrar and the Administrator to perform their respective functions and in particular in connection with the holding of 2028 ZDP Shares; or
- the Registrar, the Administrator, the Joint Portfolio Managers and their respective associates, some of which are located outside of Bermuda, the United Kingdom and/or the EEA.

Any sharing by the Group of personal data with third parties will be carried out in compliance with DP Legislation and as set out in the Privacy Policy.

Each investor acknowledges that by submitting his or her personal data to the Registrar (acting for and on behalf of the Group) where the investor is a natural person he or she represents and warrants that (as applicable) he or she has read and understood the terms of the Privacy Policy and shall provide consent to the processing of his/her personal data for the Purposes where such consent is required.

Each investor hereby represents and warrants to the Group, the Registrar and the Administrator that by submitting personal data that is not the investor's own personal data to the Registrar (acting for and on behalf of the Group):

- it has brought the Privacy Policy 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 Group and the Administrator as a result of the investor agreeing to apply for 2028 ZDP Shares pursuant to the Rollover Offer or subscribe for 2028 ZDP Shares under the Initial Issue and/or the Placing Programme and has provided such underlying data subjects with details of the Purposes for which their personal data will be used;
- where consent is required under DP Legislation, the investor has obtained the consent of any data subject to the Group, the Administrator and the Registrar and their respective affiliates and group companies, processing their personal data for the Purposes; and
- the investor has complied in all other respects with all applicable DP Legislation in respect of disclosure and provision of personal data to the Group.

Each prospective investor acknowledges and consents that where appropriate it may be necessary for UIL Finance and/or UIL (or any third party, functionary or agent appointed by either of them), the Registrar, the Administrator and/or the Joint Portfolio Managers to:

- disclose personal data to third party service providers, agents or functionaries, whether situated in or outside of Bermuda and/or the EEA appointed by UIL Finance and/or UIL or their respective agents to provide services to prospective investors; and

- transfer personal data outside of Bermuda and/or the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If UIL Finance and/or UIL (or any third party, functionary or agent appointed by either of them), the Registrar, the Administrator and/or either of the Joint Portfolio Managers discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

Prospective investors are responsible for informing any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

## **NO INCORPORATION OF WEBSITE**

The contents of UIL's website at [www.uil.limited](http://www.uil.limited) and the contents of the websites of the Joint Portfolio Managers do not form part of this Prospectus unless that information is incorporated by reference.

Investors should base their decision to invest on the contents of this document and any supplementary prospectus published by UIL Finance prior to Admission of the relevant 2028 ZDP Shares alone and should consult their professional advisers prior to making an application to rollover their 2022 ZDP Shares into 2028 ZDP Shares or subscribe for any 2028 ZDP Shares under the Initial Issue or any Placing under the Placing Programme.

## **PRESENTATION OF INFORMATION**

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

Market, economic and industry data used throughout this document is derived from various industry and other independent sources. UIL Finance and UIL confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified.

### **Presentation of financial information**

UIL and UIL Finance prepare their financial information under International Financial Reporting Standards (as adopted by the EU) (**IFRS**). The financial information contained or incorporated by reference in this document, including that financial information presented in a number of tables in this document, has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

### **Currency presentation**

Unless otherwise indicated, all references in this document to "GBP", "Sterling", "pounds sterling", "£", "pence" or "p" are to the lawful currency of the UK.

## **DEFINITIONS**

A list of defined terms used in this document is set out on pages 120 to 128 of this document.

## **GOVERNING LAW**

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

## CONSEQUENCES OF A STANDARD LISTING

The 2022 ZDP Shares, 2024 ZDP Shares and 2026 ZDP Shares are, and application will be made for the 2028 ZDP Shares to be, admitted to the standard listing segment of the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for standard listings. A standard listing affords ZDP Shareholders a lower level of regulatory protection than that afforded to investors in securities that are admitted to the premium listing segment of the Official List.

As a consequence of the standard listing of the ZDP Shares, the additional ongoing requirements and protections applicable to a premium listing under the Listing Rules do not apply to UIL Finance or to the ZDP Shares. UIL Finance is not required to comply with the provisions of, among other things:

- Chapter 8 of the Listing Rules regarding the appointment of a listing sponsor to guide the company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters;
- Chapter 9 of the Listing Rules relating to continuing obligations;
- Chapter 10 of the Listing Rules relating to significant transactions which requires shareholder consent for certain acquisitions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by an issuer of its own shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to shareholders.

The ZDP Shareholders will therefore not receive the full protections of the Listing Rules associated with a premium listing on the Official List.

The Ordinary Shares of UIL are admitted to the Specialist Fund Segment and therefore the Listing Rules do not apply to it. However as a matter of best practice and good corporate governance UIL and its subsidiary undertakings conducts its affairs in accordance with certain key provisions of the Listing Rules in such a manner as they would apply if it were admitted to the Premium Segment under Chapter 15 of the Listing Rules.

In addition, the Subscription Agreement and UIL Finance's Bye-laws contain provisions, as outlined in more detail in Part 7 and Part 11 of this document, which are designed to protect the interests of ZDP Shareholders.

Listing Rule 14.3 sets out the continuing obligations applicable to an issuer of ZDP Shares and requires that all the issuer's listed securities must be admitted to trading on a regulated market at all times. UIL Finance must have a minimum number of shares (25 per cent.) of any listed class in public hands at all times in the relevant jurisdictions (or such lower percentage that the FCA may agree to if it considers that the market will operate properly with a lower percentage in view of the large number of shares of the same class and the extent of their distribution to the public) and must notify the FCA as soon as possible if these holdings fall below the stated level. There are a number of other continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to an issuer of ZDP Shares. These include requirements as to:

- (a) the forwarding of circulars and other documentation to the FCA for publication through the national storage mechanism, and related notification to a Regulatory Information Service;
- (b) the form and content of temporary and definitive documents of title;
- (c) the appointment of a registrar;
- (d) the RIS notification obligations in relation to a range of debt and equity capital issues; and
- (e) compliance with the Disclosure Guidance and Transparency Rules.

## ISSUE STATISTICS

The following illustrative financial statistics are based on, and should be read in conjunction with, the Assumptions set out in Part 10 of this document. Prospective investors should note that actual outcomes can be expected to differ from these illustrations. The illustrations are not guarantees of future performance and involve certain risks and uncertainties that are hard to predict. Investors should therefore not rely on the illustrations. The attention of prospective investors is also drawn to the risk factors set out on pages 10 to 21 of this document.

### Rollover Offer and Initial Issue statistics

2028 ZDP Share issue price and Initial Issue Price	100p
Initial Capital Entitlement per 2028 ZDP Share	100p
Final Capital Entitlement per 2028 ZDP Share	152.29p
Gross Redemption Yield at 2028 ZDP Share Initial Issue Price	5.75%
2028 ZDP Cover following the Rollover Offer and the Initial Issue <sup>2</sup>	2.12x
Maximum size of the Rollover Offer and Initial Issue	25 million 2028 ZDP Shares

### Placing Programme statistics

Maximum number of 2028 ZDP Shares to be issued	25 million (less the number of 2028 ZDP Shares issued pursuant to the Rollover Offer and the Initial Issue)
Placing Programme Price per 2028 ZDP Share	not less than the Accrued Capital Entitlement of the 2028 ZDP Shares at the time of allotment <sup>3</sup>

## DEALING CODES

The dealing codes for the 2028 ZDP Shares will be as follows:

ISIN	BMG916101576
Ticker	UTLI

<sup>2</sup> Assuming that 25 million 2028 ZDP Shares are issued pursuant to the Rollover Offer and the Initial Issue

<sup>3</sup> The maximum Placing Programme Price will be equal to the best offer price of the 2028 ZDP Shares at the time the proposed issue is announced.

## EXPECTED TIMETABLE

<b>Initial Issue and Rollover Offer</b>	<b>2021</b>
Initial Placing, Intermediaries Offer and Offer for Subscription opens	18 March
Latest time and date for receipt of Forms of Election and TTE Instructions in connection with the Rollover Offer	1.00 p.m. on 13 April
Record Date for the Rollover Offer	6.00 p.m. on 13 April
Announcement of the results of the Rollover Offer	14 April
Latest time and date for receipt of completed application forms from the Intermediaries in respect of the Intermediaries Offer	11.00 a.m. on 20 April
Latest time and date for receipt of completed Application Forms in respect of the Offer for Subscription	11.00 a.m. on 20 April
Latest time and date for receipt of commitments under the Initial Placing	11.00 a.m. on 20 April
Announcement of the results of the Initial Placing, the Intermediaries Offer and the Offer for Subscription	21 April
Admission and dealings in the 2028 ZDP Shares pursuant to the Rollover Offer and issued pursuant to the Initial Issue commence	8.00 a.m. on 23 April
CREST accounts credited in respect of Depositary Interests in respect of 2028 ZDP Shares issued in uncertificated form pursuant to the Rollover Offer and Initial Issue	23 April
Share certificates in respect of 2028 ZDP Shares issued pursuant to the Rollover Offer and Initial Issue in certificated form despatched by post <sup>3</sup>	Within 10 Business Days of Initial Admission
<b>Placing Programme</b>	
Placing Programme opens	24 April
Latest date for issuing 2028 ZDP Shares under the Placing Programme	17 March 2022

### Notes:

- (1) All references to times in this document are to London times.
- (2) All times and dates in the Expected Timetable and in this document generally may be subject to adjustment. Any changes to the Expected Timetable set out above will be notified by publication of a notice through a RIS.
- (3) Underlying Applicants who apply through Intermediaries for 2028 ZDP Shares under the Intermediaries Offer will not receive share certificates

## DIRECTORS, INVESTMENT MANAGERS AND ADVISERS

<b>Directors</b>	Peter Burrows, AO ( <i>Chairman</i> ) Stuart Bridges Alison Hill Christopher Samuel David Shillson
<b>Registered Office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>AIFM and Joint Portfolio Manager</b>	ICM Investment Management Limited PO Box 208 Epsom Surrey KT18 7YF United Kingdom A representative of the AIFM can be contacted by telephone on: + 44 (0) 1372 271 486
<b>Joint Portfolio Manager and Secretary</b>	ICM Limited 34 Bermudiana Road Hamilton HM 11 Bermuda
<b>Assistant Secretary</b>	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Administrator</b>	JP Morgan Chase Bank N.A – London branch 25 Bank Street Canary Wharf London E14 5JP Telephone: +44 (0) 20 7742 4000
<b>Financial Adviser</b>	Shore Capital and Corporate Limited Cassini House 57 St James's Street London, SW1A 1LD
<b>Intermediaries Offer Adviser, Broker and Placing Agent</b>	Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London, SW1A 1LD
<b>Legal Adviser to the Group as to English law</b>	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
<b>Legal Adviser to the Group as to Bermuda law</b>	Conyers Dill & Pearman Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda

<b>Registered Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL
<b>Depository Service Provider</b>	J.P. Morgan Europe Limited 25 Bank Street Canary Wharf London E14 5JP
<b>Custodian</b>	JPMorgan Chase Bank, N.A. – Jersey Branch JPMorgan House Grenville Street, St Helier Jersey JE4 8QH Channel Islands
<b>Legal Adviser to the Financial Adviser, Intermediaries Offer Adviser and Placing Agent as to English law</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Registrar</b>	Computershare Investor Services (Bermuda) Limited 5 Reid Street Hamilton HM11 Bermuda
<b>DI Depository and CREST Agent</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
<b>Principal Banker</b>	Scotiabank Europe plc 201 Bishopsgate 6th Floor London EC2M 3NS

## **PART 1 – LETTER FROM THE CHAIRMAN**

### **UIL FINANCE LIMITED**

*(Incorporated in Bermuda under the Companies Act 1981, as amended, with company number 39479)*

*Directors:*

Peter Burrows, AO (Chairman)  
Stuart Bridges  
Alison Hill  
Christopher Samuel  
David Shillson

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

18 March 2021

*To holders of 2022 ZDP Shares and, for information only, to holders of Ordinary Shares, 2024 ZDP Shares and 2026 ZDP Shares*

#### **INTRODUCTION**

Your Board has today announced detailed proposals to provide holders of existing 2022 ZDP Shares with the opportunity to roll over some or all (subject to the overall limits of the Rollover Offer) of their 2022 ZDP Shares into a new class of up to 25 million 2028 ZDP Shares. Your Board has also announced proposals for a placing, intermediaries offer, offer for subscription and subsequent placing programme of up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising upon conversion of 2022 ZDP Shares pursuant to the Rollover Offer).

The purpose of this letter is to explain the Proposals and why your Board considers them in the best interests of ZDP Shareholders as a whole.

#### **BACKGROUND TO AND REASONS FOR THE PROPOSALS**

UIL Finance currently has three series of ZDP Share in issue. These are due for redemption on 31 October in 2022, 2024 and 2026 respectively. The aggregate redemption sum payable on the redemption of the 2022 ZDP Shares is approximately £73.5 million. This will be due on 31 October 2022. Following discussions regarding the payment of the Final Capital Entitlement in respect of the 2022 ZDP Shares, the UIL Finance Directors concluded that they wish to provide 2022 ZDP Shareholders with the opportunity to remain invested in the Group and as a result have formulated the Proposals, which consist of the Rollover Offer, the Initial Issue and the Placing Programme.

#### **THE ROLLOVER OFFER**

Under the Rollover Offer, each Qualifying Holder of 2022 ZDP Shares on the Record Date will be given the opportunity to rollover some or all of their Qualifying Holding (subject to the overall limits of the Rollover Offer) into new 2028 ZDP Shares. The Rollover Value attributed to each 2022 ZDP Share will be 137.5p, a premium of 2.60 per cent. to their Accrued Capital Entitlement as at the Rollover Date. The new 2028 ZDP Shares arising upon the conversion of 2022 ZDP Shares pursuant to the Rollover Offer will be deemed to be issued at the 2028 ZDP Share issue price, which will be 100p per 2028 ZDP Share.

The 2028 ZDP Shares will have a Gross Redemption Yield of 5.75 per cent. and a maturity date of 31 October 2028. Investors should note that the predetermined capital entitlement of the ZDP Shares is not guaranteed and is dependent upon UIL having sufficient assets to satisfy its obligations to UIL Finance under the Subscription Agreement.

#### **THE INITIAL ISSUE AND THE PLACING PROGRAMME**

UIL Finance intends to issue up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising upon conversion of 2022 ZDP Shares pursuant to the Rollover Offer) pursuant to the Initial Placing, the Intermediaries Offer and the Offer for Subscription at the Issue Price which will be

100p per 2028 ZDP Share. Shore Capital has agreed under the Placing Agreement to use its reasonable endeavours to procure placees for 2028 ZDP Shares at the Issue Price. Details of the Placing Agreement are set out in paragraph 8.9 of Part 11 of this document.

The Intermediaries Offer and the Offer for Subscription will close at 11.00 a.m. on 20 April 2021. The Initial Placing will close at 11.00 a.m. on 20 April 2021 (or such later date, not being later than 30 June 2021, as UIL Finance and Shore Capital may agree). If the Initial Placing is extended, the revised timetable will be notified via a Regulatory Information Service.

Following the Rollover Offer and the Initial Issue, UIL Finance is proposing to issue up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising upon conversion of 2022 ZDP Shares pursuant to the Rollover Offer and issued pursuant to the Initial Issue) pursuant to the Placing Programme in the period from Initial Admission to 17 March 2022.

The illustrative financial effects of the Proposals set out in this document are based on the Assumptions which assume an issue of 25 million 2028 ZDP Shares pursuant to the Proposals.

## **BENEFITS OF THE PROPOSALS**

The UIL Finance Board believes the Proposals have the following benefits:

- to allow 2022 ZDP Shareholders to remain invested in the Group; and
- to raise new funds to assist in financing the amount required for the redemption of the 2022 ZDP Shares.

Holders of ordinary shares issued by UIL will not suffer any dilution of their voting rights as a result of the issue of the 2028 ZDP Shares pursuant to the Proposals as ZDP Shares do not carry any voting rights, save in limited circumstances.

UIL intends to realise funds through a combination of cash distributions from certain portfolio investments and proceeds from portfolio realisations which, when taken together with the proceeds from the Initial Issue and the Placing Programme, and taking into account any 2022 ZDP Shares converted into 2028 ZDP Shares pursuant to the Rollover Offer, are expected to provide the funding required to finance the redemption of the outstanding 2022 ZDP Shares on 31 October 2022.

## **THE ROLLOVER OFFER**

Under the Rollover Offer, holders of 2022 ZDP Shares are being given the opportunity to convert some or all of their holding of 2022 ZDP Shares (subject to the overall limits of the Rollover Offer) into new 2028 ZDP Shares. The Rollover Value attributed to the 2022 ZDP Shares will be 137.5p, a premium of 2.60 per cent. to their Accrued Capital Entitlement as at the Rollover Date. The Rollover Offer is limited to a maximum of 36.36 per cent. of the 2022 ZDP Shares in issue at the Record Date and each Qualifying Holder on the Register on the Record Date will be entitled to have accepted under the Rollover Offer his or her Basic Entitlement, which is equal to 36.36 per cent. of their holding of 2022 ZDP Shares as at the Record Date, subject to the UIL Finance Directors not exercising their discretion to scale back elections under the Rollover Offer as described below.

The rights attaching to the 2028 ZDP Shares will be substantially similar to those attaching to the 2022 ZDP Shares. Subject to the Rollover Offer and Initial Admission occurring, the 2028 ZDP Shares will have an illustrative initial capital entitlement on 23 April 2021 of 100p per 2028 ZDP Share and will have a Final Capital Entitlement of 152.29p per 2028 ZDP Share on 31 October 2028, the 2028 ZDP Repayment Date, equivalent to a Gross Redemption Yield of 5.75 per cent. per annum on the 2028 ZDP Share Issue Price.

As with the 2022 ZDP Shares, the 2028 ZDP Shares will not carry the right to vote at general meetings of UIL or UIL Finance but they will carry the right to vote as a class on certain proposals which would be likely to affect materially their position. The 2028 ZDP Shares will carry no entitlement to income and the whole of any return will therefore take the form of capital.

Subject to completion of the Rollover Offer, each 2022 ZDP Share validly elected to be rolled over will be converted into 2028 ZDP Shares to be issued on the terms set out in the New UIL Finance

Bye-Laws. Fractions of 2028 ZDP Shares will not be issued. The number of 2028 ZDP Shares arising upon conversion of 2022 ZDP Shares pursuant to an election under the Rollover Offer will be rounded down to the nearest whole number and any excess monies will be retained by UIL Finance.

The Rollover Offer is open to all Qualifying Holders on the Register at the Record Date (such Qualifying Holders being Eligible Shareholders). All such persons shall be entitled to have accepted in the Rollover Offer valid elections in respect of his or her Basic Entitlement. In addition, Eligible Shareholders may make elections in excess of their Basic Entitlement but such excess elections will only be satisfied to the extent that other 2022 ZDP Shareholders have not made valid elections in respect of all or any part of their Basic Entitlement. Elections in excess of the Basic Entitlement will be satisfied pro rata in proportion to the excess over the Basic Entitlement elected, rounded down to the nearest whole number of 2022 ZDP Shares and subject to the exercise of the UIL Finance Directors' discretion to scale back elections under the Rollover Offer as described below.

In order to elect to participate in the Rollover Offer, 2022 ZDP Shareholders are advised to refer to the section entitled "Action to be Taken" on pages 22 and 23 of this document and to complete the Form of Election in accordance with the instructions printed thereon or submit a TTE Instruction through CREST, in each case in accordance with the instructions set out in this document.

UIL Finance reserves the absolute right to inspect (either itself or through its agents) all Forms of Election and may consider void and reject any Form of Election that does not, in the UIL Finance Board's sole judgement (acting reasonably), meet the requirements of the Rollover Offer. UIL Finance also reserves the absolute right to waive any defect or irregularity in relation to the acceptance of the Rollover Offer by Eligible Shareholders, including any Form of Election (in whole or in part) which is not entirely in order or which is received after the Closing Date, missing share certificate(s) and/or other document(s) of title or to accept an indemnity acceptable to UIL Finance in lieu thereof. None of UIL Finance, UIL, the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in acceptances under the Rollover Offer or incur any liability for failure to give any such notification.

If a holder of 2022 ZDP Shares signs and returns a Form of Election but does not specify in Box 1 of the form how many 2022 ZDP Shares he wishes to elect to participate in the Rollover Offer he will be deemed to have elected to participate in respect of his Basic Entitlement.

Completion of the Rollover Offer is conditional on Admission, and therefore subject to the satisfaction of Listing Rule 14.2.2 as to the number of 2028 ZDP Shares held in public hands as at Admission. The UIL Finance Directors will have the discretion to scale back elections under the Rollover Offer otherwise than on a pro rata basis and whether or not such elections are in excess of a 2022 ZDP Shareholder's Basic Entitlement if the UIL Finance Directors consider this necessary to ensure that sufficient 2028 ZDP Shares are held in public hands so as to satisfy the Listing Rule requirement.

The Rollover Offer is also conditional on the ZDP Cover of the 2028 ZDP Shares being not less than 1.35x, taking into account the 2028 ZDP Shares arising on conversion of any 2022 ZDP Shares pursuant to the Rollover Offer. The UIL Finance Directors will therefore also have the discretion to scale back elections under the Rollover Offer if the UIL Finance Directors consider this necessary to satisfy the ZDP Cover requirement.

2022 ZDP Shareholders who are Overseas ZDP Shareholders and any other 2022 ZDP Shareholders who do not make a valid election to roll over all or part of their ZDP Shares on the Form of Election or submit a valid TTE Instruction, will be deemed to have declined the opportunity to participate in the Rollover Offer and will continue to hold their 2022 ZDP Shares, the rights attaching to which will be unaffected by the Proposals.

## **MECHANICS OF THE ROLLOVER OFFER**

The Rollover Offer will be effected by the conversion of those 2022 ZDP Shares that are validly elected and accepted to participate in the Rollover Offer into new 2028 ZDP Shares pursuant to the New UIL Finance Bye-Laws. The key points of the Rollover Offer are as follows.

Subject to completion of the Rollover Offer, each 2022 ZDP Share validly elected to be rolled over will automatically convert into 1.375 2028 ZDP Shares, on and subject to the terms and conditions set out in this document and the Form of Election.

Forthwith upon conversion, any certificates relating to 2022 ZDP Shares that converted into 2028 ZDP Shares pursuant to the Rollover Offer shall be cancelled and UIL Finance shall issue to each such former holder of 2022 ZDP Shares new certificates in respect of the 2028 ZDP Shares which have arisen upon conversion unless such former holder of 2022 ZDP Shares elects to hold their 2028 ZDP Shares in uncertificated form.

Where the aggregate number of 2028 ZDP Shares to which a 2022 ZDP Shareholder is entitled upon the conversion of his 2022 ZDP Shares pursuant to an election made and accepted under the Rollover Offer results in an entitlement to a fraction of a 2028 ZDP Share, the total number of 2028 ZDP Shares to which such 2022 ZDP Shareholder is entitled will be rounded down to the nearest whole number and such rounded down fractional entitlements will then be aggregated and form part of UIL Finance's authorised but unissued share capital.

The rights attaching to 2022 ZDP Shares that are not converted into 2028 ZDP Shares pursuant to the Rollover Offer will remain unchanged, with their ZDP Repayment Date being 31 October 2022 and a Final Capital Entitlement of 146.99p pence per share.

### **CONDITIONS TO THE ROLLOVER OFFER**

The Rollover Offer is conditional on:

- valid elections being received in respect of 2028 ZDP Shares, together with 2028 ZDP Shares issued pursuant to the Initial Issue, with a minimum value at the Issue Price of £700,000;
- the ZDP Cover of the 2028 ZDP Shares being not less than 1.35x, taking into account the effect of the relevant allotment;
- the Placing Agreement remaining in full force and effect and not having been terminated in accordance with its terms prior to completion of the Rollover Offer; and
- Admission of the 2028 ZDP Shares arising on conversion of the 2022 ZDP Shares pursuant to the Rollover Offer.

In circumstances in which these conditions are not fully met, the Rollover Offer will not take place and no 2022 ZDP Shares will be converted into 2028 ZDP Shares.

### **ANNOUNCEMENT OF THE RESULTS OF THE ROLLOVER OFFER**

The results of the Rollover Offer will be announced through a Regulatory Information Service on or around 14 April 2021. This announcement will include the number of 2028 ZDP Shares arising upon the conversion of 2022 ZDP Shares pursuant to the Rollover Offer, the number of 2022 ZDP Shares that have elected to take part and details of any scaling back in relation to elections in excess of the Basic Entitlement or where the UIL Finance Directors have exercised their discretion to scale back elections so as to satisfy the ZDP Cover condition or to enable UIL Finance to satisfy the Listing Rule requirement as to the minimum number of 2028 ZDP Shares which must be held in public hands which is a condition to Admission.

### **OVERSEAS ZDP SHAREHOLDERS**

In order to avoid any inadvertent breach of overseas securities laws, Overseas ZDP Shareholders shall be deemed to have elected to not participate in the Rollover Offer. Notwithstanding any other provision of this document, UIL Finance reserves the right to permit any Overseas ZDP Shareholders to receive 2028 ZDP Shares under the Rollover Offer if the UIL Finance Directors, in their sole and absolute discretion, are satisfied at any time prior to the Closing Date that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

## THE INITIAL ISSUE

UIL Finance is proposing to issue up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising upon conversion of 2022 ZDP Shares pursuant to the Rollover Offer) pursuant to the Initial Placing, the Intermediaries Offer and the Offer for Subscription. Shore Capital has agreed under the Placing Agreement to use its reasonable endeavours to procure placees for the 2028 ZDP Shares at the Issue Price. No 2028 ZDP Shares will be issued pursuant to the Initial Issue where such issue would reduce the ZDP Cover of the 2028 ZDP Shares below 1.35x. The Placing will close at 11.00 a.m. on 20 April 2021 (or such later date, not being later than 30 June 2021, as UIL Finance and Shore Capital may agree). If the Initial Placing is extended, the revised timetable will be notified via a Regulatory Information Service. The Intermediaries Offer and the Offer for Subscription will close at 11.00 a.m. on 20 April 2021.

The Initial Issue is conditional, *inter alia*, on:

- the minimum gross proceeds from the Initial Issue, together with the value of any 2028 ZDP Shares arising pursuant to the Rollover Offer, not being less than £700,000;
- the ZDP Cover of the 2028 ZDP Shares being not less than 1.35x taking into account the effect of the 2028 ZDP Shares created upon the conversion of any 2022 ZDP Shares pursuant to the Rollover Offer and the allotment of the 2028 ZDP Shares issued pursuant to the Initial Issue;
- the Placing Agreement remaining in full force and effect and not having been terminated in accordance with its terms prior to completion of the Initial Issue; and
- Admission of the 2028 ZDP Shares issued pursuant to the Initial Issue.

The Initial Placing is not being underwritten.

UIL reserves the right to subscribe for all or any of the 2028 ZDP Shares available under the Initial Placing to the extent that the Initial Issue is not subscribed by other investors, subject to ensuring that the ZDP Cover of the 2028 ZDP Shares is not less than 1.35x or that sufficient 2028 ZDP Shares are held in public hands so as to satisfy the Listing Rule requirement at Initial Admission. Such 2028 ZDP Shares will be held by UIL for investment purposes in accordance with its investment policy.

Applications will be made to the Financial Conduct Authority and to the London Stock Exchange respectively for the 2028 ZDP Shares arising on the conversion of 2022 ZDP Shares pursuant to the Rollover Offer and issued pursuant to the Initial Issue to be admitted: (i) to the Official List (by way of a standard listing under Chapter 14 of the Listing Rules); and (ii) to the London Stock Exchange's main market for listed securities. It is expected that Initial Admission will become effective and that unconditional dealings in such 2028 ZDP Shares will commence on the London Stock Exchange on 23 April 2021.

In the event that the aggregate applications under the Initial Issue were to exceed the total number of 2028 ZDP Shares available under the Initial Issue (which shall not be more than 25 million less the number of 2028 ZDP Shares which arise upon the conversion of the 2022 ZDP Shares pursuant to the Rollover Offer), it would be necessary to scale back applications under the Initial Issue. In such an event, applications under the Initial Issue will be scaled back at Shore Capital's discretion (in consultation with the Group) and thereafter no further commitments will be accepted and the Initial Issue will be closed. In addition, it may also be necessary to scale back applications of 2028 ZDP Shares to ensure either that, following the Rollover Offer and the Initial Issue, the ZDP Cover of the 2028 ZDP Shares is not less than 1.35x or that sufficient 2028 ZDP Shares are held in public hands so as to satisfy the Listing Rule requirement at Admission.

The results of the Initial Issue will be announced through a RIS on or around 21 April 2021.

## THE PLACING PROGRAMME

Following implementation of the Rollover Offer and the Initial Issue, the UIL Finance Directors intend to implement the Placing Programme to enable the Group to raise additional capital in the period from Initial Admission to 17 March 2022.

Under the Placing Programme, the Company is proposing to issue up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares issued under the Rollover Offer and the Initial Issue).

There is no minimum size of the placings under the Placing Programme and the size and frequency of each Placing under the Placing Programme will be determined at the sole discretion of Shore Capital, in consultation with UIL.

UIL reserves the right to subscribe for all or any of the 2028 ZDP Shares available under the Placing Programme to the extent that such 2028 ZDP Shares are not subscribed for by any other placees, subject to ensuring that the ZDP Cover of the 2028 ZDP Shares is not less than 1.35x or that sufficient 2028 ZDP Shares are held in public hands so as to satisfy the Listing Rule requirement following completion of such subscription. Such 2028 ZDP Shares will be held by UIL for investment purposes in accordance with its investment policy.

If subscriptions under a Placing exceed the maximum number of 2028 ZDP Shares available under that Placing, Shore Capital, in consultation with UIL Finance, UIL and the Joint Portfolio Managers, will scale back subscriptions at its discretion.

The Placing Programme will be suspended at any time when UIL Finance is unable to issue 2028 ZDP Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to UIL Finance or otherwise at the UIL Finance Directors' discretion. The Placing Programme may resume when such circumstances cease to exist, subject to the final closing date of the Placing Programme being no later than 17 March 2022.

2028 ZDP Shares issued pursuant to the Placing Programme will rank *pari passu* with the 2028 ZDP Shares then in issue.

The number of 2028 ZDP Shares allotted and issued, and the basis of allocation under the relevant Placing, is expected to be announced via a RIS as soon as reasonably practicable following the closing of that Placing. The basis of allocation shall be determined by Shore Capital after consultation with UIL Finance and UIL.

The minimum price at which each new 2028 ZDP Share will be issued under the Placing Programme will be the Accrued Capital Entitlement of a 2028 ZDP Share as at the date of allotment. The maximum price in respect of any allotment of 2028 ZDP Shares will be equal to the best offer price of 2028 ZDP Shares, as quoted on the London Stock Exchange at the time that the proposed issue is announced.

For these purposes, the Accrued Capital Entitlement will be calculated in accordance with the New UIL Finance Bye-laws.

The Placing Programme Price will be announced through a RIS as soon as is practicable in conjunction with each Placing.

Each allotment of 2028 ZDP Shares under the Placing Programme is conditional on:

- the applicable Placing Programme Price being determined by the UIL Finance Directors, and being not less than the Accrued Capital Entitlement of the relevant 2028 ZDP Shares at the time of the relevant allotment;
- the ZDP Cover of the 2028 ZDP Shares being not less than 1.35x, taking into account the effect of the relevant allotment;
- the Placing Agreement becoming otherwise unconditional in respect of that Placing, and not being terminated in accordance with its terms before Admission of the relevant 2028 ZDP Shares becomes effective;
- Admission of the 2028 ZDP Shares to be issued pursuant to the relevant Placing; and
- a valid supplementary prospectus being published by UIL Finance if such is required pursuant to Article 23 of the UK Prospectus Regulation.

Applications will be made to the Financial Conduct Authority and to the London Stock Exchange respectively for any 2028 ZDP Shares issued pursuant to a Placing under the Placing Programme to

be admitted: (i) to the Official List (by way of a standard listing under Chapter 14 of the Listing Rules); and (ii) to the London Stock Exchange's main market for listed securities. It is expected that subsequent Admissions will become effective and that unconditional dealings in such 2028 ZDP Shares will commence on the London Stock Exchange in the period from on 24 April 2021 to 17 March 2022.

### **ILLUSTRATIVE FINANCIAL EFFECTS OF THE PROPOSALS**

By way of illustration and based upon the Assumptions, had the Rollover Offer and the Initial Issue taken place at the date of this document, the Group's Gross Assets would have been increased by the estimated gross proceeds of the Initial Issue of £5 million, adjusted for all expenses in relation to the Proposals, estimated to be approximately £0.4 million.

By way of illustration and based upon the Assumptions, if, 15 million 2028 ZDP Shares arise upon the conversion of 2022 ZDP Shares pursuant to Rollover Offer and 10 million 2028 ZDP Shares are issued pursuant to the Initial Issue (of which UIL subscribes for 5 million 2028 ZDP Shares), each at a price of 100p per share, the illustrative ZDP Cover for the 2022 ZDP Shares, the 2024 ZDP Shares, the 2026 ZDP Shares and the 2028 ZDP Shares immediately following completion of the Proposals and Admission would be 4.56x, 3.24x, 2.56x and 2.12x respectively.

The above statements are unaudited and are solely for illustrative purposes only, represent hypothetical situations and, therefore, do not reflect the Group's actual financial position or results.

### **COSTS OF THE PROPOSALS**

The expenses of the Group incurred in connection with the Proposals (and based upon the Assumptions) are estimated to be approximately £0.4 million. The expenses of the Proposals are expected to be met out of the gross proceeds of the Initial Issue.

### **USE OF PROCEEDS**

The gross proceeds of the Initial Issue will be paid by UIL Finance to UIL and will assist in financing the amount required for the redemption of the 2022 ZDP Shares or otherwise be used for investment, to continue to further diversify UIL's portfolio in accordance with its investment policy.

### **ADMISSION AND DEALINGS**

Applications will be made to the Financial Conduct Authority and to the London Stock Exchange respectively for the 2028 ZDP Shares arising on the conversion of 2022 ZDP Shares pursuant to the Rollover Offer and issued pursuant to the Initial Issue and the Placing Programme to be admitted: (i) to the Official List (by way of a standard listing under Chapter 14 of the Listing Rules); and (ii) to the London Stock Exchange's main market for listed securities. It is expected that Initial Admission will become effective and that unconditional dealings in such 2028 ZDP Shares will commence on the London Stock Exchange on 23 April 2021 and that Subsequent Admissions will become effective and that unconditional dealings in such 2028 ZDP Shares will commence on the London Stock Exchange in the period from 24 April 2021 to 17 March 2022.

All allotments of 2028 ZDP Shares will be conditional on Admission of the relevant 2028 ZDP Shares. This document has been published in order to obtain Admission to a standard listing on the Official List of any 2028 ZDP Shares arising upon the conversion of 2022 ZDP Shares pursuant to Rollover Offer and/or issued pursuant to the Initial Issue and the Placing Programme. No application will be made for the 2028 ZDP Shares to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.

The 2028 ZDP Shares arising upon the conversion of 2022 ZDP Shares pursuant to Rollover Offer and to be issued pursuant to the Initial Issue and the Placing Programme will be in registered form and may be held either in certificated form or as Depositary Interests in uncertificated form and settled through CREST.

CREST is a computerised paperless settlements system, which allows securities to be transferred via electronic means, without the need for a written instrument of transfer. Foreign securities cannot be held or traded in the CREST system. To enable investors to settle their 2028 ZDP Shares through

CREST, the DI Depository will hold the relevant 2028 ZDP Shares and will issue dematerialised Depository Interests representing the underlying 2028 ZDP Shares to the relevant investors. Dealings in the 2028 ZDP Shares in advance of the crediting of the relevant Depository Interests acquired shall be at the risk of the person concerned.

The DI Depository will hold the 2028 ZDP Shares on trust for the respective underlying 2028 ZDP Shareholders. This trust relationship is documented in a deed executed by the DI Depository. The Depository Interests are independent, English securities and are held on a register maintained by the DI Depository. The Depository Interests have the same security code as the 2028 ZDP Shares that they represent and do not require a separate admission to the London Stock Exchange.

Shareholders wishing to settle 2028 ZDP Shares through CREST can transfer their holding to the DI Depository, which will then issue Depository Interests representing the relevant transferred 2028 ZDP Shares. The Depository Interest holder will not hold a certificate evidencing the underlying 2028 ZDP Share. Depository Interests are issued on a one-for-one basis against the relevant 2028 ZDP Shares that they represent for all purposes. Any payments received by the DI Depository will be passed on to each Depository Interest holder noted on the Depository Interest register as the beneficial owner of the relevant 2028 ZDP Shares.

Participation in CREST is voluntary and Shareholders who wish to hold 2028 ZDP Shares outside of CREST will be entered on the Register and issued with a share certificate evidencing ownership.

Application will be made by the DI Depository for Depository Interests representing the 2028 ZDP Shares to be admitted to CREST on their Admission.

Investors should be aware that 2028 ZDP Shares delivered in certificated form are likely to incur, on an ongoing basis, higher dealing costs than those 2028 ZDP Shares held through CREST. 2028 ZDP Shares initially issued in certificated form may subsequently be exchanged for Depository Interests, which can be deposited into CREST in accordance with the procedure described above. Certificates in respect of 2028 ZDP Shares arising upon the conversion of 2022 ZDP Shares pursuant to the Rollover Offer and, if applicable, those issued under the Initial Issue and held in certificated form are expected to be despatched within 10 Business Days of Initial Admission.

