

KKV Secured Loan Fund Limited

Alternative Investment Fund Managers Directive - Pre-investment Disclosure

Document

Dated: 22 July 2020

Article 42, together with Articles 23(1) and (2) of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the "**AIFMD**") requires that the alternative investment fund manager (the "**AIFM**") shall, for each of the alternative investment funds ("**AIFs**") that it markets in the EEA, make available to AIF investors, in accordance with the AIF rules or instruments of incorporation, certain information before the AIF investors invest in the AIF, as well as any material changes thereof.

KKV Secured Loan Fund Limited (the "**Company**") has appointed International Fund Management Limited to act as its AIFM. This document contains the information required by Article 23(1) and (2) of the AIFMD to be made available to potential investors in the Company.

This document refers to, and should be read in conjunction with, the Company's most recent Annual Report which is available on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

Unless otherwise indicated, capitalised terms used in this document have the meanings set out in the Schedule.

1 A description of the investment strategy and objectives of the AIF

The Company's investment objective is to provide its Shareholders with regular, sustainable dividends and to generate capital appreciation through investment, directly or indirectly, in business-essential, revenue-producing (or cost-saving) equipment and other physical assets.

The Company will seek to invest in business-essential, revenue-producing (or cost saving) equipment and other assets with high in-place value and long economic life relative to the investment term.

The Company provides asset financing primarily by way of equipment leases, loans, hire-purchase agreements, construction finance, and residual participations. The Company will also make investments by way of financing services agreements and software licenses which either supplement business-essential assets or are themselves business-essential assets, in such cases, the Company may include as primary collateral receivables, service contracts, grants, and other tangible and financial assets, in such cases, the Company may include as primary collateral receivables, service contracts, grants, and other tangible and financial assets. It is intended that each investment made by the Company will generate returns either through cash flow over the investment term or through the residual value of the equipment or other assets at the end of the investment term. When available, the Company targets investments in the specialist segment of the leasing market where assets provide cash flow during the base term of the leases as well as offering the potential for additional proceeds through lease extensions or sales at the end of the lease. The Company generally does not intend to invest in the large single asset segment of the leasing market, such as wide-body commercial aircraft leasing, which is heavily reliant on residual value to meet its return targets, or the high volume, low margin segment of the leasing market, such as photocopier and

automobile leasing, although it may do so, from time to time, if appropriate opportunities are identified in these segments.

The Company may invest in assets in any industry. The Company, however, generally expects to be invested in such industries where the Investment Managers see the potential to make the most attractive risk-adjusted returns which currently include, but are not limited to, Agriculture, Energy, Environmental, Manufacturing, Material Handling, Medical, Modular Accommodation, Technology and Transportation.

The Investment Managers will target transaction sizes below £30 million but, generally, the average transaction size is expected to be £3 million to £8 million, although it may fluctuate based on the market opportunities and portfolio composition that the Investment Managers believe will best achieve the Company's investment objectives. Whilst there is no minimum lease term, it is typical for the initial lease term to be 3 to 10 years depending on the asset. Where appropriate, however, the term of the lease may vary significantly from this range reflecting the opportunities available and the needs of the lessee.

Under traditional leasing agreements, the Company and/or its subsidiaries will primarily acquire assets directly and function as the lessor under equipment lease contracts or other secured arrangements. In such situations, the Company will own all rights, title, and interest in and to the assets and will lease them, or otherwise make them available, to the end-user. In other situations, the Company may own assets and enter into hire-purchase agreements where the Company will own the assets until all payments are made under the agreement and a pre-agreed nominal purchase price is paid to the Company.

The assets held by the Company will generally be leased to a third party and will be subject to either a direct finance (cash flow) lease or an operating lease. As customer demands and accounting rules around operating leases evolve, it is expected that the Company will provide lease or asset finance around service contracts or other arrangements that will replace traditional operating leases. Some investments may be structured to provide return of capital and interest during the lease term with an opportunity for additional realisation from the residual value after the initial lease term. In certain circumstances, direct finance leases will be structured as loans and provide the same advantages to the Company.

