RNS Number : 3038B
Fair Oaks Income Limited
30 September 2025

The information contained within this Announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No.596/2014 as amended by The Market Abuse (Amendment) (EU Exit) Regulations 2019.

30 September 2025

FAIR OAKS INCOME LIMITED
(the "Company")

(Incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered number 58123 and registered as a Registered Closed-ended Collective Investment Scheme with the Guernsey Financial Services Commission)

Proposed Extension of Master Fund III

Fair Oaks Income Limited is pleased to announce a proposed extension of the life of FOMC III LP ("**Master Fund III**"), through which it invests, and amended liquidity provisions, following recent engagement with shareholders.

Master Fund III was established in 2021 to allow shareholders to continue their investment in the Company following the end of FOIF II LP's ("**Master Fund II**") commitment period. The c. 13 per cent. of shareholders who did not wish to extend the life of their investment by participating in Master Fund III elected to have their shares re-designated as Realisation Shares, which continued to participate solely in Master Fund II, and a new class of shares was created to participate solely in Master Fund III ("**2021 Shares**"). A similar reorganisation process was completed in 2017, with c. 15 per cent. of shareholders electing for Realisation Shares[1].

As Master Fund III approached the end of its commitment period, the Company undertook an extensive shareholder consultation exercise and the Board was very encouraged by shareholders' continued commitment to the Company's investment proposition. The Board requested that Fair Oaks Capital Limited (the "**Investment Adviser**") advise as to the appropriate structure for the Company going forward in the context of this shareholder support and the status of the CLO (collateralised loan obligation) market.

The Investment Adviser's analysis has highlighted that the CLO market has evolved considerably since the Company's launch, and the Board and Investment Adviser believe that the evolution of the CLO market over the past few years would make an evergreen structure the optimal framework for Master Fund III. With CLO investments having become longer term structures, often being reset and extended ("**Reset**"), the Investment Adviser believes that this has transformed CLO equity investing from a finite life strategy into one where extending the life of seasoned portfolios is both cost-efficient and value-accretive. Under the current fixed-life Master Fund III model, investors would be constrained by fund maturities, portfolio transfers, and the recurring costs of establishing new share classes. By contrast, the Investment Adviser believes that an evergreen structure would allow Master Fund III to enhance returns, by (i) having the ability to fully use Resets, (ii) avoiding the premature liquidation of attractive portfolios, (iii) avoiding the bid/offer costs of liquidating/acquiring portfolios and (iv) benefitting from lower fees from underwriting banks and other service providers. The Board and the Investment Adviser believe that this flexibility has the potential to enhance returns for Master Fund III, and that it would directly align with current market developments and should position Master Fund III (and accordingly, the Company) to maximise opportunities from the growing Reset activity in CLOs.

Therefore, rather than establishing a new master fund and creating another (relatively illiquid) realisation share class, the Company intends, subject to the Company shareholder approvals set out below, to consent to an amendment of the terms of Master Fund III such that it will become an evergreen structure which is more suited to the Investment Adviser's assessment of the prevailing CLO market.

It is proposed that a new liquidity option be introduced providing holders of the 2021 Share with the opportunity to realise up to an aggregate of 20 per cent. of the outstanding 2021 Shares in issue at the time every four years (or more frequently) at the then-prevailing net asset value, less associated costs. If the amendments to the terms of Master Fund III are adopted, the amended terms will also provide the general partner of Master Fund III, the ability to offer the Company (in its capacity as a limited partner of Master Fund III) an equivalent liquidity opportunity to redeem up to 20 per cent. of its then-current limited partnership interests every four years (or more frequently).

It is also proposed that the Company's scheduled continuation vote, which is to be held by 12 June 2028, will be brought forward to 2025, with the Board committed to consulting shareholders regarding the proposal of a further continuation resolution in the future, in the event of a realisation opportunity being significantly over-subscribed.

No changes are proposed to the Company's dividend or share buyback policies, nor to the Investment Adviser's commitment to re-investment 25 per cent. of fees into 2021 Shares if the shares are trading at a discount to NAV.

The extension of Master Fund III with a new liquidity option is expected to offer the following benefits to shareholders:

- a more cost-effective method of providing periodic liquidity opportunities, without the need to launch and administer an additional master fund and listed realisation share class;
- the introduction of a periodic liquidity option available to all holders of 2021 Shares, without the need for a less liquid, long-maturity share class;
- a structure that will allow for enhanced optionality when considering new investments, with the ability to call, refinance or reset without the current maturity constraints. This could also include the ability to act as a risk-retention holder in CLO structures; and
- the continued benefit of discount control measures, in addition to the liquidity option and continuation vote provisions, through the continuation of the Company's share buyback programme and the Investment Adviser's commitment to re-invest 25 per cent. of fees if the share price trades at a discount to NAV.

Should any shareholder with a holding of at least 15 million 2021 Shares not wish to extend their investment in the Company, the Company is currently formulating a proposal to offer such shareholders an upfront one-off exchange opportunity (the "**Upfront Exchange Opportunity**"), under which they may elect to have their 2021 Shares redeemed for in specie consideration in full (or in part if the in specie redemption is in excess of 15 million 2021 Shares), subject to certain conditions[2], with this option resulting in a direct holding of partnership interest in Master Fund III

Fund III.

The Company intends to make a further announcement in due course and to convene a class meeting and an extraordinary general meeting to seek shareholders' approval for the proposed changes to the Company's Articles to provide for, inter alia,: (i) the Upfront Exchange Opportunity; (ii) the new periodic liquidity measures; and (iii) the change to the date of the next continuation vote.

[1] *Excluding one investor, who is no longer a shareholder of the Company, the percentage of shareholders electing for realisation shares in 2017 and 2021 was 4 per cent and 2 per cent respectively.*

[2] *The Upfront Exchange Opportunity is subject to such shareholder having been determined by the general partner of Master Fund III (in its discretion) to have satisfied the requirements relating to its admission as a limited partner, including, without limitation, know-your-client and anti-money laundering onboarding, investor suitability checks, adherence to the terms of Master Fund III's amended and restated limited partnership agreement and any other legal or regulatory requirements, and further provided that the Company is satisfied that the election does not constitute a breach of any relevant securities legislation in any jurisdiction.*

LEI: 2138008KETEC1WM5YP90

Enquiries:

Fair Oaks Income Limited
Email: contact@fairoaksincome.com
Web: www.fairoaksincome.com

Fair Oaks Capital Limited
Investor Relations
DDI: +44 (0) 20 3034 0400
Email: ir@fairoakscap.com

Apex Corporate Services (Guernsey) Limited
Email: fairoaksgrp@apexgroup.com

Deutsche Numis
Nathan Brown, Investment Banking
DDI: +44 (0) 20 7547 0569
Email: n.brown@dbnumis.com

Panmure Liberum
Chris Clarke, Investment Banking
DDI: +44 (0) 20 3100 2190
Email: chris.clarke@liberum.com

Fair Oaks Income Limited

Fair Oaks Income Limited is a registered closed-ended investment company incorporated in Guernsey. The Company was admitted to trading on the Specialist Fund Market of the London Stock Exchange (now the Specialist Fund Segment of the Main Market of the London Stock Exchange) on 12 June 2014.

The investment policy of the Company is to invest (either directly and/or indirectly through FOIF II LP and FOMC III LP) in US and European CLOs or other vehicles and structures which provide exposure to portfolios consisting primarily of US and European floating-rate senior secured loans and which may include non-recourse financing.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

MSCFZGZLLLLGKZM