Temporary documents of title will not be issued pending the delivery of 2028 ZDP Shares to the persons entitled thereto and, during that period, transfers will be certified against the register of 2028 ZDP Shareholders.

Yours faithfully

Peter Burrows  
Chairman

## **PART 2 – INFORMATION ABOUT THE GROUP**

### **UIL FINANCE**

UIL Finance is an exempted, closed-ended investment company incorporated in Bermuda with limited liability. All UIL Finance ordinary shares are currently held by UIL. UIL Finance was established at the same time as UIL in order to be the issuer of the ZDP Shares. As at the date of this document, UIL Finance's only material obligations are in respect of the ZDP Shares and its only asset is the obligation of UIL to put UIL Finance in a position to meet its obligations in respect of the ZDP Shares on their maturity pursuant to the Subscription Agreement.

### **UIL**

UIL is an exempted, closed-ended investment company incorporated in Bermuda with limited liability, and was established as a successor company to Utilico Investment Trust plc. Trading in the Ordinary Shares commenced on 20 June 2007.

UIL's current investment objective is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not reflected in the market price.

### **INVESTMENT POLICY OF UIL**

UIL's investment policy is to identify and invest in opportunities where the underlying value is not reflected in the market price. This perceived undervaluation may arise from factors such as technological change, market motivation, prospective financial engineering opportunities, competition, underperforming management or shareholder apathy.

UIL aims to maximise value for Shareholders through a relatively concentrated portfolio of investments.

Historically UIL has invested a significant proportion of its gross assets in existing infrastructure, utility and related sectors but, following the change in mandate in 2007, this direct exposure has reduced as UIL has, in addition, invested in other sectors. UIL is classified in the AIC's database as a "Flexible Investment".

The Ordinary Shares of UIL are admitted to the Specialist Fund Segment and therefore the Listing Rules do not technically apply to it. However as a matter of best practice and good corporate governance, UIL and its subsidiary undertakings conducts its affairs in accordance with certain key provisions of the Listing Rules in such a manner as they would apply to it were the Ordinary Shares admitted to the Premium Segment under Chapter 15 of the Listing Rules.

UIL has the flexibility to invest in shares, bonds, convertibles and other types of securities, including non-investment grade bonds and to invest in unlisted securities. UIL may also invest in other investment companies or vehicles, including any managed by the Joint Portfolio Managers, where such investment would be complementary to UIL's investment objective and policy.

UIL may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting UIL's portfolio and balance sheet from major corrections and reducing, transferring or eliminating investment risks in its investments. These investments will be long term in nature.

UIL has the flexibility to invest in markets worldwide although investments in the utilities and infrastructure sectors are principally made in the developed markets of Australasia, Western Europe and North America, as UIL's exposure to the emerging markets infrastructure and utility sectors is primarily through its holding in UEM. UIL has the flexibility to invest directly in these sectors in emerging markets with the prior agreement of UEM.

UIL believes it is appropriate to support investee companies with their capital requirements whilst at the same time maintaining an active and constructive shareholder approach through encouraging a

review of the capital structure and business efficiencies. The Joint Portfolio Managers' team maintains regular contact with investee companies and UIL may often be among the largest shareholders. There are no limits on the proportion of an investee company that UIL may hold and UIL may take legal or management control of a company from time to time.

### **Investment limits**

The UIL Board has prescribed the following limits on the investment policy, all of which are at the time of investment unless otherwise stated.

There are no fixed limits on the allocation of investments between sectors and markets, however the following investment limits apply:

- investments in unlisted companies will, in aggregate, not exceed 25 per cent. of Gross Assets at the time that any new unlisted investment is made. This restriction does not apply to loans to listed platform companies; and
- no single investment will exceed 30 per cent. of Gross Assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30 per cent. limit.

None of the above restrictions will require the realisation of any of UIL's assets where any restriction is breached as a result of an event outside the control of the Joint Portfolio Managers which occurs after the investment is made, but no further relevant assets may be acquired or loans made by UIL until the relevant restriction can again be complied with.

### **Borrowing limits**

Under UIL's Bye-laws, the Group is permitted to borrow (excluding the gearing provided through the Group's capital structure) an aggregate amount equal to 100 per cent. of its Gross Assets. Borrowings may be drawn down in any currency appropriate for the portfolio.

However, the UIL Board has set a current limit on gearing (being total borrowings excluding ZDP Shares measured against Gross Assets) not exceeding 33.3 per cent. at the time of draw down. Borrowings may be drawn down in Sterling, US Dollars or any currency for which there is a corresponding asset within the portfolio (at the time of draw down, the value drawn must not exceed the value of the relevant asset in the portfolio).

There will be no material change to the investment policy (including the investment limits and the borrowing limits) without the prior approval of Shareholders. Any such change would also require the approval of the ZDP Shareholders in accordance with the Subscription Agreement.

### **PROPOSED AMENDMENT OF THE INVESTMENT POLICY**

As set out above, the existing investment limits in UIL's investment policy provide that no single investment will exceed 30 per cent of Gross Assets at the time such investment is made (save upon the exercise of any warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30 per cent. limit).

UIL has historically established separate closed end investment companies, known as Platforms, to focus on investments in dedicated market sectors. Each Platform has a focussed strategy and dedicated research analysts and has been set up to provide a sharper focus, leading to better investment opportunities and decision making by analysts and managers within their defined sector.

As at the date of this document, approximately 79 per cent. by value of UIL's portfolio is held through four Platforms, being Somers, UEM, Zeta and Allectus, each of which has a specific sector focus (Somers - financial services; UEM - emerging market utilities and transportation infrastructure; Zeta - natural resources; and Allectus – technology). The Platforms have become an increasingly important element of the investment portfolio, increasing from 46.5 per cent. by value of UIL's portfolio as at 30 June 2012 to 79.1 per cent. as at the date of this document.

Since each of the existing Platforms invests in a number of investee companies, thereby achieving a spread of investment risk for UIL on a look-through basis, UIL is seeking the approval of Ordinary

Shareholders and each class of ZDP Shareholder to amend its existing investment policy to permit UIL to invest up to 50 per cent of Gross Assets in any single Platform (including any new Platform which may be established from time to time), provided that the existing 30 per cent. single investment limit will be applied to the investee companies held by such Platforms on a look-through basis. The existing 30 per cent. single investment limit will also continue to apply to any investments made directly by UIL which are held outside of any of the Platforms.

The special general meeting and separate class meetings to consider the proposed amendment of the investment policy have been convened for 9 April 2021. The proposed amendment will require the passing of an ordinary resolution at the special general meeting of UIL and the passing of a special resolution at each of the separate class meetings of the ZDP holders. If any of the resolutions are not passed the proposed amendment of the investment policy will not become effective. However, neither the Initial Issue nor any Placing under the Placing Programme are conditional upon the proposed amendment of the investment policy being approved by Shareholders.

## **INVESTMENT OUTLOOK**

The outlook for global economies is inextricably linked to Covid-19 and the central banks' quantitative easing monetary policies in response to the global economic damage caused by the pandemic. At present, the world is starting to reverse the recent surge in infections driven in large part by virus mutations. The vaccination program is gaining ground numerically on cases too, while the understanding and treatment of Covid-19 is becoming increasingly effective. The challenge now is to reverse the lockdowns successfully, thereby enabling economies to recover. But the varying approaches, timelines and trajectories to Covid-19 will mean there remains a high risk of setbacks. To counter this, it is anticipated that government and central bank policies will remain supportive.

The Joint Portfolio Managers expect inflation to be benign for much of 2021, assets valuations to increase, technology to continue to gain market share and commodities to rise in value. Above all, they expect volatility to remain high as differentiated recoveries become clearer. Most of UIL's portfolio companies are doing very well in this environment and this is expected to continue.

## **INVESTMENT PORTFOLIO**

Details of the ten largest investments in UIL's portfolio and its sectoral weighting and geographical spread on a look through basis, are set out in Part 3 of this document.

## **PROFILE OF TYPICAL INVESTOR**

An investment in the 2028 ZDP Shares is intended to constitute part of a diversified investment portfolio for institutional or high net worth/sophisticated investors who are seeking exposure to a wide range of sectors and markets through a relatively concentrated portfolio of investments. An investor in the 2028 ZDP Shares will be capable of evaluating the risks (including potential capital loss) and merits of such investments. Any investor must be able to accept the possibility of losses and an investment in the 2028 ZDP Shares is only intended for investors who can afford to set aside the invested capital for a number of years.

## **DIVIDEND POLICY**

ZDP Shareholders (including the 2028 ZDP Shareholders) are not eligible to receive any dividends.

The UIL Directors anticipate distributing to UIL Shareholders by way of dividend the majority of the Group's net revenue arising from normal income streams (such as dividends from investments) less costs (such as management fees). Any dividend payments will be made in accordance with Bermuda law.

## **BORROWINGS POLICY AND BORROWINGS**

The borrowing policy of UIL is described above under the heading "Borrowing limits".

As at 16 March 2021, UIL's borrowings under the Loan Facility of £50 million from Scotiabank amounted to £48.9 million. The Loan Facility is summarised below in paragraph 8.5 of Part 11 of this

document. The net proceeds of the Initial Issue and any Placings under the Placing Programme will be paid by UIL Finance to UIL in order to reduce the bank borrowings of the Group.

Leverage on the Ordinary Shares is increased by the Group's use of the ZDP Shares, which do not count towards the borrowing limit in the Bye-laws.

## **AIFM AND JOINT PORTFOLIO MANAGERS**

UIL has appointed ICM Investment Management Limited as its alternative investment fund manager (**AIFM**), with sole responsibility for risk management and ICMIM and ICM jointly provide portfolio management services to UIL, in each case subject to the overriding supervision of the UIL Board. Further details on the Joint Portfolio Managers are contained in Part 4 of this document.

## **CAPITAL STRUCTURE**

### **Introduction**

As at 17 March 2021, the issued share capital of UIL consisted of 84,431,783 Ordinary Shares.

Following the Rollover Offer and the Initial Issue, UIL Finance's share capital will consist of ordinary shares held by UIL and four classes of zero dividend preference shares. The ZDP Shares are designed to provide a predetermined Final Capital Entitlement which ranks behind all other liabilities of the Group and other creditors of the Group, but in priority to Ordinary Shares save in respect of the UIL Shareholders' entitlement to the Winding-Up Revenue Profits.

### **Dividends**

The ZDP Shares (including the 2028 ZDP Shares) carry no entitlement to income and the whole of any return will therefore take the form of capital.

### **Capital entitlement**

The ZDP Shares do not pay dividends but they will have a Final Capital Entitlement at the end of their respective lives as follows:

- a 2022 ZDP Share will have a Final Capital Entitlement at the end of its life on 31 October 2022 of 146.99p, equating to a 6.25 per cent. per annum Gross Redemption Yield based on the initial entitlement of a 2022 ZDP Share of 100p on 23 June 2016;
- a 2024 ZDP Share will have a Final Capital Entitlement at the end of its life on 31 October 2024 of 138.35p, equating to a 4.75 per cent. per annum Gross Redemption Yield based on the initial entitlement of a 2024 ZDP Share of 100p on 2 November 2017;
- a 2026 ZDP Share will have a Final Capital Entitlement at the end of its life on 31 October 2026 of 151.50p, equating to a 5.00 per cent. per annum Gross Redemption Yield based on the initial entitlement of a 2026 ZDP Share of 100p on 26 April 2018; and
- a 2028 ZDP Share will have a Final Capital Entitlement at the end of its life on 31 October 2028 of 152.29p, equating to a 5.75 per cent. per annum Gross Redemption Yield based on the initial entitlement of a 2028 ZDP Share of 100p on 23 April 2021.

UIL is therefore free to pursue long-term capital appreciation without the constraint of funding an annual dividend payment to the holders of ZDP Shares. Investors should note that the predetermined capital entitlement of the ZDP Shares is not guaranteed and is dependent upon UIL being able to satisfy its funding obligations under the Subscription Agreement.

By way of illustration:

- (i) based on the Assumptions, the Final Capital Entitlement of the 2022 ZDP Shares would have ZDP Cover of approximately 4.56x following completion of the Rollover Offer and the Initial Issue. Based on the Assumptions, if UIL's Gross Assets were to fall by more than 78.1per cent., or by more than 63.1 per cent. per annum, during the period from 23 April 2021 (the anticipated date of Initial Admission) to the 2022 ZDP Repayment Date, this would result in a Final Capital Entitlement per 2022 ZDP Share of less than the 146.99p entitlement per 2022 ZDP Share due on the 2022 ZDP Repayment Date. A fall in UIL's Gross Assets of 90.5 per

cent. or by more than 78.6 per cent. per annum during this period and based on the Assumptions, would result in no payment being made to the 2022 ZDP Shareholders;

- (ii) based on the Assumptions, the Final Capital Entitlement of the 2024 ZDP Shares would have ZDP Cover of approximately 3.24x following completion of the Rollover Offer and the Initial Issue. Based on the Assumptions, if UIL's Gross Assets were to fall by more than 69.2 per cent., or by more than 28.4 per cent. per annum, during the period from 23 April 2021 (the anticipated date of Initial Admission) to the 2024 ZDP Repayment Date, this would result in a Final Capital Entitlement per 2024 ZDP Share of less than the 138.35p entitlement per 2024 ZDP Share due on the 2024 ZDP Repayment Date. A fall in UIL's Gross Assets of 78.1 per cent. or by more than 35.0 per cent. per annum during this period and based on the Assumptions, would result in no payment being made to the 2024 ZDP Shareholders;
- (iii) based on the Assumptions, the Final Capital Entitlement of the 2026 ZDP Shares would have ZDP Cover of approximately 2.56x following completion of the Rollover Offer and the Initial Issue. Based on the Assumptions, if UIL's Gross Assets were to fall by more than 61.0 per cent., or by more than 15.7 per cent. per annum, during the period from 23 April 2021 (the anticipated date of Initial Admission) to the 2026 ZDP Repayment Date, this would result in a Final Capital Entitlement per 2026 ZDP Share of less than the 151.50p entitlement per 2026 ZDP Share due on the 2026 ZDP Repayment Date. A fall in UIL's Gross Assets of 69.2 per cent. or by more than 19.2 per cent. per annum during this period and based on the Assumptions, would result in no payment being made to the 2026 ZDP Shareholders; and
- (iv) based on the Assumptions, the Final Capital Entitlement of the 2028 ZDP Shares would have ZDP Cover of approximately 2.12x following completion of the Rollover Offer and the Initial Issue. Based on the Assumptions, if UIL's Gross Assets were to fall by more than 52.8 per cent., or by more than 9.5 per cent. per annum, during the period from 23 April 2021 (the anticipated date of Initial Admission) to the 2028 ZDP Repayment Date, this would result in a Final Capital Entitlement per 2028 ZDP Share of less than the 152.29p entitlement per 2028 ZDP Share due on the 2028 ZDP Repayment Date. A fall in UIL's Gross Assets of 61.0 per cent. or by more than 11.8 per cent. per annum during this period and based on the Assumptions, would result in no payment being made to the 2028 ZDP Shareholders.

The above statements are unaudited and are solely for illustrative purposes only, represent hypothetical situations and, therefore, do not reflect the Group's actual positions or results.

### **Voting rights**

The ZDP Shares (including the 2028 ZDP Shares) do not carry any voting rights at general meetings of UIL. However, UIL will not be able to carry out certain corporate actions unless it obtains the sanction of the holders of the ZDP Shares by the passing of an extraordinary resolution at separate meetings of each class of ZDP Shareholders. Separate approval of each class of ZDP Shareholders must be obtained in respect of any proposals which would affect their respective rights, including any resolution to wind-up UIL. The approval of ZDP Shareholders by the passing of an extraordinary resolution at separate class meetings is required in relation to any proposal to modify, alter or abrogate the rights attaching to any class of ZDP Shares and in relation to any proposal by UIL Finance which would reduce the cover of the existing 2022 ZDP Shares, the existing 2024 ZDP Shares, the existing 2026 ZDP Shares or the 2028 ZDP Shares below 1.35x.

### **Liquidation**

If any class of ZDP Shares is not redeemed in full on or before its respective repayment date, under the terms of the Subscription Agreement, the UIL Directors shall convene a special general meeting at which a liquidation resolution will be put to wind-up UIL. At any such meeting, UIL Finance will be entitled to vote on the resolution to wind-up UIL in respect of its holding of one Ordinary Share. The vote on the liquidation resolution shall be taken by a poll and the number of votes which are cast by UIL Finance in favour of the resolution to wind-up UIL shall be equal to four times the aggregate number of votes cast against the resolution, thereby ensuring that UIL will be placed into voluntary liquidation. On a liquidation of UIL and/or UIL Finance, to the extent that the relevant classes of

ZDP Shares have not already been redeemed, the shares shall rank in the following order of priority in relation to the repayment of their Accrued Capital Entitlement as at the date of liquidation:

- the 2022 ZDP Shares shall rank in priority to the 2024 ZDP Shares, the 2026 ZDP Shares and the 2028 ZDP Shares;
- the 2024 ZDP Shares shall rank in priority to the 2026 ZDP Shares and the 2028 ZDP Shares; and
- the 2026 ZDP Shares shall rank in priority to the 2028 ZDP Shares.

The entitlement of ZDP Shareholders of a particular class shall be determined in proportion to their holdings of ZDP Shares of that class. Further details of the rights attaching to the ZDP Shares are set out in Part 7 of this document.

## **REPURCHASES OF ORDINARY SHARES AND ZDP SHARES**

At its annual general meeting held on 8 December 2020, UIL was granted the authority to make market purchases of up to 12,880,000 Ordinary Shares (being the equivalent of 14.99 per cent. of the Ordinary Shares in issue as at the date of notice of the annual general meeting). UIL, as the sole ordinary shareholder of UIL Finance, granted UIL Finance authority to repurchase ZDP Shares at UIL Finance's annual general meeting held on the same date. The Directors will use these authorities with the objective of enhancing shareholder value. Purchases will only be made within guidelines established from time to time by the UIL Board or UIL Finance Board (as applicable). Resolutions to renew these authorities will be proposed at the respective annual general meetings of UIL and UIL Finance to be held in 2021.

The price paid for each class of share will be within the maximum price permitted by the Financial Conduct Authority and in accordance with the Bermuda Companies Act and the Bye-laws of each of UIL and UIL Finance, and in any event no purchase of Ordinary Shares will be made at a price in excess of the diluted NAV per Ordinary Share (at a date determined by the UIL Directors falling not more than 10 days before the date of purchase). Any Ordinary Shares may only be purchased at a price such that immediately after such purchase the ZDP Cover of the ZDP Shares would be at least 1.35x. Purchases of ZDP Shares will be made at a price not exceeding their Accrued Capital Entitlement (at a date determined by the UIL Finance Directors falling not more than 10 days before the date of purchase) unless the UIL Finance Directors determine that a purchase at a higher price is in the interests of ZDP Shareholders.

Bermuda companies are permitted to hold shares acquired by way of market purchase in treasury rather than having to cancel them. Such shares may be subsequently cancelled or sold for cash. Accordingly, UIL and UIL Finance may hold each class of share purchased pursuant to share buy backs in treasury. This will give UIL and UIL Finance the ability to sell shares from treasury quickly and in a cost efficient manner and would provide UIL and UIL Finance with additional flexibility in the management of their capital base. The UIL Board has recommended that Ordinary Shares held in treasury would not be re-issued at a price below the prevailing diluted NAV per Ordinary Share and the UIL Finance Board has recommended that ZDP Shares would not be re-issued at a price below their respective Accrued Capital Entitlement.

It is proposed that any purchases of shares would be funded from UIL's or UIL Finance's own cash resources or, if appropriate, from short-term borrowing.

## **FURTHER ISSUES**

Subject to market conditions then prevailing and to all necessary consents and approvals being obtained, the respective Boards of UIL and UIL Finance may decide to make one or more further issues of their shares for cash from time to time.

UIL's and UIL Finance's authorised share capital is such that further issues of shares can be made. UIL's bye-laws contain pre-emption rights which apply on the issue of Ordinary Shares for cash consideration only. There are no pre-emption rights for ZDP Shareholders.

At its annual general meeting held on 8 December 2020, UIL was granted authority to issue up to 4,290,000 Ordinary Shares (equivalent to approximately 5 per cent. of UIL's issued ordinary share capital as at the date of notice of the annual general meeting) for cash on a non pre-emptive basis. No Ordinary Shares will be issued at a price less than the Net Asset Value per Ordinary Share without the approval of UIL Shareholders by a special resolution. Furthermore, no ZDP Shares which rank, as to capital, in priority to, or *pari passu* with, UIL's payment obligations under the Subscription Agreement in respect of any class of ZDP Shares will be issued at a price which has the effect of reducing the ZDP Cover of any class of ZDP Shares, at the time of the issue of such additional ZDP Shares, below 1.35x, in each case without the approval of the relevant class of ZDP Shareholders by an extraordinary resolution.

### **LIFE OF UIL AND UIL FINANCE**

As UIL is a long term investment vehicle, it does not have a termination date or any periodic continuation votes.

It will not be necessary to liquidate UIL Finance in connection with the redemption of the ZDP Shares.

### **TAXATION**

It is the intention of the Directors that UIL and UIL Finance will continue to be managed in such a way as to ensure that they are only resident in Bermuda for tax purposes. Potential investors are referred to Part 9 of this document for details of the taxation of UIL and UIL Finance and of certain Shareholders.

Any information given in this document concerning tax is based on current law and regulation (which may change), is given by way of general summary only and does not constitute legal or tax advice to any prospective investor. If prospective investors are in any doubt about the taxation consequences of acquiring, holding or disposing of 2028 ZDP Shares, they should seek advice from their own professional advisers.

### **ISAs AND SIPPS**

Insofar as is possible, the UIL Finance Directors intend to manage the affairs of UIL Finance so that the 2028 ZDP Shares will be qualifying investments for the purposes of ISAs (subject to the annual subscription limit, which for the tax year 2020/2021 is £20,000). Accordingly, the 2028 ZDP Shares will be eligible for inclusion in the stocks and shares components of an ISA, subject to applicable subscription limits, and provided that the ISA manager has been issued the 2028 ZDP Shares arising under the Rollover Offer or has been issued the 2028 ZDP Shares pursuant to the Offer for Subscription or under the Intermediaries Offer or acquired the 2028 ZDP Shares through the secondary market following their Admission (and not as part of the Initial Placing or pursuant to any Placing under the Placing Programme).

The opportunity to invest through an ISA is restricted to certain UK resident individuals aged 18 or over. Individuals wishing to invest through an ISA should contact their professional advisers regarding their eligibility.

The 2028 ZDP Shares will constitute permitted investments for SIPPS, subject to any particular scheme rules.

### **RISK FACTORS**

UIL's business, and therefore UIL Finance's ability to fund the redemption amounts for the ZDP Shares, is dependent on many factors and potential investors are advised to read the whole of this document, and in particular the section of this document entitled "Risk Factors" on pages 10 to 21.

### **FURTHER INFORMATION**

The attention of investors is drawn to the information contained in Parts 3 to 11 of this document which provide additional information on the Group.

## PART 3 – THE INVESTMENT PORTFOLIO

### 1. UIL'S CURRENT PORTFOLIO

1.1 The following table provides unaudited summary details of the ten largest investments in UIL's portfolio as at the date of this document which represent approximately 96.7 per cent. by value of the portfolio.

<b>Company</b>	<b>Market value (£'000)*</b>	<b>Percentage of total portfolio*</b>
Somers	172,847	37.3%
Zeta	90,159	19.5%
UEM	70,612	15.3%
Allectus	32,498	7.0%
Resolute Mining	32,191	7.0%
Vix Tech**	18,025	3.9%
Starpharma	13,582	2.9%
Orbital	10,608	2.3%
Sindoh	4,490	1.0%
AssetCo	2,623	0.6%
Top 10	447,635	96.7%

Source: UIL

\* The valuation of the above holdings was completed at the Company's latest Net Asset Value date (being 16 March 2021) in accordance with UIL's valuation policies

\*\* UIL and Vix Limited have established ICM Mobility Ltd, a UK domicile holding company focused on the mobility sector for private and public transport. Vix Limited owns 60.19% and UIL Limited 39.81%. UIL and Vix Limited have agreed, subject to the necessary approvals and consents, to transfer in their interests in Vix Tech Pte, Kuba, Littlepay and Snapper. UIL's economic interests in each of these investments will be unchanged by the transactions. ICM Mobility Ltd is managed by ICM

1.2 The following table shows the sectoral distribution of UIL's portfolio on a look through basis as at the date of this document:

<b>Sector</b>	<b>Percentage of total portfolio*</b>
Financial Services	39.5
Resources	17.3
Technology	15.4
Gold Mining	8.7
Other	6.3
Ports	3.3
Electricity	2.8
Telecomms	2.6
Oil & Gas	1.8
Renewables	0.7
Infrastructure	0.7
Airports	0.5
Water	0.4
	100.0

Source: UIL

\* The above disclosure is based on valuation information at 28 February 2021 and is produced as part of UIL's sector and geographical portfolio disclosure data which is prepared on a monthly basis

- 1.3 The following table shows the geographical weighting of UIL's portfolio on a look through basis as at the date of this document:

<b>Geographical area</b>	<b>Percentage of total portfolio*</b>
Australia	38.6
UK	11.0
Asia	10.3
North America	9.4
Other - Gold Mining**	8.7
Bermuda	6.6
Middle East/Africa	5.8
Latin America	4.1
Europe (excluding UK)	3.6
New Zealand	1.9
	100.0

\* The above disclosure is based on valuation information at 28 February 2021 and is produced as part of UIL's sector and geographical portfolio disclosure data which is prepared on a monthly basis

\*\*Australian and African activities

Source: UIL

- 1.4 Based on values as at 16 March 2021, the Group's investment portfolio amounted to £462.8 million, of which Level 1 investments amounted to £132.2 million (28.6 per cent of the portfolio), Level 2 investments amounted to £36.3 million (7.8 per cent of the portfolio), and Level 3 investments amounted to £294.3 million (63.6 per cent of the portfolio).
- 1.5 As noted above, UIL's ten largest investments represent approximately 96.7 per cent. of UIL's investment portfolio. However, four of these investments are themselves collective investment undertakings. Somers is a financial services sector investment holding company listed on the Bermuda Stock Exchange (see paragraph 1.6 below). UEM offers a more diverse exposure to emerging market utilities and transportation infrastructure investments. Zeta is a resources focused holding and development company offering exposure to a global portfolio of listed and unlisted securities which is listed on the Australian Stock Exchange. Allectus is an unlisted investment company with a value focused portfolio of technology businesses.
- 1.6 As at 16 March 2021, the largest investment in UIL's investment portfolio is Somers, a Bermuda Stock Exchange listed financial holding company, with investments principally in Australia, Bermuda and the United Kingdom.

As at the Company's latest Net Asset Value date (being 16 March 2021), UIL's investment in Somers was valued at £172.8 million, which represented approximately 37.3 per cent. of UIL's Gross Assets as at that date.

Somers' investment objective is to provide long-term total return to its shareholders. Somers seeks to meet its investment objective by investing in undervalued companies within the financial services sector and it has the flexibility to make investments in a range of financial-related sectors and markets. Somers will identify and invest in opportunities where the underlying value is not reflected in the market or purchase price. The perceived undervaluation may arise from a variance of factors, including the limited number of potential buyers, the paucity of bank lending to smaller financial services companies and the abundant supply of financial services companies for sale as banks continue to deleverage in response to the global credit crisis. Somers will generally aim to achieve a control position but is equally comfortable with a minority position if the purchase price is sufficiently attractive or the investment instrument offers a degree of protection. Somers aims to maximise value by holding a reasonably concentrated portfolio of investments and maintaining a prudent level of gearing. Its investments can be both unlisted and listed. Besides looking for "bolt-on" opportunities, Somers hopes to extract synergistic benefits from investee companies on both costs and revenue as investee companies are encouraged to collaborate with each other, share resources where appropriate and think smarter. Somers expects to be supportive of its

investee companies, maintain regular dialogue with management, have strategic input and, where appropriate, provide additional capital to ensure that the companies can develop and grow.

Somers' core investments are primarily in the banking, asset financing and wealth management sectors, and are focussed on developed markets. The following table provides summary details of the eight largest investments in Somers' portfolio as at 31 December 2020 (being the most recently publicly disclosed portfolio):

<b>Company</b>	<b>Market Value (£ million)</b>	<b>Percentage of total portfolio*</b>
Resimac Group Limited	419.8	59.5
Waverton Investment Management Limited	84.4	12.0
Bermuda Commercial Bank Limited	70.1	9.9
PCF Group plc	55.8	7.9
West Hamilton Holdings Limited	19.2	2.7
Thorn Group Limited	14.6	2.1
MJH Group Holdings Limited	10.9	1.5
AK Jensen Group	10.0	1.4
Total Top 8	<u>684.8</u>	<u>97.0</u>

Source: Somers

The following table shows the sectoral distribution of Somers' portfolio as at 31 December 2020 (being the most recently publicly disclosed portfolio):

<b>Sector</b>	<b>Percentage of total portfolio*</b>
Financial Services	63.1
Banking	18.1
Wealth Management	12.0
Property	2.7
Legal Services	1.5
Brokerage Services	1.4
Financial Services - Media	1.2
	<u>100.0</u>

Source: Somers

The following table shows the geographical weighting of Somers' portfolio as at 31 December 2020 (being the most recently publicly disclosed portfolio):

<b>Geographical area</b>	<b>Percentage of total portfolio*</b>
Australia	63.2
United Kingdom	20.2
Bermuda	14.1
Jersey	1.5
Canada	0.7
New Zealand	0.2
	<u>100.0</u>

Source: Somers

UIL spreads the risk associated with its investment in Somers in a manner which is consistent with its objective of spreading investment risk and in accordance with its published investment policy.

## **PART 4 – DIRECTORS, MANAGEMENT AND ADMINISTRATION**

### **1. DIRECTORS OF UIL AND UIL FINANCE**

The Directors of UIL, all of whom are non-executive for the purposes of the UK Corporate Governance Code, have overall responsibility for the Group's activities and the implementation of UIL's investment policy. The Directors of UIL have also been appointed as Directors of UIL Finance.

The Directors are as follows:

#### **Peter Burrows (*Chairman*)**

Mr Peter Burrows (AO), appointed a Director in September 2011 and Chairman in November 2015, has many years' experience as a stockbroker and founded his own independent specialist private client stock broking firm, Burrows Limited, in 1986. Mr Burrows was previously the chairman and a director of a number of other listed and unlisted companies. Mr Burrows was made an officer in the Order of Australia (AO) for his services to medical research, tertiary education and finance.

#### **Stuart Bridges (*Chairman of Audit & Risk and Management Engagement Committees*)**

Mr Bridges, appointed a Director in October 2019, is Chief Financial Officer of Inigo Limited, a non-life insurance group operating out of Lloyds of London and a non executive director and chairman of the audit committee of Caledonia Investments plc. A chartered accountant, his previous roles included chief financial officer of Control Risks Group, chief financial officer of Nex Group plc (formerly ICAP plc) and chief financial officer of Hiscox plc. Prior to Hiscox, he held various positions in a number of financial services companies in the UK and US including Henderson Global Investors.

#### **Alison Hill**

Ms Alison Hill FCMA, CGMA, appointed a Director in November 2015, is an executive director and chief executive officer of The Argus Group in Bermuda, which provides insurance, retirement and financial services. Ms Hill has over twenty five years' experience in global corporations in the financial services sector. Ms Hill is a trustee and a member of committees of a number of non-corporate organisations in Bermuda. Ms Hill is a Fellow of the Chartered Institute of Management Accountants and a Chartered Global Management Accountant.

#### **Christopher Samuel**

Mr Christopher Samuel, appointed a Director in November 2015, was Chief Executive of Ignis Asset Management until mid-2014, when it was taken over by Standard Life. He has over twenty-five years of Board level experience in the investment management sector. He is currently Chairman of Blackrock Throgmorton Trust plc, JP Morgan Japanese Investment Trust plc and Quilter Financial Planning Limited, as well as a non-executive director of Alliance Trust PLC and Sarasin LLP. Mr Samuel is a Chartered Accountant.

#### **David Shillson**

Mr David Shillson, appointed a Director in November 2015, is an experienced corporate and commercial lawyer who is a senior partner of Dentons Kensington Swan, the New Zealand member of Dentons, the global law firm. He has significant experience acting for a variety of clients, particularly in acquisitions and investment structuring, advising on transactional and governance matters in the utilities, transport, energy, technology and finance sectors. Mr Shillson is a member of the New Zealand Law Society and the New Zealand Institute of Directors.

The Directors are independent of the Joint Portfolio Managers apart from David Shillson. David Shillson is not considered independent because he is a partner in Dentons Kensington Swan, a New Zealand law firm that acts for members of the UIL and ICM groups.

### **2. MANAGEMENT OF UIL**

The UIL Directors are responsible for the determination of UIL's investment objective and investment policy and have overall responsibility for its day-to-day activities, including the review of investment

activity and performance. UIL has, however, entered into the Management Agreement with ICMIM and ICM, under which ICMIM has been appointed as UIL's AIFM with sole responsibility for risk management and both ICMIM and ICM have been appointed as joint portfolio managers with responsibility for the management of UIL's assets, subject in each case to the overriding supervision of the UIL Directors.

ICMIM is authorised and regulated by the Financial Conduct Authority to act as an alternative investment fund manager pursuant to the UK AIFMD Laws.

ICM, UIL's joint portfolio manager, is licensed to carry on business in Bermuda, including providing investment advice to UIL, by the Minister of Economic Development and Tourism of Bermuda.

Further details of the Management Agreement are summarised in paragraph 8.2 of Part 11 of this document.

In addition to its duties as joint portfolio manager of UIL, ICM also provides company secretarial services to UIL and UIL Finance.

### **Investment Philosophy**

The Joint Portfolio Managers' investment philosophy is to focus on investments where they believe the underlying value is not reflected in the market price. This philosophy has the following features:

- searching for under-valued companies that are often under-rated and under-researched;
- analysing opportunities arising through technological development, market changes, competition or shareholder issues;
- using knowledge of and expertise in financial engineering and different financial instruments;
- developing techniques to compare companies across geographical regions and across industries;
- maintaining close working relationships with investee companies, including visiting their key operational sites;
- maintaining a strong understanding of the infrastructure, utility and related sectors and their regulation; and
- possessing a sensitivity to step changes resulting from developments in regulation and competition.

In accordance with UIL's investment policy, the Joint Portfolio Managers may also use hedging instruments, where appropriate, for investment purposes and to protect UIL's portfolio from market volatility.

### **Investment Process**

The Joint Portfolio Managers follow a systematic investment process. They source and analyse investment opportunities before making investments where they believe they would offer good value. ICMIM and ICM are the joint portfolio managers to two listed funds, UIL and UEM, and ICM has a number of other investment mandates, including private equity, fixed interest and mining. The Joint Portfolio Managers have an established network of industry contacts and investment opportunities are sourced through a combination of sector knowledge and monitoring and a review of markets. Between them, the Joint Portfolio Managers have a good long term record in stock selection across the infrastructure and utilities sectors and of financial and investment structuring.

## Investment Performance

The unaudited Net Asset Value performance of UIL and, for comparison purposes, the FTSE All-Share Index, from inception of Utilico Investment Trust plc (UIL's predecessor) on 14 August 2003 to 28 February 2021 is set out in the table below:

	6 months (%)	1 year (%)	3 years (%)	5 years (%)	Inception (%)*
UIL – NAV total return	26.4	20.8	43.3	136.9	660.9
FTSE All-Share Index total return	12.0	3.5	3.8	33.0	232.3

\* inception of Utilico Investment Trust plc

Source: UIL and Bloomberg; unaudited

The past performance of UIL is not a guide to future performance. The value and income of the Ordinary Shares and the value of the ZDP Shares can fall as well as rise and an investor may get back less than the amount invested.

### 3. CO-INVESTMENT

Opportunities may arise for UIL to co-invest alongside companies associated with, or managed by, the Joint Portfolio Managers (or their respective associates). UIL (and other clients of the Joint Portfolio Managers) will be given the opportunity to invest in opportunities falling within its (or their) investment policy, pro rata to their assets available for investment in priority to the Joint Portfolio Managers (and their respective associates). UIL will, subject to the approval of the UIL Board, be free to co-invest when it is felt to be in the interests of Shareholders and would intend to do so. The ability to co-invest may be beneficial as it may enable UIL to benefit from more advantageous terms than would be available for a smaller investment made by UIL alone. The terms on which UIL co-invests will be no less favourable than the terms on which any company associated with, or managed by, the Joint Portfolio Managers (or their respective associates) invests.

### 4. POTENTIAL CONFLICTS OF INTEREST

ICMIM and ICM currently serve as the joint portfolio managers of UEM, Somers, Zeta and Allectus as well as UIL, and they and their associates may be involved in other financial, investment or professional activities in the future, including providing investment management and/or advisory services to other investment clients. In particular, they may provide investment management, investment advice or other services in relation to investment companies which may have similar investment policies and objectives to that of UIL. As a result, ICMIM and/or ICM may have conflicts of interest in allocating investments among UIL and other clients, including ones in which they or their associates may have a greater financial interest.

UEM, Somers, Zeta and Allectus invest in, respectively, the emerging market utilities, financial services, resources and technology sectors.

