

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult your accountant, legal, professional or financial adviser.

The document comprises a supplementary prospectus relating to Funding Circle SME Income Fund Limited (the “**Company**”) prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made pursuant to section 73A of the FSMA, has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

This document is supplemental to, and should be read in conjunction with, the Prospectus of the Company dated 12 November 2015 (the “**Prospectus**”) published in connection with the placing and offer for subscription of up to 150 million Ordinary Shares and the share issuance programme of up to 350 million Ordinary Shares and/or C Shares in aggregate.

The Company and the Directors accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus and the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Funding Circle SME Income Fund Limited

(A company incorporated in Guernsey under The Companies (Guernsey) Law, 2008, as amended, with registered no.60680)

SUPPLEMENTARY PROSPECTUS

Sole Sponsor

GOLDMAN SACHS INTERNATIONAL

Goldman Sachs International, which is authorised in the United Kingdom by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, is acting as sponsor exclusively for the Company in connection with the Share Issuance Programme and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Goldman Sachs International or for advising any such person in connection with the contents of this Supplementary Prospectus or any other matters referred to in this Supplementary Prospectus.

Neither this Supplementary Prospectus nor the Prospectus constitutes an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements or undue burden on the Company, Funding Circle or the Sponsor, and in particular, this Supplementary Prospectus may not be published, distributed or transmitted by any means or media, directly or indirectly in whole or in part, in or into Australia, Canada, Japan, the Republic of South Africa or the United States.

The Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or with any securities regulatory authority of any State or other jurisdiction of the United States and the Shares may not at any time be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act). The Shares are being offered and sold solely outside the United States to non-US Persons in reliance on Regulation S under the US Securities Act. The Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the “**US Investment Company Act**”), and investors will not be entitled to the benefits of the US Investment Company Act.

This Supplementary Prospectus is dated 28 June 2016.

Purpose of Supplementary Prospectus

This document constitutes a Supplementary Prospectus required under Prospectus Rules 3.4.1 and 3.4.2 and is being published to note a significant new factor relating to the information included in the Prospectus. The significant new factor relates to the publication of new annual audited financial statements.

A. Significant new factor

Annual report and accounts for the period ended 31 March 2016

On 23 June 2016, the Board approved the Company's annual report and audited consolidated accounts for the period from 22 July 2015 to 31 March 2016 (the "2016 Annual Report"). On 24 June 2016, the Company published the 2016 Annual Report. By virtue of this Supplementary Prospectus, the 2016 Annual Report is incorporated into, and forms part of, the Prospectus. The non-incorporated parts of the 2016 Annual Report are either not relevant to investors or are covered elsewhere in the Prospectus.

Historical financial information incorporated by reference

Historical financial information relating to the Company and its subsidiaries (together, the "Group") on the matters referred to below is included in the 2016 Annual Report as set out in the table below and is expressly incorporated by reference into this Supplementary Prospectus and the Prospectus.

	Report and accounts for the period from 22 July 2015 to 31 March 2016 (audited)
Nature of information	Page No (s)
Consolidated statement of financial position	23
Consolidated statement of comprehensive income	22
Consolidated statement of changes in shareholders' equity	24
Consolidated statement of cash flows	25
Notes to the consolidated financial statements	26-40
Independent auditors' report	20-21
Chairman's statement	2-3
Directors' report	8-10
Strategic report	4-7

	As at 31 March 2016 (audited) (£)
Assets	
Cash and cash equivalents	56,757,244
Other receivables and prepayments	225,683
Fair value of currency derivative	607,568
Loans advanced	94,764,065
Total assets	152,354,560
Equity and liabilities	
Capital and reserves	
Share capital	147,000,000
Retained earnings	1,276,617
Total shareholders' equity	148,276,617
Liabilities	
Accrued expense and other liabilities	4,077,943
Total liabilities	4,077,943
Total equity and liabilities	152,354,560
Net asset value per Ordinary Share (pence)	98.85
Net asset value per C Share (pence)	-

Operating and financial review

The 2016 Annual Report 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 that year.

Nature of information	Report and accounts for the period from 22 July 2015 to 31 March 2016 (audited)
Summary information	Page No (s)
Chairman's statement	1
Strategic report	2-3
	4-7

B. Supplements to the Summary

As a result of the publication of the 2016 Annual Report, the Summary is hereby supplemented as follows:

B.7	Key financial information	The key figures that summarise the Group's financial condition in respect of the financial period ended 31 March 2016 are set out below. This information has been extracted without material adjustment from audited financial statements for the financial period ended 31 March 2016. As at 31 March 2016 (audited) (£) ASSETS Cash and cash equivalents 56,757,244 Other receivables and prepayment 225,683 Fair value of currency derivative 607,568 Loans advanced 94,764,065 TOTAL ASSETS 152,354,560 EQUITY AND LIABILITIES Capital and reserves Share capital 147,000,000 Retained earnings 1,276,617 TOTAL SHAREHOLDERS' EQUITY 148,276,617 LIABILITIES Accrued expense and other liabilities 4,077,943 TOTAL LIABILITIES 4,077,943 TOTAL EQUITY AND LIABILITIES 152,354,560 Net asset value per Ordinary Share (pence) 98.85 Net asset value per C Share (pence) - Other than as disclosed above, there has been no significant change in the financial condition or operating results of the Group during the period covered by the historical financial information shown above or since 31 March 2016, being the latest date to which the Company prepared and published financial information,
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	other than the declaration of a dividend on 17 June 2016. On this date, the Board declared a dividend of 1.00p per ordinary share. The dividend will be payable on 29 July 2016 to shareholders on the register as at the close of business on 1 July 2016 (the record date) and the corresponding Ex-Dividend Date will be 30 June 2016..
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C. Significant change

There has been no significant change in the financial condition or operating results of the Group since 31 March 2016, the last date to which the Company published financial information, other than the declaration of a dividend on 17 June 2016. On this date, the Board declared a dividend of 1.00p per ordinary share. The dividend will be payable on 29 July 2016 to shareholders on the register as at the close of business on 1 July 2016 (the record date) and the corresponding Ex-Dividend Date will be 30 June 2016.

D. Additional Information

Responsibility

The Company, whose registered office address appears below, and the Directors, whose names appear below, accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Directors are:

Richard Boléat
Richard Burwood
Jonathan Bridel
Frederic Hervouet
Samir Desai

The registered office of the Company is:

Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG.

Documents available for inspection

Copies of this Supplementary Prospectus, the 2016 Annual Report, the supplementary prospectus relating to the Company dated 20 June 2016 (the “**First Supplementary Prospectus**”) and the Prospectus are available for inspection on the Company’s website www.fcincomefund.com and, until the closing of the Share Issuance Programme, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the Company’s registered office and at the offices of Simmons & Simmons LLP.

Definitions

Words or expressions defined in the Prospectus shall have the same meaning when used in this Supplementary Prospectus unless the context requires otherwise.

General

To the extent that there is any inconsistency between any statement in, or incorporated by reference in this Supplementary Prospectus and any other statement in or incorporated by reference in the Prospectus, the statements in, or incorporated by reference in, this Supplementary Prospectus shall prevail.

Save as disclosed in this Supplementary Prospectus and the First Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

28 June 2016