The Investment Managers will generally seek to acquire investments and/or enter into lease arrangements that require the lessee or other counterparty to bear all tax, maintenance, insurance, and other costs related to the lease or the operation of the underlying asset(s). Generally, as a result, the Company will not be required to undertake maintenance on assets but reserves the right to do so on an exceptional basis.

Whilst the Company and/or its subsidiaries will typically seek direct ownership of the assets under lease, the Company also may obtain exposure to such investments through holding securities that have exposure to an underlying asset or assets that meet the Company's investment criteria where it is more advantageous for the Company to do so or a direct investment is not possible. This includes, but is not limited to, holding or entering into debt securities, loan agreements, equity securities, participation agreements, hybrid instruments, or other securities, whilst maintaining the desired economic exposure and level of security.

The Company may invest in residual interests in assets or equipment. When the Company invests in residual interests, it or its subsidiaries will acquire the rights and/or title to equipment, assets, income or proceeds in respect of the period after the end of the initial lease term or other underlying contract term. Cash flow from the residual interests generally will not commence until all of the obligations under the initial term are satisfied. Once those obligations are satisfied, rights and/or title to the underlying equipment, assets, income or proceeds will be transferred to the Company or its subsidiaries. Furthermore, the Company may elect to sell all or part of the lease receivables to a third party investor or bank and retain its exposure to the asset by retaining ownership of the residual value (in addition to any proportion of the lease receivables retained). Therefore, in relation to certain investments, the Company may be reliant on the residual value to obtain its return on that investment. It is not expected that residual interests would represent more than 35% of the portfolio at the time of investment.

Investments will primarily be made in the United Kingdom, the United States and Europe which is expected to represent at least 75% of the portfolio. The Company may also invest in assets and equipment located or subject to law in other countries, regions, or jurisdictions where the Investment Managers believe they can adequately secure the Company's interest in assets and equipment whilst achieving an appropriate risk-adjusted return consistent with the rest of the portfolio.

Diversification

The Company's portfolio will be subject to the diversification policies limiting the maximum amount of capital that can be invested in a single asset, in a single asset class, in assets held by a corporation or group or held by companies in a specific industry, as a percentage of NAV of the portfolio, measured at the time of investment:

Maximum by asset:	15%
Maximum by asset class:	30%
Maximum by corporation or group:	15%
Maximum by industry:	30%

Borrowings

The Company does not intend to utilise borrowings on a portfolio basis, for investment purposes. However, the Company may, from time to time, utilise borrowings for share buybacks and short term liquidity purposes, but such borrowings will not, in any event, exceed 15% of the Company's Net Asset Value at the time of investment. This does not prevent the Company from purchasing the equity or subordinated participation in a special purpose entity set up to own an asset or a pool of assets or equipment, which itself may be geared.

2 If the AIF is a feeder, information on where the master AIF is established

Not applicable.

3 If the AIF is a fund of funds, information on where the underlying funds are established

Not applicable.

4 A description of the types of assets in which the AIF may invest

Please refer to paragraph 1 above.

5 The investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks

Please refer to paragraphs 1 above.

For further information about the associated risks investors are directed to the Company's most recent Annual Report and Accounts which is available on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

6 Any applicable investment restrictions

Please refer to paragraph 1 above.

7 The circumstances in which the AIF may use leverage

The Board may exercise all the powers of the Company to borrow money and to mortgage, hypothecate, pledge or charge all or part of its undertaking property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any liability or obligation of the Company or of any third party. However, please see the heading 'Borrowings' in paragraph 1 above.

8 The types and sources of leverage permitted and the associated risks

Please refer to paragraph 7 above.

For further information about the associated risks investors are directed to the Company's most recent Annual Report and Accounts which is available on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

9 Any restrictions on the use of leverage and any collateral and asset reuse arrangements

Please refer to paragraph 7 above.

10 The maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF

Please refer to paragraph 7 above.

11 A description of the procedures by which the AIF may change its investment strategy or investment policy, or both

In accordance with the Listing Rules, the Company must obtain the prior approval of its Ordinary Shareholders for any material change to its published investment policy.