In accordance with the UK AIFMD Laws and the EU AIFM Directive, the Joint Portfolio Managers have undertaken to take all reasonable steps to avoid conflicts of interest. If such conflicts of interest cannot be avoided, the Joint Portfolio Managers shall take all reasonable steps to identify, manage, monitor and (where applicable) disclose those conflicts of interest in order to prevent them from adversely affecting the interests of UIL and Shareholders and to ensure that UIL is treated fairly. UIL and UEM both invest in infrastructure, utility and related companies. As a result it is possible that conflicts of interest may arise with regard to potential investments. To minimise this risk an investment allocation policy has been adopted by both companies as described in paragraph 5 below.

There can be no assurance that the Joint Portfolio Managers will resolve all conflicts of interest in a manner that is favourable to the Group.

### 5. RELATIONSHIP WITH UTILICO EMERGING MARKETS TRUST PLC

Whilst UIL and UEM are two separate entities, each with their own board of directors and shareholders, they currently have overlapping investment policies and have each appointed the Joint Portfolio Managers to provide portfolio management services and who use the same individuals to conduct investment research on behalf of both companies.

## Investment Allocation

As the Joint Portfolio Managers provide investment advice to both UIL and UEM (among other clients) an investment allocation policy has been put in place between UIL and UEM, which is intended to provide transparency for shareholders in each company. The investment allocation policy is as follows:

- all investments in the infrastructure and utility sectors and related companies in Emerging Markets will first be offered in full to UEM;
- if UEM is technically able to make the investment, but the Joint Portfolio Managers believe it is inappropriate for it to do so, either in part or in full, (for example, this may be due to sector or geographical weighting issues or lack of funds) then the matter will be referred to the Chairman of UEM;
- if the Chairman of UEM agrees with the Joint Portfolio Managers' decision, then UIL will be free to make the investment (to the extent that the opportunity remains) if it wishes to do so;
- if UEM is incapable of making any part of the investment, then UIL will be free to take up the balance of the investment if it wishes to do so; and
- in circumstances where both UEM and UIL invest in the same securities at the same time, they will invest on substantially the same terms.

UEM's investment objective is to make investments predominantly in Emerging Markets. However, it has the flexibility to make investments in infrastructure, utility and related sector companies outside Emerging Markets, including making investments in developed markets. Where the Joint Portfolio Managers identify an investment in infrastructure, utilities and related companies in a developed market which they believe would be suitable for UEM's portfolio and is in accordance with its investment policy, a similar allocation policy to that set out above will be adopted, but with UIL being offered the relevant investment opportunity in the first instance. In the event that UIL is unable or does not wish to take up the relevant investment opportunity in full, then UEM will be free to make that investment (to the extent that the opportunity remains).

## 6. MANAGEMENT AND PERFORMANCE FEES

### Management Fee

Under the terms of the Management Agreement, an aggregate annual management fee of 0.5 per cent. of gross assets after deducting current liabilities (excluding borrowings for investment purposes) is payable by UIL quarterly in arrears which is apportioned between the Joint Portfolio Managers in accordance with a management services agreement between them. The annual management fee is adjusted for fees earned by the Joint Portfolio Managers in respect of investment holdings managed or advised by them. The Joint Portfolio Managers are also reimbursed for all out-of-pocket costs and expenses incurred on behalf of UIL by them and for reasonable travel and related costs incurred in the performance of their duties.

### Performance Fee

UIL will pay to the Joint Portfolio Managers a performance fee determined as at each Calculation Date (as defined below) as follows:

$PF = (A-B) \times 15$  per cent. where:

PF is the aggregate performance fee (excluding VAT), if any, payable to the Joint Portfolio Managers;

A is the Adjusted Equity Funds as at that Calculation Date;

B is the "Base Equity Funds" being the higher of:

- (i) the Equity Funds on the last day of a Calculation Period in respect of which a performance fee was last paid under the Management Agreement (**High Water Mark**); and

- (ii) the Equity Funds on the last day of the previous Calculation Period, increased by the higher of:
- (i) the Real Percentage Yield on the Reference Index during that Calculation Period; and
  - (ii) 5 per cent. (**Opening Equity Funds**).

B (i) above, the High Water Mark, will be adjusted as appropriate for any Capital Events occurring since the establishment of the High Water Mark and to take account of any dividends paid following the establishment of the High Water Mark to the extent not otherwise taken into account when calculating the Adjusted Equity Funds as at the relevant Calculation Date.

B (ii) above, Opening Equity Funds, will be adjusted as appropriate for any Capital Events occurring since the previous Calculation Date. The value of those Capital Events will be added to (in respect of a capital increase) or deducted from (in respect of a capital reduction) the Opening Equity Funds, such adjustments being increased by the higher of the Real Percentage Yield on the Reference Index and 5 per cent. for the period between the date of the relevant Capital Event and the end of the Calculation Period.

The latest Calculation Period for the performance fee was the period from 1 July 2018 to 30 June 2019. A performance fee of £8,538,000 was paid in respect of this period.

The Performance Fee (if any) payable in respect of a Calculation Period shall be paid as soon as practicable following the end of the relevant Calculation Period (with any subsequent adjustment to the Performance Fee arising out of the audit of UIL's financial statements for the relevant Calculation Period being paid to or recouped from the Joint Portfolio Managers (in the same proportion as such Performance Fee was paid to them) in cash within 7 days of the publication of UIL's annual report and accounts for the relevant Calculation Period), or within 30 days of the termination of the Joint Portfolio Managers' appointment or the commencement of the winding up of UIL where (ii) or (iii) in the definition of Calculation Period applies.

The maximum payment of a Performance Fee in respect of any financial year, after deducting the Applicable Proportion of any performance fees received during the relevant Calculation Period by the Joint Portfolio Managers (or any of their respective Associates) from any third party shall be 2.5 per cent of the Adjusted Equity Funds in that financial year. Any Performance Fee in excess of this cap shall be written off. In the event that the last day of a Calculation Period falls on a day which is not the last day of UIL's financial year this cap shall be reduced on a pro-rated time basis.

For the purpose of this calculation:

Adjusted Equity Funds means Equity Funds adjusted by adding back any dividends paid or accrued relating to that Calculation Period plus any accrual for unpaid performance fee arising for that Calculation Period;

Applicable Proportion means, in relation to any performance fee paid by a third party to the Joint Portfolio Managers in respect of an asset comprised within UIL's portfolio during the relevant Calculation Period, the proportion of such performance fee that is attributable to UIL's proportionate interest in the relevant asset and for these purposes UIL's proportionate interest will be calculated as its average proportionate interest in that asset over the relevant Calculation Period;

Calculation Date means the last Business Day of each Calculation Period;

Calculation Period means each successive period starting on the first day of an accounting reference period of UIL and ending on the earlier of: (i) the last day of that accounting reference period; (ii) the termination of the Joint Portfolio Managers' appointment for any reason; and (iii) the commencement of the winding up of UIL;

Capital Event means any bonus issues, repayment or otherwise that reduces funds attributable to Shareholders, or any issuance of equity or otherwise which has the effect of increasing funds attributable to Shareholders (including by means of further issues of ZDP Shares, the proceeds of which shall be advanced by UIL Finance to UIL). For the avoidance of doubt, the bonus issue of warrants to subscribe for Shares, the exercise of such warrants, the conversion of convertible loan stock, and buy backs of Shares are Capital Events;

Equity Funds means the Total attributable to Equity Holders, as that term is used in UIL's financial statements and determined in accordance with UIL's accounting policies.

Inflation means the rate of UK inflation in annual percentage terms calculated by reference to the year on year change in the RPIX calculated as a monthly average;

Real Percentage Yield means:

- (a) the yield, in percentage terms, on the Reference Index for the relevant Calculation Period, calculated as an average of the month-end values during the Calculation Period; plus
- (b) Inflation,

provided that if UIL shall at any time become subject to taxation in Bermuda or in the United Kingdom in respect of any profits made in the relevant Calculation Period, there shall be deducted from (a) above the percentage rate of such taxation payable by UIL in respect of any profits made in the Calculation Period in question (regardless of the amount, if any, of tax actually paid, and if more than one rate applies in respect of different types of income, gains or profit, an average of those rates shall be taken);

Reference Index means the FTSE Actuaries Government Securities UK Gilts 5 to 10 Years Index or any substitute index determined in accordance with the Management Agreement; and

RPIX means the UK all items Retail Prices Index excluding mortgage interest payments as issued by the Office of National Statistics.

A summary of the main provisions of the Management Agreement is set out in paragraph 8.2 of Part 11 of this document.

## 7. OTHER SERVICE PROVIDERS

### Administration

JP Morgan Chase Bank N.A – London branch has been appointed as administrator to UIL and UIL Finance. The Administrator is regulated by the FCA and its registered office is at 25 Bank Street, Canary Wharf, London E14 5JP. Its telephone number at this office is +44 (0) 20 7742 4000.

The Administrator's appointment is terminable, *inter alia*, upon six months' notice in writing by either party.

The Administrator is paid an annual fee based on the UIL month end NAV (5 basis points on the first £100 million of NAV, 3 basis points on the next £150 million of NAV, 2 basis points on the next £250 million of NAV and 1.5 basis points on the next £500 million of NAV and 1 basis points thereafter), subject to a minimum annual fee of £30,000.

A summary of the main provisions of the Administration Agreement is set out in paragraph 8.3 of Part 11 of this document.

ICMIM has appointed Waverton Investment Management Limited (**Waverton**) to provide certain support services (including middle office, market dealing and information technology support services). Waverton is entitled to receive an annual fee of 3 basis points of UIL's Gross Assets and UIL reimburses ICMIM for its costs and expenses incurred in relation to this agreement.

### Depositary Services Provider

UIL has appointed JPMEL to provide depositary services in accordance with the UK AIFMD Laws, under the terms of the Depositary Services Agreement. JPMEL is authorised and regulated in the United Kingdom by the FCA.

The services provided by JPMEL as depositary services provider include:

- general oversight responsibilities over the issue and cancellation of UIL's share capital, the carrying out of Net Asset Value calculations, the application of income, and the ex-post review of investment transactions;

- monitoring UIL's cash flows and ensuring that all cash is booked in appropriate accounts in the name of UIL, ICMIM or JPMEL, acting on behalf of UIL; and
- verifying UIL's ownership of its assets other than financial instruments and maintaining records sufficient for verification of UIL's ownership rights.

JPMEL receives an annual fee for its services under the Depositary Services Agreement of 2.2 basis points on UIL's Net Asset Value, subject to a minimum fee of £25,000 per annum.

The Depositary Services Agreement is terminable on 90 days' notice in writing by either party or on shorter notice in the event of breach of contract or insolvency.

A summary of the main provisions of the Depositary Services Agreement is set out in paragraph 8.4 of Part 11 of this document.

### **Custody**

UIL has appointed JPMorgan Chase Bank, National Association, Jersey Branch (**JPMCBJ**) to provide custodial services pursuant to a novation agreement dated 13 April 2015 in accordance with the terms of a Global Custody Agreement dated 14 May 2007 (**Global Custody Agreement**). The services provided by JPMCBJ include the safekeeping of all assets held within UIL's investment portfolio, including those classed as financial instruments for the purpose of the UK AIFMD Laws and the EU AIFM Directive and retaining custody of UIL's financial instruments in segregated accounts so that they can be clearly identified as belonging to UIL.

JPMCBJ has delegated certain custody operations to its London branch, JP Morgan Chase Bank N.A. which is authorised and regulated by the FCA, however it remains responsible for the oversight of the custody of the Company's assets.

JPMCBJ is the Jersey branch of JPMorgan Chase Bank, National Association which was incorporated in 1824 and is a national banking association formed and organised under the laws of the United States, with Legal Entity Identifier Number 7H6GLXDRUGQFU57RNE97. JPMCBJ is registered as a branch in Jersey at 4th Floor, Ensign House, 29 Seaton Place, St Helier, Jersey JE2 3QL. The telephone number of JPMCBJ is +44 1534 626262. The website of JPMCBJ is: [www.jpmorgan.com/JE/en/about-us](http://www.jpmorgan.com/JE/en/about-us).

JPMCBJ is regulated by the Jersey Financial Services Commission and is registered under the Banking Business (Jersey) Law 1991 (as amended) for conducting Deposit-Taking Business, and under the Financial Services (Jersey) Law 1988 for Fund Services Business and Money Services Business.

JPMCBJ is also subject to supervision and regulation by the Office of the Comptroller of the Currency, and with respect to certain matters by the Board of Governors of the Federal Reserve System, each in the jurisdiction of the United States of America.

JPMCBJ's appointment as custodian is terminable, *inter alia*, upon 60 days' notice given by either party.

JPMCBJ receives safekeeping and administration charges based on the market value of the assets in different countries and a transaction charge for all securities transactions, both of which vary country-by-country, together with JPMCBJ's reasonable out-of-pocket or incidental expenses. The amount paid by UIL to JPMCBJ for the year ended 30 June 2020 was £65,000 and the UIL Directors do not anticipate that the annual charge going forward will be materially different and therefore the estimated maximum amount payable per annum is £100,000.

A summary of the main provisions of the Global Custody Agreement is set out in paragraph 8.9 of Part 11 of this document.

### **Registration Services**

Computershare Bermuda has been appointed to maintain the registers of UIL Shareholders and ZDP Shareholders in Bermuda. Computershare Bermuda liaises with Computershare Investor Services PLC, the DI Depositary and UK transfer agent, for the transfer and settlement of Depositary Interests.

Each of UIL and UIL Finance has entered into a separate registrar agreement with Computershare Bermuda which may be terminated, *inter alia*, on six months' notice by either party. The aggregate fees paid to Computershare under the Registrar Agreements for the year ended 30 June 2020 were £49,000 and the UIL Directors do not anticipate that the annual fees going forward will be materially different and therefore the estimated maximum amount payable per annum is £70,000.

### **DI Depositary and Custody services**

Computershare Investor Services PLC has been appointed as depositary for the settlement of Depositary Interests. Each of UIL and UIL Finance has entered into a separate agreement for the provision of depositary and custody services with Computershare Investor Services PLC, which may be terminated, *inter alia*, on six months' notice by either party.

In return for providing such services, the DI Depositary is entitled to annual fees. The aggregate fees paid to Computershare Investor Services PLC under the agreements for the year ended 30 June 2020 were £12,000 and the UIL Directors do not anticipate that the aggregate annual fees going forward will be materially different and therefore the estimated maximum amount payable per annum is £30,000.

### **Company secretarial services**

In addition to its duties as joint portfolio manager, ICM also provides company secretarial services to UIL and UIL Finance pursuant to the Management Agreement. ICM receives a fee equal to forty-five per cent of the total employment costs incurred by it in employing a suitably experienced person to provide the company secretarial services to UIL and UIL Finance.

### **Assistant Secretary**

Conyers Corporate Services (Bermuda) Limited acts as assistant secretary for UIL and UIL Finance.

## **8. FINANCIAL REPORTING AND INFORMATION**

### **Net Asset Value**

The Net Asset Value and the Net Asset Value per Ordinary Share (rounded to two decimal places), are calculated in pence (Sterling) per Ordinary Share by the Administrator (or such other person as the UIL Directors may appoint for such purpose from time to time) on each Business Day. The Net Asset Value per Ordinary Share is announced through the London Stock Exchange without delay once calculated.

The Net Asset Value is calculated as the Gross Assets less the liabilities to creditors (including the provisions for such liabilities) of UIL determined in accordance with the valuation guidelines adopted by the UIL Directors from time to time.

In calculating the Net Asset Value, a liability will be included equating to the amount due to ZDP Shareholders at each calculation date. The amount due to ZDP Shareholders is accounted for at amortised cost, using the effective interest method. Announcements as to the Net Asset Value per Ordinary Share will include the Accrued Capital Entitlements of the ZDP Shares, including the 2028 ZDP Shares to be issued pursuant to the Rollover Offer, the Initial Issue and the Placing Programme.

Investments are measured at the UIL Board's estimate of fair value at the reporting date, in accordance with IFRS and is the amount for which an asset (or liability) could be exchanged between knowledgeable, willing parties in an arm's length transaction.

- Publicly traded securities – Investments listed on an active market are valued at their closing bid price on the reporting date. When a bid price is not available, the price of the most recent reported transaction would normally be used. Market bid prices are used even in situations where UIL holds a large position and a sale could reasonably affect the quoted price.
- Unquoted securities – The determination of fair value for unquoted securities where there is little, if any, market activity is achieved by the application of a valuation technique that is appropriate for the circumstances. This will make the maximum use of market-based information and is consistent with methodology generally used by market participants.

Valuation is normally determined using one of the following valuation methodologies:

***Start up and early stage investments:***

In the absence of revenues, profits, assets or cash flows, the approach used will be cost combined with set milestones to measure expectations and fair value.

***Established investments:***

There are three approaches to valuing established investments: multiples; discounted earnings; and recent investments. Depending on the investment and the relevance of the approach, any or all of these valuation methods could be used.

Appropriate market multiples will vary by instrument, but would typically be by reference to one or more of, but not limited to, net earnings ratio, EV/EBITDA ratio, dividend yield, discount to net asset value or yield to maturity.

Discounted earnings multiples will use maintainable earnings discounted at appropriate rates to reflect the value of the business. Where there has been a recent investment in an investee company, the price of that investment will provide an input into the valuation.

If the UIL Directors consider that any of the above bases of valuation are inappropriate in any particular case or generally, they may adopt such other valuation procedures as they consider are reasonable in the circumstances, having taken advice from UIL's auditor. The UIL Directors may delegate to the Joint Portfolio Managers any of their discretions under the valuation guidelines.

The preparation of valuations may be suspended in circumstances where the underlying data necessary to value UIL's investments cannot readily, or without undue expenditure, be obtained. Such suspension will be communicated to investors via a Regulatory Information Service.

**Accounting Policies**

The audited accounts of the Group are prepared in pounds Sterling under International Financial Reporting Standards as adopted by the European Union, which the Directors believe is an acceptable body of generally accepted accounting practice. Under IFRS, the Group prepares an income statement and a statement of changes in equity, which discloses revenue and capital results, including net investment gains.

Management fees, borrowing costs and running expenses of the Group are charged to revenue with the exception of the performance fee which is allocated between capital and revenue and other expenses of a capital nature which will be charged to the capital account. That part of the performance fee directly attributable to the capital performance of UIL's investments is allocated to capital, and that part directly attributable to revenue performance will be allocated to revenue.

**Reports and Accounts**

The annual accounts of the Group are made up to 30 June in each year, with copies of the annual report and accounts ordinarily sent to Shareholders in September. Annual general meetings of UIL and UIL Finance are typically held in November of each year. Shareholders also receive an unaudited consolidated half yearly report covering the first six months of each financial year to 31 December. The half yearly report is ordinarily released to Shareholders in February of each year.

**9. MEETINGS**

It is intended that all general meetings of UIL and UIL Finance will be held outside the United Kingdom. UIL and UIL Finance each hold an annual general meeting every year. UIL Shareholders are entitled to attend and vote at all UIL general meetings. ZDP Shares do not carry any voting rights at general meetings of UIL, although the consent of ZDP Shareholders is required for certain proposals. Any such consent will be obtained through class meetings of ZDP Shareholders.

## 10. CORPORATE GOVERNANCE

### UIL Finance

The ZDP share capital of UIL Finance has a standard listing on the Official List and therefore under the Listing Rules UIL Finance is not required to comply or provide an explanation for any non-compliance with the UK Corporate Governance Code issued by the Financial Reporting Council (the **UK Corporate Governance Code**) and as at the date of this document does not so comply. Bermuda does not have its own corporate governance code with which UIL Finance is required to comply.

### UIL

Bermuda does not have its own corporate governance code with which UIL is required to comply. As a company whose shares are admitted to trading on the SFS, UIL is not required to comply with the UK Corporate Governance Code. Nevertheless, the Directors place great importance on ensuring that high standards of corporate governance are maintained.

The UIL Board takes appropriate action to ensure that the appropriate level of corporate governance is attained and UIL's practices are consistent with the Principles of the Corporate Governance Code. As an investment company, most of the Group's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive for the purposes of the UK Corporate Governance Code. Thus not all the provisions of the Corporate Governance Code are directly applicable to UIL.

The UIL Board has considered the principles and recommendations of the AIC Code of Corporate Governance (the **AIC Code**) which addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies.

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

UIL has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function;
- nomination of a senior independent director; and
- membership of the Audit & Risk Committee by the Chairman of the Board.

For the reasons set out in the AIC Code, and as explained in the UK Corporate Governance Code, the UIL Board considers these provisions are not relevant to the position of UIL, being a Bermuda-incorporated investment company with external investment managers. In particular, all of UIL's day-to-day investment management and administrative functions are outsourced to third parties. As a result, UIL has no executive directors, employees or internal operations. UIL therefore has not reported further in respect of these provisions.

In common with most investment companies, UIL does not have an internal audit function. All of UIL's management and administration functions are delegated to the Joint Portfolio Managers and Administrator, whose controls are monitored by the UIL Board and which include audit and risk assessment. It is therefore felt that there is no need for UIL to have its own internal audit function. However, this is reviewed annually by the Audit & Risk Committee. Action will be taken to remedy any significant failings or weaknesses identified from the review of the effectiveness of the internal control system. As permitted by the AIC Code, the Chairman of the Board is also a member of the Audit & Risk Committee.

While the Bye-laws require that all UIL Directors retire by rotation, in light of the provision of the AIC Code, all directors will be subject to annual re-election.

UIL does not have a separate Nomination Committee or Remuneration Committee and the UIL Board as a whole undertakes the work which would otherwise be undertaken by these Committees.

Details of the Group's ten largest investments are published monthly and in the annual and half-yearly reports; a full list of investments is not published.

Whilst none of the Directors has a service contract with UIL or UIL Finance (and nor are any such contracts proposed), each of the Directors has signed a letter of appointment to formalise in writing the terms of their appointment. Under the Bye-laws of both UIL and UIL Finance, one third of their respective Boards is subject to retirement by rotation each year. In addition, all Directors are required to submit themselves for re-election at least every three years.

The UIL Board has constituted the following committees:

### **Audit & Risk Committee**

UIL has established a separately chaired Audit & Risk Committee whose duties include considering and recommending to the UIL Board for approval the contents of the half yearly and annual financial statements, and providing an opinion as to whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess UIL's performance, business model and strategy. The terms of reference detailing the scope and duties of the Audit & Risk Committee are available on UIL's website [www.uil.limited](http://www.uil.limited).

The Audit & Risk Committee meets at least three times a year. Two of the planned meetings are held prior to the UIL Board meetings to approve the half yearly and annual results and the Audit & Risk Committee receives information from principal service providers on their internal controls. Representatives of the Joint Portfolio Managers attend all meetings.

The Audit & Risk Committee is composed of the independent UIL Directors and is chaired by Mr Bridges. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit & Risk Committee.

The primary role of the Audit & Risk Committee is to review UIL's accounting policies, the contents of the accounts, the adequacy and scope of the external audit and compliance with regulatory and financial reporting requirements. In addition, it also reviews the provision of non-audit services by the external auditors, the risks to which UIL is exposed and the controls in place to mitigate those risks.

The UIL Board retains ultimate responsibility for all aspects relating to the annual and half-yearly accounts and other significant published financial information.

The UIL Board has reviewed and accepted the Joint Portfolio Managers' anti-bribery and corruption and whistleblowing policies.

### **Management Engagement Committee**

The UIL Board has appointed a Management Engagement Committee, chaired by Mr Bridges, which operates within written terms of reference clearly setting out its authority and duties. Copies of the terms of reference are available on the Group's website at [www.uil.limited](http://www.uil.limited).

The Management Engagement Committee is comprised of the independent Directors of UIL and meets at least once a year.

The Management Engagement Committee undertakes an annual formal evaluation of the performance of, and fees paid to, the Joint Portfolio Managers for the services provided under the Management Agreement, together with the fees and other terms of that agreement. The Management Engagement Committee also considers the effectiveness of the administration services provided by the Joint Portfolio Managers and the Administrator, including the timely identification and resolution of areas of accounting judgement and implementation of new regulatory requirements, and the performance of other third party service providers.

## **PART 5 – THE INITIAL ISSUE**

### **INTRODUCTION**

UIL Finance intends to issue up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising on the conversion of 2022 ZDP Shares pursuant to the Rollover Offer) pursuant to the Initial Placing, the Intermediaries Offer and the Offer for Subscription (together referred to as the Initial Issue) at a price of 100p per 2028 ZDP Share.

The Initial Issue has not been, and will not be, underwritten and, accordingly, the maximum number of 2028 ZDP Shares available under the Initial Issue should not be taken as an indication of the final number of 2028 ZDP Shares that will be issued pursuant to it. Therefore the number of 2028 ZDP Shares actually issued pursuant to the Initial Issue may be less than 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising on the conversion of 2022 ZDP Shares pursuant to the Rollover Offer). The actual number of 2028 ZDP Shares to be issued pursuant to the Initial Issue will be notified by UIL Finance through a RIS and UIL's website, prior to Initial Admission. Dealings in the 2028 ZDP Shares issued pursuant to the Initial Issue will not be permitted prior to Initial Admission.

Based on the Assumptions, the net proceeds of the Initial Issue, after deduction of expenses of approximately £0.4 million, are expected to be approximately £4.6 million.

The expenses of the Initial Issue are expected to be met out of the gross proceeds of the Initial Issue. No additional expenses will be charged by UIL Finance to investors under the Initial Issue. All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.

The net proceeds of the 2028 ZDP Shares issued pursuant to the Initial Issue will be advanced by UIL Finance to UIL pursuant to the Subscription Agreement and will assist in financing the amount required for the redemption of the 2022 ZDP Shares or otherwise be used by UIL to make investments in accordance with UIL's investment objective and policy.

The number of 2028 ZDP Shares arising on the conversion of the 2022 ZDP Shares pursuant to the Rollover Offer and is expected to be announced via a RIS on 14 April 2021. The number of 2028 ZDP Shares issued pursuant to the Initial Issue, and the basis of allocation under the Initial Placing, the Intermediaries Offer and the Offer for Subscription is expected to be announced via a RIS on 21 April 2021.

#### **THE INITIAL PLACING**

Shore Capital has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing for the 2028 ZDP Shares on the terms and subject to the conditions set out in the Placing Agreement. Details of the Placing Agreement are set out in paragraph 8.9 of Part 11 of this document.

The terms and conditions which shall apply to any subscription for 2028 ZDP Shares procured by Shore Capital are set out in Appendix 1 to this document. Each subscriber of 2028 ZDP Shares pursuant to the Initial Placing will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraphs 4 and 5 in Appendix 1 to this document.

The Initial Placing will close at 11.00 a.m. on 20 April 2021 (or such later date, not being later than 30 June 2021, as UIL, the Joint Portfolio Managers and Shore Capital may agree). If the Initial Placing is extended, the revised timetable will be notified through a RIS.

#### **THE OFFER FOR SUBSCRIPTION**

The UIL Finance Directors are also proposing to offer 2028 ZDP Shares under the Offer for Subscription. The Offer for Subscription is being made in the United Kingdom only. The public

generally (unless they are located or resident outside the United Kingdom) may apply for 2028 ZDP Shares through the Offer for Subscription.

Applications under the Offer for Subscription must be for 2028 ZDP Shares at the Initial Issue Price being 100p per 2028 ZDP Share. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum of £1,000 and applications in excess of that amount should be made in multiples of £100 (although the UIL Finance Board may accept applications below the minimum amounts stated above in its absolute discretion). Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

The procedure for, and the terms and conditions of, application under the Offer for Subscription are set out in Appendix 2 to this document and an Application Form for use under the Offer for Subscription is set out at the end of this document.

Completed Application Forms accompanied by a cheque or banker's draft in Sterling made payable to "CIS PLC Re: UIL Finance Ltd OFS Account" and crossed "A/C Payee Only" for the appropriate sum should be returned to Computershare by no later than 11.00 a.m. on 20 April 2021. All times and dates in this document and the Application Form, including the Notes to the Application Form may be subject to adjustment. Any such changes to times and dates will be notified through a RIS. Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the UIL Finance Directors.

If you are in any doubt as to the procedure for application under the Offer for Subscription, please telephone Computershare Investor Services PLC on 0370 873 5861 (or +44 370 873 5861 if calling from outside the United Kingdom). The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### **THE INTERMEDIARIES OFFER**

Investors may also subscribe for 2028 ZDP Shares at the Initial Issue Price of 100p per 2028 ZDP Share pursuant to the Intermediaries Offer. Only investor clients of Intermediaries in the United Kingdom are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client.

The Intermediaries authorised by the Company as at the date of this document to use this Prospectus in connection with the Intermediaries Offer are listed in paragraph 16 of Part 11 of this document. Information with respect to Intermediaries authorised by UIL Finance after the date of this document to use this Prospectus in connection with the Intermediaries Offer will be made available on UIL's website, [www.uil.limited](http://www.uil.limited).

No 2028 ZDP Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom. A minimum application of £1,000 per Underlying Applicant will apply.

Completed Application Forms from Intermediaries must be received by Shore Capital by not later than 11.00 a.m. on 20 April 2021.

The number of 2028 ZDP Shares offered under the Intermediaries Offer will be determined solely by Shore Capital (following consultation with UIL Finance and UIL).

An application for 2028 ZDP Shares in the Intermediaries Offer means that the Underlying Applicant agrees to acquire the 2028 ZDP Shares applied for at the Initial Issue Price. Each Underlying Applicant must comply with the appropriate money laundering checks required by the relevant Intermediary and all other laws and regulations applicable to their agreement to subscribe for 2028 ZDP Shares. Where an application is not accepted or there are insufficient 2028 ZDP Shares available to satisfy an application in full, the relevant Intermediary will be obliged to refund the Underlying Applicant as required and all such refunds shall be made without interest. UIL Finance, UIL, the Joint Portfolio Managers and Shore Capital accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Each Intermediary has agreed, or will, on appointment agree, to the Intermediaries' Terms and Conditions, which regulate, inter alia, the conduct of the Intermediaries Offer on market standard terms and provide for the payment of commission (if any) to Intermediaries from Shore Capital acting on behalf of UIL Finance. Pursuant to the Intermediaries Terms and Conditions, in making an application, each Intermediary will also be required to represent and warrant that they are not located in the United States and are not acting on behalf of anyone located in the United States.

In addition, the Intermediaries may prepare certain materials for distribution or may otherwise provide information or advice to investors in the United Kingdom, subject to the Intermediaries' Terms and Conditions. Any such materials, information or advice are solely the responsibility of the relevant Intermediary and will not be reviewed or approved by any of UIL Finance, UIL, the Joint Portfolio Managers or Shore Capital. Any liability relating to such documents shall be for the relevant Intermediary only.

The Intermediaries' Terms and Conditions provide for the Intermediaries to be able to (where the payment of such commission is not prohibited) be paid a commission by Shore Capital (acting on behalf of UIL Finance) in respect of the 2028 ZDP Shares allocated to and paid for by them pursuant to the Intermediaries Offer.

All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.

#### **SUBSCRIPTION BY UIL**

UIL reserves the right to subscribe for all or any of the 2028 ZDP Shares available under the Initial Placing to the extent that the Initial Issue is not subscribed by other investors, subject to ensuring that the ZDP Cover of the 2028 ZDP Shares is not less than 1.35x or that sufficient 2028 ZDP Shares are held in public hands so as to satisfy the Listing Rule requirement at Initial Admission. Such 2028 ZDP Shares will be held by UIL for investment purposes in accordance with its investment policy.

#### **CONDITIONS**

The Initial Issue is conditional, *inter alia*, on:

- (i) the ZDP Cover of the 2028 ZDP Shares not being less than 1.35x taking into account the effect of the 2028 ZDP Shares created upon the conversion of the 2022 ZDP Shares pursuant to the Rollover Offer and the allotment of the 2028 ZDP Shares pursuant to the Initial Issue;
- (ii) the minimum gross proceeds from the Initial Issue, together with the value of any 2028 ZDP Shares arising pursuant to the Rollover Offer, not being less than £700,000;
- (iii) the Placing Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms prior to Initial Admission; and
- (iv) Initial Admission occurring by 8.00 a.m. on 23 April 2021 (or such later date, not being later than 30 June 2021, as UIL, the Joint Portfolio Managers and Shore Capital may agree).

If the conditions to the Initial Issue are not satisfied, the Initial Issue will not proceed and applications made in respect of the Initial Issue will be rejected. In such circumstances, application monies received will be returned to applicants without interest at the applicants' risk, as soon as practicable thereafter.

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

#### **SCALING BACK**

In the event that commitments or applications are received for more than the number of 2028 ZDP Shares available for issue pursuant to the Initial Issue, Shore Capital (in consultation with UIL and the Joint Portfolio Managers) will scale back such commitments and applications in such manner as it, in its absolute discretion, considers appropriate.

In addition, it may also be necessary to scale back applications of 2028 ZDP Shares to ensure that sufficient 2028 ZDP Shares are held in public hands so as to satisfy the Listing Rule requirement at Initial Admission.

To the extent that any commitment or application is scaled back, subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned, by cheque, without interest at the risk of the applicant to the address as shown on the application.

### **THE PLACING AGREEMENT**

By a Placing Agreement dated 18 March 2021 between: (i) UIL; (ii) UIL Finance; (iii) the Joint Portfolio Managers; and (iv) Shore Capital, Shore Capital has undertaken, as agent for UIL Finance, to use its reasonable endeavours to procure subscribers for 2028 ZDP Shares under the Initial Placing.

The Placing Agreement also contains provisions entitling Shore Capital to terminate the Initial Issue at any time prior to Initial Admission in certain circumstances. If this right is exercised, the Initial Issue will lapse and any monies received in respect of the Initial Issue will be returned to applicants without interest at the applicants' risk.

Further details of the terms of the Placing Agreement are set out in paragraph 8.9 of Part 11 of this document.

### **GENERAL**

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

Subject to their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA, in the event of the publication of a supplementary prospectus, applicants under the Offer for Subscription or the Intermediaries Offer may not withdraw their applications for 2028 ZDP Shares after the date of this document without the written consent of the UIL Finance Directors.

Applicants wishing to exercise their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA after the publication by UIL Finance of a prospectus supplementing this document must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST Member by post to Computershare Investor Services PLC, Corporate Actions, Bristol BS99 6AH or by e-mail to OFSPaymentQueries@Computershare.co.uk so as to be received not later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Computershare Investor Services PLC after expiry of such period will not constitute a valid withdrawal. UIL Finance will not permit the exercise of withdrawal rights after payment by the relevant applicant of his subscription in full and the allotment of 2028 ZDP Shares to such applicant becoming unconditional. In such event investors are recommended to seek independent legal advice.

### **MONEY LAUNDERING**

Pursuant to anti-money laundering laws and regulations with which UIL Finance must comply, UIL Finance and its agents (including Shore Capital, the Registrar and Receiving Agent), may require evidence of the identity of each investor in connection with any application for 2028 ZDP Shares, including further identification of any applicant, before any 2028 ZDP Shares may be issued to that applicant.

### **SETTLEMENT**

Payment for the 2028 ZDP Shares, in the case of the Initial Placing, should be made in accordance with settlement instructions to be provided to placees by Shore Capital. Payment for the 2028 ZDP

Shares, in the case of the Offer for Subscription, should be made in accordance with the Terms and Conditions of Application under the Offer set out in Appendix 2 to this document and in the Application Form. Payment for the 2028 ZDP Shares, in the case of the Intermediaries Offer, should be made in accordance with the Intermediaries' Terms and Conditions. To the extent that any application for 2028 ZDP 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.

## **ADMISSION AND DEALINGS**

Applications will be made to the Financial Conduct Authority and to the London Stock Exchange respectively for the 2028 ZDP Shares issued pursuant to the Initial Issue to be admitted: (i) to the Official List (by way of a standard listing under Chapter 14 of the Listing Rules); and (ii) to the London Stock Exchange's main market for listed securities. It is expected that Initial Admission will become effective and that unconditional dealings in such 2028 ZDP Shares will commence on the London Stock Exchange on 23 April 2021.

All allotments of 2028 ZDP Shares pursuant to the Initial Issue will be conditional on Initial Admission. This document has been published in order to obtain Admission to the standard listing segment of the Official List of any 2028 ZDP Shares issued pursuant to the Initial Issue. No application will be made for the 2028 ZDP Shares to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.

The 2028 ZDP Shares to be issued pursuant to the Initial Issue will be in registered form and may be held either in certificated form or as Depositary Interests in uncertificated form and settled through CREST.

CREST is a computerised paperless settlements system, which allows securities to be transferred via electronic means, without the need for a written instrument of transfer. Foreign securities cannot be held or traded in the CREST system. To enable investors to settle their 2028 ZDP Shares through CREST, the DI Depositary will hold the relevant 2028 ZDP Shares and will issue dematerialised Depositary Interests representing the underlying 2028 ZDP Shares to the relevant investors. Dealings in the 2028 ZDP Shares in advance of the crediting of the relevant Depositary Interests acquired shall be at the risk of the person concerned.

The DI Depositary will hold the 2028 ZDP Shares on trust for the respective underlying 2028 ZDP Shareholders. This trust relationship is documented in a deed executed by the DI Depositary. The Depositary Interests are independent, English securities and are held on a register maintained by the DI Depositary. The Depositary Interests have the same security code as the 2028 ZDP Shares that they represent and do not require a separate admission to the London Stock Exchange.

Shareholders wishing to settle 2028 ZDP Shares through CREST can transfer their holding to the DI Depositary, which will then issue Depositary Interests representing the relevant transferred 2028 ZDP Shares. The Depositary Interest holder will not hold a certificate evidencing the underlying 2028 ZDP Share. Depositary Interests are issued on a one-for-one basis against the relevant 2028 ZDP Shares that they represent for all purposes. Any payments received by the DI Depositary will be passed on to each Depositary Interest holder noted on the Depositary Interest register as the beneficial owner of the relevant 2028 ZDP Shares.

Participation in CREST is voluntary and Shareholders who wish to hold 2028 ZDP Shares outside of CREST will be entered on the Register and issued with a share certificate evidencing ownership.

Application will be made by the DI Depositary for Depositary Interests representing the 2028 ZDP Shares to be admitted to CREST on their Admission.

Investors should be aware that 2028 ZDP Shares delivered in certificated form are likely to incur, on an ongoing basis, higher dealing costs than those 2028 ZDP Shares held through CREST. 2028 ZDP Shares initially issued in certificated form may subsequently be exchanged for Depositary Interests, which can be deposited into CREST in accordance with the procedure described above.

Certificates in respect of 2028 ZDP Shares issued pursuant to the Initial Issue and held in certificated form are expected to be despatched within 10 Business Days of Initial Admission.

Temporary documents of title will not be issued pending the delivery of 2028 ZDP Shares to the persons entitled thereto and, during that period, transfers will be certified against the register of 2028 ZDP Shareholders.

### **COSTS OF THE INITIAL ISSUE**

The expenses of the Group incurred in connection with the Initial Issue (and based upon the Assumptions) are estimated to be approximately £0.4 million. The expenses of the Initial Issue are expected to be met out of the gross proceeds of the Initial Issue.

All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.

### **OVERSEAS INVESTORS**

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, 2028 ZDP Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on UIL Finance, UIL or the Joint Portfolio Managers.

The attention of persons resident outside the UK is drawn to the notices to investors set out on pages 118 to 119 of this document, which set out restrictions on the holding of 2028 ZDP Shares by such persons in certain jurisdictions.

In particular the 2028 ZDP Shares offered by this document have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **Securities Act**) or registered or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Australia, Canada, Japan, New Zealand or the Republic of South Africa and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Neither this document nor any copy of it may be distributed directly or indirectly to any persons with addresses in Australia, Canada, Japan, New Zealand or the Republic of South Africa or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. UIL is not and will not be registered as an investment company under the US Investment Company Act of 1940, as amended.

## PART 6 – THE PLACING PROGRAMME

### INTRODUCTION

Following the Initial Issue, the UIL Finance Directors intend to implement the Placing Programme to enable the Group to raise additional capital in the period from Initial Admission to 17 March 2022. The net proceeds of any Placings under the Placing Programme will be advanced by UIL Finance to UIL pursuant to the Subscription Agreement and will be used by UIL to reduce the bank borrowings of the Group.

Under the Placing Programme, UIL Finance is proposing to issue up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising on the conversion of 2022 ZDP Shares pursuant to the Rollover Offer and the number of 2028 ZDP Shares issued under the Initial Issue).

Shore Capital has agreed to use its reasonable endeavours to procure subscribers for 2028 ZDP Shares pursuant to the Placing Programme, on the terms and subject to the conditions set out in the Placing Agreement. Placings under the Placing Programme will not be underwritten.

UIL reserves the right to subscribe for all or any of the 2028 ZDP Shares available under the Placing Programme to the extent that such 2028 ZDP Shares are not subscribed for by any other placees, subject to ensuring that the ZDP Cover of the 2028 ZDP Shares is not less than 1.35x or that sufficient 2028 ZDP Shares are held in public hands so as to satisfy the Listing Rule following completion of such subscription. Such 2028 ZDP Shares will be held by UIL for investment purposes in accordance with its investment policy.

If subscriptions under a Placing exceed the maximum number of 2028 ZDP Shares available under that Placing, Shore Capital, in consultation with UIL Finance, UIL and the Joint Portfolio Managers, will scale back subscriptions at its discretion.

The Placing Programme will be suspended at any time when UIL Finance is unable to issue 2028 ZDP Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to UIL Finance or otherwise at the UIL Finance Directors' discretion. The Placing Programme may resume when such circumstances cease to exist, subject to the final closing date of the Placing Programme being no later than 17 March 2022.

Assuming that UIL Finance issues 15 million 2028 ZDP Shares pursuant to the Rollover Offer and Initial Issue and UIL Finance issues 10 million 2028 ZDP Shares under the Placing Programme at a Placing Programme Price of 100p and in one placing, UIL Finance would raise £10 million of gross proceeds from the Placing Programme. After deducting expenses (including any commission) of approximately £0.1 million, the net proceeds of the Placing Programme would be approximately £9.9 million.

The expenses of the Placing Programme are expected to be met out of the gross proceeds of the relevant Placing(s) under the Placing Programme. No additional expenses will be charged by UIL Finance to investors under the Placing Programme. All expenses incurred by any Intermediary are for its own account. Investors should confirm separately with any Intermediary whether there are any commissions, fees or expenses that will be applied by such Intermediary in connection with any application made through that Intermediary pursuant to the Intermediaries Offer.

2028 ZDP Shares issued pursuant to the Placing Programme will rank *pari passu* with the 2028 ZDP Shares then in issue.

There is no minimum size of the placings under the Placing Programme and the size and frequency of each Placing under the Placing Programme will be determined at the sole discretion of Shore Capital, in consultation with UIL.

Applications under each Placing under the Placing Programme will be on the terms and conditions set out in Appendix 1 to this document, together with any relevant supplementary prospectus applicable to the relevant Placing. These terms and conditions should be read carefully before a commitment is made. Each subscriber of 2028 ZDP Shares pursuant to a Placing under the Placing

Programme will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraphs 4 and 5 in Appendix 1 to this document.

The number of 2028 ZDP Shares allotted and issued, and the basis of allocation under the relevant Placing, is expected to be announced via a RIS as soon as reasonably practicable following the closing of that Placing. The basis of allocation shall be determined by Shore Capital after consultation with UIL Finance and UIL.

In the event that there are any significant changes affecting any of the matters described in this document or where any significant new matters have arisen after the publication of this document and prior to Admission of the relevant 2028 ZDP Shares, UIL Finance will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

### **PLACING PROGRAMME PRICE**

The minimum price at which each new 2028 ZDP Share will be issued under the Placing Programme will be the Accrued Capital Entitlement of a 2028 ZDP Share as at the date of allotment. The maximum price in respect of any allotment of 2028 ZDP Shares will be equal to the best offer price of 2028 ZDP Shares, as quoted on the London Stock Exchange at the time that the proposed issue is announced.

For these purposes, the Accrued Capital Entitlement will be calculated in accordance with the New UIL Finance Bye-laws.

Holders of 2028 ZDP Shares issued pursuant to the Initial Issue will have their voting rights at class meetings of the 2028 ZDP Shares diluted when new 2028 ZDP Shares are issued pursuant to the Placing Programme.

The Placing Programme Price will be announced through a RIS as soon as is practicable in conjunction with each Placing.

There will be no expenses charged directly to investors by UIL Finance in addition to the applicable Placing Programme Price for the 2028 ZDP Shares for which they subscribe under the Placing Programme.

### **CONDITIONS OF THE PLACING PROGRAMME**

Each allotment of 2028 ZDP Shares under the Placing Programme is conditional on:

- (a) the applicable Placing Programme Price being determined by the UIL Finance Directors, and being not less than the Accrued Capital Entitlement of the relevant 2028 ZDP Shares at the time of the relevant allotment;
- (b) the ZDP Cover of the 2028 ZDP Shares being not less than 1.35x, taking into account the effect of the relevant allotment;
- (c) the Placing Agreement becoming otherwise unconditional in respect of that Placing, and not being terminated in accordance with its terms before Admission of the relevant 2028 ZDP Shares becomes effective;
- (d) Admission of the 2028 ZDP Shares to be issued pursuant to the relevant Placing; and
- (e) a valid supplementary prospectus being published by UIL Finance if such is required pursuant to Article 23 of the UK Prospectus Regulation.

If the conditions are not satisfied in respect of any Placing under the Placing Programme, the issue of the relevant 2028 ZDP Shares will not proceed and subscription monies received will be returned without interest at the risk of the applicant, as soon as practicable thereafter.

## **THE PLACING AGREEMENT**

By a Placing Agreement dated 18 March 2021 between (i) UIL, (ii) UIL Finance, (iii) the Joint Portfolio Managers and (iv) Shore Capital, Shore Capital has undertaken, as agent for UIL Finance, to use its reasonable endeavours to procure subscribers for 2028 ZDP Shares under the Placing Programme at the applicable Placing Programme Price.

The Placing Agreement also contains provisions entitling Shore Capital to terminate a Placing at any time prior to Admission of the relevant 2028 ZDP Shares in certain circumstances. If this right is exercised, the relevant Placing will lapse and any monies received in respect of such Placing will be returned to applicants without interest at the applicants' risk.

Further details of the terms of the Placing Agreement are set out in paragraph 8.9 of Part 11 of this document.

## **MONEY LAUNDERING**

Pursuant to anti-money laundering laws and regulations with which UIL Finance must comply, UIL Finance and its agents (including Shore Capital, the Registrar and Receiving Agent), may require evidence of the identity of each investor in connection with any application for 2028 ZDP Shares under the Placing Programme, including further identification of any applicant, before any 2028 ZDP Shares may be issued to that applicant.

## **SETTLEMENT**

Payment for the 2028 ZDP Shares subscribed for under the Placing Programme should be made in accordance with settlement instructions to be provided to placees by Shore Capital. To the extent that any application for 2028 ZDP 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.

## **ADMISSION AND DEALINGS**

Applications will be made to the Financial Conduct Authority and to the London Stock Exchange respectively for the 2028 ZDP Shares issued pursuant to each Placing under the Placing Programme to be admitted: (i) to the Official List (by way of a standard listing under Chapter 14 of the Listing Rules); and (ii) to the London Stock Exchange's main market for listed securities. It is expected that Admissions will become effective and that unconditional dealings in such 2028 ZDP Shares will commence on the London Stock Exchange in the period from 24 April 2021 to 17 March 2022.

All allotments of 2028 ZDP Shares pursuant to the Placing Programme will be conditional on Admission of the relevant 2028 ZDP Shares. This document has been published in order to obtain Admission to the standard listing segment of the Official List of any 2028 ZDP Shares issued pursuant to the Placing Programme. No application will be made for the 2028 ZDP Shares to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.

The 2028 ZDP Shares to be issued pursuant to the Placing Programme will be in registered form and may be held either in certificated form or as Depositary Interests in uncertificated form and settled through CREST.

CREST is a computerised paperless settlements system, which allows securities to be transferred via electronic means, without the need for a written instrument of transfer. Foreign securities cannot be held or traded in the CREST system. To enable investors to settle their 2028 ZDP Shares through CREST, the DI Depositary will hold the relevant 2028 ZDP Shares and will issue dematerialised Depositary Interests representing the underlying 2028 ZDP Shares to the relevant investors. Dealings in the 2028 ZDP Shares in advance of the crediting of the relevant Depositary Interests acquired shall be at the risk of the person concerned.

The DI Depositary will hold the 2028 ZDP Shares on trust for the respective underlying 2028 ZDP Shareholders. This trust relationship is documented in a deed executed by the DI Depositary. The Depositary Interests are independent, English securities and are held on a register maintained by the DI Depositary. The Depositary Interests have the same security code as the 2028 ZDP Shares that they represent and do not require a separate admission to the London Stock Exchange.

Shareholders wishing to settle 2028 ZDP Shares through CREST can transfer their holding to the DI Depository, which will then issue Depository Interests representing the relevant transferred 2028 ZDP Shares. The Depository Interest holder will not hold a certificate evidencing the underlying 2028 ZDP Share. Depository Interests are issued on a one-for-one basis against the relevant 2028 ZDP Shares that they represent for all purposes. Any payments received by the DI Depository will be passed on to each Depository Interest holder noted on the Depository Interest register as the beneficial owner of the relevant 2028 ZDP Shares.

Participation in CREST is voluntary and Shareholders who wish to hold 2028 ZDP Shares outside of CREST will be entered on the Register and issued with a share certificate evidencing ownership.

Application will be made by the DI Depository for Depository Interests representing the 2028 ZDP Shares to be admitted to CREST on their Admission.

It is anticipated that dealings in any 2028 ZDP Shares issued pursuant to the Placing Programme will commence three Business Days after their allotment. Whilst it is expected that all 2028 ZDP Shares allotted under the Placing Programme will be issued as Depository Interests in uncertificated form, if any 2028 ZDP Shares are issued in certificated form it is expected that share certificates will be despatched within ten Business Days after the relevant allotment date.

Investors should be aware that 2028 ZDP Shares delivered in certificated form are likely to incur, on an ongoing basis, higher dealing costs than those 2028 ZDP Shares held through CREST. 2028 ZDP Shares initially issued in certificated form may subsequently be exchanged for Depository Interests, which can be deposited into CREST in accordance with the procedure described above.

Temporary documents of title will not be issued pending the delivery of 2028 ZDP Shares to the persons entitled thereto and, during that period, transfers will be certified against the register of 2028 ZDP Shareholders.

#### **COSTS OF THE PLACING PROGRAMME**

The expenses of the Group incurred in connection with establishing the Placing Programme are included within the costs of the Initial Issue which, based on the Assumptions, are estimated to be approximately £0.4 million. The expenses of establishing the Placing Programme are expected to be met out of the gross proceeds of the Initial Issue.

The expenses of each placing (if any) under the Placing Programme are not expected to exceed 1.2 per cent. of the gross proceeds of the relevant placing and are expected to comprise commission payable to Shore Capital in accordance with the Placing Agreement and London Stock Exchange fees. Such expenses are expected to be met out of the gross proceeds of the relevant placing.

#### **OVERSEAS INVESTORS**

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, 2028 ZDP Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on UIL Finance, UIL or the Joint Portfolio Managers.

The attention of persons resident outside the UK is drawn to the notices to investors set out on pages 118 to 119 of this document which set out restrictions on the holding of 2028 ZDP Shares by such persons in certain jurisdictions.

In particular the 2028 ZDP Shares offered by this document have not been, and will not be, registered under the Securities Act or registered or qualified for sale under the laws of any state of the United States or under the applicable laws of any of Australia, Canada, Japan, New Zealand or the Republic of South Africa and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Neither this document nor any copy of it may be distributed directly or indirectly to any

persons with addresses in Australia, Canada, Japan, New Zealand or the Republic of South Africa or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. UIL is not and will not be registered as an investment company under the US Investment Company Act of 1940, as amended.

## PART 7 – THE ZDP SHARES

### 1. RIGHTS ATTACHING TO THE ZDP SHARES

The ZDP Shares, including the 2028 ZDP Shares to be issued pursuant to the Rollover Offer, the Initial Issue and the Placing Programme, each have the same rights as each other, save in respect of their ZDP Repayment Dates and their Final Capital Entitlements, which differ for each class of ZDP Shares. The rights of the ZDP Shares are set out in the New UIL Finance Bye-laws, which contain provisions, *inter alia*, to the following effect:

#### 1.1 Income

- (a) The ordinary shares of 10p each in the capital of UIL Finance carry the right to receive the revenue profits of UIL Finance available for distribution (excluding any sums paid to UIL Finance by UIL under the Subscription Agreement) and determined to be distributed by way of dividend at such times as the UIL Finance Directors may determine.
- (b) The ZDP Shares carry no rights to receive dividends out of the revenue or any other profits of the Group.

#### 1.2 Capital

- (a) On a return of assets, on a liquidation or otherwise, the surplus assets of UIL Finance after payment of all debts and satisfaction of all liabilities (excluding, for this purpose only, the payment of the capital entitlement of each class of ZDP Share), shall be applied as follows:
  - (i) first, there shall be paid to the holders of 2022 ZDP Shares *pro rata* to the number of 2022 ZDP Shares held by them, the Accrued Capital Entitlement per 2022 ZDP Share;
  - (ii) second, there shall be paid to the holders of 2024 ZDP Shares *pro rata* to the number of 2024 ZDP Shares held by them, the Accrued Capital Entitlement per 2024 ZDP Share;
  - (iii) third, there shall be paid to the holders of 2026 ZDP Shares *pro rata* to the number of 2026 ZDP Shares held by them, the Accrued Capital Entitlement per 2026 ZDP Share;
  - (iv) fourth, there shall be paid to the holders of 2028 ZDP Shares *pro rata* to the number of 2028 ZDP Shares held by them, the Accrued Capital Entitlement per 2028 ZDP Share; and
  - (v) fifth, there shall be paid to the holders of the UIL Finance ordinary shares any surplus assets available for distribution *pro rata* to the number of UIL Finance ordinary shares held by them.
- (b) The ZDP Shares will not pay dividends but they will have a Final Capital Entitlement at the end of their respective lives as follows:
  - (i) the 2022 ZDP Shares will have a Final Capital Entitlement at the end of their life on 31 October 2022 of 146.99p;
  - (ii) the 2024 ZDP Shares will have a Final Capital Entitlement at the end of their life on 31 October 2024 of 138.35p;
  - (iii) the 2026 ZDP Shares will have a Final Capital Entitlement at the end of their life on 31 October 2026 of 151.50p; and
  - (iv) the 2028 ZDP Shares will have a Final Capital Entitlement at the end of their life on 31 October 2028 of 152.29p.
- (c) On a liquidation of UIL and/or UIL Finance, to the extent that the relevant classes of ZDP Shares have not already been redeemed, the shares shall rank in the following

order of priority in relation to the repayment of their Accrued Capital Entitlement as at the date of liquidation:

- (i) the 2022 ZDP Shares shall rank in priority to the 2024 ZDP Shares, the 2026 ZDP Shares and the 2028 ZDP Shares;
- (ii) the 2024 ZDP Shares shall rank in priority to the 2026 ZDP Shares and the 2028 ZDP Shares; and
- (iii) the 2026 ZDP Shares shall rank in priority to the 2028 ZDP Shares.

The entitlement of ZDP Shareholders of a particular class shall be determined in proportion to their holdings of ZDP Shares of that class.

### 1.3 Voting

- (a) The holders of the ordinary shares of 10p each in the capital of UIL Finance shall have the right to receive notice of and to attend and vote at general meetings of UIL Finance. Each holder of a UIL Finance ordinary share being present at a meeting shall upon a show of hands have one vote and (subject as referred to in paragraph (e) below) upon a poll every such holder present in person or by proxy shall have one vote in respect of every UIL Finance ordinary share held by him.
- (b) The holders of the ZDP Shares shall have the right to receive notice of, but shall not have the right as such to attend or vote at, any general meeting of UIL Finance except (save as provided in paragraph (h) below):
  - (i) upon any resolution to alter, modify or abrogate the special rights or privileges attached to the ZDP Shares; or
  - (ii) upon a Liquidation Resolution, Recommended Resolution and Reconstruction Resolution (as respectively defined in paragraphs (e), (f) and (g) below).

For the avoidance of doubt, the passing of a Liquidation Resolution, a Recommended Resolution or a Reconstruction Resolution or a resolution to increase the authorised share capital of UIL Finance shall not be treated as an alteration, modification or abrogation of the rights attached to the ZDP Shares.

- (c) Save as described in paragraphs (f) and (g) below, UIL Finance may not, without the previous sanction of an extraordinary resolution passed at a separate general meeting of each class of ZDP Shareholders convened and held in accordance with the provisions of the New UIL Finance Bye-laws:
  - (i) subject to sub-paragraph (d) below, issue, and it shall, so far as it is able, procure that UIL shall not, issue any further shares or rights to subscribe for further shares or convert any securities into shares in any member of the Group or reclassify any issued share capital into shares of a particular class where such shares rank, or would on issue, conversion or reclassification rank, as to capital, in priority to, or *pari passu* with, UIL's payment obligations under the Subscription Agreement in respect of any class of ZDP Shares;
  - (ii) pass a resolution for the voluntary winding up of UIL Finance, such winding up to take effect prior to the final ZDP Repayment Date (or, if that day is not a business day, the immediately preceding business day);
  - (iii) pass a resolution to reduce the capital of UIL Finance in any manner or to purchase shares in UIL Finance other than as permitted below;
  - (iv) pass a resolution amending the provisions of the New UIL Finance Bye-laws summarised in this paragraph 1.3(c);
  - (v) pass a resolution authorising the UIL Finance Directors to pay a dividend or other distribution out of the capital reserves of UIL Finance; or

- (vi) make any material variation to the terms of the Subscription Agreement or any further subscription agreement entered into between UIL and UIL Finance in respect of any further issues of ZDP Shares which, at the time of being made, could reasonably be considered to be materially prejudicial to the interests of the existing ZDP Shareholders,

provided that no such sanction will be required for the passing of any resolution authorising UIL Finance to purchase any ZDP Shares where such shares may only be purchased at prices at or below their prevailing Accrued Capital Entitlement (as determined by the UIL Finance Directors in accordance with the UIL Finance Bye-laws as at a date falling not more than 10 days before the date of the relevant repurchase) or at a higher price per ZDP Share if the UIL Finance Directors determine this to be in the interests of ZDP Shareholders, or for any purchase of such ZDP Shares in accordance with any such resolution.

- (d) Notwithstanding the restrictions described in paragraph (c)(i) above, any member of the Group may, subject as provided in the relevant company's bye-laws, issue any further shares or rights to subscribe for further shares or convert any securities into shares or reclassify any issued share capital into shares of a particular class where such shares rank, or would on issue, conversion or reclassification rank, as to capital, in priority to, or *pari passu* with, UIL's payment obligations under the Subscription Agreement in respect of any class of ZDP Shares provided that the UIL Finance Directors shall have calculated and UIL's and UIL Finance's financial adviser shall have reported to the UIL Finance Directors on such calculations within 60 days prior to the Calculation Date (as defined below) that, were the further shares to be issued or the shares to be reclassified or rights of subscription or conversion to be issued and immediately exercised at the date of the report, the ZDP Shares in issue immediately thereafter would have a ZDP Cover of not less than 1.35x. For this purpose, the ZDP Cover shall represent a fraction where the numerator is equal to the gross assets of the Group on the Calculation Date and the denominator is equal to the aggregate on the Calculation Date of: (i) the aggregate capital entitlement on the relevant ZDP Repayment Dates of the ZDP Shares in issue on the Calculation Date; and (ii) the outstanding amounts payable by the Group under bank facilities and any borrowings ranking in priority to UIL's payment obligations under the Subscription Agreement.

Gross assets for this purpose shall mean the unaudited aggregate value of the gross assets of the Group, including assets represented by principal monies borrowed by any member of the Group, less current liabilities (not including contingent liabilities) of the Group (other than principal monies borrowed), each as determined by the UIL Directors. The Calculation Date, for the purpose of this paragraph (d) shall mean the close of business on a date which is not earlier than 60 days prior to (and excluding) the date of the announcement of such issue or reclassification or, if applicable and earlier, the date of any announcement of the intention to make such proposed issue.

In calculating such ZDP Cover, the UIL Finance Directors shall where available:

- (i) use the gross assets of the Group at the most recent practicable date before the Calculation Date;
- (ii) assume that the share capital or rights proposed to be issued or arising on reclassification had been issued and/or exercised and/or reclassified at the end of the month prior to the Calculation Date;
- (iii) adjust the gross assets of the Group by adding the minimum net consideration (if any) which would be received upon such issue, reclassification or exercise;
- (iv) take account of the entitlements to be attached to the new shares or securities or rights to be issued;

- (v) aggregate the Final Capital Entitlement of all the existing ZDP Shares and the capital entitlements of the new shares or securities or rights to be issued as aforesaid in each case as at the relevant ZDP Repayment Date;
  - (vi) make appropriate adjustments for any other issues or reclassifications or purchases of own share capital which have been made by UIL or UIL Finance since the end of the preceding month or will have been made by or at the time of the proposed issue of shares or rights of subscription or conversion into shares or reclassification;
  - (vii) make such other adjustments as they consider appropriate; and
  - (viii) the UIL Finance Directors shall have absolute discretion to determine whether the conditions set out above are satisfied in any case and no independent valuation need be carried out.
- (e) If all of the relevant ZDP Shares are not redeemed on or before the relevant ZDP Repayment Date (except by reason of administrative error rectified within 7 days and disregarding any ZDP Shares which are not redeemed as a result of a failure by the holder to comply with a requirement relating to redemption imposed in accordance with the UIL Finance Bye-laws), the UIL Finance Directors shall: (i) exercise the right of UIL Finance under the Subscription Agreement to convene a special general meeting of UIL at which a resolution shall be proposed requiring that UIL shall be wound up voluntarily pursuant to the Bermuda Companies Act; and (ii) convene a special general meeting of UIL Finance to be held on the same date as the special general meeting to be convened by UIL in accordance with Subscription Agreement at which a resolution (the Liquidation Resolution) shall be proposed requiring that UIL Finance be wound up voluntarily pursuant to the Bermuda Companies Act. At such meeting the vote of those members entitled to vote shall be taken by poll and those holders of ZDP Shares who (being individuals) are present in person or by proxy or (being corporations) are present by proxy or by duly authorised representative and entitled to vote and who vote in favour of the Liquidation Resolution shall, on a poll, have such number of votes in respect of each share held by them (including fractions of a vote) so that the aggregate number of votes cast in favour of the Liquidation Resolution is four times the aggregate number of votes cast against the Liquidation Resolution and each member present in person or by proxy and entitled to vote and who votes against such resolution shall on a poll have one vote for each share held.
- (f) If an offer is made to all holders of ZDP Shares (other than the offeror and/or persons controlled by or acting in concert with the offeror) which becomes or is declared unconditional in all respects prior to the final ZDP Repayment Date, which offer entitles holders of ZDP Shares to receive not later than the date falling 14 days after the relevant ZDP Repayment Date an amount in cash equal to or not less than that to which the UIL Finance Directors estimate (so far as practicable at that time) that such holders would otherwise have been entitled to receive on a winding-up of UIL Finance and on the basis that UIL satisfies its payment obligations under the Subscription Agreement to the extent that it is able after payment of all other prior ranking indebtedness and liabilities, (ignoring any option for alternative consideration pursuant to such offer) and such offer is recommended by the UIL Finance Directors and it is stated to be, in the opinion of the financial adviser appointed by UIL and UIL Finance, fair and reasonable then the provisions described in paragraph (e) above shall not apply and at any special general meeting of UIL Finance or separate general meeting of the holders of the ZDP Shares held between the date of making such recommendation and the relevant ZDP Repayment Date (both dates inclusive) the provisions relating to voting in sub-paragraph (h) below shall apply to any resolution or resolutions recommended by the UIL Finance Directors (a Recommended Resolution) and stated to be, in the opinion of the financial adviser appointed by the UIL Finance Directors, fair and reasonable.

- (g) If at any special general meeting of UIL Finance held on or prior to any ZDP Repayment Date there is proposed any resolution (a Reconstruction Resolution) to sanction any form of arrangement (whether involving the winding up of UIL Finance, the redemption of the ZDP Shares or otherwise) which would enable the holders of the ZDP Shares to receive not later than the date falling 14 days after the relevant ZDP Repayment Date an amount in cash equal to or not less than that to which the UIL Finance Directors estimate (so far as practicable at that time) that such holders would otherwise have been entitled to receive on a winding-up of UIL Finance and on the basis that UIL satisfies its payment obligations under the Subscription Agreement to the extent that it is able after payment of all other prior ranking indebtedness and liabilities, (ignoring any options ZDP Shareholders may be given to elect to receive any entitlement otherwise than in cash pursuant to the arrangement) then the provisions described in sub-paragraph (e) above shall not apply and the provisions relating to voting described in sub-paragraph below shall apply in respect of any Reconstruction Resolution.
- (h) Where any resolution or resolutions are proposed pursuant to the provisions of the UIL Finance Bye-laws referred to in sub-paragraph (f) or (g) above:
- (i) the holders of the ordinary shares of 10p each in the capital of UIL Finance present in person or by proxy and entitled to vote and who vote (whether for or against) on such resolution at any special general meeting of UIL Finance shall, on a poll, have for each such ordinary share such number of votes as is equal to four times the number of votes cast in aggregate by the holders of the ZDP Shares; and
  - (ii) those holders of ZDP Shares present in person or by proxy and entitled to vote and who vote in favour of such resolution at a separate general meeting of the holders of ZDP Shares shall, on a poll, have such number of votes in respect of ZDP Shares held by them (including fractions of a vote) so that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of such shares in respect of which votes are cast against the resolution and each holder of ZDP Shares present in person or by proxy and entitled to vote who votes against such resolution shall, on a poll, have one vote for each share held by him, provided that, if any term of any offer or arrangement referred to in sub-paragraph (f) or (g) above (as regards any one or more holders of ZDP Shares) shall have been breached (other than by such holder(s)) in any material respect of which the chairman of the meeting has received written notice prior to the commencement of such meeting, each holder shall, at any such meeting at which such holder is present in person or by proxy and entitled to vote, on a poll, have one vote for each such share held by him.
- (i) Where by virtue of the provisions of the UIL Finance Bye-laws, the holders of ZDP Shares are entitled to vote, every such holder present at a meeting shall upon a show of hands have one vote and (subject as referred to in sub-paragraph (h) above) upon a poll, every such holder present in person or by proxy shall have one vote in respect of each ZDP Share held by him.

#### 1.4 Redemption

- (a) UIL Finance shall (subject to the provisions of the Bermuda Companies Act) redeem all the outstanding ZDP Shares in each class on or within 14 days before the relevant ZDP Repayment Date.
- (b) On the redemption of ZDP Shares in accordance with the provisions described in this paragraph 1.4, there shall be paid to the holders of the relevant class of ZDP Shares an amount equal to the Accrued Capital Entitlement per ZDP Share determined in accordance with the provisions described in paragraph 1.2 above.

- (c) Any redemption notice shall specify the redemption amount and the address at which certificates for ZDP Shares are to be surrendered for redemption. A redemption notice may not be withdrawn without the prior class consent of the holders of the ZDP Shares concerned. No defect in the redemption notice or in the giving thereof shall affect the validity of the redemption proceedings.
- (d) Unless otherwise determined by the UIL Finance Board, payments in respect of the amount due on redemption of ZDP Shares shall be made by Sterling cheque drawn on a bank in the City of London or, upon the request of the holder or joint holders, by transfer to a Sterling account maintained by the payee with a bank in the City of London. Such payment will be made against surrender of the relevant certificate in the case of certificated ZDP Shares or, if the relevant certificate has been lost or destroyed, the giving of an appropriate indemnity in a form satisfactory to the UIL Finance Board, provided that the UIL Finance Board may determine that surrender of certificates shall not be required, in which event each certificate shall be void and of no effect as from the date of payment of the amount due on the redemption of the ZDP Shares to which the certificate relates.

## PART 8 – FINANCIAL INFORMATION RELATING TO THE GROUP

The financial information contained in this Part 8 (Financial Information Relating to the Group) in respect of UIL Finance has been extracted without material adjustment from the report and audited accounts of UIL Finance for the three financial years ended 30 June 2018, 2019 and 2020 and the published half-yearly unaudited reports for the periods ended 31 December 2019 and 2020. The financial information in respect of UIL has been extracted without material adjustment from the published annual report and audited accounts of the Group for each of the financial years ended 30 June 2018, 2019 and 2020 and the published half-yearly unaudited reports for the periods ended 31 December 2019 and 2020, which have been incorporated by reference.

### SECTION A – UIL FINANCE

#### 1. BASIS OF FINANCIAL INFORMATION

Statutory accounts of UIL Finance for the three financial years ended 30 June 2018, 2019 and 2020, in respect of which UIL Finance's auditors, KPMG LLP have given unqualified opinions that the accounts give a true and fair view of the state of affairs of UIL Finance for the three financial years ended 30 June 2018, 2019 and 2020 and that the accounts have been properly prepared in accordance with the Bermuda Companies Act 1981, have been incorporated into this document by reference. The half-yearly reports published by UIL Finance for the six month periods ended 31 December 2019 and 2020, which have also been incorporated into this document by reference, were unaudited.

#### 2. PUBLISHED ANNUAL REPORTS AND ACCOUNTS FOR THE THREE FINANCIAL YEARS ENDED 30 JUNE 2018, 2019 AND 2020 AND UNAUDITED HALF-YEARLY REPORTS FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2020

##### 2.1 Historical financial information

The published annual reports and audited accounts for UIL Finance for the three financial years ended 30 June 2018, 2019 and 2020 and the unaudited half-yearly reports for the periods ended 31 December 2019 and 2020 include, on the pages specified in the table below, the following information which is incorporated by reference into this document. Those parts of the annual reports and audited accounts and half-yearly reports referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in the document.

Nature of information	Annual report and accounts for the year ended 30 June (audited)			Half-yearly report for the period ended 31 December (unaudited)	
	2018 Page Nos	2019 Page Nos	2020 Page Nos	2019 Page Nos	2020 Page Nos
Income Statement	11	11	10	7	7
Balance Sheet/Statement of Financial Position	12	12	11	8	8
Accounting policies	13-14	13-14	12-13	9-10	9-10
Notes to the Accounts	13-21	13-20	12-20	9-17	9-17
Report of the Independent Auditor	8-10	8-10	7-9	n/a	n/a
Strategic Review	3	3	3	3	3
Report of the Directors	4-6	4-6	4-5	4-5	4-5

##### 2.2 Selected financial information

The key audited figures that summarise UIL Finance's financial condition in respect of the three financial years ended 30 June 2018, 2019 and 2020 and the unaudited half-year periods ended 31 December 2019 and 31 December 2020, which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Section A, are set out in the following table:

	Annual report and accounts for the year ended 30 June (audited)			Half-yearly report for the period ended 31 December (unaudited)	
	2018 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000
Interest income/Income	12,821	12,082	10,643	5,309	4,959
Total income	12,821	12,082	10,643	5,309	4,959
Other expenses	–	–	–	–	–
Profit before finance costs and taxation	12,821	12,082	10,643	5,309	4,959
Finance costs	(12,821)	(12,082)	(10,643)	(5,309)	(4,959)
Profit before taxation	–	–	–	–	–
Taxation	–	–	–	–	–
Profit for the period	–	–	–	–	–
Earnings per share – pence	–	–	–	–	–
Non-current assets					
Other receivables	–	172,565	124,121	120,635	127,756
Current assets					
Other receivables	233,919	–	59,087	57,239	–
Current liabilities					
ZDP Shares	(51,266)	–	(59,087)	(57,239)	–
Total assets less current liabilities	182,653	172,565	124,121	120,635	127,756
Non current liabilities					
ZDP Shares	(182,653)	(172,565)	(124,121)	(120,635)	(127,756)
Net assets	–	–	–	–	–
Equity attributable to equity holders					
Ordinary share capital	–	–	–	–	–

### 2.3 Availability of annual reports and accounts for inspection

Copies of UIL Finance's annual reports and audited accounts for the three financial years ended 30 June 2018, 2019 and 2020 and the unaudited half-yearly reports for the periods ended 31 December 2019 and 2020 are available for inspection at the address set out in paragraph 14 of Part 11 of this document and also at [www.uil.limited](http://www.uil.limited).

## SECTION B – THE GROUP

### 1. BASIS OF FINANCIAL INFORMATION

Statutory accounts of the Group for the three financial years ended 30 June 2018, 2019 and 2020, in respect of which the Group's auditors, KPMG LLP, have given unqualified opinions that the accounts give a true and fair view of the state of affairs of the Group and of the profit or loss (as applicable) of the Group for the three financial years ended 30 June 2018, 2019 and 2020 and that the accounts have been properly prepared in accordance with the Bermuda Companies Act 1981 and that the part of the UIL Directors' Remuneration Report that is stated as having been audited shows the fees paid by UIL to its Directors, have been incorporated into this document by reference. The half-yearly reports published by the Group for the six month periods ended 31 December 2019 and 2020, which have also been incorporated into this document by reference, were unaudited.

### 2. PUBLISHED ANNUAL REPORTS AND ACCOUNTS FOR THE THREE FINANCIAL YEARS ENDED 30 JUNE 2018, 2019 AND 2020 AND UNAUDITED HALF-YEARLY REPORTS FOR THE PERIODS ENDED 31 DECEMBER 2019 AND 2020

#### 2.1 Historical financial information

The published annual reports and audited accounts for the Group for the three financial years ended 30 June 2018, 2019 and 2020 and the unaudited half-yearly reports for the periods ended 31 December 2019 and 2020 include, on the pages specified in the table below, the following information which is incorporated by reference into this document. Those parts of the

annual reports and audited accounts and half-yearly reports referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in the document.

Nature of information	Annual report and accounts for the year ended 30 June (audited)			Half-yearly report for the period ended 31 December (unaudited)	
	2018 Page Nos	2019 Page Nos	2020 Page Nos	2019 Page Nos	2020 Page Nos
Income Statement	69	61	70	26-27	28-29
Statement of Changes in Equity	71	63	72	28-29	30-31
Balance Sheet/Statement of Financial Position	73	65	74	30	32
Statement of Cash Flows	74	66	75	31	33
Accounting policies	75-77	67-99	76-78	32	34
Notes to the Accounts	75-102	67-94	76-104	32-40	34-43
Report of the Independent Auditor	64-68	56-60	64-69	n/a	n/a
Chairman's Statement	7-9	8-10	5-8	2-5	2-5
Investment Manager's Report	10-13	11-16	13-18	7-13	7-14
Strategic Report	26-33	26-32	30-39	n/a	n/a
Report of the Directors	37-48	37-41	44-49	n/a	n/a

## 2.2 Selected financial information

The key audited figures that summarise the Group's financial condition in respect of the three financial years ended 30 June 2018, 2019 and 2020 and the half-year periods ending 31 December 2019 and 31 December 2020, which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Section B, are set out in the following table:

	Annual report and accounts for the year ended 30 June (audited)			Half-yearly report for the period ended 31 December (unaudited)	
	2018	2019	2020	2019	2020
Net assets (£'000)	261,134	326,268	251,625	301,631	302,158
Net asset value per share (pence)	291.79	369.57	292.79	350.00	352.55
Total income (£'000)	63,015	98,021	(47,505)	(8,773)	60,982
Net profit/(loss) (£'000)	41,020	74,008	(62,040)	(16,041)	54,409
Earnings per share (pence)	45.63	82.97	(71.53)	(18.34)	63.32
Dividends per share (pence)	7.50	7.50	7.875	3.875	4.00
Revenue					
Total revenue income (£'000)	10,574	11,184	12,684	5,935	5,681
Net profit (£'000)	5,996	6,810	8,471	3,716	3,976
Earnings per share (pence)	6.67	7.63	9.77	4.25	4.63

## 2.3 Operating and financial review

The Group's published annual reports and accounts for the three financial years ended 30 June 2018, 2019 and 2020 and the half-year periods ending 31 December 2019 and 2020, included, on the pages specified in the table below: descriptions of the Group's financial condition (in both capital and revenue terms); details of the Group's investment activity and portfolio exposure; and changes in its financial condition for each of those years.

Nature of information	Annual report and accounts for the year ended 30 June (audited)			Half-yearly report for the period ended 31 December (unaudited)	
	2018 Page Nos	2019 Page Nos	2020 Page Nos	2019 Page Nos	2020 Page Nos
Chairman's Statement	7-9	8-10	5-8	2-5	2-5
Investment Manager's Report	10-13	11-16	13-18	7-13	7-14
Portfolio analyses	14-25	17-23	22-27	16-23	18-26
Performance, discount and financial record	109	100	111	46-47	48-49

The causes of material changes in the capital value of the Group's assets in the three financial years ended 30 June 2020 and the unaudited half-yearly period ended 31 December 2020 can be summarised as follows (figures have been rounded to the nearest £1,000):

- (i) in the year to 30 June 2018, the Group made a net capital gain of £35,024,000. £48,366,000 of this related to gains on investments, with a realised gain on the sale of investments of £31,551,000 and an unrealised gain on investments held of £16,815,000. The balance consisted of foreign exchange gains of £777,000, gains on derivatives of £3,298,000 and finance costs, including increase of ZDP Share liability and gains on sales of ZDP Shares held intra group and other costs, including performance fees of £17,417,000;
- (ii) in the year to 30 June 2019, the Group made a net capital gain of £67,198,000. £90,402,000 of this related to gains on investments, with a realised gain on the sale of investments of £82,917,000 and an unrealised loss on investments held of £7,485,000. The balance consisted of foreign exchange gains of £3,306,000, losses on derivatives of £6,871,000 and finance costs, including increase of ZDP Share liability and other costs, including performance fees of £19,639,000;
- (iii) in the year to 30 June 2020, the Group made a net capital loss of £70,511,000. £60,006,000 of this related to losses on investments, with a realised gain on the sale of investments of £27,170,000 and an unrealised loss on investments held of £87,176,000. The balance consisted of foreign exchange losses of £3,469,000, gains on derivatives of £3,286,000 and finance costs, including increase of ZDP Share liability and other costs of £10,322,000; and
- (iv) in the six month period to 31 December 2020 the Group made a net capital gain of £50,433,000. £49,675,000 of this related to gains on investments. The balance consisted of foreign exchange gains of £1,880,000, gains on derivatives of £3,746,000 and finance costs, including increase of ZDP Share liability and other costs of £4,868,000.

It is not expected that there will be any material impact on the earnings and liabilities per Ordinary Share as a result of the issue of the 2028 ZDP Shares.

## 2.4 Capital resources

UIL is funded by both equity and debt, with the debt provided through a £50 million multi-currency facility pursuant to a loan agreement with Scotiabank which expires on 22 September 2022. As at 16 March 2021, approximately £48.9 million of the Loan Facility was drawn down and UIL's aggregate borrowings (including structural gearing provided by ZDP Shares) represented approximately 38.4 per cent. of UIL's Gross Assets (source: UIL's unaudited assets and liabilities schedule).

## 2.5 Availability of annual reports and accounts for inspection

Copies of the Group's annual reports and audited accounts for the three financial years ended 30 June 2018, 2019 and 2020 and the unaudited half-yearly reports for the periods ended 31 December 2019 and 2020 are available for inspection at the address set out in paragraph 14 of Part 11 of this document and also at [www.uil.limited](http://www.uil.limited).

### 3. CAPITALISATION AND INDEBTEDNESS

- 3.1 The following table shows the Group's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 28 February 2021 and the Group's unaudited capitalisation as at 31 December 2020 (being the last date in respect of which the Group has published financial information).

#### Indebtedness

	<b>28 February 2021</b> <b>(unaudited)</b> <b>£'000</b>
<b>Total Current Debt</b>	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	2,574
	<hr/> 2,574
<b>Total Non-Current Debt</b>	
Guaranteed	–
Secured	47,949
Unguaranteed/unsecured	125,328
	<hr/> 173,277

#### Capitalisation

	<b>31 December 2020</b> <b>(unaudited)</b> <b>£'000</b>
<b>Shareholder equity</b>	
Shareholder equity	8,571
Legal reserves	243,896
Other reserves	49,691
	<hr/> 302,158

There has been no capitalisation movement from the last published financial information at 31 December 2020 to 17 March 2021 other than the repurchase of 1,274,531 Ordinary Shares for cancellation which has reduced shareholder equity by £0.127 million and legal reserves by £2.733 million.

The following table shows the Group's unaudited net indebtedness as at 28 February 2021.

	<b>28 February 2021</b> <b>(unaudited)</b> <b>£'000</b>
A. Cash	2
B. Cash equivalent	–
C. Trading securities	315
D. Liquidity (A+B+C)	317
E. Current financial receivable	–
F. Current bank debt	1,920
G. Current portion of non-current debt	–
H. Trading securities payable	654
I. Other current financial debt	–
J. Current financial debt (F+G+H+I)	2,574
K. Net current financial indebtedness (J-E-D)	2,257
L. Non-current bank loans	47,949
M. Bonds issued	–
N. Other non-current loans	125,328
O. Non-current financial indebtedness (L+M+N)	173,277
P. Net financial indebtedness (K+O)	175,534

The Group has contingent indebtedness in the form of derivative financial instruments, being the fair value of forward foreign exchange contracts. As at 16 March 2021, the fair value of the derivative contracts was £(302,000).

The Group has no further indirect or contingent indebtedness.

#### **4. WORKING CAPITAL**

In UIL Finance's opinion, UIL Finance has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this document.

In UIL's opinion, the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this document.

#### **5. NAV**

UIL's most recently published NAV (unaudited) was as at 16 March 2021 (as published on 17 March 2021) and was £285.3 million, representing 337.95 pence per Ordinary Share.

## **PART 9 – TAXATION**

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise in relation to the Group and ZDP 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 potential 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 ZDP Shares. The statements relate to investors acquiring ZDP 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 ZDP Shares is made will endure indefinitely. The tax consequences for each investor of investing in the ZDP Shares may depend upon the investor's own tax position and upon the relevant laws of any jurisdiction to which the investor is subject.

### **BERMUDA TAXATION**

At the date of this document, there is no Bermuda income, corporation, or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Group or any of its Shareholders other than Shareholders ordinarily resident in Bermuda. The Group is not subject to stamp duty on the issue, transfer or redemption of any of its shares.

Both UIL and UIL Finance have received an undertaking from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act, 1966, as amended, that, in the event that there is enacted in Bermuda any legislation imposing (i) tax computed on profits or income, (ii) tax computed on any capital assets, gain or appreciation or (iii) any tax in the nature of estate duty or inheritance tax, such tax shall not until 31 March 2035 be applicable to the Group or to any of its operations, shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda and holding such shares, debentures or other obligations of the Group or any land leased to the Group.

As exempted companies, UIL and UIL Finance are each liable to pay the Bermuda Government an annual government fee which is currently US\$10,980.

### **UK TAXATION**

The following paragraphs are intended only as a general guide and are based on current 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, do not constitute tax advice and apply only to ZDP Shareholders who are resident and domiciled in the UK, who are the absolute beneficial owners of their ZDP Shares and who hold their ZDP Shares as an investment. They do not address the position of certain classes of ZDP Shareholders such as dealers in securities, charities, registered pension schemes, insurance companies or collective investment schemes. 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.

#### **ZDP Shareholders**

The statements on taxation below are intended to be a general summary of certain tax consequences that may arise for ZDP Shareholders who receive 2028 ZDP Shares under the Rollover Offer, subscribe for 2028 ZDP Shares pursuant to the Initial Issue or any Placing under the Placing Programme (which may vary depending upon the particular individual circumstances and status of prospective investors), and a general guide to the tax treatment of UIL Finance. These comments are based on the laws and published practices as at the time of writing and may be subject to future revision (possibly with retrospective effect). This discussion is not intended to constitute advice to any person and should not be so construed.

#### **UIL Finance**

It is the intention of the UIL Finance Directors to conduct the affairs of UIL Finance so that the central management and control of UIL Finance is not exercised in the UK so that UIL Finance is not treated

as resident in the UK for taxation purposes. It is also the intention of the UIL Finance Directors that UIL Finance does not carry out any trade in the UK (whether or not through a permanent establishment situated there). On this basis, UIL Finance should not be liable for UK taxation on its profits other than certain income deriving from a UK source. On the same basis, UIL Finance should not be within the scope of UK tax on chargeable gains wheresoever arising (other than on a direct or indirect disposal of UK property).

## **UIL**

It is the intention of the UIL Directors to conduct the affairs of UIL so that the central management and control of UIL is not exercised in the UK so that UIL is not treated as resident in the UK for taxation purposes.

Each ZDP Shareholder should consult their own tax advisers as to the possible tax consequences of buying, holding or selling 2028 ZDP Shares under the laws of their country of citizenship, residence or domicile or other jurisdictions in which they are subject to tax.

### ***The Rollover Offer***

The conversion of 2022 ZDP Shares into 2028 ZDP Shares under the Rollover Offer should not result in a holder of 2022 ZDP Shares being regarded as disposing of those 2022 ZDP Shares for the purposes of the UK taxation of chargeable gains. Instead, for such purposes, the exchange should be treated as a reorganisation of share capital and the 2028 ZDP Shares acquired should be treated as the same asset as the holding of 2022 ZDP Shares converted. Accordingly, the ZDP Shareholder should be regarded as having acquired those 2028 ZDP Shares at the same time and for the same base cost as his or her holding of 2022 ZDP Shares.

### ***Redemption and Disposals***

The ZDP Shares should not fall within the definition of an “offshore fund” for the purposes of UK tax legislation. Therefore, in principle, any profit on a disposal of ZDP Shares or on receipt of the Final Capital Entitlement by a UK resident ZDP Shareholder or a ZDP Shareholder who carries on a trade in the United Kingdom through a branch, agency or permanent establishment with which their investment in the ZDP Shares is connected, should be taxed as a chargeable gain for UK tax purposes, subject to applicable reliefs and allowances.

UK resident individual Shareholders are subject to UK capital gains tax for the tax year 2021/2022, at the rate of 10 per cent. for basic rate taxpayers and 20 per cent. for higher and additional rate taxpayers and are entitled to an annual allowance of up to £12,300 per annum (for the tax year 2021/2022). UK corporation tax payers are subject to corporation tax on chargeable gains (currently at the rate of 19 per cent., but expected to increase with effect from April 2023 to 25 per cent. for entities with annual profits of £250,000 or more, with a tapered rate of between 19 and 25 per cent. applying to entities with annual profits between £50,000 and £250,000).

There are two exceptions to the treatment described in the preceding paragraphs of which ZDP Shareholders should be aware.

### ***ZDP Shareholders subject to UK Corporation Tax***

For ZDP Shareholders who are subject to UK Corporation Tax, if the Final Capital Entitlement is received otherwise than pursuant to a liquidation of UIL Finance, the amount by which the Final Capital Entitlement exceeds the amount originally subscribed for the ZDP Shares will instead be treated as a “distribution” for UK corporation tax purposes.

If the relevant 2028 ZDP Shareholder is a company that is not “small”, that distribution will normally be exempt from corporation tax. For a company which is “small”, that distribution will be subject to corporation tax as income. A company is “small” for the purposes of the previous paragraph for any accounting period during which staff headcount is below 50 and either turnover or balance sheet total is less than or equal to Euro 10 million.

### ***Disguised Interest***

The UK tax legislation contains disguised interest provisions intended to make returns which are economically equivalent to interest subject to income tax as income.

It is known that HMRC considers that these provisions are, in principle, capable of applying to zero dividend preference shares. However there is an exception for shares that are admitted to trading on a regulated market where, at the time of issue, there are no arrangements involving only the relevant ZDP Shares which would produce an amount which is economically equivalent to interest (as defined by the provisions). As a matter of strict legal interpretation of the legislation, it is not entirely clear whether this exception does apply to the ZDP Shares. However, the UIL Finance Directors and their advisors have considered HMRC guidance and other publicly available information concerning the exception and have concluded that the exception should apply to the ZDP Shares. The exception will not apply if there are arrangements made by any person in relation to any ZDP Shares where the main purpose or one of the main purposes is to ensure that the return is in fact economically equivalent to interest. Nor will the exception apply if the shareholder's return is virtually guaranteed on launch, for example where the company's portfolio is not exposed to investment risk. The UIL Finance Directors do not intend that UIL Finance will make any such arrangements and ZDP Shareholders should consider their position very carefully before making any such arrangements with respect to their own holdings of ZDP Shares and should take appropriate professional advice.

Similar rules concerning the UK tax treatment of disguised interest already exist for UK Corporation Tax but are subject to an exclusion for arrangements that have no tax avoidance purpose. The provisions for income tax do not contain such an exclusion.

UK individual ZDP Shareholders are also reminded that a subsequent "relevant arrangement" made by any person could result in the disguised interest provisions applying to the 2028 ZDP Shares even where those provisions did not previously apply to the 2028 ZDP Shares.

If these provisions apply to the ZDP Shares, it is likely that the return on the ZDP Shares would be subject to tax as income in the hands of ZDP Shareholders who are subject to United Kingdom income tax.

### ***Other UK tax considerations***

The attention of individuals resident in the United Kingdom for taxation purposes is drawn to Chapter 2, Part 13 of the Income Tax Act 2007, which may render them liable to income tax in respect of the undistributed income of UIL Finance or any capital sum received from UIL Finance.

The attention of companies resident in the UK is drawn to the provisions contained in Part 9A (Controlled Foreign Companies) of the Taxation (International and Other Provisions) Act 2010. The UK "controlled foreign company" provisions subject UK resident companies to tax on the profits of companies not so resident in which they have an interest. Broadly, a charge may arise to UK tax resident corporate holders of ZDP Shares if a non-resident company is controlled by persons who are resident in the UK, it has profits which are attributable to its UK "significant people functions" and one of the exemptions does not apply. UK corporate investors are advised to consult their independent professional tax advisers as to the implications of these provisions.

It is anticipated that the shareholdings in UIL Finance will be such as to ensure that it would not be a "close company" if it were resident in the UK (broadly, controlled by five or fewer participants). If, however, UIL Finance would be a close company if so resident, capital gains accruing to it may be apportioned to UK resident or ordinarily resident shareholders, under the provisions of section 3 Taxation of Chargeable Gains Act 1992, who may thereby become chargeable to capital gains tax, or corporation tax on chargeable gains, on the gains apportioned to them.

If any ZDP Shareholder is in doubt as to his taxation position, he is strongly recommended to consult an independent professional adviser without delay.

### ***ISAs***

The 2028 ZDP Shares are eligible to be held in the stocks and shares component of an ISA subject to applicable subscription limits, and provided that the ISA manager has been issued the 2028

ZDP Shares under the Rollover Offer or pursuant to the Offer for Subscription or under the Intermediaries Offer or acquired them through the secondary market following their Admission. 2028 ZDP Shares acquired pursuant to the Initial Placing or pursuant to any Placing under the Placing Programme will not be eligible for inclusion in an ISA.

***Stamp Duty and Stamp Duty Reserve Tax (SDRT)***

Transfers of 2028 ZDP Shares will not be liable to UK stamp duty unless the instrument of transfer is executed within the UK when the transfer will be liable to UK ad valorem stamp duty at the rate of 0.5 per cent. of the consideration paid rounded up to the nearest £5. Provided that 2028 ZDP Shares are not registered in any register of UIL Finance kept in the UK, or paired with shares issues or raised by a UK company, any agreement to transfer the 2028 ZDP Shares should not be subject to SDRT.

Where Depositary Interests in respect of the 2028 ZDP Shares are traded within CREST, there should be no charge to SDRT due to the provisions of the Stamp Duty Reserve Tax (UK Depositary Interests in Foreign Securities) Regulations 1999, provided that 2028 ZDP Shares are not registered in any register of UIL Finance kept in the UK.

The above statement is intended as a general guide to the current stamp duty and SDRT position and does not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements and clearance services.

## PART 10 – PRINCIPAL BASES AND ASSUMPTIONS

Unless otherwise indicated, the statistics contained in this document relating to the ZDP Shares have been calculated on the principal bases and assumptions set out below. For the avoidance of doubt, the Assumptions have not been used in preparing the working capital statement set out in paragraph 4 in Section B of Part 8 of this document.

There can be no guarantee that the Assumptions set out below will be realised. In particular, the actual gross proceeds and net proceeds of the Initial Issue may differ from the assumed amounts; market gains or losses between the date of this document and the date of Initial Admission will affect the amount of the Gross Assets and the Net Asset Value of UIL at Initial Admission; costs will be incurred in investing the net proceeds of the Initial Issue; annual running expenses of the Group may exceed the assumed level. Accordingly, no reliance should be placed on the illustrative financial statistics derived from the Assumptions set out below. The attention of prospective investors is also drawn to the risk factors set out on pages 10 to 21 of this document.

The Assumptions used are:

- As at the date of Initial Admission, there are 84,431,783 Ordinary Shares, 50,000,000 2022 ZDP Shares, 30,000,000 2024 ZDP Shares and 25,000,000 2026 ZDP Shares in issue;
- The unaudited Gross Assets and Net Asset Value of UIL as at 16 March 2021 (as published on 17 March 2021) were £463.5 million and £285.3 million respectively;
- As at 16 March 2021 (as published on 17 March 2021) the Net Asset Value per Ordinary Share was 337.95p;
- The costs of the Proposals, assuming a total of 15.0 million 2028 ZDP Shares arise upon the conversion of 2022 ZDP Shares pursuant to the Rollover Offer and 10.0 million 2028 ZDP Shares are issued pursuant to the Initial Issue, including 5.0 million 2028 ZDP Shares subscribed by UIL, are approximately £0.4 million (excluding VAT);
- As at 16 March 2021, UIL had outstanding bank debt of £48.9 million;
- 15.0 million 2028 ZDP Shares are issued pursuant to the Rollover Offer and 10.0 million 2028 ZDP Shares are raised pursuant to the Initial Issue (of which UIL subscribes for 5.0 million 2028 ZDP Shares);
- The capital accrual of a 2022 ZDP Share is 6.25 per cent. per annum, compounded from an issue date of 23 June 2016 up to and including its repayment date and is accounted for on a daily basis in arrears as to 100 per cent. to capital reserve. The Final Capital Entitlement of 146.99p per 2022 ZDP Share is payable on 31 October 2022;
- The capital accrual of a 2024 ZDP Share is 4.75 per cent. per annum, compounded from a notional issue date of 2 November 2017 up to and including its repayment date and is accounted for on a daily basis in arrears as to 100 per cent. to capital reserve. The Final Capital Entitlement of 138.35p per 2024 ZDP Share is payable on 31 October 2024;
- The capital accrual of a 2026 ZDP Share is 5.00 per cent. per annum, compounded from a notional issue date of 26 April 2018 up to and including its repayment date and is accounted for on a daily basis in arrears as to 100 per cent. to capital reserve. The Final Capital Entitlement of 151.50p per 2026 ZDP Share is payable on 31 October 2026;
- The capital accrual of a 2028 ZDP Share is 5.75 per cent. per annum, compounded from a notional issue date of 23 April 2021 up to and including its repayment date and is accounted for on a daily basis in arrears as to 100 per cent. to capital reserve. The Final Capital Entitlement of 152.29p per 2028 ZDP Share is payable on 31 October 2028;
- Management fees, interest on borrowings and running expenses are charged 100 per cent. to revenue and the gross revenue receivable is at least equal to these costs;
- Performance fees are calculated and accrued daily and charged to capital or revenue accounts based on performance;

- No allowance is made for investing the net proceeds of the Initial Issue;
- UIL and UIL Finance have indefinite lives;
- No corporation tax or capital gains tax is payable by UIL or UIL Finance and no other changes occur in any relevant taxation law and practice;
- There are no changes to generally accepted accounting practices relevant to UIL and no changes in its accounting policies; and
- No redemptions (other than ZDP Shares on their planned redemption dates), conversions or repurchases of any Ordinary Shares or ZDP Shares are made prior to the redemption of the 2028 ZDP Shares.

## PART 11 - GENERAL INFORMATION

### 1. RESPONSIBILITY

The UIL Finance Directors, the UIL Directors and each of UIL Finance and UIL accept responsibility for the information contained in this document, and declare that, the information contained in this document is, to the best of their knowledge, in accordance with the facts and this document makes no omission likely to affect its import.

### 2. INFORMATION ON UIL FINANCE

- 2.1 UIL Finance was incorporated in Bermuda on 17 January 2007 as an exempted, closed-ended investment company with limited liability under the Bermuda Companies Act with registered number 39479 It was incorporated as an exempted closed-ended investment company in Bermuda and is domiciled in Bermuda. UIL Finance has an unlimited life.
- 2.2 UIL Finance operates, and the ZDP Shares have been created, under the Bermuda Companies Act. UIL Finance is not regulated as a collective investment scheme by the FCA but it is subject to the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, UK MAR and the rules of the London Stock Exchange.
- 2.3 UIL Finance's registered office is in Bermuda and is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. UIL Finance's telephone number at this office is +1 441 295 1422.
- 2.4 Save for its entry into the material contracts summarised in paragraph 8 of this Part 11 and certain non-material contracts, since its incorporation UIL Finance has not traded or incurred any borrowings.

### 3. INFORMATION ON UIL

- 3.1 UIL was incorporated in Bermuda on 17 January 2007 as an exempted, closed-ended investment company with limited liability under the Bermuda Companies Act with registered number 39480 It was incorporated as an exempted closed-ended investment company in Bermuda and is domiciled in Bermuda. UIL has an unlimited life.
- 3.2 UIL operates under the Bermuda Companies Act. UIL is not regulated as a collective investment scheme by the FCA but as its ordinary shares are admitted to trading on the Specialist Fund Segment it is subject to the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, UK MAR and the rules of the London Stock Exchange. UIL's ordinary shares also have a secondary listing on the Bermuda Stock Exchange.
- 3.3 UIL's registered office is in Bermuda and is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. UIL's telephone number at this office is +1 441 295 1422.

### 4. SHARE CAPITAL OF UIL FINANCE

- 4.1 As at 1 July 2017 (the first date in the period covered by the historical financial information on UIL Finance set out in Section A of Part 8 of this document), the authorised share capital of UIL Finance was 10 ordinary shares of 10p each, 45,046,966 2016 ZDP Shares of 10p each, 70,198,945 2018 ZDP Shares of 5.9319p each, 50,000,000 2020 ZDP Shares of 6.0514p each and 78,117,685 2022 ZDP Shares of 5.3180p each and the issued share capital was as set out in the table below:

	No. of issued and fully paid shares	Nominal amount (£) of issued and fully paid shares
Ordinary shares	10	1
2016 ZDP Shares	45,046,966	4,504,697
2018 ZDP Shares	49,842,413	2,956,602
2020 ZDP Shares	39,000,000	2,360,046
2022 ZDP Shares	50,000,000	2,659,000

- 4.2 The only changes that occurred in UIL Finance's issued share capital during the period commencing on 1 July 2017 and ending on 17 March 2021 (being the latest practicable date prior to the publication of this document), were as follows:
- 4.2.1 on 28 September 2017, by written resolution, UIL Finance diminished its existing authorised share capital from £15,848,832 to £11,344,135 by the cancellation of all of the 2016 ZDP Shares comprised in its authorised but unissued share capital and then increased its authorised share capital from £11,344,135 to £13,245,385 by the creation of 50,000,000 2024 ZDP Shares;
  - 4.2.2 pursuant to the terms and conditions of the rollover offer contained in the prospectus published by UIL Finance on 28 September 2017, 17,126,384 2018 ZDP Shares were converted into 26,717,110 2024 ZDP Shares on 2 November 2017. At the same time a further 3,282,890 2024 ZDP Shares were issued pursuant to a placing and 20,000,000 2024 ZDP Shares were issued pursuant to the UIL Subscription, in each case at 100p per 2024 ZDP Share;
  - 4.2.3 on 22 March 2018, by written resolution, UIL Finance increased its authorised share capital from £13,245,385 to £15,745,385.76 by the creation of 25,000,000 2026 ZDP Shares;
  - 4.2.4 pursuant to the terms and conditions of the placing, intermediaries offer and offer for subscription contained in the prospectus published by UIL Finance on 23 March 2018, 25,000,000 2026 ZDP Shares were issued on 26 April 2018 at 100p per 2026 ZDP Share;
  - 4.2.5 on 22 October 2018, UIL Finance repurchased from UIL 823,564 2018 ZDP Shares and 20,000,000 2024 ZDP Shares for cancellation, satisfied by the release of UIL from its obligations under the Subscription Agreement to fund the redemption of such 2018 and 2024 ZDP Shares;
  - 4.2.6 on 31 October 2018, UIL Finance redeemed all the outstanding 2018 ZDP Shares at 160.52p per 2018 ZDP Share;
  - 4.2.7 on 17 September 2020, by written resolution, UIL Finance diminished its existing authorised share capital from £15,745,385.76 to £12,597,174.51 by the cancellation of all of the 2018 ZDP Shares comprised in its authorised but unissued share capital;
  - 4.2.8 on 31 October 2020, UIL Finance redeemed all the outstanding 2020 ZDP Shares at 154.9p per 2020 ZDP Share; and
  - 4.2.9 on 18 March 2021, by written resolution, UIL Finance diminished its existing authorised share capital from £12,597,174.51 to £9,571,474.52 by the cancellation of all of the 2020 ZDP Shares comprised in its authorised but unissued share capital and then increased its authorised share capital from £9,571,474.52 to £10,538,374.52 by the creation of 25,000,000 2028 ZDP Shares.
- 4.3 The ISIN number of the 2022 ZDP Shares is BMG916101329, of the 2024 ZDP Shares is BMG916102079, of the 2026 ZDP Shares is BMG916101402 and of the 2028 ZDP Shares is BMG916101576.
- 4.4 The liability of holders of the ordinary shares in the capital of UIL Finance and ZDP Shareholders is limited to the amount payable in respect of those ordinary shares and ZDP Shares held by them respectively.
- 4.5 The rights attaching to the ordinary shares in the capital of UIL Finance and rights attaching to the ZDP Shares are set out in paragraph 7 of this Part 11.
- 4.6 The authorised and issued share capital of UIL Finance as at the date of this document and at Admission (based on the Assumptions) is as follows:

	Authorised		Issued and fully paid as at the date of this document		Issued and fully paid as at Admission	
	No	£	No	£	No	£
Ordinary shares	10	1	10	1	10	1
2022 ZDP Shares	78,117,685	4,154,298	50,000,000	2,659,000	50,000,000	2,659,000
2024 ZDP Shares	76,717,291	2,917,175	30,000,000	1,140,750	30,000,000	1,140,750
2026 ZDP Shares	25,000,000	2,500,000	25,000,000	2,500,000	25,000,000	2,500,000
2028 ZDP Shares	25,000,000	966,900	-	-	25,000,000	966,900

\* The above table assumes that a total of 25 million 2028 ZDP Shares are issued pursuant to the Rollover Offer and the Initial Issue.

- 4.7 Save as disclosed in this paragraph 4 and pursuant to the Rollover Offer, the Initial Issue and the Placing Programme in the last three years no share or loan capital of UIL Finance has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commission, discounts, brokerages or other special terms have been granted by UIL Finance in connection with the issue of any such capital.
- 4.8 No share or loan capital of UIL Finance is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 4.9 The UIL Finance Bye-laws authorise the UIL Finance Directors to allot an unlimited number of unissued, but authorised ZDP Shares without pre-emption rights applying for existing ZDP Shareholders.
- 4.10 A resolution of UIL Finance has been passed granting UIL Finance authority to make market purchases of up to 14.99 per cent. of the ZDP Shares in issue as at 27 October 2020, such authority to expire at the conclusion of the annual general meeting of UIL Finance to be held in 2021. The maximum price to be paid will not be more than the price permitted by the Listing Rules at the time of purchase (which is currently set a price equal to 5 per cent. above the average market values of the ZDP Shares as derived from the Daily List of the London Stock Exchange for the 5 business days before the purchase is made or the higher of: (i) the price of the last independent trade and (ii) the highest current bid at the time of purchase), and any purchases made will be in accordance with the Listing Rules and the Bermuda Companies Act. In any event no purchase of ZDP Shares will be made at a price in excess of their Accrued Capital Entitlement (at a date determined by the UIL Finance Directors falling not more than 10 days before the date of purchase) unless the UIL Finance Directors determine that a purchase at a higher price is in the interests of ZDP Shareholders. It is intended that a resolution to renew this authority will be proposed at the annual general meeting of UIL Finance to be held in 2021.
- 4.11 As of the date of this document, UIL Finance has no listed or unlisted securities not representing share capital.

## 5 SHARE CAPITAL OF UIL

- 5.1 As at 1 July 2017 (the first date in the period covered by the historical financial information on UIL incorporated by reference in Section B of Part 8 of this document), the authorised share capital of UIL was £25,000,000 divided into 250,000,000 ordinary shares of 10p each and the issued share capital comprised 90,197,208 fully paid Ordinary Shares.
- 5.2 UIL's issued share capital during the last three financial years is set out below:
- during the financial year ended 30 June 2018, 703,819 Ordinary Shares were purchased and cancelled. As at 30 June 2018, UIL's issued ordinary share capital comprised 89,493,389 shares fully paid Ordinary Shares; and
  - during the financial year ended 30 June 2019, 1,210,000 Ordinary Shares were purchased and cancelled. As at 30 June 2019, UIL's issued ordinary share capital comprised 88,283,389 ordinary fully paid Ordinary Shares; and

- (c) during the financial year ended 30 June 2020, 2,344,075 Ordinary Shares were purchased and cancelled. As at 30 June 2020, UIL's issued ordinary share capital comprised 85,939,314 fully paid Ordinary Shares;
- 5.3 In the period from 1 July 2020 to 17 March 2021 (the latest practicable date prior to the publication of this document), 1,507,531 Ordinary Shares have been purchased and cancelled. The issued share capital of UIL as at the date of this document is, and, based upon the Assumptions, at Initial Admission will be, 84,431,783 fully paid Ordinary Shares.
- 5.4 The ISIN number of the Ordinary Shares is BMG917071026.
- 5.5 The liability of UIL Shareholders is limited to the amount payable in respect of the Ordinary Shares held by them.
- 5.6 The rights attaching to the Ordinary Shares are set out in paragraph 7 of this Part 11.
- 5.7 No share or loan capital of UIL is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 5.8 Pursuant to a special resolution passed at UIL's annual general meeting on 8 December 2020, UIL is authorised to issue up to 4,290,000 Ordinary Shares (equivalent to approximately 5 per cent of the total number of Ordinary Shares in issue as at the date of the notice of the annual general meeting) for cash on a non pre-emptive basis. This authority will expire at the conclusion of UIL's annual general meeting to be held in 2021. It is intended that a resolution to renew this authority will be proposed at UIL's annual general meeting to be held in 2021. Where Ordinary Shares are issued for non-cash consideration pre-emption rights will not apply.
- 5.9 A resolution was passed at UIL's annual general meeting on 8 December 2020, which granted UIL the authority to make market purchases of up to 12,880,000 (Ordinary Shares (being the equivalent of 14.99 per cent. of the issued Ordinary Shares as at the date of the notice of the annual general meeting)). This authority will expire at the conclusion of UIL's annual general meeting to be held in 2021 unless renewed at an earlier date. The maximum price to be paid (exclusive of expenses payable by UIL) will not be more than the price permitted by the Listing Rules at the time of purchase (which currently set a price equal to 5 per cent. above the average market value of the Ordinary Shares as derived from the Daily List of the London Stock Exchange for the 5 business days before the purchase is made or the higher of: (i) the price of the last independent trade; and (ii) the highest current bid at the time of purchase), and any purchases made will be in accordance with the Listing Rules and the Bermuda Companies Act. In any event no purchase of Ordinary Shares will be made at a price in excess of the Net Asset Value of the Ordinary Shares (as determined by the UIL Directors on a date falling not more than 10 days before the date of purchase). It is intended that a resolution to renew this authority will be proposed at the annual general meeting of UIL to be held in 2021.
- 5.10 As of the date of this document, UIL has no listed or unlisted securities not representing share capital.
- 5.11 Under section 103 of the Bermuda Companies Act, the holders of not less than 95 per cent. of the Ordinary Shares may give notice to the remaining UIL Shareholders to acquire their Ordinary Shares on the terms set out in the notice.

## **6. DIRECTORS' AND OTHER INTERESTS**

- 6.1 As at the date of this document, the interests of the Directors and the persons connected (within the meaning of section 252 of the UK Companies Act 2006) with them (all of which, save as noted below, will be beneficial) in the share capital of UIL are as follows:

	<b>UIL Ordinary Shares</b>	<b>Percentage of UIL's issued share capital %</b>
Peter Burrows	909,617	1.08
Stuart Bridges	132,179	0.16
Alison Hill	77,942	0.09
Christopher Samuel	209,680	0.25
David Shillson	119,432	0.14

None of the Directors nor any persons connected (within the meaning of section 252 of the UK Companies Act 2006) with them have any interest in the share capital of UIL Finance.

- 6.2 In the financial year ended 30 June 2020, Peter Burrows received a Director's fee of £23,000 (having waived £23,000 of his £46,000 annual fee), each of Alison Hill, Christopher Samuel and David Shillson received a Director's fee of £34,000, Warren McLeland received a Director's fee of £8,500 (having retired on 30 September 2019) and Stuart Bridges (appointed as a Director on 2 October 2019) received a Director's fee of £33,000. The aggregate remuneration and benefits in kind of the Directors in respect of the Group's financial year ending on 30 June 2021 which will be payable out of the assets of UIL are expected to be £192,000.
- 6.3 The Directors have not been paid any amount of remuneration by way of benefits in kind, pension contributions and any contingent or deferred compensation by UIL or UIL Finance for their services in all capacities to the Group. Accordingly, there are no amounts set aside or accrued by UIL or UIL Finance to provide pension, retirement or similar benefits to the Directors.
- 6.4 Peter Burrows acts pursuant to a letter of appointment with UIL dated 16 September 2011 and a letter of appointment with UIL Finance dated 2 November 2011. Each of Alison Hill, Christopher Samuel and David Shillson acts pursuant to respective letters of appointment with UIL dated 16 November 2015. Stuart Bridges acts pursuant to a letter of appointment with UIL dated 2 October 2019.
- 6.5 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by UIL or UIL Finance. UIL and UIL Finance maintain directors' and officers' liability insurance for the benefit of the Directors.
- 6.6 There are no potential conflicts of interest between any duties carried out on behalf of UIL or UIL Finance by any of the Directors or the Joint Portfolio Managers and their private interests or other duties.
- 6.7 None of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group which has been effected by it since its incorporation.
- 6.8 The companies and partnerships of which the Directors currently are or have been members of the administrative, management or supervisory bodies or partners at any time during the five years preceding the date of this document (excluding subsidiaries of such companies or partnerships) are as follows:

	<b>Current directorships/partnerships</b>	<b>Former directorships/ partnerships</b>
Peter Burrows	–	Sunvest Corporation Limited
Alison Hill	The Argus Group Holdings Limited Bermuda Life Insurance Co Ltd Argus Insurance Company (Europe) Limited Argus Insurance Company Limited	Grotto Bay Beach Resort Ltd Keytech Limited Logic Limited

	<b>Current directorships/partnerships</b>	<b>Former directorships/ partnerships</b>
Christopher Samuel	<p>Alliance Trust PLC  BlackRock Throgmorton Trust  plc  JPMorgan Japanese Investment  Trust Plc  Quilter Financial Planning  Limited  Sarasin LLP</p>	<p>Bio-Bean Limited  The London Community  Foundation  Liontrust Investments Limited  Regulus Bidco Limited  Regulus Topco Limited  Scrubbys Foods Limited</p>
David Shillson	<p>ANJ Finance Trustee Limited  ANJ Management Limited  ANJ Seatoun Properties Limited  Dentons Kensington Swan (a  partnership)  EM Infrastructure Limited  General Provincial Company  Limited  Kelmarna Property Holdings  Limited  Khandallah Trust Limited  KS Trustee Services Limited  Norfolk Trust Nominee Limited  Poly Assets Limited  Probatus Investments Limited  Probatus Investments (WKG)  Limited  Shillson Investments Limited  Taranaki Land Limited  Trustee Services Limited</p>	<p>Boulcott Ventures Limited  Customhouse Ventures Limited  FL Jeffries &amp; Co Limited  Horizon Trust Management  Limited  Johnston Ventures Limited  NAG Ventures Limited  NZ Investments Limited  Victoria Ventures Limited  Willeston Ventures Limited</p>
Stuart Bridges	<p>Caledonia Investments plc  Computer Games Limited  Control Risks Saudi Arabia  Limited  Inigo Limited  Inigo Corporate Member  Limited  Redbudbridge Limited  StarStone Underwriting Limited</p>	<p>Brokertec Europe Limited  Control Risks Capital Limited  Control Risks Group Holdings  Limited  Control Risks Group Limited  Control Risks International  Limited  Control Risks Limited  Control Risks Mauritania  Control Risks Saudi Arabia  Limited  Control Risks Senegal  Control Risks Services (West  Africa) Limited  ICAP plc  iSwap Euro Limited  Nex Group Holdings Limited  Nex Group Limited  Nex International Limited  Retail Money Market Ltd  RateSetter Trustee Services  Limited</p>

- 6.9 Save as disclosed in paragraph 6.10 below none of the Directors has:
- 6.9.1 any convictions in relation to fraudulent offences for at least the previous five years;
  - 6.9.2 been declared bankrupt or been the subject of an individual voluntary arrangement within the previous five years;
  - 6.9.3 save as set out below, been a director of a company, a member of the administrative, management or supervisory body or a senior manager of a company within the previous five years which has gone into receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors;
  - 6.9.4 been a partner or a senior manager in a partnership which has gone into compulsory liquidation, administration or a partnership voluntary arrangement where he was a partner within the previous five years;
  - 6.9.5 been subject to the receivership of any personal assets within the previous five years;
  - 6.9.6 been a partner or a senior manager in a partnership which has gone into receivership where he was a partner within the previous five years; or
  - 6.9.7 been the subject of any official public incrimination or sanctions by any statutory or regulatory authority (including designated professional bodies) or disqualified by a court from acting as a director of a company or as member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any company within the previous five years.
- 6.10 Scrubbys Foods Limited, a small crisp manufacturing business, in which Christopher Samuel invested as a minority shareholder and was appointed as a non-executive director in July 2015, was, following consultations with its principal creditor and shareholders, placed into administration by its principal creditor on 9 May 2016 in order to consummate an orderly sale of its business. A sale of the business was completed on 18 May 2016. Based upon the final progress report to creditors filed by the administrators on 5 May 2017, non-preferential creditors' claims totalled £236,692 and a first and final dividend to non-preferential creditors in the amount of 3.22 pence in the pound was paid on 10 April 2017. The administrators filed a Notice to move from administration to dissolution with Companies House on 5 May 2017 and the company was dissolved on 19 October 2017.
- 6.11 As at the close of business on 17 March 2021 (being the latest practicable date before publication of this document), the Company has received notification from Mr Duncan Saville that he had an interest in 62,435,821 ordinary shares (73.9 per cent. of UIL's issued share capital) which included the holding of General Provincial Life Pension Fund Limited (54,851,533 ordinary shares (65.0 per cent.)) and Union Mutual Pension Fund Limited (7,479,538 ordinary shares (8.9 per cent.)). Save as set out above, there are no other persons known to be interested in 5 per cent. or more of the share capital of UIL (being the threshold for notification under the Disclosure Guidance and Transparency Rules).
- 6.12 Save in respect of Mr Duncan Saville, neither UIL nor UIL Finance is aware of any persons who directly or indirectly, jointly or severally at the date of this document exercise or could exercise control over UIL or UIL Finance or immediately following Initial Admission will exercise or would be able to exercise control over UIL or UIL Finance.
- 6.13 No Shareholders or ZDP Shareholders have voting rights attached to their Ordinary Shares or ZDP Shares they hold which are different to the voting rights attached to any other Ordinary Shares or ZDP Shares issued by the Group.