12 A description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence

or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established

The Company is incorporated in Guernsey. Investors who acquire shares in the Company will do so subject to the Company's Articles. The Articles are one of the Company's constitutional documents and contain the rights and restrictions attaching to the Company's shares. The Articles may only be amended by way of a special resolution. A shareholder's liability to the Company will be limited to the value of the shares held by such investor.

The Judgements (Reciprocal Enforcement) (Guernsey) Law 1957 shall apply and a final and conclusive judgment, capable of execution, obtained in the Supreme Court and the Senior Courts of England and Wales (excluding the Crown Court) would be recognised and enforced by the Royal Courts of Guernsey without re-examination of the merits of that case, but will be subject to compliance with procedural and other requirements of Guernsey's reciprocal enforcement legislation.

13 The identity of the AIFM, the AIFs depositary, the auditor and any other service providers and a description of their duties and the investors' rights

AIFM

The Company has appointed International Fund Management Ltd as its AIFM. International Fund Management Limited is a limited liability company registered under the laws of Guernsey with number 17484 and having its registered office at Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1NA. International Fund Management Limited is regulated by the Guernsey Financial Services Commission and licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended).

As AIFM, International Fund Management Limited has responsibility for, inter alia, portfolio management and risk management of the assets of the Company. However, as part of its operation International Fund Management Ltd delegates portfolio management responsibilities to the Investment Manager.

The AIFM receives an annual management fee in respect of the services it provides.

Investment Manager

The Company and AIFM have appointed KKV Investment Management Ltd to manage the Company's portfolio and source the Company's investments on a day to day basis, subject to the overall supervision of the Board.

KKV Investment Management Ltd is a private limited company incorporated in England and Wales on 20 February 2020 with registered number 12475228. Its registered office is situated at 25 Upper Brook Street, London, W1K 7QD KKV Investment Management Ltd is an appointed representative of Kvika Securities Ltd which is authorised and regulated by the Financial Conduct Authority.

The Investment Manager receives an annual management fee in respect of the services it provides at a rate equivalent to the following schedule (expressed as a percentage of NAV per annum):

- 1.0% for assets lower than or equal to £300,000,000;
- 0.9% for assets greater than £300,000,000 and lower than or equal to £500,000,000; and
- 0.8% for assets greater than £500,000,000.

The Company may also incur transaction costs for the purposes of structuring investments for the Company. These costs form part of the overall transaction costs that are capitalised at the point of recognition and are taken into account when pricing a transaction. When structuring services are provided by the Investment Manager or an affiliate of it, the Investment Manager shall be entitled to charge an additional fee equal to up to one% of the costs to the Company (ignoring gearing and transaction expenses) of acquiring each investment. This cost will not be charged in respect of assets acquired from the Investment Manager, the funds it manages or where it or its affiliates do not provide such structuring advice.

Depository

The Company has not appointed a Depository.

Administrator and Custodian

The Company has appointed BNP Paribas Securities Services, S.C.A., Guernsey Branch to perform certain secretarial, custodial and administrative services pursuant to an administration and custody agreement entered into between it and the Administrator. The Administrator is responsible for providing general fund administration services (including calculation of the monthly NAV) and accounts preparation services as well as providing company secretarial and custody services to the Company.

Auditors

The auditors of the Company are Deloitte LLP whose registered office is at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte are chartered accountants and a member firm of the Institute of Chartered Accountants in England and Wales.

The Auditor is responsible for auditing the Company's annual financial statements in accordance with auditing standards and regulations and for providing its report to the Company's shareholders in the annual report and financial statements.

Registrar

The Company has appointed Link Market Services (Guernsey) Ltd to act as the Company's registrar pursuant to the Registrar Agreement between the Company and the Registrar. The Registrar is responsible for providing registration services to the Company and maintaining the necessary books and records (such as the Company's register of Shareholders).

Further details of the agreements between the Company, the AIFM, the Investment Manager, the Administrator and the Registrar are available on request.

14 A description of how the AIFM complies with the AIFMD's requirements relating to professional liability risk

Not applicable.

15 A description of any AIFM management function delegated by the AIFM

Please see paragraph 13 above.