## **7. BYE-LAWS**

7.1 Pursuant to written resolutions passed on 9 May 2007, each of UIL's and UIL Finance's principal object is to carry on business as an investment company. The objects of UIL and UIL Finance are contained in their respective memoranda of association which are available for inspection at the address specified in paragraph 14 of this Part 11 and also at [www.uil.limited](http://www.uil.limited).

7.2 The UIL Bye-laws contain provisions, *inter alia*, to the following effect:

### **7.2.1 Income**

The Ordinary Shares carry the right to receive the profits of UIL available for distribution and determined to be distributed by way of dividend at such times as the UIL Directors may determine. Any dividend unclaimed after a period of 12 years from the date such dividend is declared shall be forfeited and shall cease to remain owing by UIL.

### **7.2.2 Capital**

On a return of assets, on a liquidation or otherwise, the surplus assets of UIL after payment of all debts and satisfaction of all liabilities of UIL shall be applied as follows:

7.2.2.1 first, if all of the Winding-Up Revenue Profits (as such term is defined in the UIL Bye-laws) have not been distributed to holders of Ordinary Shares by way of dividend, an amount equivalent to the amount of Winding-Up Revenue Profits not so distributed shall be paid to the holders of Ordinary Shares pro rata to the number of Ordinary Shares then held by them; and

7.2.2.2 second, there shall be paid to the holders of the Ordinary Shares, after the payments to UIL Finance which UIL Finance is liable to pay to the holders of the ZDP Shares on their redemption in accordance with the UIL Finance Bye-laws, the surplus assets of UIL available for distribution pro rata to the number of Ordinary Shares then held by them.

### **7.2.3 Voting**

The holders of the Ordinary Shares shall have the right to receive notice of and to attend and vote at general meetings of UIL. Each holder of an Ordinary Share being present at a meeting shall upon a show of hands have one vote and, save as described in paragraph 7.2.4.2 below, upon a poll every such holder present in person or by proxy shall have one vote in respect of every Ordinary Share held by him.

### **7.2.4 Voluntary liquidation of UIL**

7.2.4.1 If all of the relevant ZDP Shares are not redeemed on or before the relevant ZDP Repayment Date (except by reason of administrative error rectified within seven days and disregarding any ZDP Shares which are not redeemed as a result of a failure by the holder to comply with a requirement relating to redemption imposed in accordance with the UIL Finance Bye-laws), the UIL Directors shall convene a special general meeting of UIL to be held within 60 days of the relevant ZDP Repayment Date at which a resolution (the Liquidation Resolution) shall be proposed requiring that UIL be wound up voluntarily pursuant to the Bermuda Companies Act. At such meeting the vote of those members entitled to vote shall be taken by poll and the provisions of sub-paragraph 7.2.4.2 below shall apply in relation to such vote.

7.2.4.2 At any such special general meeting, the Ordinary Share issued to UIL Finance in accordance with the Subscription Agreement and in respect of which UIL Finance shall vote in favour of the Liquidation Resolution, shall, on the poll taken in respect of the Liquidation Resolution, have such number of votes in respect of the Ordinary Share held by it so that the aggregate number of votes cast in favour of the Liquidation Resolution is four times the aggregate number of votes cast against the Liquidation Resolution and each member present in

person or by proxy and entitled to vote and who votes against such resolution shall on a poll have one vote for each share held.

7.2.4.3 If an offer is made to all holders of ZDP Shares (other than the offeror and/or persons controlled by or acting in concert with the offeror) which becomes or is declared unconditional in all respects prior to the final ZDP Repayment Date, which offer entitles holders of all outstanding ZDP Shares to receive not later than the date falling 14 days after the relevant ZDP Repayment Date an amount in cash equal to or not less than that to which the UIL Directors estimate (so far as practicable at that time) that such holders would otherwise have been entitled to receive on a winding-up of UIL and on the basis that UIL satisfies its payment obligations under the Subscription Agreement to the extent that it is able after payment of all other prior ranking indebtedness and liabilities, (ignoring any option for alternative consideration pursuant to such offer) and such offer is recommended by the directors of UIL Finance and it is stated to be, in the opinion of the financial adviser appointed by UIL and UIL Finance, fair and reasonable then the provisions of paragraphs 7.2.4.1 and 7.2.4.2 above shall not apply.

7.2.4.4 If at any general meeting of UIL held on or prior to any ZDP Repayment Date there is proposed any resolution to sanction any form of arrangement (whether involving the winding-up of UIL, the redemption of the ZDP Shares or otherwise) which would enable the holders of the ZDP Shares to receive not later than the date falling 14 days after the relevant ZDP Repayment Date an amount in cash equal to or not less than that to which the UIL Directors estimate (so far as practicable at that time) that such holders would otherwise have been entitled to receive on a winding-up of UIL and on the basis that UIL satisfies its payment obligations under the Subscription Agreement to the extent that it is able after payment of all other prior ranking indebtedness and liabilities, (ignoring any options ZDP Shareholders may be given to elect to receive any entitlement otherwise than in cash pursuant to the arrangement) then the provisions of paragraphs 7.2.4.1 and 7.2.4.2 above shall not apply.

7.3 The New UIL Finance Bye-laws contain provisions relating to the rights to income, capital, voting and redemption attaching to its issued share capital as are outlined in Part 7 of this document.

7.4 The following provisions appear in the UIL Bye-laws and the UIL Finance Bye-laws except where otherwise stated and references to "Bye-laws" shall be to the UIL Bye-laws and the UIL Finance Bye-laws as the context may require. References to the company in the following paragraphs are to UIL or UIL Finance and to the Board or the Directors are to the UIL Board or the UIL Finance Board, and to the UIL Directors and the UIL Finance Directors, in each case as the context requires.

(a) **Variation of Rights**

Subject to the Bermuda Companies Act, the special rights attached to any class of shares may be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a resolution passed at a separate meeting of the holders of such shares. The necessary quorum shall be two persons at least holding or representing by proxy one-third in number of the issued shares of the relevant class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those shareholders who are present shall be a quorum). Every holder of shares shall be entitled at such meeting to one vote for every share held by him on a poll. The special rights conferred upon the shares shall not be deemed to be varied by the exercise of any power under the disclosure provisions requiring shareholders to disclose an interest in the company's shares as set out in the Bye-laws.

(b) **Offers of shares**

- (i) Subject to the provisions of the Bye-laws and without prejudice to any special rights conferred on the holders of any class of shares, any share in the company may be issued with or have attached thereto such preferred, deferred or other special rights, or such restrictions whether in regard to dividend, return of capital, voting or otherwise as the company may from time to time by resolution determine or if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.
- (ii) Subject to the Bye-laws, the unissued shares shall be at the disposal of the Directors, and they may allot, grant options over, issue warrants in respect of or otherwise dispose of them to such persons, at such times and generally on such terms and conditions as they determine. Whilst there are no provisions of Bermuda law equivalent to the provisions of the UK Companies Act 2006 which confer pre-emption rights on existing shareholders in connection with the allotment of equity securities for cash such rights have been incorporated into the UIL Bye-laws only, in accordance with the requirements of the Listing Rules.
- (iii) The company may also pay such brokerages and/or commissions as may be lawful.
- (iv) No person shall be recognised by the company as holding any shares upon any interest other than an absolute right of the registered holder to the entirety of a share.

(c) **Notice requiring disclosure of interest in shares**

- (i) The Directors may serve notice on any shareholder requiring that shareholder to disclose to the company the identity of any person (other than the shareholder) who has an interest in the shares held by the shareholder. Any such notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine. If any shareholder is in default in supplying to the company the information required by the company within the prescribed period (which is 28 days after service of the notice or 14 days if the shares concerned represent 0.25 per cent. or more of the issued shares), the Directors in their absolute discretion may serve a direction notice on the shareholder. The direction notice may direct that in respect of the shares in respect of which the default has occurred (the default shares) the shareholder shall not be entitled to vote in general meetings. Where the default shares represent at least 0.25 per cent. of the class of shares concerned the direction notice may additionally direct that dividends on such shares will be retained by the company (without interest) and that no transfer of the default shares (other than a transfer authorised under the Bye-laws) shall be registered until the default is rectified.
- (ii) In addition to the right of the Board to serve notice on any shareholder as described in sub-paragraph (i) above, the Board may serve notice on any shareholder requiring that shareholder to provide the company promptly with any information, representations, certificates or forms relating to such shareholder (or its direct or indirect owners or account holders) that the Board determines from time to time are necessary or appropriate for the company to:
  - A) satisfy any account or payee identification, documentation or other due diligence requirements imposed under sections 1471 to 1474 of the United States Internal Revenue Code of 1986, Treasury Regulations made 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 shareholders 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 Internal Revenue Code of 1986 or under Similar Laws.

If any Shareholder (a Defaulting Shareholder) 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 Shareholder shall be deemed to cause or likely to cause the company a pecuniary disadvantage and the Defaulting Shareholder shall be deemed to be a Non-Qualifying Holder and the Board may, in its discretion, require the Defaulting Shareholder to transfer its shares in accordance with paragraph (e) below.

(d) **Transfer of shares**

Subject as provided below, any shareholder may transfer all or any of his shares by instrument of transfer in any form which the Directors may approve. The instrument of transfer of a share shall be signed by or on behalf of the transferor.

In respect of a share which is fully paid up, the Board may, in its absolute discretion and without giving any reason, refuse to register any share transfer unless such transfer satisfies the following conditions:

- (i) it is in respect of a share upon which the company has no lien;
- (ii) it is in respect of only one class of share;
- (iii) it is in favour of a single transferee or not more than four (4) joint transferees;
- (iv) it is duly stamped (if required by law);
- (v) it is delivered for registration to the Registered Office of the company or such other place as the Board may from time to time determine, accompanied, except in the case of a transfer by a recognised person where a certificate has not been issued, by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; and
- (vi) it is satisfied that all applicable consents, authorisations, permissions or approvals of any governmental body or agency in Bermuda or any other applicable jurisdiction required to be obtained under relevant law prior to such transfer have been obtained.

In the case of partly paid shares which are listed, the Board may in its absolute discretion and without giving any reason, refuse to register any share transfer provided that the Directors have exercised their discretion without thereby prejudicing dealings being on an open and proper basis.

The Board may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted or required by the Regulations or such other regulations as may be applicable to the holding of dematerialised securities and the relevant system.

The UIL Board may also refuse to register a transfer of shares if it is in favour of a Non-Qualified Holder.

The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine provided that such suspension shall not be for more than 30 days in any year. Notice of closure of the register shall be given in accordance with the requirements of the Bermuda Companies Act.

(e) **Compulsory transfer of shares**

If it shall come to the notice of the Board that any shares are owned directly, indirectly, or beneficially by a Non-Qualified Holder, the Board may give notice to such person requiring him either: (i) to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder; or (ii) to sell or transfer his shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer. Pending such sale or transfer the Board may suspend the exercise of any voting or consent rights and rights to receive notice of, or attend, meetings of the company and any rights to receive dividends or other distributions with respect to such shares, and the holder shall repay the company any amounts distributed to such holder by the company during the time such holder held such shares. If any person upon whom such a notice is served does not within 30 days after such notice either: (i) sell or transfer his shares to a person who is not a Non-Qualified Holder and establish to the satisfaction of the Board (whose judgment shall be final and binding) that such a sale or transfer has occurred; or (ii) establish to the satisfaction of the Board (whose judgment shall be final and binding) that he is not a Non-Qualified Holder, the Board may, in its absolute discretion, arrange for the company to sell the shares at the best price reasonably obtainable to any other person so that the shares will cease to be held by a Non-Qualified Holder, in which event the company may take any action whatsoever that the Board considers necessary in order to effect the transfer of such shares by the holder of such shares and the company shall pay the net proceeds of sale to the former holder upon its receipt of the sale proceeds and the surrender by him of the relevant share certificate or, if no certificate has been issued, such evidence as the Board may reasonably require to satisfy itself as to his former entitlement to the shares and to such net proceeds of sale and the former holder shall have no further interest in the relevant shares or any claim against the company in respect thereof. No trust will be created and no interest will be payable in respect of such net proceeds of sale.

(f) **Alteration of capital and purchase of shares**

The company may from time to time, subject to the provisions of the Bermuda Companies Act, purchase its own shares in any manner authorised by the Bermuda Companies Act.

The Bermuda Companies Act provides that the company may by resolution consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; subdivide all or any of its shares into shares of a smaller amount than is fixed by the memorandum of association; cancel any shares which at the date of the resolution have not been taken or agreed to be taken and diminish its authorised share capital accordingly; and convert its fully paid shares into shares denominated in a different currency.

The company may by resolution reduce its share capital, any redemption reserve fund or any stated capital account, including share premium account, in any manner permitted by and with and subject to any consent required by the Bermuda Companies Act.

(g) **Interests of Directors**

(i) Save as mentioned below, a Director may not vote or be counted in the quorum on any resolution of the Board (or a committee of the Directors) in respect of any

matter in which he has (together with any interest of any person connected with him) a material interest (other than by virtue of his interest, directly or indirectly, in shares or debentures or other securities of the company).

- (ii) Subject to the Bermuda Companies Act, a Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
  - A) the giving of any guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person for the benefit of the company or any of its subsidiaries;
  - B) the giving of any guarantee, security or indemnity in respect of a debt or obligation of the company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
  - C) a contract, arrangement, transaction or proposal concerning or the offer of shares, debentures or other securities of the company or its subsidiaries in which offer he is or may be entitled to participate or in the underwriting or sub-underwriting of which he is to or may participate;
  - D) any proposal concerning any other company in which he is interested, directly or indirectly, as an officer, creditor or shareholder or otherwise, provided that he, together with persons connected with him, is not to his knowledge the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of any such company (or of any third company through which his interest is derived) or of the voting rights of such company;
  - E) any arrangement for the benefit of employees of the company or any of its subsidiaries which accords to the Director only such privileges and advantages as are generally accorded to the employees to whom the arrangement relates; or
  - F) any proposal for the purchase or maintenance of insurance for the benefit of the Director or persons including the Directors.
- (iii) Any Director may act by himself or by his firm in a professional capacity for the company other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (iv) Any Director may continue to be or become a director, managing director, manager or other officer or member of a company in which the company is interested, and any such Director shall not be accountable to the company for any remuneration or other benefits received by him.

(h) **Remuneration of Directors**

- (i) The Directors shall be remunerated quarterly for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees payable to the Directors shall not exceed £250,000 per annum (or such sum as UIL in general meeting shall from time to time determine). The Directors shall also be entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties.
- (ii) A Director may hold any other office or place of profit under the company (other than the office of auditor) in conjunction with his office of Director on such terms as to tenure of office and otherwise as the Directors may determine.

- (iii) The Directors may from time to time appoint one or more of their body to the office of managing director or to any other office for such term and at such remuneration and upon such terms as they determine.
- (i) **Retirement of Directors**
  - (i) Directors shall be subject to retirement by rotation and any Director who retires shall be eligible for re-appointment. One third of the Directors will retire at each annual general meeting. Any Director who at an annual general meeting of the company shall have then been a Director at each of the preceding two annual general meetings of the company and did not retire by rotation at either such annual general meeting must retire by rotation.
  - (ii) A Director shall not be required to hold any qualification shares.
  - (iii) No person shall be or become incapable of being appointed a Director by reason of having attained the age of 70 or any other age and no Director shall be required to vacate his office at any time by reason of the fact that he has attained the age of 70 or any other age.
- (j) **Dividends and distribution of assets on a winding up**
  - (i) The Directors may if they think fit from time to time pay the UIL Shareholders such interim dividends as appear to be justified by the profits of UIL. ZDP Shares carry no rights to receive dividends out of the revenue or any other profits of the Group.
  - (ii) No dividend or other amount payable to any Shareholder shall bear interest against UIL. All unclaimed dividends and other amounts payable as aforesaid may be invested or otherwise made use of for the benefit of UIL until claimed. Payment by UIL of any unclaimed dividend or other amount payable in respect of a share into a separate account shall not constitute UIL a trustee in respect thereof. Any dividend unclaimed 12 years from the date when it first became payable shall be forfeited automatically, without the necessity for any declaration or other action by UIL.
  - (iii) The Directors are also 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.
  - (iv) If the company should be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may with the authority of a resolution and any other sanction required by Bermuda Companies Act, divide amongst the members in specie the whole or any part of the assets of the company and whether or not the assets shall consist of property of one kind or of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes or property, and may determine how such division should be carried out as between the members or different classes of members.
- (k) **Borrowing**
  - (i) UIL Finance does not have power to incur any borrowings. To the extent that it incurs any operational costs or expenses, these will be funded by UIL pursuant to the Subscription Agreement, further details of which are set out in paragraph 8.1 of this Part 11.
  - (ii) In respect of UIL:
    - A) The UIL Directors may exercise all and any powers of UIL to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present or future) and the uncalled capital of UIL and, subject to the provisions of the Bermuda Companies Act, to issue debentures and other

securities, whether outright or as collateral security for any debt, liability or obligation of UIL.

- B) The UIL Board shall restrict the borrowings of UIL and exercise all voting and other rights or powers of control exercisable by UIL in relation to its subsidiary undertakings so that (so far as it is able), without the prior sanction of an ordinary resolution of UIL, no new borrowings are incurred if, as a result, the aggregate principal amount outstanding of all net borrowings by the Group (excluding certain borrowings from one member of the Group to another member of the Group) exceeds an amount equal to 100 per cent. of UIL's gross assets.
- C) Any person lending money to UIL shall be entitled to assume that UIL is acting in accordance with the UIL Bye-laws and shall not be concerned to enquire whether such provisions have in fact been complied with.

(l) **Register of Shareholders**

The register of shareholders is the hard copy register of Shareholders and ZDP Shareholders kept in Bermuda pursuant to section 65 of the Bermuda Companies Act.

The register of Depositary Interests representing the Ordinary Shares and ZDP Shares will be kept by the CREST Agent in the United Kingdom.

(m) **Meetings**

Annual general meetings typically are held on such date and at such place as the Directors may determine. Notices convening each annual general meeting, together with the annual accounts and reports, are sent to Shareholders holding ordinary shares at least 21 clear days before the date fixed for the meeting.

All general meetings other than annual general meetings are called special general meetings and notice for such meetings are sent to Shareholders holding ordinary shares at least 14 clear days before the date fixed for the meeting.

## **8 MATERIAL CONTRACTS**

Save as described below, the Group has not (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this document; or (ii) entered into any contracts that contain provisions under which the Group has any obligation or entitlement that is material to the Group as at the date of this document.

### **8.1 Subscription Agreement**

An amended and restated subscription agreement dated 18 March 2021 between UIL and UIL Finance pursuant to which, in consideration for UIL Finance agreeing to transfer to UIL certain assets, UIL undertook, *inter alia*, (i) to repay any interest free loan, and (ii) to reimburse UIL Finance (by way of payment in advance, if required) any and all costs, expenses, fees or interest UIL Finance incurs or is otherwise liable to pay to the holder of the ZDP Shares so as to enable UIL Finance to pay the final capital entitlement of each ZDP Share when it falls due for payment on maturity.

UIL has undertaken to UIL Finance for so long as UIL's obligations under the Subscription Agreement remain outstanding:

- (a) that for so long as it is the holder of all the ordinary shares in issue in UIL Finance, it shall not vote in general meetings to pass a resolution of UIL Finance on the matters which would require the previous sanction of an extraordinary resolution of the holders of each class of ZDP Shares passed at separate general meetings of such holders in accordance with the UIL Finance Bye-laws unless such previous sanctions have first been obtained. The relevant matters are summarised in paragraph 1.3(c) of Part 7 of this document;

- (b) that it shall not (and that it shall, so far as it is able, procure that none of its subsidiaries shall) enter into any transaction which, if it were a transaction entered into by UIL Finance, would require the sanction of the ZDP Shareholders under the UIL Finance Bye-laws or otherwise as required by law without such sanction having been obtained;
- (c) that, except with such sanction as aforesaid or as required from time to time by the Financial Conduct Authority or any other relevant legal or regulatory requirement, it shall ensure that the board of directors of UIL Finance as constituted from time to time comprises the same individuals who form the Board of UIL;
- (d) that, except with such sanction as aforesaid, it will not make any distribution to the Shareholders in excess of the amount of its net revenues and revenue reserves nor will it make any repayment of capital to the Shareholders or repurchase any of the Ordinary Shares in the event that following such repayment or repurchase the ZDP Cover shall be less than 1.35x;
- (e) that it will have due regard to the interests of the ZDP Shareholders;
- (f) that if all of the relevant ZDP Shares are not redeemed on or before the relevant ZDP Repayment Date (except by reason of administrative error rectified within seven days and disregarding any ZDP Shares which are not redeemed as a result of a failure by the holder to comply with a requirement relating to redemption imposed in accordance with the UIL Finance Bye-laws), UIL shall convene a special general meeting of UIL to be held within 60 days of the relevant ZDP Repayment Date at which a resolution shall be proposed requiring that UIL be wound up voluntarily pursuant to the Bermuda Companies Act;
- (g) that it shall not, without the previous sanction of an extraordinary resolution of the holders of each class of ZDP Shares passed at separate general meetings of such holders undertake any of the following matters:
  - (i) issue any further shares or rights to subscribe for further shares or convert any securities into shares in UIL or reclassify any issued share capital into shares of a particular class where such shares rank, or would on issue, conversion or reclassification rank, as to capital, in priority to, or *pari passu* with, UIL's payment obligations under the Subscription Agreement in respect of any class of ZDP Shares unless the UIL Directors shall have calculated and UIL's financial adviser shall have reported to the UIL Directors on such calculations within 60 days prior to the Calculation Date (as defined below) that, were the further shares to be issued or the shares to be reclassified or rights of subscription or conversion to be issued and immediately exercised at the date of the report, the ZDP Shares in issue immediately thereafter would have a ZDP Cover of not less than 1.35x. For this purpose, the ZDP Cover shall represent a fraction where the numerator is equal to the gross assets of the Group on the Calculation Date and the denominator is equal to the aggregate on the Calculation Date of: (i) the aggregate capital entitlement on the relevant ZDP Repayment Dates of the ZDP Shares in issue on the Calculation Date; and (ii) the outstanding amounts payable by the Group under bank facilities and any borrowings ranking in priority to its payment obligations under the Subscription Agreement. Gross assets for this purpose shall mean the unaudited aggregate value of the gross assets of the Group, including assets represented by principal monies borrowed by UIL, less current liabilities (not including contingent liabilities) of UIL (other than principal monies borrowed), each as determined by the UIL Directors. The Calculation Date, for the purpose of this paragraph 8.1(g)(i) shall mean the close of business on a date which is not earlier than 60 days prior to (and excluding) the date of the announcement of such issue or reclassification or, if applicable and earlier, the date of any announcement of the intention to make such proposed issue. In calculating such ZDP Cover, the UIL Directors shall where available:

- A) use the gross assets of UIL at the most recent practicable date before the Calculation Date;
- B) assume that the share capital or rights proposed to be issued or arising on reclassification had been issued and/or exercised and/or reclassified at the end of the month prior to the Calculation Date;
- C) adjust the gross assets of UIL by adding the minimum net consideration (if any) which would be received upon such issue, reclassification or exercise;
- D) take account of the entitlements to be attached to the new shares or securities or rights to be issued;
- E) aggregate the Final Capital Entitlement of the existing ZDP Shares and the capital entitlements of the new shares or securities or rights to be issued as aforesaid in each case as at the relevant ZDP Repayment Dates;
- F) make appropriate adjustments for any other issues or reclassifications or purchases of own share capital which have been made by UIL or UIL Finance since the end of the preceding month or will have been made by or at the time of the proposed issue of shares or rights of subscription or conversion into shares or reclassification; and
- G) make such other adjustments as they consider appropriate.

The UIL Directors shall have absolute discretion to determine whether the conditions set out above are satisfied in any case and no independent valuation need be carried out; or

- (ii) pass a resolution to reduce the share capital of UIL in any manner or to purchase shares in UIL other than as permitted below;
- (iii) pass a resolution for the voluntary winding-up of UIL, such winding-up to take effect prior to the final ZDP Repayment Date; or
- (iv) alter any objects set out in the Memorandum of Association of UIL; or
- (v) pass any resolution which authorises or permits the UIL Directors to pay any dividend or other distribution out of the capital reserves of UIL (which, for the avoidance of doubt, shall not include a bonus or capitalisation issue of shares) other than as permitted below; or
- (vi) change the investment policy of UIL materially,

provided that no such sanction will be required for the passing of any resolution authorising UIL to purchase Ordinary Shares which shares may only be purchased at prices at or below their prevailing Net Asset Value on a diluted basis (as determined by the UIL Directors as at a date falling not more than 10 days before the date of the relevant repurchase) and where such repurchases shall not reduce the ZDP Cover below 1.35x (as determined by the UIL Directors as at a date falling not more than 10 days before the date of the relevant repurchase) and taking into account of any related purchase by UIL Finance of ZDP Shares which the UIL Finance Directors determine to make at or about the same time.

## 8.2 Management Agreement

A Management Agreement dated 31 March 2015 between UIL, ICMIM and ICM, as amended by supplemental agreements respectively dated 15 June 2015, 30 September 2016, 30 June 2017, 22 June 2018 and 22 October 2018 pursuant to which ICMIM has been appointed, with effect from 13 April 2015, to act as UIL's alternative investment fund manager with sole responsibility for risk management, and both ICMIM and ICM have been appointed as the joint portfolio managers of UIL. In addition to its duties as joint portfolio manager, ICM also provides company secretarial services to UIL and UIL Finance.

The aggregate annual management fee payable by UIL under the Management Agreement is 0.5 per cent. of gross assets after deducting current liabilities (excluding borrowings for investment purposes), payable quarterly in arrears which is apportioned between the Joint Portfolio Managers in accordance with a management services agreement between them. The annual management fee is adjusted for fees earned by the Joint Portfolio Managers in respect of investment holdings managed or advised by them or their associates.

The Joint Portfolio Managers are also entitled to a performance fee calculated on the basis described in Part 4 of this document under the heading "Performance fee".

In addition to the management fee and the performance fee, ICM receives a fee equal to forty-five per cent of the total employment costs incurred by it in employing a suitably experienced person to provide company secretarial services to UIL and UIL Finance.

The Joint Portfolio Managers are also reimbursed for all out of pocket costs and expenses incurred on behalf of UIL by them and for reasonable travel and related costs incurred in the performance of their duties.

The Management Agreement continues unless or until terminated by either the Joint Portfolio Managers giving to UIL not less than one year's notice in writing or by UIL giving to the Joint Portfolio Managers one year's notice, or unless otherwise terminated with cause upon immediate written notice from the non-defaulting party/(ies) to the defaulting party/(ies).

The Joint Portfolio Managers have the benefit of an indemnity from UIL in relation to liabilities incurred by them in the discharge of their duties under the Management Agreement other than those arising by reason of any fraud, wilful default, negligence or bad faith or breach of the Management Agreement on the part of the Joint Portfolio Managers or their delegates.

The Management Agreement is governed by English law.

### 8.3 Administration Agreement

The Administration Agreement dated 27 June 2018 between UIL and the Administrator whereby UIL has appointed the Administrator to provide administrative services to UIL. Under the Administration Agreement, the Administrator has the authority to delegate any of its functions thereunder to a reputable agent however it shall be responsible for the performance by such agent of any duties delegated to them under the Administration Agreement. Where reasonably practicable, the Administrator shall consult with UIL prior to delegating a material component of the administration services to an agent.

The Administration Agreement is terminable on 180 days' notice in writing or on shorter notice in the event of breach of contract or insolvency. The Administrator shall be entitled to terminate the Administration Agreement upon the termination of the Custody Agreement.

The Administrator is paid an annual fee based on the UIL month end NAV (5 basis points on the first £100 million of NAV, 3 basis points on the next £150 million of NAV, 2 basis points on the next £250 million of NAV and 1.5 basis points on the next £500 million of NAV and 1 basis points thereafter), subject to a minimum annual fee of £30,000.

UIL will reimburse the Administrator in respect of reasonable out-of-pocket expenses properly incurred in the performance of its duties.

The Administrator has the benefit of an indemnity from UIL under the terms of the Administration Agreement in relation to liabilities incurred in the discharge of its duties other than those arising by reason of any fraud, negligence or wilful misconduct.

The Administration Agreement is governed by English law.

### 8.4 Depositary Services Agreement

The Depositary Services Agreement dated 13 April 2015 made between UIL, J.P. Morgan Europe Limited (**JPMEL**) and ICMIM pursuant to which UIL has appointed JPMEL to provide

depository services in accordance with the UK AIFMD Laws and the EU AIFM Directive. The services provided by JPMEL include:

- general oversight responsibilities over the issue and cancellation of UIL's share capital, the carrying out of net asset value calculations, the application of income, and the ex-post review of investment transactions;
- monitoring UIL's cash flows and ensuring that all cash is booked in appropriate accounts in the name of UIL, ICMIM or JPMEL acting on behalf of UIL; and
- verifying UIL's ownership of its assets other than financial instruments and maintaining records sufficient for verification of UIL's ownership rights.

JPMEL receives an annual fee for its services of 2.2 basis points on UIL's Net Asset Value, subject to a minimum fee of £25,000 per annum.

The Depository Services Agreement is terminable on 90 days' notice in writing by either party or on shorter notice in the event of breach of contract or insolvency.

UIL has agreed to indemnify JPMEL against any liabilities that may be imposed on or incurred by JPMEL in connection with or arising out of its performance under the Depository Services Agreement other than as a result of its fraud, negligence or wilful misconduct.

The Depository Services Agreement is governed by the English law.

#### 8.5 **Loan Facility Agreement**

A £50 million secured multi-currency revolving loan facility made between UIL and Scotiabank dated 22 March 2011 (as amended and restated from time to time). The base currency of the facility is Sterling, although individual loans may be drawn down in US Dollars, Euros, New Zealand Dollars, Australian Dollars and any other currency acceptable to Scotiabank. The final repayment date for the loan is 30 September 2022.

UIL may not make further drawdowns where its debt to asset ratio is above 25 per cent. (or, if UIL's Gross Assets are below £200 million, above 15 per cent.). The debt to asset ratio is adjusted to exclude certain assets, including the value of investments in any single issuer in excess of 15 per cent. of Gross Assets. Liquid assets excludes the value of portfolio investments generally.

Scotiabank has a floating charge over the assets of UIL and has been assigned UIL's rights under certain material contracts, by way of security in respect of amounts owing under the facility. This security has been established by debentures under English and Bermuda law dated 22 March 2011 and a Jersey law custody agreement dated 13 April 2015, as amended on 13 May 2016.

The facility bears interest at an annual rate and the Loan Facility Agreement contains further representations, warranties, undertakings, events of default and indemnities which are customary for facility agreements of this nature.

The Loan Facility Agreement is governed by English law.

#### 8.6 **Shore Capital Engagement Letter**

The engagement letter dated 9 March 2021 between UIL and Shore Capital pursuant to which Shore Capital will provide financial advice to UIL and UIL Finance in connection with the Rollover Offer, the Initial Issue, the Placing Programme and the proposed amendments to the Investment Policy.

#### 8.7 **DI Depository Services Agreements**

The DI Depository Services Agreements dated 11 May 2007 between each of UIL and UIL Finance and the DI Depository pursuant to which DI Depository has agreed to act as CREST agent and UK transfer agent to UIL and UIL Finance respectively. Under each agreement the

DI Depository is entitled to an annual fee. Each agreement is terminable by either party on six months' notice.

#### 8.8 **Global Custody Agreement**

The novation and amendment agreement dated 13 April 2015 between UIL, JPMorgan Chase Bank, N.A. – London Branch (**JP Morgan**) and JP Morgan Chase Bank, N.A. Jersey branch (**JPMCBJ**) pursuant to which JP Morgan's rights and obligations under the Global Custody Agreement dated 14 May 2007 were novated to JPMCBJ.

The services provided by JPMCBJ include the safekeeping of all assets held within the Group's investment portfolio, including those classed as financial instruments for the purpose of the UK AIFMD Laws and the EU AIFM Directive and retaining custody of the Group's financial instruments in segregated accounts so that they can be clearly identified as belonging to the Group.

JPMCBJ receives safekeeping and administration charges based on the market value of assets in different countries and a transaction charge for all securities transactions, both of which vary country by country, together with its reasonable out-of-pocket or incidental expenses.

Either UIL or JPMCBJ may terminate the Global Custody Agreement by giving not less than sixty (60) days' prior notice in writing to the other. The Global Custody Agreement may also be terminated on shorter notice in the event of a material breach of contract or insolvency.

UIL has agreed to indemnify and hold harmless JPMCBJ against any liabilities that may be imposed on or incurred by it in connection with or arising out of JPMCBJ's performance of its obligations under the Global Custody Agreement, provided that JPMCBJ has not acted with negligence or engaged in fraud or wilful misconduct in connection with the liabilities in question.

The Global Custody Agreement is governed by English law.

#### 8.9 **Placing Agreement**

The Placing Agreement dated 18 March 2021 between UIL, UIL Finance, the Joint Portfolio Managers and Shore Capital whereby Shore Capital has agreed, as agent for UIL Finance to use its reasonable endeavours to procure subscribers for up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares arising on the conversion of the 2022 ZDP Shares under the Rollover Offer) under the Initial Issue and up to 25 million 2028 ZDP Shares (less the number of 2028 ZDP Shares issued pursuant to the Rollover Offer and the Initial Issue) pursuant to the Placing Programme. For its services in connection with the Initial Issue and the Placing Programme, Shore Capital will be entitled to a corporate finance fee of £75,000, a commission of 0.5 per cent. of the aggregate value of the 2028 ZDP Shares arising on the conversion of 2022 ZDP Shares pursuant to the Rollover Offer and a commission of 1.0 per cent. of the gross proceeds of the Initial Issue and each Placing under the Placing Programme (excluding the value of any 2028 ZDP Shares subscribed for by any funds managed by ICMIM). Under the agreement, which may be terminated by Shore Capital in certain limited circumstances prior to Admission of the 2028 ZDP Shares, UIL, UIL Finance and the Joint Portfolio Managers have agreed to certain market standard warranties and indemnities in favour of Shore Capital concerning, *inter alia*, the accuracy of the information in this document.

#### 8.10 **Receiving Agent Agreement**

The Receiving Agent Agreement dated 9 March 2021 between UIL Finance, UIL and the Receiving Agent, pursuant to which the Receiving Agent has been appointed to provide receiving agent services to UIL Finance in respect of the Rollover Offer and the Initial Issue. Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to a professional advisory fee plus a processing fee per application. The Receiving Agent will also be entitled to reimbursement of all out of pocket expenses reasonably and properly incurred by it in connection with its duties. These fees will be for the account of UIL Finance. The

Receiving Agent Agreement contains a provision whereby UIL Finance and UIL indemnify the Receiving Agent against any loss, liability or expense in connection with the provision of the Receiving Agent's services under the Receiving Agent Agreement, save where such claims arise out of or are attributable to fraud, wilful default or negligence on the part of the Receiving Agent.

The Receiving Agent Agreement is governed by English law.

## **9 INVESTMENT RESTRICTIONS**

UIL has adopted the following investment and other restrictions:

- 9.1 UIL will at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published investment policy;
- 9.2 UIL will not conduct any trading activity which is significant in the context of the Group as a whole; and
- 9.3 not more than 10 per cent. in aggregate of the value of the total assets of UIL at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List (except to the extent that those investment funds have stated investment policies to invest no more than 15 per cent. of their total assets in other investment companies which are listed on the Official List).
- 9.4 In the event of a breach of the investment restrictions set out above, the Joint Portfolio Managers shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made via a Regulatory Information Service and the Joint Portfolio Managers will seek to resolve the breach with the agreement of the Board.

## **10 LITIGATION**

There have been no governmental, legal or arbitration proceedings (and no such proceedings are pending or threatened of which UIL or UIL Finance is aware) in the previous 12 months which may have, or have had in the recent past, a significant effect on UIL Finance, UIL and/or the Group's financial position or profitability.

## **11 SIGNIFICANT CHANGE**

There has been no significant change in the financial position of UIL Finance since 31 December 2020, being the date to which the latest unaudited half-yearly results of UIL Finance were published.

There has been no significant change in the financial position of the Group since 31 December 2020, being the date to which the latest unaudited half-yearly results of Group were published, save for the fall in the Group's net assets from £302.2 million (unaudited) as at 31 December 2020 to £285.3 million (unaudited) as at 16 March 2021 (being the latest practicable date prior to the publication of this document).

## **12 RELATED PARTY TRANSACTIONS**

Save for as disclosed in note 27 on pages 94 and 95 of the published annual report and audited accounts for the Group for the financial year ended 30 June 2018, note 28 on pages 86 and 87 of the published annual report and audited accounts for the Group for the financial year ended 30 June 2019, note 26 on pages 94 and 95 of the published annual report and audited accounts for the Group for the financial year ended 30 June 2020 and note 10 on pages 38 to 41 of the half-yearly report for the period ended 31 December 2020, which have all been incorporated into this document by reference, the Group was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to the Regulation (EC) No 1606/2002) at any time during the three years ended 30 June 2020 or during the period from 30 June 2020 to 17 March 2021 (being the latest practicable date prior to the publication of this document) other than UIL being a party to the Management Agreement (described in paragraph 8.2 of this Part 11).

### 13 MISCELLANEOUS

- 13.1 Assuming that the maximum of 25 million 2028 ZDP Shares are issued under the Rollover Offer and the Initial Issue at the Initial Issue Price of 100p per share and based upon the Assumptions, the gross proceeds of the Initial Issue will be £5 million, the net proceeds of the Initial Issue are expected to be £4.6 million. The net proceeds of the Initial Placing and any subsequent Placings under the Placing Programme will be advanced by UIL Finance to UIL in accordance with the Subscription Agreement and will assist in financing the amount required for the redemption of the 2022 ZDP Shares or otherwise be used for investment in accordance with UIL's investment objective and policy.
- 13.2 No member of the Group has any employees.
- 13.3 No member of the Group owns or leases any land or buildings.
- 13.4 No application is being made for any ZDP Shares to be listed, or dealt in, on any stock exchange or investment exchange other than the main market for listed securities of the London Stock Exchange.
- 13.5 The Ordinary Shares and the existing ZDP Shares are, and any 2028 ZDP Shares arising on the conversion of the 2022 ZDP Shares and issued under the Initial Issue and/or the Placing Programme will be, denominated in Sterling.
- 13.6 UIL has the following subsidiaries as at 17 March 2021:

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Number and class of shares held</b>	<b>Holding and voting rights (%)</b>
UIL Finance	Bermuda	Investment company	10 ordinary shares of 10p	100.0
Allectus Capital Limited	Bermuda	Investment company	100 ordinary shares of US\$100	50.0
Bermuda First Investment Company Limited	Bermuda	Investment company focussing on Bermuda	1,891,195 ordinary shares of £0.01 fully paid	94.2
Coldharbour Technology Limited	United Kingdom	Holding company	29,660,694 ordinary A shares of £0.50 each	96.5
Energy Holding Ltd	Bermuda	Investment company	100 ordinary shares of 100p each fully paid	100.0
Newtel Holdings Limited	Jersey	Holding company	115,920 ordinary shares of 10p each	100.0
UIL Holdings Pte Ltd	Singapore	Investment company (dormant)	100 ordinary shares of SING \$ 1.00 each fully paid	100.0
Zeta Resources Limited	Bermuda	Investment company focussing on resources	172,286,916 ordinary shares of A\$1 each fully paid	60.0

- 13.7 ICMIM which has been appointed as UIL's AIFM and as a joint portfolio manager under the Management Agreement was incorporated and registered in England on 27 February 2013, with registered number 8421482. The principal place of business of ICMIM is PO Box 208, Epsom, Surrey KT18 7YF (a representative of ICMIM can be contacted on telephone number + 44 (0) 1372 271486). ICMIM is subject to the provisions of the Companies Act 2006 and is authorised and regulated in the United Kingdom by the Financial Conduct Authority.
- 13.8 ICM which has been appointed as a joint portfolio manager under the Management Agreement was incorporated and registered in Bermuda on 18 June 2010 as an exempted company incorporated with limited liability with registered number 44350. The principal place of business of ICM is 34 Bermudiana Road, Hamilton HM11, Bermuda (a representative of ICM can be contacted on telephone number + 44 (0) 1372 271486). ICM is subject to the provisions of the Bermuda Companies Act and has a license to carry on business in Bermuda including providing investment advice to UIL granted by the Minister of Economic Development and Tourism of Bermuda.
- 13.9 The auditors to UIL and UIL Finance for the three financial periods ended 30 June 2018, 30 June 2019 and 30 June 2020 were KPMG LLP of 15 Canada Square, London E14 5GL. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales.
- 13.10 Where information in this document has been sourced from a third party, UIL and UIL Finance confirm that that information has been accurately reproduced and as far as UIL and UIL Finance are aware and are able to ascertain from the information published by that third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

#### **14 DOCUMENTS AVAILABLE FOR INSPECTION**

- 14.1 Copies of the following documents will be available for inspection at [www.uil.limited/investor-relations](http://www.uil.limited/investor-relations) and also at the registered office of UIL Finance at Clarendon House, 2 Church Street, Hamilton HM 11 Bermuda and at the offices of Norton Rose Fulbright LLP, 3 More London Riverside, London SE1 2AQ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document up to and including the date of expiry or termination of the Placing Programme:
- (a) the UIL Bye-laws and the New UIL Finance Bye-laws;
  - (b) UIL Finance's half yearly reports and unaudited financial statements for the six month periods ended 31 December 2019 and 2020 referred to in Section A of Part 8 of this document;
  - (c) UIL Finance's audited annual financial statements for the financial years ended 30 June 2018, 2019 and 2020 referred to in Section A of Part 8 of this document;
  - (d) UIL's half yearly reports and unaudited financial statements for the six month periods ended 31 December 2019 and 2020 referred to in Section B of Part 8 of this document;
  - (e) UIL's audited annual financial statements for the financial years ended 30 June 2018, 2019 and 2020 referred to in Section B of Part 8 of this document;
  - (f) the Subscription Agreement; and
  - (g) this document.

## 15. INTERMEDIAIRES

The intermediaries authorised as at the date of this document to use this Prospectus in connection with the Intermediaries Offer are:

<b>Name</b>	<b>Address</b>
Albert E Sharp	7 Elm Court, Arden St, Stratford Upon Avon CV37 6PA
AJ Bell Youinvest	4 Exchange Quay, Salford Quays, Manchester M5 3EE
iDealing	Finsbury House, 23 Finsbury Circus, London EC2M 7EA
Equiniti Financial Services	Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Information with respect to Intermediaries authorised by UIL Finance after the date of this document to use this Prospectus in connection with the Intermediaries Offer will be made available on UIL's website, [www.uil.limited](http://www.uil.limited).

## 16 AVAILABILITY OF PROSPECTUS

A copy of this document is available for inspection at [www.uil.limited/investor-relations](http://www.uil.limited/investor-relations) and also at:

<http://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

18 March 2021

## **NOTICE TO OVERSEAS INVESTORS**

This document has been approved by the FCA as a prospectus which may be used to offer securities to the public in the United Kingdom for the purposes of section 85 of the FSMA and of the UK Prospectus Regulation. Issue or circulation of this document may be prohibited in countries other than those in relation to which notices are given below.

No action has been or will be taken in any jurisdiction (other than the United Kingdom) that would permit a public offer of the 2028 ZDP Shares, or possession or distribution of this document or any other offering material, in any country or jurisdiction where action for that purpose is required. Accordingly, the 2028 ZDP Shares may not be offered or sold, directly or indirectly, and this document may not be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the distribution of this document and the offer of 2028 ZDP Shares contained in this document. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to acquire any of the 2028 ZDP Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

### **NOTICE FOR PROSPECTIVE US INVESTORS**

The 2028 ZDP 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 may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, in or into the United States or to or for the account or benefit of any US Person absent: (i) registration under the Securities Act; or (ii) an available exemption from registration under the Securities Act. In addition, neither UIL Finance nor UIL has been, or will be, registered under the Investment Company Act. Accordingly, 2028 ZDP Shares are being offered and issued to investors who are not US Persons or persons acquiring for the account or benefit of US Persons outside the United States in “offshore transactions” within the meaning of and in reliance on Regulation S. UIL Finance reserves the right, in its absolute discretion, to refuse to permit a transfer of interests in UIL Finance and to require compulsory transfer of interests in UIL Finance and intends to exercise this discretion as UIL Finance determines to be necessary for purposes of compliance with the Securities Act, the Investment Company Act and other US legislation.

2028 ZDP Shares may not be acquired by investors subject to Title I of ERISA, or to the prohibited transaction provisions of section 4975 of the US Internal Revenue Code, or by others holding the assets of such investors as defined in section 3(42) of ERISA and applicable regulations.

The 2028 ZDP Shares have not been approved or disapproved by the US Securities Exchange Commission or any state securities commission, nor has any such regulatory authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this document. Any representation to the contrary is unlawful.

### **NOTICE TO PROSPECTIVE INVESTORS IN THE EEA**

#### **Notice to prospective investors in the EEA**

In relation to each EEA Member State, no 2028 ZDP Shares have been offered or will be offered pursuant to the Initial Issue or the Placing Programme to the public in that EEA Member State prior to the publication of a prospectus in relation to the 2028 ZDP Shares which has been approved by the competent authority in that EEA Member State, or, where appropriate, approved in another EEA Member State and notified to the competent authority in that EEA Member State, all in accordance with the EU Prospectus Regulation, except that offers of 2028 ZDP Shares to the public may be made at any time with the prior consent of Shore Capital, under the following exemptions under the EU Prospectus Regulation, if they are effective in that EEA Member State:

- (a) to any legal entity which is a qualified investor as defined in Article 2(e) of the EU Prospectus Regulation;

- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in such EEA Member State; or
- (c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation with the prior consent of Shore Capital,

provided that no such offer of 2028 ZDP Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3(l) of the EU Prospectus Regulation in a EEA Member State.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of 2028 ZDP Shares in any EEA Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any 2028 ZDP Shares to be offered so as to enable an investor to decide to purchase or subscribe for 2028 ZDP Shares.

In the case of any 2028 ZDP Shares being offered to a financial intermediary, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the 2028 ZDP Shares acquired by it in the Initial Issue or under any Placing under the Placing Programme have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any 2028 ZDP Shares to the public other than their offer or resale in an EEA Member State to qualified investors as so defined or in circumstances in which the prior consent of Shore Capital has been obtained to each such proposed offer or resale. UIL Finance, UIL and Shore Capital will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

## DEFINITIONS

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

<b>2020 ZDP Shares</b>	zero dividend preference shares of 6.0514p each issued by UIL Finance pursuant to a rollover offer and a placing in 2014 that entitled their holders to a capital repayment of 154.90p per share on 31 October 2020 and that were redeemed on that date
<b>2022 ZDP Shares</b>	zero dividend preference shares of 5.3180p each issued by UIL Finance pursuant to a rollover offer and placing in 2016 that entitle their holders to a capital repayment of 146.99p per share on 31 October 2022
<b>2024 ZDP Shares</b>	zero dividend preference shares of 3.8025p each issued by UIL Finance pursuant to a rollover offer and placing in 2017 that entitle their holders to a capital repayment of 138.5p per share on 31 October 2024
<b>2026 ZDP Shares</b>	zero dividend preference shares of 10p each issued by UIL Finance pursuant to a placing, intermediaries offer, offer for subscription and placing programme that entitle their holders to a capital repayment of 151.50p per share on 31 October 2026
<b>2028 ZDP Shares</b>	zero dividend preference shares of 3.8676p each to be issued by UIL Finance pursuant to the Rollover Offer, the Initial Issue and/or the Placing Programme that will entitle their holders to a capital repayment of 152.29p per share on 31 October 2028
<b>Accrued Capital Entitlement</b>	the accrued capital entitlement of a ZDP Share on any particular date
<b>Administration Agreement</b>	the administration agreement entered into between UIL, the Joint Portfolio Managers and JP Morgan Chase Bank N.A – London branch, the terms of which are summarised in paragraph 8.3 of Part 11 of this document
<b>Administrator</b>	JP Morgan Chase Bank N.A – London branch
<b>Admission</b>	the admission of the 2028 ZDP Shares issued pursuant to the Rollover Offer, the Initial Issue and/or a Placing under the Placing Programme to a standard listing on the Official List and to trading on the London Stock Exchange's main market for listed securities
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the AIC Code of Corporate Governance dated February 2019
<b>AIF</b>	an alternative investment fund, as defined in the EU AIFM Directive or the UK AIFMD Laws (as applicable)
<b>AIFM</b>	an alternative investment fund manager, as defined in the EU AIFM Directive or the UK AIFMD Laws (as applicable)
<b>Allectus</b>	Allectus Capital Limited
<b>Applicant</b>	the person submitting the Application Form in relation to the Offer for Subscription
<b>Application Form</b>	the form of application as appended to this document by which application may be made under the Offer for Subscription
<b>Assumptions</b>	the principal bases and assumptions set out in Part 10 of this document

<b>Benefit Plan Investor</b>	a benefit plan investor as defined in section 3(42) of ERISA
<b>Bermuda Companies Act</b>	the Companies Act 1981 of Bermuda, as amended from time to time
<b>Board</b>	the UIL Board and/or the UIL Finance Board, as the context may require
<b>Business Day</b>	a day not being a Saturday or a Sunday on which banks are open for business in the City of London
<b>Bye-laws</b>	the bye-laws of UIL Finance or UIL, as the context may require
<b>certificated or in certificated</b>	a share or other security which is not in uncertificated form (that is, in a form not held in CREST)
<b>City Code</b>	the City Code on Takeovers and Mergers, administered by The Panel on Takeovers and Mergers
<b>Closing Date</b>	the closing time for elections under the Rollover Offer, being 1.00 p.m. on 13 April 2021
<b>Computershare Bermuda</b>	Computershare Investor Services (Bermuda) Limited
<b>CREST</b>	the system for paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator
<b>CREST Manual</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
<b>Custodian or JPMCBJ</b>	JP Morgan Chase Bank, N.A, Jersey Branch
<b>Depository</b>	J.P. Morgan Europe Limited
<b>Depository Interests</b>	the dematerialised depository interests issued by the DI Depository representing the underlying ZDP Shares
<b>Depository Services Agreement</b>	the separate custody and service agreements entered into by each of UIL, JPMEL and ICMIM, a summary of which is set out in paragraph 8.4 of Part 11 of this document
<b>DI Depository</b>	Computershare Investor Services PLC
<b>DI Depository Services Agreements</b>	the separate custody and service agreements entered into by each of UIL and UIL Finance and the DI Depository, further details of which are set out in paragraph 8.7 of Part 11 of this document
<b>Depository Interests</b>	the dematerialised depository interests issued by the DI Depository representing the underlying ZDP Shares
<b>Directors</b>	the directors of UIL and UIL Finance
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure guidance and transparency rules made under Part VI of FSMA (as set out in the FCA Handbook) (as amended)
<b>DP Act</b>	the Data Protection Act 2018, as amended
<b>Economic Substance Act</b>	the Economic Substance Act 2018 of Bermuda, as amended
<b>EEA</b>	the European Economic Area
<b>EEA Member State</b>	a member state of the EEA

<b>Eligible Shareholders</b>	Qualifying Holders on the Register on the Record Date
<b>Emerging Markets</b>	predominantly countries included in leading emerging market indices
<b>ERISA</b>	the regulations adopted under the United States Employee Retirement Income Security Act 1974
<b>EU</b>	the European Union
<b>EU AIFM Delegated Regulation</b>	the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
<b>EU AIFM Directive</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, and the EU AIFM Delegated Regulation
<b>EU GDPR</b>	the General Data Protection Regulation (EU) 2016/679
<b>EU Market Abuse Regulation or EU MAR</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing the Directive of the European Parliament and of the Council of 28 January 2003 and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC
<b>EU MiFID II</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MiFIR), and together with MiFID, MiFID II)
<b>EU Money Laundering Directive</b>	Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing)
<b>EU PRIIPs Regulation</b>	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts
<b>EU Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>Excluded Territory</b>	the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or any other jurisdiction where in the view of the UIL Finance Directors, receipt of 2028 ZDP Shares pursuant to the Rollover Offer, Initial Issue or any Placing under the Placing Programme may violate the relevant laws and/or regulations of that jurisdiction

<b>Exchange Act</b>	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities Exchange Commission promulgated pursuant to it
<b>FCA or Financial Conduct Authority</b>	the UK Financial Conduct Authority (or any successor entity or entities) and, where applicable, acting as the competent authority for the purposes of admission to the Official List
<b>Final Capital Entitlement</b>	the accrued capital entitlement of a ZDP Share on the relevant ZDP Repayment Date or, if lower, the amount per ZDP Share to which the relevant ZDP Shareholders would be entitled, and would receive on a winding-up of UIL
<b>Form of Election</b>	the form of election for use by Eligible Shareholders in connection with the Rollover Offer
<b>FSMA</b>	Financial Services and Markets Act 2000, as amended
<b>Global Custody Agreement</b>	the global custody agreement entered into between UIL and JPMorgan Chase Bank N.A. the terms of which are summarised in paragraph 8.8 of Part 11 of this document
<b>GPLPF</b>	General Provincial Life Pension Fund Limited, UIL's majority shareholder
<b>Gross Assets</b>	the unaudited aggregate value of the gross assets of the Group, including assets represented by principal monies borrowed by the Group, less current liabilities (other than principal monies borrowed and any payments due under the Subscription Agreement in respect of the ZDP Shares and excluding contingent liabilities)
<b>Gross Redemption Yield</b>	in respect of a ZDP Share, the annually compounded rate of interest at which the total discounted value of future payments of capital equate to its actual or assumed value at the date of calculation
<b>Group</b>	UIL and UIL Finance
<b>ICM</b>	ICM Limited, a joint portfolio manager of UIL
<b>ICMIM</b>	ICM Investment Management Limited, UIL's AIFM and a joint portfolio manager of UIL
<b>Initial Admission</b>	Admission of the 2028 ZDP Shares to be issued pursuant to the Rollover Offer and the Initial Issue
<b>Initial Capital Entitlement</b>	the capital entitlement on the date of issue of a ZDP Share
<b>Initial Issue</b>	the Initial Placing, the Intermediaries Offer and the Offer for Subscription
<b>Initial Issue Price</b>	100p per 2028 ZDP Share
<b>Initial Placing</b>	the conditional placing of 2028 ZDP Shares by Shore Capital at the Initial Issue Price pursuant to the Placing Agreement as described in Part 5 of this document
<b>Intermediaries</b>	the entities listed in paragraph 15 of Part 11 of this Prospectus, together with any other intermediary (if any) that is appointed by the Company in connection with the Intermediaries Offer after the date of this Prospectus and "Intermediary" shall mean any one of them

<b>Intermediaries Booklet</b>	the booklet entitled Intermediaries Booklet and containing, among other things, the Intermediaries Terms and Conditions
<b>Intermediaries Offer</b>	the offer of 2028 ZDP Shares by the Intermediaries
<b>Intermediaries Terms and Conditions</b>	the terms and conditions agreed between Shore Capital, UIL Finance and the Intermediaries in relation to the Intermediaries Offer and contained in the Intermediaries Booklet
<b>Investment Company Act ISA</b>	the United States Investment Company Act of 1940, as amended an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
<b>Issue Price</b>	the price at which 2028 ZDP Shares are issued, being the Initial Issue Price in the case of the Initial Issue and the relevant Placing Programme Price in the case of any Placing under the Placing Programme
<b>Joint Portfolio Managers JPMEL</b>	ICMIM and ICM J.P. Morgan Europe Limited
<b>Listing Rules</b>	the rules and regulations made by the FCA under Part VI of FSMA
<b>Loan Facility</b>	the £50 million debt facility provided to UIL by Scotiabank pursuant to the Loan Facility Agreement
<b>Loan Facility Agreement</b>	the loan facility agreement pursuant to which Scotiabank has agreed to provide the Loan Facility to UIL, the terms of which are summarised in paragraph 8.5 of Part 11 of this document
<b>London Stock Exchange Management Agreement</b>	London Stock Exchange plc the management agreement between UIL, ICMIM and ICM, a summary of which is set out in paragraph 8.2 of Part 11 of this document
<b>Net Asset Value or NAV</b>	in respect of the Ordinary Shares, the amount which would be payable to a Shareholder on any specified date if UIL was wound up and its assets (after making provisions for all its liabilities, including the amounts due to ZDP Shareholders) distributed on that date, valuing assets and providing for liabilities in accordance with the normal accounting policies of UIL, but ignoring winding up expenses
<b>New UIL Finance Bye-laws</b>	the Bye-laws of UIL Finance, which were adopted by a written resolution of UIL, the sole ordinary shareholder of UIL Finance, on 18 March 2021
<b>Non-Qualified Holder</b>	any person: (i) whose ownership of shares may cause UIL Finance's assets to be deemed "plan assets" for the purposes of ERISA or the US Internal Revenue Code; (ii) whose ownership of shares may cause UIL Finance to be required to register as an "investment company" under the Investment Company Act (including because the holder of the shares is not a "qualified purchaser" as defined in the Investment Company Act); (iii) whose ownership of shares may cause UIL Finance to register under the Exchange Act, the Securities Act or any similar legislation; (iv) whose ownership of shares may cause UIL Finance not being considered a "foreign private issuer" as such term is defined in rule 3b4(c) under the Exchange Act; or (vi) whose ownership of shares may cause UIL Finance to be a "controlled foreign

	corporation” for the purposes of the US Internal Revenue Code, or may cause UIL Finance to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA or the US Internal Revenue Code)
<b>Offer for Subscription</b>	the offer for subscription of 2028 ZDP Shares at the Initial Issue Price as described in this document
<b>Official List</b>	the Official List of the FCA
<b>Ordinary Shares</b>	shares of 10p each in the capital of UIL
<b>Overseas ZDP Shareholders</b>	save as otherwise determined by the UIL Finance Directors, Qualifying Shareholders who are resident in, or citizens, residents or nationals of, jurisdictions outside the United Kingdom, Channel Islands and the Isle of Man
<b>PIPA</b>	the Personal Information Protection Act 2016 of Bermuda
<b>Placees</b>	the persons with whom the 2028 ZDP Shares are placed pursuant to the Initial Placing and/or any Placing under the Placing Programme
<b>Placing</b>	any placing of 2028 ZDP Shares pursuant to the Placing Programme
<b>Placing Agreement</b>	the placing agreement entered into between UIL, UIL Finance, the Joint Portfolio Managers and Shore Capital, the terms of which are summarised in paragraph 8.9 of Part 11 of this document
<b>Placing Programme</b>	the conditional programme of placings of up to 25 million 2028 Shares (less the aggregate number of 2028 ZDP Shares issued pursuant to the Rollover Offer and the Initial Issue) by Shore Capital pursuant to the Placing Agreement
<b>Placing Programme Price</b>	the applicable price at which 2028 ZDP Shares are issued under the Placing Programme, as determined by UIL Finance as described in this document
<b>Plan Asset Regulations</b>	US Department of Labor regulation 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA)
<b>Platform</b>	a separate closed end investment company in UIL’s investment portfolio which has been established to focus on investments in dedicated market sectors
<b>Premium Segment</b>	the Premium Segment of the Main Market
<b>Proposals</b>	the Rollover Offer, the Initial Issue and the Placing Programme
<b>Prospectus</b>	this document issued by UIL Finance dated 18 March 2021 prepared in accordance with the UK Prospectus Regulation
<b>Prospectus Regulation Rules</b>	the rules and regulations published by the FCA under section 73A of FSMA
<b>Qualifying Holder</b>	registered holders of 2022 ZDP Shares who are not Overseas ZDP Shareholders
<b>Qualifying Holding</b>	the number of 2022 ZDP Shares registered in the name of an Qualifying Shareholder as at the Record Date
<b>Receiving Agent</b>	Computershare Investor Services PLC

<b>Receiving Agent Agreement</b>	the agreement dated 9 March 2021, between UIL Finance, UIL and the Receiving Agent, as summarised in paragraph 8.10 of Part 11 of this document
<b>Record Date</b>	6.00 p.m. on 13 April 2021
<b>Register</b>	the register of members of UIL Finance
<b>Registrars</b>	Computershare Investor Services (Bermuda) Limited
<b>Registrar Agreements</b>	the separate registrar agreements entered into between each of UIL and UIL Finance respectively and Computershare Bermuda
<b>Regulation S</b>	Regulation S under the Securities Act
<b>RIS</b>	Regulatory Information Service
<b>Rollover Date</b>	the date on which 2022 ZDP Shares validly elected and accepted to participate under the Rollover Offer will be converted into 2028 ZDP Shares, expected to be 23 April 2021
<b>Rollover Offer</b>	the offer being made to Eligible Shareholders to convert part or all of their holding of 2022 ZDP Shares into 2028 ZDP Shares
<b>Rollover Value</b>	the value attributed to the 2022 ZDP Shares on the Rollover Date of 137.5p per 2022 ZDP Share
<b>Scotiabank</b>	Scotiabank Europe plc
<b>Securities Act</b>	the United State Securities Act of 1933, as amended
<b>Shareholders or UIL Shareholders</b>	holders of Ordinary Shares
<b>Shore Capital</b>	Shore Capital and Corporate Limited and/or Shore Capital Stockbrokers Limited, as the context requires, the Company's financial adviser, broker, placing agent and intermediaries offer adviser
<b>Somers</b>	Somers Limited
<b>Specialist Fund Segment</b>	the Specialist Fund Segment of the Main Market
<b>Sterling</b>	the lawful currency of the United Kingdom
<b>Subscription Agreement</b>	the amended and restated subscription agreement dated 18 March 2021 between UIL and UIL Finance pursuant to which, <i>inter alia</i> , UIL Finance transferred and agrees to transfer certain assets to UIL in consideration for which UIL agreed (i) to repay any interest free loan, and (ii) to reimburse UIL Finance (by way of payment in advance, if required) any and all costs, expenses, fees or interest UIL Finance incurs or is otherwise liable to pay to the holder of the ZDP Shares so as to enable UIL Finance to pay the final capital entitlement of each ZDP Share when it falls due for payment on maturity pursuant to the Subscription Agreement
<b>TTE Instruction</b>	a transfer to escrow instruction (as defined by the CREST Manual issued by Euroclear)
<b>UEM</b>	Utilico Emerging Markets Trust plc
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK AIFMD Laws</b>	(i) the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and any other implementing measure which operated to transpose EU AIFM Directive in to UK law before 31 January 2020 (as amended from time to time including by the

Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 (SI 2019/328)); and (ii) the UK versions of the EU AIFM Delegated Regulation and any other delegated regulations in respect of the EU AIFM Directive, each being part of UK law by virtue of the European Union (Withdrawal) Act 2018, as further amended and supplemented from time to time including by the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019 (SI 2019/328), the Technical Standards (Alternative Investment Funds Management Directive) (EU Exit) Instrument 2019 (FCA 2019/37) and the Exiting the European Union: Specialist Sourcebooks (Amendments) Instrument 2019 (FCA 2019/25)

**UK Corporate Governance Code** the Financial Reporting Council's UK Corporate Governance Code as amended from time to time

**UK GDPR** the UK version of the EU GDPR which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019

**UK MAR** the UK version of the EU Market Abuse Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Market Abuse (Amendment) (EU Exit) Regulations 2019

**UK MiFID Laws** (i) the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701), The Data Reporting Services Regulations 2017 (SI 2017/699) and the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2017 (SI 2017/488), and any other implementing measure which operated to transpose EU MiFID II in to UK law before 31 January 2020 (as amended and supplemented from time to time including by: (1) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (2) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (3) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019); and (4) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019); and (ii) the UK version of Regulation (EU) No 600/2014 of the European Parliament, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by: (a) Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2018; (b) The Financial Regulators' Powers (Technical Standards etc.) and Markets in Financial Instruments (Amendment) (EU Exit) Regulations 2019 (SI 2019/576); (c) The Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019; and (d) The Financial Services (Electronic Money, Payment Services and Miscellaneous Amendments) (EU Exit) Regulations 2019

**UK Money Laundering Regulations 2017** the UK The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) as amended and supplemented from time to time including by the

	Money Laundering and Transfer of Funds (Information) (Amendment) (EU Exit) Regulations 2019
<b>UK PRIIPs Laws</b>	the UK version of the EU PRIIPs Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Packaged Retail and Insurance-based Investment Products (Amendment)(EU Exit) Regulations 2019 (February 2019); and the Cross-Border Distribution of Funds, Proxy Advisors, Prospectus and Gibraltar (Amendment) (EU Exit) Regulations 2019
<b>UK Prospectus Regulation</b>	the UK version of the EU Prospectus Regulation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended and supplemented from time to time (including but, not limited to, by the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234 and The Financial Services and Markets Act 2000 (Prospectus) Regulations 2019))
<b>UIL</b>	UIL Limited
<b>UIL Board</b>	the board of directors of UIL
<b>UIL Directors</b>	the directors of UIL
<b>UIL Finance</b>	UIL Finance Limited, a subsidiary of UIL
<b>UIL Finance Board</b>	the board of directors of UIL Finance
<b>UIL Finance Directors</b>	the directors of UIL Finance
<b>UIL Finance Bye-laws</b>	the bye-laws of UIL Finance, as amended from time to time
<b>Underlying Applicants</b>	investors who wish to acquire 2028 ZDP Shares under the Intermediaries Offer who are clients of any Intermediary
<b>United States</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>US Internal Revenue Code</b>	the United States Internal Revenue Code of 1986, as amended
<b>US Person</b>	has the meaning given in Regulation S
<b>VAT</b>	value added tax
<b>Winding-up Revenue Profits</b>	the net revenue profits of UIL (including accumulated revenue reserves) as at the proposed date of winding up of UIL, determined in accordance with UIL's usual accounting policies and UIL's Bye-laws
<b>ZDP</b>	zero dividend preference
<b>ZDP Cover</b>	has the meaning given to it in the New UIL Finance Bye-laws
<b>ZDP Repayment Date</b>	the date on which the Final Capital Entitlement becomes due for each class of ZDP Share, being 31 October 2022, 31 October 2024, 31 October 2026 and 31 October 2028 respectively
<b>ZDP Shares</b>	the 2022 ZDP Shares, the 2024 ZDP Shares, the 2026 ZDP Shares and the 2028 ZDP Shares
<b>ZDP Shareholders</b>	holders of ZDP Shares
<b>Zeta</b>	Zeta Resources Limited

## APPENDIX 1

# TERMS AND CONDITIONS OF THE INITIAL PLACING AND THE PLACING PROGRAMME

### 1. INTRODUCTION

Each Placee which confirms its agreement to Shore Capital to subscribe for 2028 ZDP Shares under the Initial Placing and/or a Placing pursuant to the Placing Programme will be bound by these terms and conditions and will be deemed to have accepted them.

UIL Finance and/or Shore Capital may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a Placing Letter).

### 2. AGREEMENT TO SUBSCRIBE FOR 2028 ZDP SHARES

Conditional on: (i) the ZDP Cover of the 2028 ZDP Shares to be issued under the Initial Issue or the relevant Placing under the Placing Programme, as applicable, not being less than 1.35x, taking into account the effect of the relevant allotment: (i) in the case of the Initial Placing, Initial Admission occurring by 8.00 a.m. on 23 April 2021 (or such later date as UIL, the Joint Portfolio Managers and Shore Capital may agree, being not later than 8.00 a.m. on 30 June 2021) and in the case of a Placing under the Placing Programme, Admission of the relevant 2028 ZDP Shares issued under that Placing occurring not later than 8.00 a.m. on such date as may be agreed between UIL, the Joint Portfolio Managers and Shore Capital prior to the closing of the relevant Placing, not being later than 17 March 2022; (ii) the Placing Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of the relevant Admission (save as regards the Initial Placing for any condition relating only to the Placing Programme); and (iii) Shore Capital confirming to the Placees their allocation of 2028 ZDP Shares, a Placee agrees to become a member of UIL Finance and agrees to subscribe for those 2028 ZDP Shares allocated to it by Shore Capital (in consultation with UIL Finance, UIL and the Joint Portfolio Managers) at the Initial Issue Price in the case of the Initial Placing and at the applicable Placing Programme Price in the case of a Placing under the Placing Programme. 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.

There is no minimum size of the placings under the Placing Programme and the size and frequency of each Placing under the Placing Programme will be determined at the sole discretion of Shore Capital, in consultation with UIL.

### 3. PAYMENT FOR 2028 ZDP SHARES

Each Placee undertakes to pay the applicable Issue Price for the 2028 ZDP Shares issued to the Placee in the manner and by the time directed by Shore Capital. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee shall be deemed hereby to have appointed Shore Capital or any nominee of Shore Capital as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the 2028 ZDP Shares allocated to the Placee in respect of which payment shall not have been made as directed, and to indemnify Shore Capital and its 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 2028 ZDP Shares shall not release the relevant Placee from the obligation to make such payment for relevant 2028 ZDP Shares to the extent that Shore Capital or its nominee has failed to sell such 2028 ZDP 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, exceeds the applicable Issue Price per 2028 ZDP Share.

#### 4. REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for 2028 ZDP Shares, each Placee which enters into a commitment to subscribe for such 2028 ZDP Shares will (for itself and for any person(s) procured by it to subscribe for 2028 ZDP Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of UIL Finance, UIL, the Joint Portfolio Managers, the Registrar, the Receiving Agent and Shore Capital that:

- (a) in agreeing to subscribe for 2028 ZDP Shares under the Initial Placing or any Placing under the Placing Programme, it is relying solely on this document and any supplementary prospectus published by UIL Finance prior to the relevant Admission of such 2028 ZDP Shares and not on any other information given, or representation or statement made at any time, by any person concerning UIL Finance, UIL, the 2028 ZDP Shares, the Initial Placing or the relevant Placing under the Placing Programme, as applicable. It agrees that none of UIL Finance, UIL, the Joint Portfolio Managers, Shore Capital, the Receiving Agent or the Registrar, 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 in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for 2028 ZDP Shares under the Initial Placing or the relevant Placing under the Placing Programme, 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 it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the 2028 ZDP Shares and that it has not taken any action or omitted to take any action which may result in UIL Finance or UIL, the Joint Portfolio Managers, Shore Capital, the Receiving Agent or the Registrar or any of their respective officers, agents, employees or affiliates being 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 the relevant Placing under the Placing Programme or its acceptance of participation in the Initial Placing or the relevant Placing under the Placing Programme;
- (c) it has carefully read and understands this document in its entirety and acknowledges that it is acquiring 2028 ZDP Shares on the terms and subject to the conditions set out in this Appendix 1 and the Bye-laws of UIL Finance as in force at the relevant date of Admission of the relevant 2028 ZDP Shares;
- (d) it has not relied on Shore Capital or any person affiliated with Shore Capital in connection with any investigation of the accuracy of any information contained in this document;
- (e) the content of this document is exclusively the responsibility of UIL Finance, UIL and their respective Directors and neither Shore Capital nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document or any information published by or on behalf of UIL Finance and/or UIL and will not be liable for any decision by a Placee to participate in the Initial Placing or any Placing under the Placing Programme based on any information, representation or statement contained in this document or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Initial Placing or any Placing under the Placing Programme to give any information or make any representation other than as contained in this document and any supplementary prospectus published by UIL Finance prior to Admission of the relevant 2028 ZDP Shares and, if given or made, any information or representation must not be relied upon as having been authorised by Shore Capital, UIL Finance, UIL or the Joint Portfolio Managers;
- (g) 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;

- (h) it accepts that none of the 2028 ZDP Shares have been or will be registered in any jurisdiction other than the United Kingdom and that the 2028 ZDP Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory, unless otherwise agreed in writing by UIL Finance;
- (i) if it is applying for the 2028 ZDP Shares 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 2028 ZDP Shares may be lawfully offered under that other jurisdiction's laws or regulations;
- (j) it has not been engaged to acquire the 2028 ZDP Shares on behalf of any other person who is not a qualified investor (within the meaning of Article 2(e) of the UK Prospectus Regulation) unless the terms on which it is engaged enable it to make decisions concerning the acceptance of offers of transferable securities on the client's behalf without reference to the client as described in section 86(2) of FSMA
- (k) if it is resident in the UK, it is a qualified investor within the meaning of Article 2(e) of the UK Prospectus Regulation and also a person (i) who has professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) falling within Article 49(2)(A) to (D) ("High Net Worth Companies, Unincorporated Associations, etc") of the Order; or (iii) to whom the Initial Placing or the relevant Placing under the Placing Programme may otherwise be lawfully communicated;
- (l) if it is a resident in the EEA: (a) it is a qualified investor within the meaning of Article 2(e) of the EU Prospectus Regulation; and (b) if it is a financial intermediary, as that term is used in Article 5 of the EU Prospectus Regulation, that: (X) the 2028 ZDP Shares purchased by it in the Initial Placing or the relevant Placing under the Placing Programme will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a EEA Member State other than qualified investors (within the meaning of Article 2(e) of the EU Prospectus Regulation), or in circumstances in which the prior consent of Shore Capital has been given to the offer or resale; or (Y) where 2028 ZDP Shares have been acquired by it on behalf of persons in any EEA Member State other than qualified investors, the offer of those 2028 ZDP Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons;
- (m) if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing or the relevant Placing under the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for 2028 ZDP Shares pursuant to the Initial Placing or the relevant Placing under the Placing Programme unless, in the relevant territory, such offer, invitation 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 2028 ZDP 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;
- (n) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the 2028 ZDP Shares and it is not acting on a non-discretionary basis for any such person;
- (o) 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 2028 ZDP Shares under the Initial Placing or the relevant Placing under the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Initial Placing or the relevant Placing under the Placing Programme is accepted;
- (p) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Initial Placing, any Placing under the Placing Programme or the 2028 ZDP Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;

- (q) it acknowledges that neither Shore Capital nor any of its affiliates nor any person acting on its or 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 or the relevant Placing under the Placing Programme or providing any advice in relation to the Initial Placing or the;
- (r) relevant Placing under the Placing Programme and participation in the Initial Placing or the relevant Placing under the Placing Programme is on the basis that it is not and will not be a client of Shore Capital and that Shore Capital does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Initial Placing or the relevant Placing under the Placing Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Initial Placing or the relevant Placing under the Placing Programme;
- (s) that, save in the event of fraud on the part of Shore Capital, none of Shore Capital, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their 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 Shore Capital's role as placing agent or otherwise in connection with the Initial Placing or any Placing under the Placing Programme and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- (t) it acknowledges that where it is subscribing for 2028 ZDP Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for such 2028 ZDP Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Appendix 1; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing or the relevant Placing under the Placing Programme in the form provided by UIL Finance and/or Shore Capital. It agrees that the provision of this paragraph shall survive any resale of the 2028 ZDP Shares by or on behalf of any such account;
- (u) it irrevocably appoints any UIL Finance Director and any director of Shore Capital 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 2028 ZDP Shares for which it has given a commitment under the Initial Placing or the relevant Placing under the Placing Programme, in the event of its own failure to do so;
- (v) it accepts that if the Initial Placing or the relevant Placing under the Placing Programme does not proceed or the relevant conditions to the Placing Agreement are not satisfied or the 2028 ZDP Shares for which valid applications are received and accepted are not admitted to listing on the standard listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever then none of Shore Capital, UIL Finance, UIL, the Joint Portfolio Managers or any of their affiliates nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (w) in connection with its participation in the Initial Placing and/or any Placing under the Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and that its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the UK Money Laundering Regulation 2017; or (ii) subject to the EU Money Laundering Directive; or (iii) subject to the Proceeds of a Crime Act 1997 and Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008, the Anti-Terrorism (Financial and Other Measures)

Act 2004, the Financial Intelligence Agency Act 2007 and the Proceeds of Crime Regulations (Supervision and Enforcement) Act 2008, each as amended from time to time and as supplemented by any other applicable anti-money laundering guidance, regulations or legislation; 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 EU Money Laundering Directive;

- (x) it acknowledges that due to anti-money laundering requirements, Shore Capital and UIL Finance may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Shore Capital and UIL Finance may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify Shore Capital, UIL Finance and UIL 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;
- (y) it acknowledges that any person in Bermuda involved in the business of UIL Finance and/or UIL who has a suspicion or belief that any other person (including UIL Finance and/or UIL or any person subscribing for the 2028 ZDP Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Agency pursuant to the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008;
- (z) that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;
- (aa) it acknowledges and agrees that information provided by it to UIL Finance and the Receiving Agent will be stored on the Registrar's, the Administrator's and/or the Joint Portfolio Managers' computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Act 1998 and the Personal Information Protection Act 2016 (the **DP Laws**) and other relevant data protection legislation which may be applicable, the Registrar, the Administrator and/or the Joint Portfolio Managers are required to specify the purposes for which they will hold personal data. The Registrar, the Administrator and/or the Joint Portfolio Managers will only use such information for the purposes set out below (collectively, the **Purposes**), being to:
  - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of 2028 ZDP Shares, including processing personal data in connection with credit and money laundering checks on it;
  - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of 2028 ZDP Shares;
  - (iii) provide personal data to such third parties as the Registrar, the Administrator or the Joint Portfolio Managers may consider necessary in connection with its affairs and generally in connection with its holding of 2028 ZDP Shares or as the DP Laws may require, including to third parties outside the United Kingdom or the European Economic Area;
  - (iv) without limitation, provide such personal data to UIL Finance, UIL, Shore Capital, the Joint Portfolio Managers or the Depositary and their respective associates for processing, notwithstanding that any such party may be outside the United Kingdom or the European Economic Area; and
  - (v) process its personal data for the internal administration of the Registrar;
- (bb) in providing the Registrar, the Administrator and/or the Joint Portfolio Managers with information, it hereby represents and warrants to the Registrar, the Administrator and/or the Joint Portfolio Managers that it has obtained the consent of any data subjects to the Registrar, the Administrator and/or the Joint Portfolio Managers and their respective associates 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 purpose set out in paragraph

- (z) above). For the purposes of this document, data subject, personal data and sensitive personal data shall have the meanings attributed to them in the DP Laws;
- (cc) Shore Capital, UIL Finance and UIL (and any agent acting on their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it (or any agent acting on its behalf);
  - (dd) the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Shore Capital, UIL Finance, UIL and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the 2028 ZDP Shares are no longer accurate, it shall promptly notify Shore Capital and UIL Finance;
  - (ee) where it or any person acting on behalf of it is dealing with Shore Capital, any money held in an account with Shore Capital 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 Shore Capital to segregate such money, as that money will be held by Shore Capital under a banking relationship and not as trustee;
  - (ff) any of its clients, whether or not identified to Shore Capital or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Shore Capital or any of its affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
  - (gg) it accepts that the allocation of 2028 ZDP Shares under the Initial Placing or any Placing under the Placing Programme shall be determined by Shore Capital, UIL Finance and UIL in their absolute discretion and that such persons may scale down any placing commitments for this purpose on such basis as they may determine;
  - (hh) time shall be of the essence as regards its obligations to settle payment for the relevant 2028 ZDP Shares and to comply with its other obligations under the Initial Placing or the relevant Placing under the Placing Programme; and
  - (ii) authorises Shore Capital to deduct from the total amount subscribed under the Initial Placing or the relevant Placing under the Placing Programme, as applicable, the aggregate commission (if any) (calculated at the rate agreed with UIL Finance and UIL) payable on the number of 2028 ZDP Shares allocated to it under the Initial Placing or the relevant Placing under the Placing Programme.

## **5. UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS**

Unless otherwise agreed in writing by UIL Finance, by agreeing to subscribe 2028 ZDP Shares under the Initial Placing or any Placing under the Placing Programme, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for 2028 ZDP Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of UIL Finance, UIL, the Joint Portfolio Managers, the Receiving Agent, the Registrar and Shore Capital that:

- (a) it is not a US Person and is not acquiring the 2028 ZDP Shares for the account or benefit of a US Person;
- (b) it is acquiring the 2028 ZDP Shares in an offshore transaction meeting the requirements of Regulation S;
- (c) it is aware and acknowledges that the 2028 ZDP 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 may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from, or in a transaction not subject to, registration under the Securities Act;
- (d) it is aware and acknowledges that neither UIL Finance nor UIL has been or will be registered under the Investment Company Act and that UIL Finance and UIL have put in place restrictions

for transactions not involving any public offering in the United States, and to ensure that neither UIL Finance nor UIL is nor will be required to register under the Investment Company Act;

- (e) unless UIL Finance expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the 2028 ZDP Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the US Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US 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 US Internal Revenue Code. In addition, if an investor is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Internal Revenue Code, its purchase, holding, and disposition of the 2028 ZDP Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (f) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the 2028 ZDP Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require UIL Finance or UIL to register under the Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Bye-laws of UIL Finance;
- (g) it is purchasing the 2028 ZDP Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the 2028 ZDP Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;
- (h) it is aware and acknowledges that UIL Finance reserves the right to make inquiries of any holder of the 2028 ZDP Shares or interests therein at any time as to such person's status under the US federal securities laws and to require any such person that has not satisfied UIL Finance that holding by such person will not violate or require registration under the US securities laws to transfer such 2028 ZDP Shares or interests in accordance with the Bye-laws of UIL Finance;
- (i) it is aware and acknowledges and understands UIL Finance is required to comply with FATCA and the Common Reporting Standard and that UIL Finance will follow FATCA's and the Common Reporting Standard's extensive reporting and withholding requirements. The Placee agrees to furnish any information and documents which UIL Finance may from time to time request, including but not limited to information required under FATCA and/or the Common Reporting Standard;
- (j) it is entitled to acquire the 2028 ZDP Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the 2028 ZDP Shares and that it has not taken any action, or omitted to take any action, which may result in UIL Finance, UIL, the Joint Portfolio Managers, the Receiving Agent, the Registrar, Shore Capital or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Initial Placing or the relevant Placing under the Placing Programme or its acceptance of participation in the Initial Placing or the relevant Placing under the Placing Programme;
- (k) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any

other presentation or offering materials concerning the 2028 ZDP Shares to or within the United States or to any US Persons, nor will it do any of the foregoing; and

- (l) if it is acquiring any 2028 ZDP Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

## **6. SUPPLY AND DISCLOSURE OF INFORMATION**

If Shore Capital, the Registrar, UIL Finance or UIL or any of their agents request any information about a Placee's agreement to subscribe for 2028 ZDP Shares under the Initial Placing or any Placing under the Placing Programme or to comply with any relevant legislation, such Placee must promptly disclose it to them.

## **7. MISCELLANEOUS**

The rights and remedies of Shore Capital, the Receiving Agent, the Registrar, the Joint Portfolio Managers, UIL Finance and UIL 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 Initial Placing or any Placing under the Placing Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Bye-laws of UIL Finance once the 2028 ZDP Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing or a Placing under the Placing Programme, have been acquired by the Placee. The contract to subscribe for 2028 ZDP Shares under the Initial Placing or any Placing under the Placing Programme and the appointments and authorities mentioned in this document will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Shore Capital, UIL Finance, UIL, the Joint Portfolio Managers, the Receiving Agent 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 Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for 2028 ZDP Shares under the Initial Placing or any Placing under the Placing Programme, 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.

Shore Capital and UIL Finance expressly reserve the right to modify the Initial Placing and/or any Placing under the Placing Programme (including, without limitation, its timetable and settlement) at any time before allocations are determined.

The Initial Placing and each Placing under the Placing Programme is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 8.9 of Part 11 of this document.

## APPENDIX 2

### TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

#### 1. INTRODUCTION

The 2028 ZDP Shares are only suitable for investors: (i) who understand and are willing to assume the potential risks of capital loss and that there may be limited liquidity in the investments of the Group; (ii) for whom an investment in the 2028 ZDP 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 programme.

In the case of a joint application, references to you in these Terms and Conditions of Application are to each of you, and your liability is joint and several. Please ensure that you read these terms and conditions in full before completing the Application Form.

If you apply for 2028 ZDP Shares under the Offer for Subscription, you will be agreeing with UIL Finance, UIL, the Registrar and the Receiving Agent to the terms and conditions of application set out below.

#### 2. OFFER TO ACQUIRE 2028 ZDP SHARES

2.1 Your application must be made on the Application Form set out at the end of this document or as may be otherwise published by UIL Finance. By completing and delivering an Application Form, you, as the Applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:

- (a) offer to subscribe for such number of 2028 ZDP Shares specified in Box 1 on your Application Form (or such lesser number for which your application is accepted) at the Initial Issue Price on the terms, and subject to the conditions, set out in this document including these Terms and Conditions of Application and the Bye-laws of UIL Finance;
- (b) agree that, in consideration of UIL Finance agreeing that it will not, prior to the date of Initial Admission, offer for subscription the 2028 ZDP Shares available for issue under the Offer for Subscription to any person other than by means of the procedures referred to in this document, your application may not be revoked and that this paragraph shall constitute a collateral contract between you and UIL Finance 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 Application Form;
- (c) undertake to pay the aggregate Initial Issue Price for the number of 2028 ZDP Shares specified in your Application Form, and warrant that the remittance accompanying your 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 2028 ZDP Shares applied for in certificated form or be entitled to commence dealing in the Depository Interests in respect of the 2028 ZDP Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such 2028 ZDP Shares unless and until you make payment in cleared funds for such 2028 ZDP 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, UIL Finance and UIL 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 UIL Finance may (without prejudice to any other rights it may have) void the agreement to allot the 2028 ZDP 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 Application Form, without interest);

- (d) agree that where on your Application Form a request is made for the Depository Interests in respect of the 2028 ZDP Shares applied for to be deposited into a CREST Account, the Receiving Agent may in its absolute discretion amend the form so that such 2028 ZDP Shares may be issued in certificated form registered in the name(s) of the holders specified in your Application Form (and recognise that the Receiving Agent will so amend the 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);
- (e) agree, in respect of applications for 2028 ZDP Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1(d) above to issue 2028 ZDP 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 Application Form may become entitled (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 of this Appendix 2 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 purpose of the United Kingdom anti money laundering requirements,and any interest accruing on such retained monies shall accrue to and for the benefit of UIL Finance;
- (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 UIL Finance) following a request therefor, UIL Finance or the Receiving Agent may terminate the agreement with you to allot 2028 ZDP Shares and, in such case, the 2028 ZDP Shares which would otherwise have been allotted to you may be re-allotted 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 UIL Finance) will be returned to you by cheque in your favour without interest and at your risk;
- (h) agree that you are not applying on behalf of a person engaged in money laundering, drug trafficking or terrorism;
- (i) undertake to ensure that, in the case of an 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 Application Form together with full identity documents for the person so signing;
- (j) undertake to pay interest at the rate described in paragraph 3.3 below if the remittance accompanying your Application Form is not honoured on first presentation;
- (k) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of 2028 ZDP Shares for which your application is accepted or if you have completed Box 3B on your Application Form, but subject to paragraph 2.1(d) above, to deliver the number of the Depository Interests in respect of 2028 ZDP 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;
- (l) confirm that you have read and complied with paragraph 8 of this Appendix 2;

- (m) agree that all subscription cheques and payments will be processed through a bank account (the Acceptance Account) in the name of "CIS PLC re: UIL Finance Ltd OFS Account" opened with the Receiving Agent; and
- (n) agree that your Application Form is addressed to the Receiving Agent acting as agent for UIL Finance.

2.2 Any application may be rejected in whole or in part at the sole discretion of UIL Finance

### **3. ACCEPTANCE OF YOUR OFFER FOR SUBSCRIPTION**

3.1 The Receiving Agent may, on behalf of UIL Finance, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected).

3.2 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 Application Form. In particular, but without limitation, UIL Finance may accept an application made otherwise than by completion of an Application Form where you have agreed with UIL Finance in some other manner to apply in accordance with these Terms and Conditions of Application. UIL Finance and the Receiving Agent reserves the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received otherwise than in accordance with these Terms and Conditions of Application.

3.3 The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful Applicants' payment. The Receiving Agent may, as agent of UIL Finance, 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. Applications accompanied by a post-dated cheque will not be accepted.

3.4 UIL Finance reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than the minimum subscription of 1,000 2028 ZDP Shares.

### **4. CONDITIONS**

4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon, *inter alia*:

- (a) Initial Admission occurring by not later than 8:00 a.m. on 23 April 2021 (or such later time or date, not being later than 30 June 2021, as UIL, the Joint Portfolio Managers and Shore Capital may agree); and
- (b) the Placing Agreement becoming otherwise unconditional in all respects in relation to the Initial Issue, and not being terminated in accordance with its terms before Initial Admission becomes effective.

### **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 and after the deduction of any applicable bank charges by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

## 6. WARRANTIES

By completing an Application Form, you:

- 6.1 warrant that, if you sign the 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 a complete copy certified by a solicitor or notary together with full identity documents for yourself);
- 6.2 warrant that you are not a US Person, you are not located within the United States, you are acquiring the 2028 ZDP Shares in an offshore transaction meeting the requirements of Regulation S and are not acquiring the 2028 ZDP Shares for the account or benefit of a US Person;
- 6.3 warrant, if the laws of any territory or jurisdiction outside the United Kingdom 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 UIL Finance, UIL, Shore Capital or the Receiving Agent, or any of their respective officers, agents or employees, 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 Offer for Subscription in respect of your application;
- 6.4 confirm that in making an application you are not relying on any information or representations in relation to UIL Finance, UIL and the 2028 ZDP Shares other than those contained in this document and any supplementary prospectus published by UIL Finance prior to Initial Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this document, any supplementary prospectus or any part thereof shall have any liability for any such other information or representation;
- 6.5 agree that, having had the opportunity to read this document, you shall be deemed to have had notice of all information and representations contained therein;
- 6.6 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 document and any supplementary prospectus published by UIL Finance prior to Initial Admission and, if given or made, any information or representation must not be relied upon as having been authorised by UIL Finance, UIL, Shore Capital or the Receiving Agent;
- 6.7 warrant that you are not under the age of 18 on the date of your application;
- 6.8 agree that all documents and monies sent by post to, by or on behalf of UIL Finance, 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 Application Form;
- 6.9 confirm that you have reviewed the restrictions contained in paragraph 8 of this Appendix 2 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;
- 6.10 agree that, in respect of those 2028 ZDP Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by UIL Finance instructing the Registrar to enter your name on the share registry;
- 6.11 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with English Law and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of UIL Finance 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;

- 6.12 irrevocably authorise UIL Finance, UIL 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 2028 ZDP Shares subscribed by or issued to you into your name and authorise any representatives of UIL Finance, UIL and/or the Receiving Agent to execute any documents required therefor and to enter your name on the register of ZDP Shareholders;
- 6.13 agree to provide UIL Finance and Receiving Agent with any information which they may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the United Kingdom and Bermuda anti money laundering requirements;
- 6.14 agree that the Receiving Agent is acting for UIL Finance 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 2028 ZDP Shares or concerning the suitability of 2028 ZDP Shares for you or be responsible to you for providing the protections afforded to its customers;
- 6.15 warrant that no portion of the assets used to purchase, and no portion of the assets used to hold, the 2028 ZDP Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the US Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US 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 US Internal Revenue Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Internal Revenue Code, its purchase, holding, and disposition of the 2028 ZDP Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 6.16 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, 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 which will or may result in UIL Finance, UIL, Shore Capital or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- 6.17 acknowledge, represent and warrant in the terms set out under the heading "Data Protection" on page 29 of this document;
- 6.18 warrant that the information contained in your Application Form is true and accurate; and
- 6.19 agree that if you request that 2028 ZDP Shares are issued to you on a date other than Initial Admission and such 2028 ZDP Shares are not issued on such date that UIL Finance and its agents and UIL Finance Directors will have no liability to you arising from the issue of such 2028 ZDP Shares on a different date.

## **7. MONEY LAUNDERING**

- 7.1 You agree that, in order to ensure compliance with the Money Laundering Regulations, the Receiving Agent may respectively at its absolute discretion require verification of identity from any person lodging an Application Form. Submission of an Application Form with the appropriate remittance will constitute a warranty to each of UIL Finance, UIL and the Receiving Agent from the Applicant that the Money Laundering Regulations will not be breached by application of such remittance. The verification of identity requirements will not usually apply:
  - (a) if the Applicant is an organisation required to comply with the EU Money Laundering Directive; or

- (b) if the Applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (c) if the Applicant (not being an Applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the Applicant's name; or
- (d) if the aggregate subscription price for the offered 2028 ZDP Shares is less than € 15,000 (approximately £12,800).

For the purposes of this Appendix 2, "**Money Laundering Regulations**" means the UK Money Laundering Regulations 2017 and, where appropriate, the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008 and the Handbook for Financial Services Businesses on countering financial crime and terrorist financing, and any other applicable anti-money laundering guidance, regulations or legislation.

- 7.2 In other cases the verification of identity requirements may apply.
- 7.3 The Receiving Agent may undertake electronic searches for the purposes of verifying your identity. To do so the Receiving Agent may verify the details against your identity, but may also request further proof of your identity. The Receiving Agent reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.
- 7.4 Except as provided in paragraphs 7.5 and 7.6 below, payments must be made by cheque or banker's draft in Sterling drawn on a United Kingdom branch of a bank or building society. Cheques, which must be drawn on your personal account where you have sole or joint title to the funds, should be made payable to "CIS PLC re: UIL Finance Ltd OFS Account" and crossed "A/C payee". Third party cheques will not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque/banker's draft by following the instructions in paragraph 7.9 below. The name on the bank account must be the same as that stated on the Application Form.
- 7.5 For Applicants sending subscription monies by electronic bank transfer (CHAPS), please contact Computershare by email at [OFSPaymentQueries@Computershare.co.uk](mailto:OFSPaymentQueries@Computershare.co.uk) for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending the payment. Please make such payment for value by no later than 11.00 a.m. on 20 April 2021.
- 7.6 Applicants choosing to settle via CREST, that is DVP, will need to input their instructions to Computershare's Participant account (3RA54) by no later than 1.00 p.m. on 22 April 2021, allowing for the delivery and acceptance of 2028 ZDP Shares to be made against payment of the Initial Issue Price per 2028 ZDP Share, following the CREST matching criteria set out in the Application Form.
- 7.7 Where you appear to the Receiving Agent to be acting on behalf of some other person certifications of identity of any persons on whose behalf you appear to be acting may be required.
- 7.8 Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the dispatch of documents.
- 7.9 In all circumstances, where an application is made with a value greater than the higher of Euro 15,000 (approximately £12,800), verification of the identity of Applicants will be required. If 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 adds its stamp. The name on the bank account must be the same as that stated on the Application Form.
- 7.10 You should endeavour to have the declaration contained in section 5 of the Application Form signed by an appropriate firm as described in that section.

## **8. OVERSEAS INVESTORS**

The attention of potential investors who are not resident in, or who are not citizens of, the United Kingdom is drawn to paragraphs 8.1 to 8.4 below:

- 8.1 The offer of 2028 ZDP Shares under the Offer for Subscription to persons who are resident in, or citizens of, countries other than the United Kingdom (Overseas Investors) 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 2028 ZDP Shares under the Offer for Subscription. It is the responsibility of all Overseas Investors receiving this document and/or wishing to subscribe for the 2028 ZDP 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.
- 8.2 No person receiving a copy of this document in any territory other than the United Kingdom 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.
- 8.3 Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send it to any US Person or in or into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa, their respective territories or possessions or any other jurisdiction where to do so would or might contravene local securities laws or regulations.
- 8.4 UIL Finance reserves the right to treat as invalid any agreement to subscribe for 2028 ZDP Shares pursuant to the Offer for Subscription if it appears to UIL Finance or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction. Save where you have satisfied UIL Finance or its agents that an appropriate exemption applies so as to permit you to subscribe under these Terms and Conditions of Application, you represent and agree that you are not a resident of any of the Excluded Territories.

## **9. MISCELLANEOUS**

- 9.1 The rights and remedies of UIL Finance, UIL and the Receiving Agent under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 9.2 UIL Finance reserves the right to shorten or extend the closing time of the Offer for Subscription from 11:00 a.m. on 20 April 2021 (provided that the closing time of the Offer for Subscription shall not be extended to a date later than 30 June 2021), provided that if such closing time is extended this document remains valid at the closing time as extended, by giving notice to the London Stock Exchange. UIL Finance will notify investors via a RIS and any other manner, having regard to the requirements of the London Stock Exchange.
- 9.3 UIL Finance may terminate the Offer for Subscription in its absolute discretion at any time prior to Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned to the Applicant as indicated without interest and at the Applicant's risk.
- 9.4 The dates and times referred to in these Terms and Conditions of Application may be altered by UIL Finance so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).

Applicants wishing to exercise their statutory right of withdrawal pursuant to section 87(Q)(4) of FSMA after the publication by UIL Finance of a prospectus supplementing this document must do so by lodging a written notice of withdrawal (which shall include a notice sent by any form of electronic communication) which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST Member by post to Computershare Investor Services PLC, Corporate Actions, Bristol BS99 6AH or by e-mail to OFSPaymentQueries@Computershare.co.uk so as to be received not later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Computershare Investor Services PLC after expiry of such period will not constitute a valid withdrawal. UIL Finance will not permit the exercise of withdrawal rights after payment by the relevant Applicant of his subscription in full and the allotment of 2028 ZDP Shares to such Applicant becoming unconditional. In such event investors are recommended to seek independent legal advice.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as use elsewhere in this document.

## **NOTES ON HOW TO COMPLETE THE APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION**

Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions, Bristol BS99 6AH so as to be received by no later than 11.00 a.m. on 20 April 2021, together in each case with payment by cheque or duly endorsed banker's draft in full in respect of the application. 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 rejected.

HELP DESK: If you have a query concerning the completion of this Application Form, please telephone Computershare Investor Services PLC on 0370 873 5861 (or +44 370 873 5861 if calling from outside the United Kingdom). The helpline is open between 8.30 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### **1. APPLICATION**

Fill in (in figures) in Box 1 the amount of money being subscribed for the 2028 ZDP Shares. The amount being subscribed must be for a minimum of £1,000 and thereafter in multiples of £100 (unless and to the extent such requirement is waived by UIL Finance).

### **2A. HOLDER DETAILS**

Fill in (in block capitals) the full name(s) of each holder and the address of the first named holder. Applications may only be made by persons aged eighteen 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 section 3.

### **2B. CREST**

If you wish Depositary Interests in respect of your 2028 ZDP Shares to be deposited in a CREST account in the name of the holders given in section 2A, enter in section 2B the details of that CREST account. Where it is requested that Depositary Interests in respect of 2028 ZDP Shares be deposited into a CREST account please note that payment for such 2028 ZDP Shares must be made prior to the day such 2028 ZDP Shares might be allotted and issued. It is not possible for an Applicant to request that Depositary Interests in respect of 2028 ZDP Shares be deposited in their CREST account on an against payment basis. Any Application Form received containing such a request will be rejected.

### **3. SIGNATURE**

All holders named in section 2A must sign section 3 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. CHEQUE/BANKER'S DRAFT, PAYMENT DETAILS**

#### **(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 2 of the relevant Application Form. Applications accompanied by a post-dated cheque will not be accepted. Your cheque or banker's draft must be made payable to CIS PLC re UIL Finance Ltd OFS Account in respect of an application and crossed "A/C Payee Only". 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. Your cheque or banker's draft must be drawn in pounds 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. 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. Your payment must relate solely to the relevant application. No receipt will be issued.

(b) **Electronic payment**

For Applicants making payment electronically, payment must be made for value by 11.00 a.m. on 20 April 2021. Please contact Computershare by email at OFSPaymentQueries@Computershare.co.uk for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending the payment. Please make such payment for value by no later than 11.00 a.m. on 20 April 2021.

(c) **Settlement by delivery versus payment (DVP)**

Application will be made for the Depository Interests in respect of the underlying 2028 ZDP Shares comprising the 2028 ZDP Shares to be issued under the Offer for Subscription to be admitted to CREST with effect from Initial Admission. Accordingly, settlement of transactions in such Depository Interests will normally take place within the CREST system.

If you choose to settle your application within CREST, that is DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of 2028 ZDP Shares to be made against payment at the Initial Issue Price following the CREST matching criteria set out below.

Trade date: 21 April 2021

Settlement Date: 23 April 2021

Company: UIL Finance Limited

Security description: 2028 Zero Dividend Preference Shares

SEDOL: BL6BB99

ISIN: BMG916101576

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 20 April 2021. You should tick the relevant box in section 1.

You will need to match your instructions to Computershare Investor Services PLC's Participant account 3RA54 by no later than 1.00 p.m. on 22 April 2021.

Note:

Computershare Investor Services PLC will not take any action until a valid DEL message has been alleged to the Participant account by the Applicant. No acknowledgement of receipt or input will be provided.

Applicants should also ensure that their settlement 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, UIL Finance reserves the right to deliver 2028 ZDP Shares outside of CREST in certificated form provided that payment has been made in terms

satisfactory to UIL Finance and all other conditions of the Offer for Subscription have been satisfied.

If you require a share certificate, you should not use this facility.

## **5. RELIABLE INTRODUCER DECLARATION**

Applications with a value greater than £12,800 (being the approximate Sterling equivalent of €15,000) will be subject to verification of identity requirements. This will involve you providing the verification of identity documents listed below UNLESS you can have the declaration provided at section 5 of the Application Form given and signed by a firm acceptable to UIL Finance (or any of its agents). In order to ensure your application is processed in a timely and efficient manner all Applicants are strongly advised to have the declaration provided in section 5 of the Application Form completed and signed by a suitable firm.

If the declaration in section 5 cannot be completed and the value of the application is greater than £12,800 the documents listed below must be provided with the completed Application Form, as appropriate, in accordance with internationally recognised standards for the prevention of money laundering. Notwithstanding that the declaration in section 5 has been completed and signed, UIL Finance (or any of its agents) reserves the right to request of you the identity documents listed below and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time, your application may be rejected or revoked. Where certified copies of documents are requested below, such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation and the name of the firm should be clearly identified on each document certified.

### **5A. FOR EACH HOLDER BEING AN INDIVIDUAL ENCLOSE:**

- (1) a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and
- (2) certified copies of at least two of the following documents which purport to confirm that the address given in section 2A is that person's residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and
- (3) if none of the above documents show their date and place of birth, enclose a note of such information; and
- (4) details of the name and address of their personal bankers from which UIL Finance (or any of its agents) may request a reference, if necessary.

### **5B. FOR EACH HOLDER BEING A COMPANY (A HOLDER COMPANY) ENCLOSE:**

- (1) a certified copy of the certificate of incorporation of the holder company; and
- (2) the name and address of the holder company's principal bankers from which UIL Finance (or any of its agents) may request a reference, if necessary; and
- (3) a statement as to the nature of the holder company's business, signed by a director; and
- (4) a list of the names and residential addresses of each director of the holder company; and
- (5) for each director provide documents and information similar to that mentioned in 5A above; and
- (6) a copy of the authorised signatory list for the holder company; and

- (7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete 5C below and, if another company is named (hereinafter a beneficiary company), also complete 5D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

**5C. FOR EACH PERSON NAMED IN 5B(7) AS A BENEFICIAL OWNER OF A HOLDER COMPANY ENCLOSE FOR EACH SUCH PERSON DOCUMENTS AND INFORMATION SIMILAR TO THAT MENTIONED IN 5B(1) TO 5B(4)**

**5D. FOR EACH BENEFICIARY COMPANY NAMED IN 5B(7) AS A BENEFICIAL OWNER OF A HOLDER COMPANY ENCLOSE:**

- (1) a certified copy of the certificate of incorporation of that beneficiary company; and
- (2) a statement as to the nature of that beneficiary company's business signed by a director; and
- (3) the name and address of that beneficiary company's principal bankers from which UIL Finance (or any of its agents) may request a reference, if necessary; and
- (4) enclose a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.

UIL Finance (or any of its agents) reserves the right to ask for additional documents and information.

**6. CONTACT DETAILS**

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person, UIL Finance (or any of its agents) may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in section 3 on behalf of the first named holder. If no details are entered here and UIL Finance (or any of its agents) requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

# APPLICATION FORM FOR THE OFFER FOR SUBSCRIPTION – UIL FINANCE LIMITED

Please send the completed form by post to Computershare, Corporate Actions, Bristol BS99 6AH so as to be received by no later than 11.00 a.m. on 20 April 2021.

**Important:** Before completing this form, you should read the accompanying notes.

To: UIL Finance Limited and the Receiving Agent

## 1. APPLICATION

I/We the person(s) detailed in section 2A below offer to subscribe the amount shown in Box 1 for 2028 ZDP Shares subject to the Offer for Subscription Terms and Conditions set out in Appendix 2 to the prospectus dated 18 March 2021 and subject to the Memorandum of Association and Bye-laws of UIL Finance

Box 1 Subscription monies (minimum subscription of £1,000 and then in multiples of £100)

PAYMENT METHOD:

CHEQUE

CHAPS

CREST (DVP)

## 2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) 2028 ZDP SHARES WILL BE ISSUED (BLOCK CAPITALS)

Mr, Mrs, Miss, or Title .....

Forenames (in full) .....

Surname/Company Name: .....

Date of Birth (in Full) .....

Address (in Full) .....

Designation (if any) .....

Mr, Mrs, Miss, or Title .....

Forenames (in full) .....

Surname/Company Name .....

Date of Birth (in Full) .....

Address (in Full) .....

Designation (if any) .....

Mr, Mrs, Miss, or Title .....

Forenames (in full) .....

Surname/Company Name .....

Date of Birth (in Full) .....

Address (in Full) .....

Designation (if any) .....

**2B. CREST DETAILS**

(Only complete this section if Depository Interests in respect of 2028 ZDP Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 2A).

CREST Participant ID .....

CREST Member Account .....

**3. SIGNATURE(S) ALL HOLDERS MUST SIGN**

First holder signature: Second holder Signature:

.....  
Name (Print) Name (Print)

.....  
Dated: Dated:

.....  
Third holder signature: Fourth holder Signature:

.....  
Name (Print) Name (Print)

.....  
Dated: Dated:

**4. PAYMENT DETAILS**

**(a) Cheque/Banker's Draft**

If you are subscribing for 2028 ZDP 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 CIS PLC re UIL Finance Ltd OFS Account. Cheques and bankers' payments must be drawn in Sterling 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 Payment**

For Applicants making payment electronically, payment must be made for value by 11.00 a.m. on 20 April 2021. Please contact Computershare by email at OFSPaymentQueries@Computershare.co.uk for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending the payment. Please make such payment for value by no later than 11.00 a.m. on 20 April 2021.

(c) **Settlement by delivery versus payment (DVP)**

Application will be made for the Depository Interests in respect of the underlying 2028 ZDP Shares comprising the 2028 ZDP Shares to be issued under the Offer for Subscription to be admitted to CREST with effect from Initial Admission. Accordingly, settlement of transactions in such Depository Interests will normally take place within the CREST system.

If you choose to settle your application within CREST, that is DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of 2028 ZDP Shares to be made against payment at the Initial Issue Price following the CREST matching criteria set out below.

Trade date: 21 April 2021

Settlement Date: 23 April 2021

Company: UIL Finance Limited

Security description: 2028 Zero Dividend Preference Shares

SEDOL: BL6BB99

ISIN: BMG916101576

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 20 April 2021. You should tick the relevant box in section 1.

You will need to match your instructions to Computershare Investor Services PLC's Participant account 3RA54 by no later than 1.00 p.m. on 22 April 2021.

## **5. RELIABLE INTRODUCER DECLARATION**

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in section 5 of the notes on how to complete this Application Form.

The declaration below may only be signed by a person or institution (being a regulated financial services firm) (the firm) which is itself subject in its own country to operation of "customer due diligence" and anti-money laundering regulations no less stringent than those which prevail in the UK. Acceptable countries include Austria, Belgium, Canada, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Guernsey, Hong Kong, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Luxembourg, Malta, the Netherlands, New Zealand, Norway, Portugal, Singapore, the Republic of South Africa, Spain, Sweden, Switzerland and the UK.

### **Declaration: To UIL Finance and the Receiving Agent**

With reference to the holder(s) detailed in section 2A, all persons signing at section 3 and the payor if not also the Applicant (collectively, the subjects), WE HEREBY DECLARE:

- (i) we operate in one of the above mentioned countries and our firm is subject to money laundering regulations under the laws of that country which, to the best of our knowledge, are no less stringent than those which prevail in England;
- (ii) we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- (iii) each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- (iv) we confirm the accuracy of the names and residential/business address(es) of the holder(s) given at section 2A and if a CREST Account is cited at section 2B that the owner thereof is named in section 2A;

- (v) having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the 2028 ZDP Shares mentioned; and
- (vi) where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed .....

Name: .....

Position .....

having authority to bind the firm.

Name of regulatory authority .....

Firm's Licence number: .....

Website address or telephone number of regulatory authority: STAMP of firm giving full name and business address

**6. CONTACT DETAILS**

To ensure the efficient and timely processing of this application please enter below the contact details of a person UIL Finance (or any of its agents) may contact with all enquiries concerning this application. Ordinarily this contact person should be the (or one of the) person(s) signing in section 3 on behalf of the first named holder. If no details are entered here and UIL Finance (or any of its agents) requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact Name: .....

E-mail Address: .....

Address: .....

Telephone No.: .....

Fax No.: .....