16 A description of any safe-keeping function delegated by the Depositary

The Company has not appointed a Depositary.

17 A description of the identity of each delegate appointed

Please see paragraph 13 above.

18 A description of any conflicts of interest that may arise from such delegations

Conflicts of interest may arise between the Company, the Directors, the Investment Manager, and certain of the directors, members and officers of each. These relationships are described below:

None of the Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and his private interests and any other duties.

The Investment Manager, any of its directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "Interested Party") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

The Company may purchase assets from other funds managed by the Investment Manager. Such assets may be proposed by the Investment Manager, subject to the approval of the Board and will be purchased on arm's length terms.

The Directors have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest and that, where a conflict arises, the Investment Manager will allocate the opportunity on a fair basis.

Save as disclosed above, there are no potential or actual conflicts of interest between any duties owed to the Company by the Directors or any of the directors of the Investment Manager or any of the directors of the Company and their private interests or other duties.

19 A description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets

For information about the Company's valuation procedure investors are directed to the Company's Annual Report and Accounts which are available on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

20 A description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances and the existing redemption arrangements with investors

Shareholders will have no right of redemption and must rely, in part, on the existence of a liquid market in order to realise their investment. The Company's shares may trade at a discount to the Net Asset Value per Ordinary Share.

21 A description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors

Please see paragraph 13 above.

Remuneration of Directors

The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other sub-paragraph of the Articles) shall not exceed in aggregate £300,000 per annum or such higher amount as the Company may from time to time by ordinary resolution determine. Such remuneration shall be deemed to accrue from day to day. The Directors shall also be paid all reasonable out-of-pocket travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. The Board may at any time appoint one or more of their body (other than a Director in the United Kingdom) to be holder of any executive office including the office of managing Director on such terms and for such periods as they may determine. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

Ongoing operational expenses will include fees payable under the arrangements with the Investment Management Agreement, the Administration Agreement, the Registrar Agreement, Directors' fees and expenses, audit costs, the Company's broker, expenses of publishing reports, notices and proxy materials to Shareholders, expenses of convening and holding meetings of Shareholders, costs of preparing, printing and/or filing all reports and other documents relating to the Company, expenses of making any capital distributions, insurance premia in respect of directors' and officers' liability insurance for members of the Board, fees of the Commission and London Stock Exchange fees.

Further details of costs and expenses are set out in the Annual Report and Accounts of the Company which are available at <https://kkvim.com/kkv-secured-loan-fund>

22 A description of how the AIFM ensures fair treatment of investors

The Directors owe fiduciary duties to the Company in accordance with the provisions of Guernsey law. In addition, the Company is required to comply with the listing principles set out in Chapter 7 of the Listing Rules which provide that "A listed company must ensure that it treats all holders of the same class of its listed equity shares that are in the same position equally in respect of the rights attaching to those listed equity shares." If the FCA considers that the Company has contravened the Listing Rules it may do one or more of the following: (i) privately censure the Company; (ii) publicly censure the Company; (iii) impose a financial penalty upon the Company; and/or suspend trading of the Company's securities.

23 Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of that preferential treatment

No investor currently obtains preferential treatment or the right to obtain preferential treatment.

24 Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of the type of investors who obtain such preferential treatment

No investor currently obtains preferential treatment or the right to obtain preferential treatment.

25 Whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of, where relevant, their legal or economic links with the AIF or AIFM

No investor currently obtains preferential treatment or the right to obtain preferential treatment.

26 The procedure and conditions for the issue and sale of units or shares

The issue of new shares by the Company is subject to the requisite Shareholder authorities being in place and all Listing Rule requirements having been met. Shares in the Company can also be bought in the open market through a stockbroker.

27 The latest net asset value of the AIF or the latest market price of the unit or share of the AIF

The latest NAV per Ordinary Share will be included in the Monthly Factsheets that are available on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

The Ordinary Shares have been admitted to trading on the London Stock Exchange with the ticker symbol KKV.L. The C Shares have been admitted to trading on the London Stock Exchange with the ticker symbol KKVX. The latest share prices are available on www.londonstockexchange.com as well as on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

28 The latest annual report

The latest annual report of the Company is available on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

29 The historical performance of the AIF

Historical annual reports of the Company are available on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

30 The identity of the prime brokerage firm

Not applicable. The Company has not appointed a prime brokerage firm.

31 A description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed

Not applicable. The Company has not appointed a prime brokerage firm.

32 The provision in the contract with the Depositary on the possibility of transfer and reuse of AIF assets

Not applicable. The Company has not appointed a Depositary.

Neither the Administrator nor any sub-Administrator appointed by it has any right of re-use in respect of the Company's assets.

33 Information about any transfer of liability to the prime brokerage firm that may exist

Not applicable. The Company has not appointed a prime brokerage firm.

34 How and when periodic information required by Article 23(4) and (5) of the AIFMD will be disclosed

Article 23(4) requires the Company to disclose information relating to: (i) the percentage of the Company's assets that are subject to special arrangements arising from their illiquid nature; (ii) any new arrangements for managing the liquidity of the Company; and (iii) the current risk profile of the Company and the risk management systems employed by the Company to manage those risks.

This information shall be disclosed as part of the Company's periodic reporting to investors, as required by the Company's rules or instruments of incorporation or at the same time as the prospectus and offering document and — at a minimum — at the same time as the Company's annual report is made available.

Information on changes to the maximum level of leverage that may be employed on behalf of the Company and any right of re-use of collateral or any guarantee under the leveraging arrangements shall be provided without undue delay.

Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to investors, as required by the Company's rules or instruments of incorporation, or at the same time as the prospectus and offering document and at least at the same time as the Company's annual report is made available.

Without limitation to the generality of the foregoing, any information required under Article 23(4) and (5) of the AIFMD may be disclosed (a) in the Company's annual report, (b) in the Monthly Factsheets that are available on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

(c) by the Company issuing an announcement via a Regulatory Information Service or (d) by the Company publishing the relevant information on the Company's website at <https://kkvim.com/kkv-secured-loan-fund>

35 An AIFM must inform investors before they invest in the AIF of any arrangement made by the Depositary to contractually discharge itself of liability

Not applicable. The Company has not appointed a Depositary. Under the Administration and Custody Agreement between the Company and the Administrator, the Administrator has agreed to provide certain administration and custody services to the Company.

The Company has agreed to indemnify the Administrator from and against any liabilities, losses, claims, costs, damages, penalties, fines, obligations, or expenses of any kind whatsoever (including reasonable fees and legal expenses) in connection with the provision of its services under the Administration Agreement, other than by reason of negligence, fraud or wilful default on the part of the Administrator or the material breach of the Administration Agreement by the Administrator.

36 The AIFM must also inform investors without delay of any changes with respect to Depositary liability

Not applicable. The Company has not appointed a Depositary.

Schedule – Definitions

"**Administrator**" BNP Paribas Securities Services, S.C.A, Guernsey Branch

"**AIF**" means alternative investment fund, as defined in the AIFMD

"**AIFM**" means alternative investment fund manager, as defined in the AIFMD

"**AIFMD**" the Alternative Investment Fund Managers Directive, 2011/61/EU

"**Articles**" means the articles of incorporation of the Company

"**Audit Committee**" means the audit committee established by the board of directors of the Company

"**Board**" means the board of directors of the Company

"**C Shares**" means the c shares of no par value in the capital of the Company

"**Company**" means KKV Secured Loan Fund Limited

"**Directors**" means the directors of the Company

"**FCA**" means the Financial Conduct Authority

"**FSMA**" means the Financial Services and Markets Act 2000 (as amended)

"**Investment Manager**" means KKV Investment Management Ltd

"**Listing Rules**" means the rules and regulations made by the FCA under Part VI of the FSMA

"**London Stock Exchange**" means London Stock Exchange plc

"**NAV**" or "**Net Asset Value**" means net asset value calculated in accordance with the Company's normal accounting policies

"**Official List**" means the Official List of the FCA

"**Ordinary Shares**" means the ordinary shares of no par value in the capital of the Company

"**Registrar**" means Link Market Services (Guernsey) Ltd

"**UK**" or "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland