

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

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

The 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 underlying investments of the Company; (ii) for whom an investment in the 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.

The Company and each of the Directors, whose names appear on page 46 of this Prospectus, accept responsibility for the information contained in this 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 Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire Prospectus and, in particular, the section headed “Risk Factors” beginning on page 17 when considering an investment in the Company.

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## **RANGER DIRECT LENDING ZDP PLC**

*(Incorporated in England and Wales with company number 10247619 as a public limited company under section 4(2) of the Companies Act 2006)*

**a wholly owned subsidiary of**

## **RANGER DIRECT LENDING FUND PLC**

*(Incorporated in England and Wales with company number 9510201 and registered as an Investment company under section 833 of the Companies Act 2006)*

**Initial Placing of up to 25 million<sup>1</sup> Zero Dividend Preference Shares of £0.01 each at a Placing Price of £1.035 per ZDP Share**

**and**

**Placing Programme of up to 75 million ZDP Shares (inclusive of any ZDP Shares issued under the Initial Placing)**

**and**

**Admission to the standard segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s Main Market for listed securities**

***Financial Adviser, Bookrunner and Placing Agent***

**LIBERUM CAPITAL LIMITED**

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Application will be made for the ZDP Shares to be admitted to listing on the standard segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. It is expected that Initial Admission will become effective and that dealings in the ZDP Shares pursuant to the Initial Placing will commence at 8.00 a.m. on 4 November 2016. The ZDP Shares are not dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

**A standard listing will afford investors in the Company 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.**

This Prospectus may not be distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy securities in the United States. The ZDP Shares have not been, and will not be, registered under the US Securities Act

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<sup>1</sup> The Directors reserve the right, in consultation with Liberum, to increase the size of the Initial Placing to up to 35 million ZDP Shares if overall demand exceeds 25 million ZDP Shares, with any such increase being announced through a RIS announcement.

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

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

Liberum Capital Limited (“**Liberum**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and RDLF and for no one else in relation to Initial Admission, the Initial Placing, the Placing Programme and/or any Programme Admission and the other arrangements referred to in this Prospectus. Liberum will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to Initial Admission, the Initial Placing, the Placing Programme and/or any Programme Admission and the other arrangements referred to in this Prospectus and will not be responsible to anyone other than the Company or RDLF for providing the protections afforded to its clients or for providing any advice in relation to Initial Admission, the Initial Placing, the Placing Programme and/or any Programme Admission, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on Liberum by the FSMA or the regulatory regime established thereunder, Liberum does not make any representation express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, RDLF, the ZDP Shares, Initial Admission, the Initial Placing, the Placing Programme and/or any Programme Admission. Liberum (and its affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for any statutory liability) whether arising in tort, contract or otherwise which it might have in respect of the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the ZDP Shares, Initial Admission, the Initial Placing, the Placing Programme and/or any Programme Admission.

**This Prospectus is dated 24 October 2016.**

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## SUMMARY

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

<b>Section A – Introduction and warnings</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
<b>A.1</b>	<b>Warning</b>	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
<b>A.2</b>	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable. The Company has not given its consent to the use of this document for subsequent resale or final placement of the ZDP Shares by financial intermediaries.

<b>Section B – Issuer</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
<b>B.1</b>	<b>Legal and commercial name</b>	Ranger Direct Lending ZDP plc
<b>B.2</b>	<b>Domicile and legal form</b>	The Company was incorporated In England and Wales on 23 June 2016 with registered number 10247619 as a public company limited by shares under the Act. The principal legislation under which the Company operates is the Act.
<b>B.3</b>	<b>Nature of issuer/Current operations/ Principal activities</b>	The Company is a wholly owned subsidiary of Ranger Direct Lending Fund (“ <b>RDLF</b> ”) and was incorporated by RDLF for the sole purpose of issuing the ZDP Shares.  The Company’s only material financial obligations are in respect of the ZDP Shares. Its only material assets are its Loan to RDLF pursuant to the Loan Agreement and the obligation of RDLF pursuant to an undertaking granted in favour of the Company (the “ <b>Undertaking</b> ”) to put the Company in a position to meet its obligations in respect of the ZDP Shares.
<b>B.4a</b>	<b>Known trends</b>	Not applicable.
<b>B.5</b>	<b>Group description</b>	The Company is a wholly owned subsidiary of RDLF. RDLF has no other subsidiaries, however, it is the sole beneficiary of Ranger Direct Lending Fund Trust, a Delaware trust established on 22 April 2015 pursuant to a declaration of trust and trust agreement made between the Company (as depositor and managing holder) and Delaware Trust Company (as Delaware Trustee).

<b>B.6</b>	<b>Major shareholders</b>	<p>As at the date of this Prospectus and save for RDLF which holds (and will immediately following Initial Admission) 100 per cent. of the voting rights in the Company, the Company is not aware of any other person who currently holds (or will, immediately following Initial Admission, hold) three per cent. or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules of the FCA).</p> <p>All holders in each class of shares in the Company have the same voting rights in respect of that class of shares in the Company.</p> <p>Other than RDLF, which holds 100 per cent. of the Company's issued ordinary share capital, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises, or could exercise, control over the Company.</p>																																																
<b>B.7</b>	<b>Key financial information</b>	<p>Key figures that summarise the Company's financial condition in respect of the period from incorporation on 23 June 2016 to 30 September 2016 are set out in the table below:</p> <p style="text-align: right;"><i>30 Sept 2016 (GBP)</i></p> <table border="0" style="width: 100%;"> <tr> <td colspan="2"><b>ASSETS</b></td> </tr> <tr> <td colspan="2"><b>Non-current assets</b></td> </tr> <tr> <td>Loans and receivables</td> <td style="text-align: right;">29,768,651</td> </tr> <tr> <td>Total non-current assets</td> <td style="text-align: right;"><u>29,768,651</u></td> </tr> <tr> <td colspan="2"><b>Current assets</b></td> </tr> <tr> <td>Prepayments</td> <td style="text-align: right;">3,517</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Total current assets</td> <td style="text-align: right;"><u>53,517</u></td> </tr> <tr> <td><b>TOTAL ASSETS</b></td> <td style="text-align: right;"><u>29,822,168</u></td> </tr> <tr> <td colspan="2"><b>Non-current liabilities</b></td> </tr> <tr> <td>Zero Dividend Preference Shares</td> <td style="text-align: right;">29,647,989</td> </tr> <tr> <td>Total non-current liabilities</td> <td style="text-align: right;"><u>29,647,989</u></td> </tr> <tr> <td colspan="2"><b>Current liabilities</b></td> </tr> <tr> <td>Income tax liability</td> <td style="text-align: right;">11,530</td> </tr> <tr> <td>Accrued expenses and other liabilities</td> <td style="text-align: right;">18,030</td> </tr> <tr> <td>Total current liabilities</td> <td style="text-align: right;"><u>29,560</u></td> </tr> <tr> <td><b>TOTAL LIABILITIES</b></td> <td style="text-align: right;"><u>29,677,549</u></td> </tr> <tr> <td><b>NET ASSETS</b></td> <td style="text-align: right;"><u><u>144,619</u></u></td> </tr> <tr> <td colspan="2"><b>SHAREHOLDER'S EQUITY</b></td> </tr> <tr> <td colspan="2"><b>Capital and reserves</b></td> </tr> <tr> <td>Called-up share capital</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>Capital contribution</td> <td style="text-align: right;">305,152</td> </tr> <tr> <td>Accumulated losses</td> <td style="text-align: right;">(210,533)</td> </tr> <tr> <td><b>TOTAL SHAREHOLDER'S EQUITY</b></td> <td style="text-align: right;"><u><u>144,619</u></u></td> </tr> </table> <p>There has been no significant change in the financial condition and operating results of the Company since the end of the period covered by the historical financial information set out above and since 30 September 2016 (being the period in respect of which the Company's audited financial statements have been prepared).</p>	<b>ASSETS</b>		<b>Non-current assets</b>		Loans and receivables	29,768,651	Total non-current assets	<u>29,768,651</u>	<b>Current assets</b>		Prepayments	3,517	Cash and cash equivalents	50,000	Total current assets	<u>53,517</u>	<b>TOTAL ASSETS</b>	<u>29,822,168</u>	<b>Non-current liabilities</b>		Zero Dividend Preference Shares	29,647,989	Total non-current liabilities	<u>29,647,989</u>	<b>Current liabilities</b>		Income tax liability	11,530	Accrued expenses and other liabilities	18,030	Total current liabilities	<u>29,560</u>	<b>TOTAL LIABILITIES</b>	<u>29,677,549</u>	<b>NET ASSETS</b>	<u><u>144,619</u></u>	<b>SHAREHOLDER'S EQUITY</b>		<b>Capital and reserves</b>		Called-up share capital	50,000	Capital contribution	305,152	Accumulated losses	(210,533)	<b>TOTAL SHAREHOLDER'S EQUITY</b>	<u><u>144,619</u></u>
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<b>B.8</b>	<b>Key pro forma financial information</b>	Not applicable. No pro forma financial information is included in this Prospectus.																																																
<b>B.9</b>	<b>Profit forecast</b>	Not applicable. No profit forecast or estimate is made in this Prospectus.																																																

<b>B.10</b>	<b>Description of the nature of any qualifications in the audit report on the historical financial information</b>	Not applicable. No qualified audit report is included in this Prospectus.																		
<b>B.11</b>	<b>Insufficiency of working capital</b>	Not applicable. In the opinion of the Company, the working capital available to the Company is sufficient for its present requirements, namely for at least 12 months from the date of this Prospectus.																		
<b>B.18</b>	<b>Guarantee</b>	<p>Immediately following Initial Admission and each Subsequent Admission, the Company will advance the Gross Proceeds to RDLF pursuant to the Loan Agreement. The Loan Agreement and supporting documentation contain certain provisions to protect the interests of the Company and the ZDP Shareholders. The Loan (and the interest accrued thereon) will be repayable in full, inter alia, on the ZDP Repayment Date.</p> <p>RDLF has also granted an undertaking (the “<b>Undertaking</b>”) to the Company. Pursuant to the Undertaking, RDLF has undertaken to subscribe for such number of Ordinary Shares in the Company, or to otherwise contribute (by way of gift, capital contribution or otherwise pay) such funds to the Company, as will ensure that the Company has sufficient assets on the ZDP Repayment Date to satisfy the ZDP Capital Entitlement then due and to pay any operational costs or expenses incurred by the Company from time to time.</p> <p>Dividends and other payments to RDLF Shareholders will be restricted while the ZDP Shares are in issue unless the Cover is at least 2.75 times immediately following any such payment or if such payment is required in order for RDLF to maintain its Investment Trust status.</p>																		
<b>B.19</b>	<b>Section B information on the Guarantor as if it were the issuer of the same type of security that is the subject of the guarantee</b>	Information on RDLF required for this summary is included in respect of each paragraph of this section B as follows:																		
	<b>B1 – Legal and commercial name</b>	Ranger Direct Lending Fund plc																		
	<b>B2 – Domicile and legal form</b>	RDLF was incorporated In England and Wales on 25 March 2015 with registered number 9510201 as a public company limited by shares under the Act. The principal legislation under which the Company operates is the Act.																		
	<b>B5 – Group description</b>	Other than the Company, RDLF has no subsidiaries, however, it is the sole beneficiary of Ranger Direct Lending Fund Trust, a Delaware trust established on 22 April 2015 pursuant to a declaration of trust and trust agreement made between the Company (as depositor and managing holder) and Delaware Trust Company (as Delaware Trustee).																		
	<b>B6 – Major shareholders</b>	<p>As at the date of this Prospectus, insofar as is known to RDLF based on notifications made to it pursuant to the Disclosure Guidance and Transparency Rules, as at the Latest Practicable Date, the following persons held, directly or indirectly, three per cent. or more of RDLF’s voting rights:</p> <table border="1"> <thead> <tr> <th><i>Name</i></th> <th><i>Number of voting rights held</i></th> <th><i>% voting rights</i></th> </tr> </thead> <tbody> <tr> <td>Invesco Ltd</td> <td>5,179,918</td> <td>34.88</td> </tr> <tr> <td>Bank of Montreal</td> <td>1,881,662</td> <td>12.67</td> </tr> <tr> <td>Aviva plc and its subsidiaries</td> <td>786,250</td> <td>5.82</td> </tr> <tr> <td>City Financial Investment Company Ltd</td> <td>671,500</td> <td>4.97</td> </tr> <tr> <td>Artemis Investment Management LLP</td> <td>611,150</td> <td>4.53</td> </tr> </tbody> </table>	<i>Name</i>	<i>Number of voting rights held</i>	<i>% voting rights</i>	Invesco Ltd	5,179,918	34.88	Bank of Montreal	1,881,662	12.67	Aviva plc and its subsidiaries	786,250	5.82	City Financial Investment Company Ltd	671,500	4.97	Artemis Investment Management LLP	611,150	4.53
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		<p>All RDLF Shareholders have the same voting rights in respect of the share capital of RDLF.</p> <p>RDLF and the RDLF Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over RDLF.</p>																																																																																																									
<b>B7 – Key financial information</b>	<p>Key figures that summarise the Group's financial condition in respect of the period from 10 April 2015 to 31 December 2015 are set out in the table below:</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;"><i>9 April</i></th> <th style="text-align: right;"><i>31 December</i></th> <th style="text-align: right;"><i>9 April</i></th> <th style="text-align: right;"><i>31 December</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>2015</i></th> <th style="text-align: right;"><i>2015</i></th> <th style="text-align: right;"><i>2015</i></th> <th style="text-align: right;"><i>2015</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>US\$</i></th> <th style="text-align: right;"><i>US\$</i></th> <th style="text-align: right;"><i>US\$</i></th> <th style="text-align: right;"><i>US\$</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>Group</i></th> <th style="text-align: right;"><i>Group</i></th> <th style="text-align: right;"><i>RDLF</i></th> <th style="text-align: right;"><i>RDLF</i></th> </tr> </thead> <tbody> <tr> <td>Total non-current assets</td> <td style="text-align: right;">–</td> <td style="text-align: right;">183,295,929</td> <td style="text-align: right;">–</td> <td style="text-align: right;">196,356,603</td> </tr> <tr> <td>Total current assets</td> <td style="text-align: right;">74,500</td> <td style="text-align: right;">48,774,625</td> <td style="text-align: right;">74,500</td> <td style="text-align: right;">35,023,644</td> </tr> <tr> <td>Creditors: Amounts falling due within one year</td> <td style="text-align: right;">74,500</td> <td style="text-align: right;">3,226,090</td> <td style="text-align: right;">74,500</td> <td style="text-align: right;">2,535,783</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;"><u>74,500</u></td> <td style="text-align: right;"><u>228,844,464</u></td> <td style="text-align: right;"><u>74,500</u></td> <td style="text-align: right;"><u>228,844,464</u></td> </tr> </tbody> </table> <p>The key unaudited figures that summarise the Group's financial condition in respect of the six month period from 1 January 2016 to 30 June 2016 which have been extracted without material adjustment from RDLF's unaudited half-yearly financial statements for that period are set out in the table below:</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;"><i>(Unaudited)</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>30 June 2016</i></th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>ASSETS</b></td> </tr> <tr> <td colspan="2"><b>Non-current assets</b></td> </tr> <tr> <td>Financial assets at fair value through profit or loss</td> <td style="text-align: right;">55,640,028</td> </tr> <tr> <td>Loans held at amortised cost</td> <td style="text-align: right;">168,460,525</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>224,100,553</u></td> </tr> <tr> <td colspan="2"><b>Current assets</b></td> </tr> <tr> <td>Derivative assets</td> <td style="text-align: right;">745,919</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">8,934,034</td> </tr> <tr> <td>Funds receivable from direct lending platforms</td> <td style="text-align: right;">1,123,194</td> </tr> <tr> <td>Other current assets and prepaid expenses</td> <td style="text-align: right;">676,654</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>235,580,354</u></td> </tr> <tr> <td colspan="2"><b>EQUITY AND LIABILITIES</b></td> </tr> <tr> <td colspan="2"><b>Capital and reserves</b></td> </tr> <tr> <td>Share capital</td> <td style="text-align: right;">228,201</td> </tr> <tr> <td>Share premium account</td> <td style="text-align: right;">20,989,992</td> </tr> <tr> <td>Other reserves</td> <td style="text-align: right;">204,225,570</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>3,893,437</u></td> </tr> <tr> <td>Revenue reserves</td> <td 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		<p>period covered by the historical information set out above and since 30 June 2016 (being the period in respect of which RDLF's unaudited half-yearly financial statements have been prepared):</p> <ul style="list-style-type: none"> <li>● on 10 August 2016, RDLF declared the payment of an interim dividend of 26.78 pence per RDLF Ordinary Share.</li> </ul>
	<b>B8 – Key pro forma financial information</b>	Not applicable. No pro forma financial information is included in this Prospectus.
	<b>B9 – Profit forecast</b>	Not applicable. No profit forecast or estimate is made in this Prospectus.
	<b>B10 – Description of the nature of any qualifications in the audit report on the historical financial information</b>	Not applicable. No qualified audit report is included in this Prospectus.
	<b>B11 – Insufficiency of working capital</b>	Not applicable. In the opinion of RDLF, the working capital available to the Group is sufficient for its present requirements, namely for at least 12 months from the date of this Prospectus.
	<b>B18 – Guarantee</b>	<p>Immediately following Initial Admission and each Subsequent Admission, the Company will advance the gross proceeds of the relevant issue to RDLF pursuant to the Loan Agreement. The Loan Agreement and supporting documentation contain certain provisions to protect the interests of the Company and the ZDP Shareholders. The Loan will be repayable in full, inter alia, on the ZDP Repayment Date.</p> <p>RDLF has also granted the Undertaking to the Company. Pursuant to the Undertaking, RDLF has undertaken to subscribe for such number of Ordinary Shares, or to otherwise contribute (by way of gift, capital contribution or otherwise pay) such funds to the Company, as will ensure that the Company has sufficient assets on the ZDP Repayment Date to satisfy the ZDP Capital Entitlement then due and to pay any operational costs or expenses incurred by the Company from time to time.</p> <p>Dividends and other payments to RDLF Shareholders will be restricted while the ZDP Shares are in issue unless the Cover is at least 2.75 times immediately following any such payment or if such payment is required in order for RDLF to maintain its Investment Trust status.</p>
	<b>B.34 – Investment policy and objectives</b>	<p>RDLF's investment policy is to invest, directly or indirectly, in a portfolio of Debt Instruments originated or issued by Direct Lending Platforms.</p> <p>A "Debt Instrument" is a debt obligation which will include (without limitation) a loan, invoice receivables and asset financing arrangements.</p> <p>A "Direct Lending Platform" is a business that serves as an originator and/or distributor of Debt Instruments and which is not a traditional retail or investment bank.</p> <p>RDLF acquires Debt Instruments from Direct Lending Platforms which consist of debt obligations within a range of asset class subcategories including, but not limited to, SME loans (including alternative loan structures providing for the advance against and/or acquisition of future corporate trade receivables of the borrower), real estate loans, consumer loans, invoice factoring, asset financing, speciality financing and medical financing.</p> <p>RDLF purchases Debt Instruments directly from Direct Lending Platforms. RDLF also indirectly participates in Debt Instruments via: (i) the acquisition of notes or other financial instruments that reference the returns of an identified Debt Instrument or pool of Debt Instruments (or fractions thereof), in each case issued or originated by a Direct Lending Platform; (ii) a syndicate investment alongside the Direct Lending Platform or other investors where the Direct Lending Platform serves as lead creditor; (iii) pooled investment vehicles or investment funds which invest in Debt Instruments originated or issued by Direct Lending Platforms and which are</p>

		<p>managed by the Investment Manager (or its affiliates), a Direct Lending Platform or a third party, in each case that RDLF deems suitable with a view to enhancing Shareholder returns and providing diversification of RDLF's assets; and (iv) master loan and security agreements ("<b>MLSAs</b>") whereby RDLF lends capital to a Direct Lending Platform for a fixed interest rate (which is calculated and agreed by reference to the Investment Managers assessment of the pool of Debt Instruments securing the note referenced to the MLSA which is issued to RDLF in return for the capital loaned to the Direct Lending Platform, less any fees payable to the Direct Lending Platform).</p> <p>RDLF may also invest up to 10 per cent. of its gross assets (in aggregate at the time of investment) in listed or unlisted securities issued by a Direct Lending Platform, a Direct Lending Platform's controlling entity or other organisations serving the direct lending industry which relate to the equity value or revenue of that entity and is not, for the avoidance of doubt, a security issued for the purpose of providing an exposure to Debt Instruments ("<b>Direct Lending Company Equity</b>"). RDLF may also invest in Direct Lending Company Equity indirectly via other investment funds (including those managed by the Investment Manager or its affiliates).</p> <p>RDLF invests in Debt Instruments in a manner that ensures diversification of underlying borrowers and seeks to mitigate concentration risks.</p>
	<b>B.35 – Borrowing limits</b>	<p>Pursuant to RDLF's investment policy, RDLF may borrow (through bank or other facilities), whether directly or through an investment fund in which it invests or through a subsidiary SPV, up to 50 per cent. of its Net Asset Value, in aggregate (calculated at the time of draw down). Borrowings may be used for investment purposes. Save for its entering into the Loan Agreement, RDLF has not yet exercised such borrowing powers.</p> <p>Pursuant to the Undertaking and a side letter dated 24 October 2016, RDLF may not incur Bank Borrowings (other than any currency hedging facilities, or facilities incurred in connection with the repayment of the Loan or meeting RDLF's obligations under the Undertaking) if, following such borrowing, its aggregate Bank Borrowings would thereby exceed an amount equal to (i) the sum of (a) \$46,627,120.60 (being 20 per cent. of the Net Asset Value attributable to the RDLF Ordinary Shares in issue as at 1 August 2016); and (b) an amount equal to 50 per cent. of the net proceeds of any issue of RDLF C shares or RDLF Ordinary Shares completed on or after 2 August 2016; less (ii) the aggregate gross proceeds attributable to any issue of ZDP Shares effected after the date of this Prospectus.</p> <p>The RDLF Board has also entered into hedging arrangements in respect of the Loan.</p>
	<b>B.36 – Regulatory status</b>	<p>As an investment trust, RDLF is not regulated as a collective investment scheme by the Financial Conduct Authority. However, it is subject to the Listing Rules, Prospectus Rules and the Disclosure Guidance and Transparency Rules and the rules of the London Stock Exchange.</p>
	<b>B.37 – Typical investor</b>	<p>Not applicable. No shares in RDLF will be offered to potential investors pursuant to the Initial Placing or the Placing Programme.</p> <p>Typical investors in the Company are expected to be institutional and sophisticated investors and private clients of experienced wealth managers or executive only retail brokers.</p>
	<b>B.38 – Investment of 20 per cent. or more of gross assets in single underlying asset or collective investment undertaking</b>	<p>Not applicable. RDLF will not invest more than 20 per cent. of its gross assets in a single underlying asset or in one or more collective investment undertakings which may in turn invest more than 20 per cent. of gross assets in other collective investment undertakings.</p>

	<p><b>B.39 – Investment of 40 per cent. or more of gross assets in another collective investment undertaking</b></p>	<p>Not applicable. RDLF will not invest more than 40 per cent. of its gross assets in another collective investment undertaking.</p>
	<p><b>B.40 – Applicant’s service providers</b></p>	<p><b>Investment Manager</b></p> <p>RDLF has appointed Ranger Alternative Management II, LP as the Group’s investment manager. The Investment Manager is responsible for the management of the assets of RDLF in accordance with the terms of the Investment Management Agreement.</p> <p>Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.</p> <p><b>Management Fee</b></p> <p>The management fee is payable monthly in arrear and is at the rate of 1/12 of 1.0 per cent. per month of Net Asset Value of the Ordinary Shares and 1/12 of 1.0 per cent. per month of the Net Asset Value of the ZDP Shares (the “<b>Management Fee</b>”).</p> <p>The Investment Manager also retains the discretion to charge a fee based on a percentage of gross assets of the RDLF Ordinary Shares and also on a percentage of gross assets of any tranche of RDLF C Shares that may be in issue (in each case such percentage not to exceed 1.0 per cent. and provided that the aggregate Management Fee payable by RDLF shall not exceed an amount equal to 1.0 per cent. of the total gross assets of RDLF or its group in aggregate, as applicable) to any entity which is within RDLF’s group (including the Company), provided that such entity employs leverage for the purpose of its investment policy or strategy.</p> <p>In addition, to seek to avoid fee layering, if at any time RDLF invests in or through any other investment fund or special purpose vehicle and a management fee or advisory fee is charged to such investment fund or special purpose vehicle by the Investment Manager or any of its affiliates and not waived, the value of such investment will be excluded from the calculation of Net Asset Value of the RDLF Ordinary Shares and any tranche of RDLF C Shares in issue (as applicable) for the purposes of determining the Management Fee. As such, there will be no fee layering or other additional indirect costs to investors as a result of an investment by RDLF in any investment fund or special purpose vehicle managed or advised by the Investment Manager or its affiliates.</p> <p><b>Performance fee</b></p> <p>The Investment Manager is also entitled to a performance fee calculated by reference to the movements in the Adjusted Net Asset Value of the Ordinary Shares or the Adjusted Net Asset Value of any tranche of C Shares in issue since the end of the Calculation Period (as defined below) in respect of which a performance fee was last earned or the date of admission of the relevant class of Shares if no performance fee has yet been earned (the Adjusted Net Asset Value at such earlier date being the “<b>High Water Mark</b>”).</p> <p>The performance fee will be a sum equal to 10 per cent. of the amount by which the Adjusted Net Asset Value at the end of a Calculation Period exceeds the High Water Mark.</p> <p>The performance fee will be calculated in respect of each twelve month period starting on 1 January and ending on 31 December in each calendar year (a “<b>Calculation Period</b>”), save that the first Calculation Period (i) was, in respect of the RDLF Ordinary Shares currently in issue, the period commencing from First Admission and ending on 31 December 2015; and (ii) shall be, in respect of any tranche of RDLF C Shares admitted prior to 1 January 2017, the period commencing on the admission of such shares to the Official List and to trading on the main market of the London Stock Exchange, and ending on 31 December 2016, and in respect of any tranche of RDLF C Shares so admitted on or after 1 January 2017, from that date to 31 December 2017, and the last Calculation</p>

Period shall end on the date that the Investment Management Agreement is terminated or, where the Investment Management Agreement has not previously been terminated, the Business Day prior to the date on which RDLF enters into liquidation. If at the end of what would otherwise be a Calculation Period no performance fee has been earned in respect of that period, the Calculation Period shall carry on for the next 12 month period and shall be deemed to be the same Calculation Period and this process shall continue until a performance fee is next earned at the end of the relevant period.

The Management Fee and any performance fee payable to the Investment Manager will be calculated and paid in US Dollars.

***Sole Bookrunner***

Liberum has agreed to act as sole bookrunner in respect of the Initial Placing and the Placing Programme.

Liberum has agreed to use its reasonable endeavours to procure subscribers for ZDP Shares at the Placing Price pursuant to the Initial Placing. In consideration for its services in relation to the Placing and conditional upon completion of the Initial Placing, Liberum will be paid a customary placing commission.

***Administrator***

Sanne Fiduciary Services Limited has been appointed as the administrator of RDLF and its Group. The Administrator is responsible for the Group's general administrative functions, such as the calculation of Net Asset Value and maintenance of the Group's accounting records.

Under the terms of the RDLF Accounting and Administration Services Agreement, the Administrator was entitled to an initial set-up fee of £30,000 and an annual fee in respect of the administration and accounting services provides of £15,000 plus an additional amount equal to 6 basis points of the NAV of RDLF in respect of the valuation, investor reporting and financial reporting services it provides (subject to a minimum fee of £100,000). In addition, a further fee of £25,000 (plus a variable amount based on the number of reports) per annum is payable in respect of the tax reporting services provided by the Administrator.

The Administrator has also been appointed to provide equivalent administrative and accounting functions to the Company. Under the terms of the Company's Accounting and Administration Services Agreement, the Administrator is entitled to an annual fee of £40,000, which is payable by RDLF.

The Administrator is, in addition, entitled to recover third party expenses and disbursements.

***Company Secretary***

Capita Company Secretarial Services Limited has been appointed as the company secretary of RDLF and the Company. The Company Secretary provides the general secretarial functions required by the Companies Act and is responsible for the maintenance of the statutory records of RDLF and the Company.

Under the terms of the RDLF Company Secretarial Agreement, the Company Secretary is entitled to an annual fee of £50,000, plus VAT and disbursements.

The Company Secretary has also been appointed to provide equivalent company secretarial services to the Company. Under the terms of the Company's Company Secretarial Agreement, the Company is entitled to an annual fee of £15,000, which is payable by RDLF. The Company Secretary is also entitled to a fee of £2,500 plus VAT and disbursements in respect of services provided in connection with the Initial Placing and Placing Programme.

***Registrar***

Capita Asset Services has been appointed as registrar to both RDLF and the Company and to provide share registration services. Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee, subject to a minimum fee of £2,500 per annum (exclusive of VAT).

***Custodian***

Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed custodian pursuant to the Custodian Agreement to provide custody services to RDLF, including setting up and maintaining securities records and cash accounts, keeping

		<p>safe custody of RDLF's investments, processing corporate actions and shareholder votes and collecting and processing RDLF's income.</p> <p>Under the terms of the Custodian Agreement, the Custodian is entitled to a fee of between US\$180 and US\$500 per annum per holding of securities in an entity (depending on the type of entity). In addition, the custodian is entitled to a fee of up to US\$300 per annum per account (but subsequent fees will be charged at US\$150 per account annually).</p> <p>The Custodian is also entitled to reimbursement of all reasonable out-of-pocket expenses incurred in connection with its duties.</p> <p><b>Broker</b></p> <p>Liberum has been appointed as corporate broker to RDLF and the Company.</p>																														
	<b>B.41 – Regulatory status of investment manager and depositary</b>	<p>The Investment Manager is a registered with the US Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended.</p> <p>The Custodian is regulated by the US Securities and Exchange Commission as a qualified custodian under the Investment Advisers Act of 1940, as amended.</p>																														
	<b>B.42 – Calculation and publication of Net Asset Value</b>	<p>The unaudited Net Asset Value per RDLF Ordinary Share and Net Asset Value per RDLF C Share (at any time when any tranche of RDLF C Shares are in issue) will be calculated by the Administrator (on the basis of information provided by the Investment Manager) on a monthly basis. These figures will be published through a Regulatory Information Service and are available through RDLF's website.</p>																														
	<b>B.43 – Cross liability</b>	<p>Not applicable. RDLF is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>																														
	<b>B.44 – No financial statements have been made up</b>	<p>RDLF was incorporated on 25 March 2015 and commenced trading on 1 May 2015. The audited financial statements of RDLF for the period from (i) incorporation to 9 April 2015 and (ii) 10 April 2015 to 31 December 2015, and the unaudited interim report of RDLF for the period from 1 January 2016 to 30 June 2016 are each incorporated by reference into this Prospectus.</p>																														
	<b>B.45 – Portfolio</b>	<p>As at the Latest Practicable Date (being 5 p.m. London time on 19 October 2016), RDLF had deployed the net proceeds of the First Placing, the Tap Placing and the First ZDP Placing in, primarily, US Debt Instruments with the balance being held as cash and other assets in accordance with RDLF's investment policy.</p> <p>The table below illustrates the portfolio composition by Direct Lending Platform as at the Latest Practicable Date, and has been produced from unaudited Investment Manager management accounts.</p> <p>Portfolio composition by Direct Lending Platform as at the Latest Practicable Date (excluding cash)</p> <table border="1"> <thead> <tr> <th><i>Direct Lending Platform through which Debt Instrument is held</i></th> <th><i>% Net Assets of RDLF</i></th> </tr> </thead> <tbody> <tr> <td>The Consumer Loans Platform</td> <td>20.3</td> </tr> <tr> <td>The Second Consumer Loans Platform</td> <td>4.4</td> </tr> <tr> <td>The Invoice Factoring Platform</td> <td>0.3</td> </tr> <tr> <td>The Second Invoice Factoring Platform</td> <td>0.8</td> </tr> <tr> <td>The Equipment Loans Platform</td> <td>1.9</td> </tr> <tr> <td>The SME Loans Platform</td> <td>12.8</td> </tr> <tr> <td>The Real Estate Loans Platform</td> <td>21.0</td> </tr> <tr> <td>The MCA Platform</td> <td>8.0</td> </tr> <tr> <td>The SME Credit Line Platform</td> <td>20.4</td> </tr> <tr> <td>The Vehicle Service Contract Platform</td> <td>2.6</td> </tr> <tr> <td>The International SME Lending Platform</td> <td>1.5</td> </tr> <tr> <td>The SME Loans and Business Cash Advance Platform</td> <td>2.4</td> </tr> <tr> <td>The Secured Consumer Platform</td> <td>1.1</td> </tr> <tr> <td>Other</td> <td>1.0</td> </tr> </tbody> </table> <p>The portfolio composition data as at the Latest Practicable Date as set out above does not include principal payments received after 30 September 2016 nor accruals for income or expenses in respect of Debt Instruments acquired by RDLF after 30 September 2016.</p>	<i>Direct Lending Platform through which Debt Instrument is held</i>	<i>% Net Assets of RDLF</i>	The Consumer Loans Platform	20.3	The Second Consumer Loans Platform	4.4	The Invoice Factoring Platform	0.3	The Second Invoice Factoring Platform	0.8	The Equipment Loans Platform	1.9	The SME Loans Platform	12.8	The Real Estate Loans Platform	21.0	The MCA Platform	8.0	The SME Credit Line Platform	20.4	The Vehicle Service Contract Platform	2.6	The International SME Lending Platform	1.5	The SME Loans and Business Cash Advance Platform	2.4	The Secured Consumer Platform	1.1	Other	1.0
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	<b>B.46 – Net Asset Value</b>	<p>As at 30 September 2016 the unaudited Net Asset Value per RDLF Ordinary Share (cum-income) was US\$15.58 (£12.01).</p> <p>On Initial Admission the Net Asset Value is expected to increase by £25.875 million assuming 25 million ZDP Shares are issued pursuant to the Initial Placing.</p>
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<b>Section C – Securities</b>											
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>									
<b>C.1</b>	<b>Type and class of securities</b>	<p>The Company intends to issue up to 25 million ZDP Shares under the Initial Placing with a nominal value £0.01 each at a Placing Price of £1.035.</p> <p>Under the Placing Programme, the Company is proposing to issue ZDP Shares provided that the Company shall not issue more than 75 million ZDP Shares pursuant to the Initial Placing and the Placing Programme in aggregate. The issue price of the ZDP Shares issued pursuant to the Placing Programme will be determined by the Directors and Liberum by reference to the prevailing NAV per ZDP Share and a premium to cover the costs of the relevant Subsequent Placing and having regard to prevailing market conditions.</p> <p>The ISIN of the ZDP Shares is GB00BD20L056. The SEDOL of the ZDP Shares is BD20L05.</p> <p>The ticker for the ZDP Shares is RDLZ.</p>									
<b>C.2</b>	<b>Currency denomination of ZDP Shares</b>	Sterling.									
<b>C.3</b>	<b>Details of share capital</b>	<p>Set out below is the issued share capital of the Company as at the date of this Prospectus:</p> <table border="1" data-bbox="531 1052 1394 1160"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Nominal value (£)</i></th> <th style="text-align: right;"><i>Number</i></th> </tr> </thead> <tbody> <tr> <td>Ordinary Shares</td> <td style="text-align: right;">50,000</td> <td style="text-align: right;">50,000</td> </tr> <tr> <td>ZDP Shares</td> <td style="text-align: right;">300,000</td> <td style="text-align: right;">30,000,000</td> </tr> </tbody> </table>		<i>Nominal value (£)</i>	<i>Number</i>	Ordinary Shares	50,000	50,000	ZDP Shares	300,000	30,000,000
	<i>Nominal value (£)</i>	<i>Number</i>									
Ordinary Shares	50,000	50,000									
ZDP Shares	300,000	30,000,000									
<b>C.4</b>	<b>Rights attaching to the ZDP Shares</b>	<p>The holders of the ZDP Shares shall not be entitled to receive any dividends.</p> <p>On a winding-up or a return of capital by the Company, the holders of ZDP Shares shall be entitled to be paid an amount equal to an initial capital entitlement of 100 pence as increased at such rate as accrues daily and compounds annually to give an entitlement to 127.63 pence at 31 July 2021 (the first such increase to be deemed to have occurred on 1 August 2016 and the last to occur on 30 July 2021). The holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account the net assets attributable to the ZDP Shares.</p> <p>The holders of ZDP Shares shall be entitled to receive notice of any general meeting of the Company, but they shall not be entitled to attend or vote at such meeting unless (i) the resolution to be proposed at such general meeting would alter, modify or abrogate the special rights or privileges attaching to the ZDP Shares or (ii) the resolution proposed at such general meeting relates to the redemption or reconstruction of the ZDP Shares or (iii) RDLF has breached the terms of the Loan Agreement and/or the Undertaking and a general meeting has been called to propose a continuation resolution.</p> <p>The consent of either the holders of ZDP Shares or the Ordinary Shares will be required for the variation of any rights attached to such ZDP Shares or Ordinary Shares (as applicable).</p>									
<b>C.5</b>	<b>Restrictions on the free transferability of the securities</b>	There are no restrictions on the free transferability of the ZDP Shares, subject to compliance with applicable securities laws.									
<b>C.6</b>	<b>Admission</b>	Application will be made to the UK Listing Authority and the London Stock Exchange for all of the ZDP Shares now being offered to be admitted to the standard segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Initial Admission									

		<p>will become effective and that dealings for normal settlement in the ZDP Shares will commence on 4 November 2016.</p> <p>Application will be made to the UK Listing Authority and the London Stock Exchange for any ZDP Shares to be issued under the Placing Programme to be admitted to the premium segment of the Official List and to the London Stock Exchange's main market for listed securities. It is expected that the first Programme Admission will become effective and that dealings in the Placing Programme Shares will commence during the period from 24 October 2016 to 23 October 2017.</p>
<b>C.7</b>	<b>Dividend policy</b>	Not applicable. No dividends will be paid in respect of the ZDP Shares.

<b>Section D – Risks</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
<b>D.1</b>	<b>Key information on the key risks that are specific to the Company and its industry</b>	<p>The payment of the Final Capital Entitlement will be dependent on RDLF's ability to comply with its obligations pursuant to the Loan Agreement and the Undertaking. RDLF's compliance with such obligations will be dependent on the performance of its investment portfolio and such performance will be subject to a number of risks, including those described below.</p> <p>Adverse market conditions and their consequences may have a material adverse effect on RDLF's investment portfolio default rate, yield on investment and, therefore, cash flows, impacting on RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking.</p> <p>RDLF's performance may be adversely affected by competition for investments in the direct lending industry and the impact of the development of Direct Lending Platforms and there can be no guarantee that RDLF will be able to secure terms in relation to the deployment of its capital through Debt Instruments originated or issued by any one set of Direct Lending Platforms.</p> <p>In the event that the number of Direct Lending Platforms increase and/or regulation of the direct lending industry (and the associated costs for the Direct Lending Platforms of complying with such regulation) increases, the yields on Debt Instruments originated or issued by the Direct Lending Platforms may be reduced as a result of increased competition from other platforms and/or overheads of the Direct Lending Platform.</p> <p>RDLF may be delayed or restricted from making investments in certain jurisdictions by regulatory requirements.</p> <p>RDLF may acquire different contractual rights depending on the way in which it invests in Debt Instruments. The Debt Instruments may also be subject to different laws and regulation dependent on the jurisdiction of the borrower or the issuer of the Debt Instruments.</p> <p>RDLF is dependent on the continued presence of the Direct Lending Platforms and compliance with the terms of the Platform Agreements by the Direct Lending Platforms.</p> <p>The loan industry in the US is highly regulated. Actual or alleged violations of applicable laws could result in proceedings against US Direct Lending Platforms and in some cases against RDLF itself.</p> <p>In a number of states, US Direct Lending Platforms need licences to broker, originate, service and/or collect US Debt Instruments, and RDLF may also need certain state licences to acquire US Debt Instruments.</p> <p>RDLF conducts its affairs so as to satisfy the conditions for it to be approved by HMRC as an investment trust, exempting it from UK corporation tax on its chargeable gains, however, there is a risk that RDLF may fail to maintain this status. In such circumstances, RDLF would be subject to the normal rates of corporation tax on its profits (including chargeable gains arising on the transfer or disposal of investments and other assets), which could adversely affect RDLF's financial performance.</p>

<b>D.3</b>	<b>Key information on the key risks that are specific to the ZDP Shares</b>	<p>Although on an insolvency of RDLF, the repayment of the Loan would rank in priority to any return of capital to the RDLF Shareholders, RDLF's debt to the Company pursuant to the Loan Agreement (which is the Company's only asset) and RDLF's obligations under the Undertaking will rank behind any secured creditors of RDLF. Therefore, it is not guaranteed that the Final Capital Entitlement will be paid. On a return of assets, including the winding-up of RDLF, the Company would only receive repayment of the Loan and accrued interest if there are sufficient assets of RDLF, having first taken account of prior ranking liabilities and having regard to all other unsecured liabilities of RDLF. ZDP Shares are not a secured, protected or guaranteed investment.</p> <p>In addition, if RDLF is wound up prior to the ZDP Repayment Date, holders of the ZDP Shares will only be entitled to receive their accrued entitlement to the date of winding up and the amount received would therefore be less than the Final Capital Entitlement.</p> <p>The proposed standard listing of the ZDP Shares will afford the ZDP Shareholders a lower level of regulatory protection than a premium listing.</p> <p>The illustrative financial statistics and related figures given in this Prospectus (including the Final Cover and Hurdle Rate) are based on certain assumptions. These are assumptions only and may or may not be fulfilled in practice. The assumptions and the illustrative financial statistics should not be regarded as forecasts of profit or growth in the value of the Group's assets.</p> <p>It may be difficult for ZDP Shareholders to realise their investment and there may not be a liquid market in the ZDP Shares.</p> <p>If the Directors decide to issue further ZDP Shares, the proportions of the voting rights (which apply in respect of any class rights attaching to the ZDP shares only) held by ZDP Shareholders may be diluted.</p> <p>Changes in tax law may reduce any return for investors in the Company.</p>
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<b>Section E – Offer</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
<b>E.1</b>	<b>Proceeds and expenses of the issue</b>	<p>The Net Proceeds of the Initial Placing are dependent on the level of subscriptions received pursuant to the Initial Placing. Assuming 25 million ZDP Shares are issued pursuant to the Initial Placing and the costs and expenses of the Initial Placing are paid by RDLF, the Net Proceeds will be £25.875 million.</p> <p>The net proceeds of the Subsequent Placings made pursuant to the Placing Programme are dependent on: (i) the aggregate number of ZDP Shares issued pursuant to the Placing Programme; and (ii) the applicable Placing Programme Price at which any ZDP Shares are issued pursuant to the Placing Programme.</p> <p>Under the Placing Programme, each ZDP Share will be made available to investors at a price calculated by reference to the estimated cum income Net Asset Value of each existing ZDP Share together with a premium intended to cover the costs and expenses of the relevant placing pursuant to the Placing Programme (including without limitation, any placing commissions) and the initial investment of the amounts raised.</p>
<b>E.2.a</b>	<b>Reasons for the Initial Placing and Placing Programme, use of proceeds and estimated net amount of proceeds</b>	<p>The entirety of the Gross Proceeds of the Initial Placing and any Subsequent Placing will be advanced to RDLF pursuant to the Loan Agreement.</p> <p>The RDLF Directors intend to use the amounts advanced under the Loan Agreement, to fund investments in accordance with RDLF's investment policy as well as to fund RDLF's operational expenses.</p>

<b>E.3</b>	<b>Terms and conditions of the Initial Placing and Placing Programme</b>	<p>The ZDP Shares are being made available under the Initial Placing at the Placing Price.</p> <p>The Initial Placing will close on 1 November 2016 (or such later date as the Company, RDLF and Liberum may agree). If the Initial Placing is extended, the revised timetable will be notified through a Regulatory Information Service.</p> <p>The Initial Placing is conditional upon: (a) admission of the ZDP Shares to be issued pursuant to the Initial Placing to the standard segment of the Official List and to trading on the main market of the London Stock Exchange occurring on or before 8.00 a.m. (London time) on 4 November 2016 (or such time and/or date as the Company, RDLF and Liberum may agree, being not later than 8.00 a.m. (London time) 30 November 2016); and (b) the Placing Agreement becoming unconditional in all respects (save for conditions relating to Initial Admission) and not having been terminated in accordance with its terms before Initial Admission.</p> <p>Following completion of the Initial Placing, the Directors may implement the Placing Programme to enable the Company to raise additional capital in the period from 24 October 2016 to 23 October 2017.</p> <p>The Company is proposing to issue ZDP Shares pursuant to the Initial Placing and the Placing Programme, provided that the aggregate number of ZDP Shares issued shall not exceed 75 million.</p> <p>Under the Placing Programme, Liberum has agreed, subject to certain conditions, to use its reasonable endeavours to procure subscribers for ZDP Shares at the applicable Placing Programme Price.</p> <p>Neither the Initial Placing nor the Placing Programme is being underwritten.</p> <p>Each Subsequent Placing is conditional on amongst other things:</p> <ul style="list-style-type: none"> <li>● the Placing Agreement remaining in full force and effect and not having been terminated in accordance with its terms before the relevant Programme Admission becomes effective; and</li> <li>● completion of the relevant Programme Admission.</li> </ul> <p>In the circumstances in which these conditions are not fully met or waived, the relevant Subsequent Placing will not take place and no ZDP Shares will be issued under that Subsequent Placing.</p>
<b>E.4</b>	<b>Material interests</b>	Not applicable. There are no interests that are material to the Placing and no conflicting interests.
<b>E.5</b>	<b>Name of person selling securities</b>	Not applicable. No person or entity is offering to sell ZDP Shares as part of the Initial Placing or the Placing Programme.
<b>E.6</b>	<b>Dilution</b>	If 75 million ZDP Shares are issued pursuant to the Initial Placing, an existing Shareholder will suffer dilution of approximately 71 per cent. of his shareholding as a result.
<b>E.7</b>	<b>Estimated expenses charged to the investor by the issuer</b>	<p>The costs and expenses (including irrecoverable VAT) of, and incidental to, the Initial Placing, Initial Admission and the establishment of the Placing Programme payable by RDLF are expected to be £578,000 (assuming 35 million ZDP Shares are issued pursuant to the Initial Placing).</p> <p>There are no commissions, fees or expenses to be charged to investors by the Company under the Placing.</p> <p>The costs and expenses of the Placing Programme will depend on subscriptions received.</p>

## RISK FACTORS

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

The Directors believe that the risks described below are the material risks relating to the ZDP Shares at the date of this Prospectus. There may also be additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this Prospectus. Investors should review this Prospectus carefully and in its entirety and consult with their professional advisers before making an application to participate in the Initial Placing and the Placing Programme.

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

The past performance of RDLF and of investments which are referred to in this Prospectus are for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee, of future performance.

### Risks relating to the ZDP Shares

#### ***Holders of ZDP Shares may not receive the Final Capital Entitlement***

As a creditor of RDLF, on an insolvency of RDLF, the repayment of the Loan would rank in priority to any return of capital to the RDLF Shareholders. Therefore, amounts owing to the Company will be repaid to ZDP Shareholders before any amounts are returned to RDLF Shareholders. Notwithstanding the foregoing, RDLF’s debt to the Company pursuant to the Loan Agreement (which is the Company’s only asset) and RDLF’s obligations under the Undertaking will rank behind any secured creditors of RDLF. Therefore, it is not guaranteed that the Final Capital Entitlement will be paid. On a return of assets, including the winding-up of RDLF, the Company would only receive repayment of the Loan and accrued interest if there are sufficient assets of RDLF, having first taken account of prior ranking liabilities and having regard to all other unsecured liabilities of RDLF. ZDP Shares are not a secured, protected or guaranteed investment.

In addition, if RDLF is wound up prior to the ZDP Repayment Date, including where a Continuation Vote is not approved by ZDP Shareholders following a breach by RDLF of the Loan Agreement or the Undertaking, holders of the ZDP Shares will only be entitled to receive their accrued entitlement to the date of winding up. The amount received would therefore be less than the Final Capital Entitlement and would be subject to RDLF having sufficient net assets to repay the Loan and meet its obligations under the Undertaking.

#### ***The standard listing of the ZDP Shares will afford the ZDP Shareholders a lower level of regulatory protection than a premium listing***

Application has been made for the ZDP Shares to be admitted to a standard listing on the Official List. A standard listing will afford ZDP Shareholders 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. Further details regarding the differences in the protections afforded by a premium listing as against a standard listing are set out in the section entitled “Consequences of a Standard Listing” on page 43.

#### ***There may not be a liquid secondary market for the ZDP Shares, the price of which may fluctuate***

There may not be a liquid secondary market for the ZDP Shares, and an investment of this type should be regarded as long-term in nature and may not be suitable as a short-term investment. In addition, the value of the ZDP Shares can go down as well as up. The market price and the realisable value of the ZDP Shares,

as well as being affected by the underlying value of RDLF's net assets, will be affected by interest rates, supply and demand for the ZDP Shares, market conditions and general investor sentiment. As such, the market value and the realisable value (prior to the ZDP Repayment Date) of the ZDP Shares will fluctuate and may vary considerably. In addition, the published market price of the ZDP Shares will be, typically, their middle market price. Due to the potential difference between the middle market price of the ZDP Shares and the price at which the ZDP Shares can be sold, there is no guarantee that the realisable value of the ZDP Shares will be the same as the published market price.

ZDP Shareholders only have the right to receive the Final Capital Entitlement on the ZDP Repayment Date. ZDP Shareholders wishing to realise their investment prior to that date will therefore be required to dispose of their ZDP Shares on the stock market.

Market liquidity in the shares of companies such as the Company is sometimes less than market liquidity in shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market will exist for the ZDP Shares. Accordingly, ZDP Shareholders may be unable to realise ZDP Shares at all. The Company has applied for the ZDP Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Securities exchanges, including the London Stock Exchange, typically have the right to suspend or limit trading in a company's securities. Any suspension or limits on trading in the ZDP Shares may affect the ability of ZDP Shareholders to realise their investment.

Initial Admission should not be taken as implying that there will be a liquid market for the ZDP Shares. There is no guarantee that an active market will develop or be sustained for the ZDP Shares after Initial Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the ZDP Shares could be adversely affected. Even if an active trading market develops, the market price for the ZDP Shares may fall below the Placing Price and ZDP Shareholders may not realise their initial investment.

***Future share issues, share buy backs or raising in the longer term new debt facilities could dilute the interests of the ZDP Shareholders and lower the price of the ZDP Shares***

The Company may issue additional shares in future public offerings or private placements, or make market purchases of its shares, which may dilute the existing investors' interests in the Company. In addition, the issue of additional shares by the Company, or the possibility of such issue, may cause the market price of the ZDP Shares to decline. Furthermore, such additional shares may, subject to any required class consent of the ZDP Shareholders being granted, be of a class ranking in priority to the ZDP Shares in respect of distribution or other rights which may change the risk reward characteristics and reduce the value of the ZDP Shares. Alternatively, RDLF may in the longer term raise additional debt facilities which will also be dilutive.

***Principal bases and assumptions***

The illustrative financial statistics and related figures given in this Prospectus are based on the Assumptions set out in Part VIII of this Prospectus. These are assumptions only and may or may not be fulfilled in practice. The Assumptions and the illustrative financial statistics should not be regarded as forecasts of profit or growth in the value of the Group's assets. In particular, the Final Cover and Hurdle Rate indicated for the ZDP Shares are based on the Assumptions. If events differ from these Assumptions, the Final Cover and Hurdle Rate may be less favourable.

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

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

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

### **Structural conflicts of interest**

The different rights and expectations of the RDLF Ordinary Shareholders and the ZDP Shareholders may give rise to conflicts of interest between them. Holders of ZDP Shares will have little or no interest in the revenue produced by the RDLF portfolio, save to the extent that RDLF's operating costs exceed that revenue. ZDP Shareholders can be expected to want the capital value of the RDLF portfolio to be sufficient to repay the Final Capital Entitlement of the ZDP Shares on the ZDP Repayment Date, but will have little or no interest in any growth in capital in excess of that amount. Conversely, holders of RDLF Ordinary Shares can be expected to be interested in both the revenue that the RDLF Portfolio produces (and hence the level of dividends which will be capable of being paid on RDLF Ordinary Shares) and increases in the capital value of the RDLF Portfolio in the period to the ZDP Repayment Date, in excess of the Final Capital Entitlement of the ZDP Shares.

In certain circumstances, such as a major fall in the capital value of the RDLF portfolio such that the Final Capital Entitlement of the ZDP Shares is significantly uncovered but where the RDLF portfolio is still generating revenue, the interests of ZDP Shareholders and the RDLF Ordinary Shareholders may conflict. The ZDP Shareholders may wish the RDLF portfolio to be re-balanced or more revenue to be retained in order to meet their Final Capital Entitlement, while the holders of RDLF Ordinary Shares may recognise that they then have little prospect of a sizeable capital return and so may be more concerned with maximising dividends in the period to the ZDP Repayment Date. In such circumstances, the Directors (in their capacity both as Directors and RDLF Directors) may find it impossible to meet fully both sets of expectations and so will need to act in a manner which they consider to be fair and equitable to both RDLF Ordinary Shareholders and ZDP Shareholders but having regard to the entitlements of each class of Shares under the Articles and the RDLF Articles respectively.

**The payment of the Final Capital Entitlement will be dependent on RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking. RDLF's compliance with such obligations will be dependent on the performance of its investment portfolio and such performance will be subject to a number of risks, including those described below.**

While the Undertaking restricts the ability of RDLF to pay dividends in circumstances where the Cover is less than 2.75 times, it should be noted that the Undertaking does not prohibit the payment of dividends altogether in such circumstances. Instead, RDLF is only restricted from paying dividends which are in excess of those distributions which are required to be made by RDLF to ensure it maintains its Investment Trust status. Accordingly, a conflict of interest will arise between ZDP Shareholders who will have an interest in RDLF retaining profits to increase the level of the Cover and the holders of RDLF Ordinary Shares whose expectation will be for dividend payments to be made in line with RDLF's stated dividend policy.

### **Risks relating to RDLF which may affect its ability to comply with its obligations under the Loan Agreement and/or the Undertaking – General**

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

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

RDLF will be dependent upon the Investment Manager's successful implementation of RDLF's investment policy and its investment strategies, and ultimately on its ability to create an investment portfolio capable of generating attractive returns. This implementation in turn will be subject to a number of factors, including market conditions and the timing of investments relative to market cycles, many of which are beyond the control of RDLF and difficult to predict.

There can be no assurance that RDLF will be successful in sourcing suitable Debt Instruments or that RDLF's portfolio of investments will achieve the target rates of return referred to in this Prospectus or that it will not sustain any capital losses through its investments. Without limitation to the generality of the foregoing, the achievement of the target return will require RDLF to incur external leverage and there is no guarantee that RDLF will be able to do so. Further, even if RDLF is able to agree the provision of such leverage, it may not be possible to maintain or refinance such external leverage which may impair the ability of RDLF to comply with its obligations under the Loan Agreement and the Undertaking such that the Final Capital Entitlement is not able to be paid to ZDP Shareholders.

***Political instability may impact on the share price of the Company or RDLF and/or on the Net Asset Value of either of them***

The current political instability following the result of the United Kingdom's referendum on whether to leave the European Union, the potential for a second referendum in Scotland on whether to leave the United Kingdom and the upcoming presidential elections in the United States may, individually or collectively, give rise to a period of prolonged economic uncertainty and damage investors' confidence. This in turn could: (i) cause the share price of the Company and/or RDLF to fall; (ii) affect the Net Asset Value of the Company and/or RDLF; or (iii) expose the Company and RDLF to major currency movements, heightened by the fact that the Net Asset Value of the Company and RDLF is presented in Sterling but based on an underlying portfolio of debt instruments predominantly denominated in US Dollars.

In addition, certain rights and obligations applicable to the Company and/or RDLF, such as the AIFM Directive and its EU passporting regime, may no longer be available to them following the United Kingdom's exit from the European Union. This may affect the ability of the Company and/or RDLF to raise funds in the future and may increase compliance and ongoing expenses.

While the Company and RDLF are monitoring and assessing the potential impacts of this political instability, the situation is expected to remain uncertain for the foreseeable future.

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

RDLF's investment objective requires it to invest in instruments which may be both illiquid and scarce. Market conditions may increase illiquidity and scarcity and have a generally negative impact on the Investment Manager's ability to identify and execute investments in suitable Debt Instruments that might generate acceptable returns. Market conditions may also restrict the supply of suitable Debt Instruments that may generate acceptable returns and thereby cause "cash drag" on RDLF's performance. Adverse market conditions and their consequences may have a material adverse effect on RDLF's investment portfolio default rate, yield on investment and, therefore, cash flows. To the extent that there is a delay in making appropriate investments, RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking may be adversely affected.

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

In addition to the amounts advanced to RDLF under the Loan Agreement, RDLF may, subject to its investment policy and the limitations set out in the Undertaking, employ third party borrowings at the level of RDLF and at the level of any investee entity (including any other investment fund in which RDLF invests or any SPV that may be established or utilised by RDLF in connection with obtaining leverage against any of its assets).

Pursuant to its investment policy, RDLF itself may borrow (through bank or other facilities) up to 50 per cent. of its Net Asset Value as at the time of draw down under any facility that RDLF has entered into). In addition, the terms of the Undertaking further restrict RDLF's borrowing powers. Pursuant to the Undertaking and a side letter dated 24 October 2016, RDLF may not incur Bank Borrowings if, following such borrowing, its aggregate Bank Borrowings would thereby exceed an amount equal to (i) the sum of (a) \$46,627,120.60 (being 20 per cent. of the Net Asset Value attributable to the RDLF Ordinary Shares in issue as at 1 August 2016); and (b) an amount equal to 50 per cent. of the net proceeds of any issue of RDLF C shares or RDLF Ordinary Shares completed on or after 2 August 2016; less (ii) the aggregate gross proceeds attributable to any issue of ZDP Shares effected after the date of this Prospectus.

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of RDLF when the value of RDLF's underlying assets is rising, it will, however, have the opposite effect where the underlying asset value is falling. In addition, in the event that RDLF's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of RDLF and accordingly, this will have an adverse effect on RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking.

RDLF (and/or any future subsidiary of it that incurs borrowings) will pay interest on any borrowing it incurs. As such, RDLF is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on RDLF's

variable rate cash borrowings. In the event that interest rate movements lower the level of income receivable on cash deposits or raise the interest required to be paid by RDLF and the Company's ability to pay the Final Capital Entitlement may be impacted.

RDLF may also invest in other investment funds that employ leverage with the aim of enhancing returns to investors. Where an investment fund employs leverage, shares, limited partnership interests or units in such investment funds will rank after such borrowings and should these investment funds' assets fall in value, their ability to pay their investors may be affected.

***RDLF is not constrained to investing in diversified sectors***

RDLF may invest up to 25 per cent. of its gross assets in Debt instruments that are in a single asset class sub-category. This may lead to RDLF having significant exposure to Debt Instruments referenced to certain asset class sub-categories from time to time, albeit exposures that are within the limitations set out in RDLF's investment policy. Greater concentration of Debt Instruments in any one asset class sub-category may result in greater volatility in the value of RDLF's investments and consequently its Net Asset Value. This in turn may materially and adversely affect the performance of RDLF and its ability to comply with its obligations under the Loan Agreement and the Undertaking such that the Company is unable to play the Final Capital Entitlement to ZDP Shareholders.

***RDLF's Shares will be denominated in Sterling while a significant part of RDLF's portfolio of investments is denominated in US Dollars meaning RDLF is subject to the risk of movements in exchange rates (including the Sterling/US Dollar rate) and, to the extent undertaken, attempts to hedge currency exposures may not be successful***

While the RDLF Shares are denominated in Sterling, RDLF accounts in, and the majority of RDLF's assets are invested in Debt Instruments which are denominated in, US Dollars. In addition, RDLF may invest in Debt Instruments and Direct Lending Company Equity which are denominated in Euros, Sterling, Canadian Dollars or other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. In addition, RDLF's borrowings may be denominated in US Dollars, further exposing RDLF to fluctuations in currency rates.

Save as described below, RDLF does not currently hedge currency exposure between Sterling and any other currency in which the Company's assets may be denominated (in particular US Dollars), however, it does hedge its currency exposure between US Dollars (being the currency in which RDLF accounts) and any other currency (including Sterling, Euros and Canadian Dollars) in which RDLF's assets may be denominated. RDLF also currently puts in place hedging arrangements in respect of US Dollar exposure against Sterling on any dividend amounts that are declared during the period from declaration to payment to ensure that the amount of any declared dividend is not subject to exchange rate risk in respect of US Dollar to Sterling foreign exchange rates. Notwithstanding such hedging, there can be no assurances or guarantees that RDLF will successfully hedge against such risks and adverse movements in currency exchange rates will have a material adverse impact on RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking.

In addition, since the Loan is denominated in Sterling, RDLF is also be exposed to currency movements between Sterling and the currencies in which the proceeds of the Loan are invested by RDLF. While RDLF hedges the principal amount of the Loan and the interest that accrues on the Loan on a monthly basis, there can be no assurances or guarantees that RDLF will successfully hedge against such risks and adverse movements in currency exchange rates will have a material adverse impact on RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking. In particular, an increase in the value of Sterling against the US Dollar could, as a result of the hedging put in place by RDLF, reduce the Cover.

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

RDLF's current investments are largely unquoted Debt Instruments or financial instruments that have their value derived from unquoted Debt Instruments. There is no reliable liquid market for Debt Instruments and the valuation of such investments involves the Investment Manager exercising judgement. There can be no guarantee that the basis of calculation of the value of RDLF's investments used in the valuation process will reflect the actual value on realisation of those investments. The Investment Manager is entitled to receive a management fee and performance fee for its services to RDLF which is based, in part, on the value of RDLF's investments. This creates a potential conflict of interest as the Investment Manager is involved in the valuation of RDLF's investments.

**Risks relating to RDLF which may affect its ability to comply with its obligations under the Loan Agreement and/or the Undertaking – risks related to RDLF’s investment objective and strategy**  
***RDLF’s performance may be adversely affected by competition for investments in the direct lending industry and the impact of the development of Direct Lending Platforms***

The direct lending market in which RDLF participates is competitive and rapidly changing. RDLF has entered into agreements with a number of Direct Lending Platforms in relation to the deployment of RDLF’s capital. However, there can be no guarantee that RDLF will be able to secure terms in relation to the deployment of capital through Debt Instruments or issued any other Direct Lending Platforms.

RDLF may face increasing competition for access to Debt Instruments as the direct lending industry continues to evolve. RDLF may face competition from other institutional lenders such as asset managers and other fund vehicles that are substantially larger, and have considerably greater financial, technical and marketing resources than RDLF. In the US, there are a number of private funds and managed accounts which have already deployed capital in the direct lending industry. Other institutional sources of capital may enter the market in both the US and Europe. These potential competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Investment Manager is able to on behalf of RDLF. There can be no assurance that the competitive pressures RDLF faces will not erode RDLF’s ability to deploy capital and thus impact the financial condition and the ability of RDLF to comply with its obligations under the Loan Agreement and the Undertaking and of the Company to pay the Final Capital Entitlement to ZDP Shareholders.

In the event that the number of Direct Lending Platforms which issue or originate Debt Instruments that RDLF invests in were to be limited in number, whether due to termination of existing agreements or failure to secure terms with other Direct Lending Platforms, RDLF may be subject to certain risks associated with the concentration of its portfolio. A smaller universe of Direct Lending Platforms which originate or issue Debt Instruments increases the risks associated with those Direct Lending Platforms changing their arrangements with respect to, *inter alia*, their underwriting and credit models, borrower acquisition channels and quality of debt collection procedures in such a way as to make them unsuitable for investment by RDLF. In any event, material portfolio concentration risks related to asset class, geography or risk tolerances will be mitigated through diversification of investments in accordance with RDLF’s stated investment policy.

In addition, in the event that the number of Direct Lending Platforms increase and/or regulation of the direct lending industry (and the associated costs for the Direct Lending Platforms of complying with such regulation) increases, the yields on Debt Instruments originated or issued by the Direct Lending Platforms may be reduced as a result of increased competition from other platforms and/or overheads of the Direct Lending Platform. In such an event, RDLF may not be able to source Debt Instruments that enable it to comply with its obligations under the Loan Agreement and the Undertaking and of the Company to pay the Final Capital Entitlement to ZDP Shareholders.

***The Direct Lending Platforms that have entered into Platform Agreements with RDLF have not guaranteed to provide a minimum number of Debt Instruments***

There can be no guarantee that the rapid origination growth experienced by Direct Lending Platforms in recent periods will continue.

RDLF intends to continue to build relationships with and enter into agreements with additional Direct Lending Platforms but there is no guarantee that it will be able to do so.

Further, if there are not sufficient qualified loan requests through any Direct Lending Platform that has entered into a Platform Agreement with RDLF, RDLF may be unable to deploy capital in a timely or efficient manner. Any information regarding the Debt Instruments that have been made available by each Direct Lending Platform and the investment capacity for investment tentatively anticipated by RDLF with respect to each Direct Lending Platform is not a guaranteed number or amount of Debt Instruments that will be issued or originated by each Direct Lending Platform. Investment capacities within each Direct Lending Platform are subject to the good faith efforts of such Direct Lending Platform and RDLF will only be able to acquire Debt Instruments originated or issued by such Direct Lending Platforms to the extent that a sufficient number of loan applications are received by Direct Lending Platforms from underlying borrowers which satisfy both the relevant underwriting parameters of such Direct Lending Platform and RDLF’s Debt Instrument selection criteria. Estimates of a particular platform’s expected lending volume in 2016 provided to RDLF by a Direct Lending Platform are estimates based on the relevant platform’s management expectations for the coming

year and are not able to be independently verified. As such, there can be no expectation that such estimated lending volumes will be achieved and failure to achieve such lending volumes by one or more Direct Lending Platforms may have a material adverse impact on RDLF's ability to achieve its investment objective which may in turn impact on RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking.

Where there are insufficient Debt Instruments available or where the volume of available and suitable Debt Instruments falls, RDLF may be forced to invest in cash, cash equivalents or Debt Instruments that fall within its investment policy but do not offer net yields which the Investment Manager is targeting. In such circumstances, the investments made will generally be expected to offer lower returns than RDLF's target returns from investments in Debt Instruments and this may also impact on RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking.

***RDLF may be delayed or restricted from making investments in certain jurisdictions by regulatory requirements***

The direct lending industry is becoming the subject of increasing regulation in a number of jurisdictions. To the extent that RDLF wishes to make investments in certain jurisdictions, it may be delayed in making those investments until it is in a position to comply with applicable law and regulation and the cost of such compliance may be significant.

By way of example, the regulation of consumer lending in the United Kingdom now requires lenders to become authorised in the United Kingdom prior to undertaking certain regulated activities. It is possible that if RDLF were to acquire consumer loan Debt Instruments in the United Kingdom, it would require authorisation and failure to secure such authorisation may have a material adverse effect on the returns from RDLF's investment portfolio which in turn may impact on the RDLF's ability to repay the Loan and comply with its obligations under the Undertaking which may prevent the Company from paying the Final Capital Entitlement to ZDP Shareholders.

***Risks relating to RDLF which may affect its ability to comply with its obligations under the Loan Agreement and/or the Undertaking – risks relating to RDLF's direct or indirect investment in Debt Instruments and the issue or origination of Debt Instruments by Direct Lending Platforms***

***The failure by underlying borrowers to make repayments under the terms of the Debt Instruments will have an adverse effect on RDLF's performance***

Regardless of the form that an investment in a Debt Instrument takes, the ability of RDLF to earn revenue is completely dependent upon payments being made by the underlying borrowers of the Debt Instruments acquired, directly or indirectly, by RDLF from a Direct Lending Platform in a timely and complete manner. RDLF or the relevant member of its Group only receives payments under any Debt Instruments it acquires if the underlying borrower sourced through a Direct Lending Platform makes payments on the relevant loan or, where the borrower does default, the security granted in respect of the loan (where security is given) is sufficient to cover the outstanding payments.

Where an underlying borrower to a Debt Instrument defaults, RDLF must rely on the collection efforts of the Direct Lending Platforms and their designated collection agencies and, in certain circumstances, will have no direct recourse against underlying borrowers. Some Direct Lending Platforms may charge fees and expenses to RDLF in connection with an attempt collect outstanding amounts on Debt Instruments which are defaulted on, thereby reducing the amount which RDLF may recover in the event of a partial or complete collection.

In circumstances where RDLF does not acquire a Debt Instrument itself but instead acquires a Note or other financial instrument providing performance linked returns to Debt Instruments or invests in a pool of Debt Instruments through a pooled investment vehicle, the Direct Lending Platform may retain from the funds received from the relevant borrower and otherwise available for payment to RDLF an amount sufficient to cover any insufficient payment fees and the amounts of any attorney's fees or collection fees it, a third party service provider or collection agency imposes in connection with such collection efforts. In addition, a Direct Lending Platform may under certain circumstances retain a portion or all of such collection proceeds whether or not the applicable Debt Instrument has been written off by the Direct Lending Platform or RDLF.

Borrowers may not view the lending obligations facilitated through a Direct Lending Platform as having the same significance as other credit obligations arising under more traditional circumstances, such as loans from banks. If an underlying borrower neglects its payment obligations on a Debt Instrument or chooses not to repay its Debt Instrument entirely, RDLF may not be able to recover any portion of its outstanding principal and interest under such Debt Instrument.

Where an underlying borrower is an individual, if such a borrower with outstanding obligations under a Debt Instrument dies while the loan is outstanding, the borrower's estate may not contain sufficient assets to repay the Debt Instrument or the executor of the borrower's estate may prioritise repayment of other creditors. Numerous other events could impact a borrower's ability or willingness to repay a Debt Instrument acquired directly or indirectly by RDLF, including divorce or sudden significant expenses, such as uninsured healthcare costs.

Identity fraud may occur and adversely affect RDLF's ability to receive the principal and interest payments that it expects to receive on Debt Instruments. A Direct Lending Platform may have the exclusive right and ability to investigate claims of identity theft and this may create a conflict of interest between RDLF and such Direct Lending Platform. If a Direct Lending Platform determines that verifiable identity theft has occurred, that Direct Lending Platform may be required to repurchase the relevant Debt Instrument (or Note or pooled investment interest where applicable) or indemnify RDLF and in the alternative, if the Direct Lending Platform denies a claim under any identify theft guarantee, the Direct Lending Platform would be saved from its repurchase or indemnification obligations.

RDLF will not be protected from any losses it may incur from its investments in any Debt Instruments which result from borrower default by any insurance-type product operated by any of the Direct Lending Platforms through which it invests. If any such losses incurred by RDLF are significant, this could impact on its ability to comply with the terms of the Loan Agreement and the Undertaking, which could in turn impact on the Company's ability to pay the Final Capital Entitlement to ZDP Shareholders.

#### ***Risk of fraud or misrepresentation by borrowers or Direct Lending Platforms***

The value of the investments made by RDLF in Debt Instruments may be affected by fraud, misrepresentation or omission on the part of the borrower to which the Debt Instrument relates, by parties related to the borrower or by other parties to the Debt Instrument (or related collateral and security arrangements), including the Direct Lending Platforms themselves. Although RDLF's agreements with Direct Lending Platforms will often have provisions which require the platform to repurchase Debt Instruments which were originated or issued on the basis of fraud, misrepresentation, or omission ("**Fraudulent Activity**") by a borrower, such provisions are not universal. Likewise, such provisions do not protect RDLF from insolvency of, or Fraudulent Activity undertaken by, a Direct Lending Platform itself. As such Fraudulent Activity may adversely affect the value of the collateral underlying the Debt Instrument in question (in circumstances where collateral has been pledged) or may adversely affect RDLF's or Direct Lending Platform's ability to enforce its contractual rights under the Debt Instrument or for the borrower of the Debt Instrument to repay the Debt Instrument or interest on it or its other debts.

#### ***Risk of borrower default in respect of secured Debt Instruments***

A substantial component of the Investment Manager's analysis of the desirability of acquiring a secured Debt Instrument relates to the estimated residual or recovery value of such Investments in the event of the insolvency of the borrower. This residual or recovery value is driven primarily, where the Debt Instrument is secured or guaranteed, by the value of the underlying assets constituting the collateral for such investment. Collateral represents security taken over some or all of the assets of a borrower. Such security may be taken in a number of different ways depending on the nature of the asset being secured. The value of collateral can, however, be extremely difficult to predict as in certain circumstances market quotations and third party pricing information may not be available, can diminish over the term of the Debt Instrument, be misappropriated or destroyed and, in certain market circumstances, there could be little, if any, market for such assets. Moreover, depending upon the status of these assets at the time of a borrower's default, they may be substantially worthless. The types of collateral owned by the borrowers who are a counterparty in Debt Instruments will vary widely, but are expected primarily to be receivables, inventory, bank accounts, property, plant and equipment. During times of recession and economic contraction, there may be little or no ability to realise value on any of these assets, or the value which can be realised in liquidation or otherwise may be substantially below the assessed value of the collateral. A default that results in RDLF holding

collateral may materially adversely affect the performance of RDLF's investments and the prevailing Cover calculation in connection with the ZDP Shares.

Whilst RDLF invests in secured Debt Instruments, the collateral and security arrangements in relation to such Debt Instruments is subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by a borrower under a Debt Instrument, such as, for example, thin capitalisation, over-indebtedness, financial assistance and corporate benefit requirements. If the Debt Instruments in which RDLF invests do not benefit from the expected collateral or security arrangements this may affect the value of the investments made by RDLF and the prevailing Cover calculation in connection with the ZDP Shares.

If a default were to occur in relation to a Debt Instrument in which RDLF has invested, and the Direct Lending Platform or Company (as applicable) exercises its rights to enforce the collateral or security arrangements that support the Debt Instrument, the value of recoveries under those arrangements may be smaller than the value of RDLF's investment in the Debt Instrument, (whether due to external factors such as changes in the market for the assets to which the security or collateral relates, general economic conditions or otherwise).

### ***Risk of borrower default in respect of unsecured Debt Instruments***

Part of the portfolio of Debt Instruments acquired by RDLF is not, and will not be, secured or subject to a personal guarantee. Unsecured Debt Instruments are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way. The Direct Lending Platforms that originate or issue such Debt Instruments and their designated third party collection agencies may be limited in their ability to collect on Debt Instruments and if an underlying borrower defaults on its obligations, the ability of the Direct Lending Platform and therefore RDLF to collect any portion of the Debt Instrument is unlikely.

All Debt Instruments are credit obligations of individual borrowers (be it an individual or a business) and the terms of the Debt Instrument may not restrict a borrower from incurring additional debt. If a borrower incurs additional debt after obtaining a loan through a Direct Lending Platform, that additional debt may adversely affect the borrower's creditworthiness generally, and could result in the financial distress, insolvency or bankruptcy of the borrower. This circumstance could ultimately impair the ability of that borrower to make payments on its Debt Instrument and RDLF's ability to receive the principal and interest payments that it expects to receive on the relevant Debt Instruments. To the extent borrowers incur other indebtedness that is secured, such as a mortgage, the ability of the secured creditors to exercise remedies against the assets of that borrower may impair the borrower's ability to repay its loan or it may impair the Direct Lending Platform's ability to collect on the Debt Instrument if it goes unpaid. In respect of consumer loans that are unsecured, borrowers may choose to repay obligations under other indebtedness before repaying loans facilitated through a Direct Lending Platform because the borrowers have no collateral at risk. RDLF will not be made aware of any additional debt incurred by a borrower, or whether such debt is secured.

If a borrower files for bankruptcy in any of the jurisdictions in which RDLF may invest, a stay may go into effect that will automatically put any pending collection actions on hold and prevent further collection action absent court approval. It is possible that the borrower's personal liability on its loan will be discharged in bankruptcy. In most cases involving the bankruptcy of a borrower with an unsecured loan, unsecured creditors, including RDLF, will receive only a fraction of any amount outstanding on the amount owing to them, if anything. If RDLF incurs significant losses as a result of such borrower defaults, this could affect RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking.

### ***Debt Instrument default rates may be affected by a number of factors outside RDLF's control and actual default rates may vary significantly from historical observations***

General economic factors and conditions in the United States or worldwide, including the general interest rate environment, unemployment rates and residential collateral asset values, may affect borrower willingness to seek loans and investor ability and desire to invest in loans.

The default history for Debt Instruments originated via or issued by Direct Lending Platforms is limited and actual defaults over a full market cycle may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.

### ***RDLF acquires different contractual rights depending on the way in which it invests in Debt Instruments***

The contractual rights of RDLF in relation to the interests in Debt Instruments that it acquires depend on the way in which RDLF acquires the Debt Instruments.

The contractual rights acquired by RDLF may vary considerably. A purchase by way of transfer or assignment of a whole loan Debt Instrument will typically result in RDLF effectively acquiring all the rights and obligations of the Direct Lending Platform and becoming a lender under the relevant credit agreement (although its rights can be more restricted than those of the Direct Lending Platform) and, subject to servicing agreements maintained by the Direct Lending Platforms, having a direct contractual relationship with the borrower. Subject to the representations, warranties and covenants RDLF is able to negotiate with an individual Direct Lending Platform, acquisition of a Note or other investment that provides an economic exposure to the whole or part of a Debt Instrument may only provide for a contractual relationship with the Direct Lending Platform (or bankruptcy remote special purpose vehicle that issues the Note or other financial instrument) rather than with the borrower which may impair RDLF's ability to enforce the terms of the loan that is referenced by the relevant Debt Instrument.

RDLF may also invest in Debt Instruments in a number of jurisdictions, including the United States, and such investments are or may be subject to different laws and regulation dependent on the jurisdiction in which the borrower under, or issuer of, the Debt Instrument is incorporated. In order to invest in such Debt Instruments, RDLF may be required to adopt particular contractual arrangements and structures in order to satisfy the legal and regulatory requirements of a particular jurisdiction. This may affect the contractual rights acquired by RDLF.

### ***Prepayment risk***

Underlying borrowers may decide to prepay all or a portion of the remaining principal amount due under a Debt Instrument at any time, and with respect to some loans, without penalty. The degree to which borrowers prepay loans, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the borrower's financial condition and competitive conditions among lenders. In the event of a prepayment of the entire remaining unpaid principal amount of a Debt Instrument acquired by RDLF, RDLF will receive such prepayment (or the relevant part thereof) but further interest may not accrue on such Debt Instrument after the date of the prepayment. If the borrower prepays a portion of the remaining unpaid principal balance interest may cease to accrue on the prepaid portion, and RDLF may not receive all of the interest payments that it expected to receive which in turn may have consequences for RDLF's performance and the prevailing Cover calculation in connection with the ZDP Shares.

### ***RDLF may invest in Debt Instruments made to small or less well established companies***

RDLF may invest in Debt Instruments made to small and/or less well established companies. Whilst loans made to smaller and/or less well established companies may fall within the relevant underwriting criteria of the Direct Lending Platform and Company at the time the Debt Instrument is entered into, a smaller or less well established company will be more susceptible to market volatility and adverse changes in its trading conditions which will in turn impact its financial condition and may mean that it is unable to comply with its payment obligations under the terms of the relevant Debt Instrument. To the extent that a small or less well established company is unable to meet its obligations pursuant to a Debt Instrument, the value of RDLF's investment in such a Debt Instrument will fall which may have an adverse impact on RDLF's financial performance and its ability to comply with its obligations under the Loan Agreement and the Undertaking.

### ***Risks of investment in Debt Instruments that have underlying borrowers with poor credit ratings or histories***

RDLF may invest a portion of its assets in Debt Instruments linked to underlying borrowers who have low or sub-prime credit bureau risk scores (commonly known as "**FICO**" scores) (referred to for this purpose as "**High Yield Investments**"). Such High Yield Investments may be considered speculative with respect to the borrower's continuing ability to make principal and interest payments under the terms of the Debt Instrument. High Yield Investments have a higher risk of default, and as such pose a significant risk to RDLF with respect to the loss of principal and interest. Moreover, High Yield Investments have material sensitivity to macro-economic downturns and other factors outside of RDLF's control. Such macro-economic downturns may be outside of the Investment Manager's foresight and/or unexpectedly occur during the term of a Debt Instrument.

Some of the High Yield Investments may be linked to underlying borrowers who have “subprime” credit ratings. A “subprime” credit rating is traditionally defined as a FICO score below 640. Most of these underlying borrowers are people who have had difficulty obtaining loans from other sources, including banks and other financial institutions, on favourable terms, or on any terms at all, due to credit problems, limited credit histories, adverse financial circumstances, or high debt-to-income ratios.

RDLF expects Debt Instruments which are High Yield Investments to have a substantial rate of default, but may notwithstanding such default rate significantly invest in Debt Instruments which are High Yield Investments (some of which may be linked to subprime borrowers) in circumstances where it believes that the relationship between interest rates and default will produce noteworthy returns on a net basis.

However, no assurance can be given that the expected default rates of Debt Instruments which are High Yield Investments will not materially exceed historical or expected levels, thereby materially and negatively impacting the returns of investments of RDLF and, therefore, its ability to comply with its obligations under the Loan Agreement and the Undertaking and the Company’s ability to pay the Final Capital Entitlements to ZDP Shareholders.

***The value of RDLF’s investments may be subject to jurisdiction-specific insolvency regimes***

The value of the Debt Instruments acquired by RDLF (and the Cover which is required to be obtained in respect of the ZDP Shares) may be impacted by various laws enacted for the protection of creditors in the jurisdictions of incorporation of the obligors thereunder and, if different, the jurisdictions from which the obligors conduct their business and in which they hold their assets, which may adversely affect such obligors’ abilities to make payment on a full or timely basis.

In particular, it should be noted that a number of continental European and emerging market jurisdictions operate “debtor-friendly” insolvency regimes which could result in delays in payments where obligations, debtors or assets thereunder are subject to such regimes. The different insolvency regimes applicable in the different European jurisdictions result in a corresponding variability of recovery rates for debt obligations entered into or issued in such jurisdictions.

With regards to the United States, bankruptcy judges have a broad discretion as to how they deal with the claims of different creditors, and the claims of secured creditors may not, despite their legal entitlement, always be respected as a matter of policy, for example political or social factors may be taken into account in larger or high profile bankruptcies which may adversely affect the ability of RDLF to effectively enforce its rights as a secured creditor.

Jurisdiction-specific insolvency regimes may negatively impact a borrowers’ ability to make payments to RDLF or the Direct Lending Platform (as applicable), or RDLF’s or Direct Lending Platform’s recovery in a restructuring or insolvency, which may adversely affect RDLF’s business, financial condition and results of operations with the result that it is unable to meet its obligations under the Loan Agreement and the Undertaking, leaving the Company unable to pay the Final Capital Entitlement to ZDP Shareholders.

***Risks associated with a limited secondary market and liquidity for Debt Instruments***

Direct lending loans generally, but not exclusively, have a maturity between 6 months to 5 years. Investors acquiring Debt Instruments originated or issued by Direct Lending Platforms and hoping to recoup their entire principal must generally hold their Debt Instruments through to maturity. In the US, a rudimentary secondary exchange is currently in place for fractional consumer loans through FOLIOfn, Inc. but this system is, at present, inefficient. There is also currently no formal secondary market operated by any of the Direct Lending Platforms through which RDLF will be able to participate in relation to the sale of whole loans Debt Instruments. Trade receivables and trade finance loans typically have short durations of 30 to 180 days and RDLF intends to purchase these Debt Instruments to hold to maturity. There is currently very limited liquidity in the secondary trading of these investments. Direct lending loans are not at present listed on any national or international securities exchange.

Until an active secondary market develops, RDLF will primarily adhere to a “lend and hold” strategy and will not necessarily be able to access significant liquidity. At the ZDP Repayment Date, or in the event of adverse economic conditions, in which it would be preferable for RDLF to sell certain of its Debt Instruments, RDLF may not be able to sell a sufficient proportion of its portfolio as a result of liquidity constraints. In such

circumstances, the Company's ability to pay the Final Capital Entitlement to ZDP Shareholders may be adversely affected.

RDLF is dependent on the continued presence of Direct Lending Platforms and compliance with the terms of the Platform Agreements by the Direct Lending Platforms.

RDLF is extremely dependant on the Direct Lending Platforms in pursuing its investment objective. If a material number of platforms were to cease or materially alter their operations, become bankrupt, liquidate or otherwise cease originating Debt Instruments, the ability of RDLF to invest in accordance with its investment objective may be materially impacted.

Likewise, RDLF is dependent on the Direct Lending Platforms' continued ability to manage their operations and reduce risk to the investors in Debt Instruments. For example, a Direct Lending Platform may be vulnerable to network issues, technological failure, cyber attacks, physical or electronic break-ins and other vulnerabilities which may impact either its operations or the security of an investment in a Debt Instrument. In the event that a Direct Lending Platform is unable to effectively manage such vulnerabilities, RDLF as an investor in Debt Instruments, could be severely impacted, including without limitation, with respect to such Direct Lending Platform's ability to offer additional Debt Instruments for investment, manage and service existing Debt Instruments and/or collect amounts due from underlying borrowers, any one of which may have a material adverse effect on RDLF's portfolio and its ability to comply with its obligations under the Loan Agreement and the Undertaking.

RDLF also generally depends on the Direct Lending Platforms to verify the identity of borrowers under the Debt Instruments, their credit histories, the value of any applicable collateral and in some cases, their employment status and income. Neither RDLF nor the Investment Manager will be in a position to monitor those verification procedures and thus RDLF is subject to the risk that those procedures are, or over time become, inadequate to prevent fraud. To the extent that the rate of fraud increases, the returns on RDLF's portfolio could be adversely affected which would in turn have an adverse effect on its ability to comply with its obligations under the Loan Agreement and the Undertaking and the Company's ability to pay the Final Capital Entitlement to the ZDP Shareholders.

The Investment Manager and its TruSight Technology is also reliant on information provided by the Direct Lending Platforms in selecting investments for RDLF. However, the Investment Manager is unable to confirm the accuracy, comprehensiveness or quality of the information provided by such Direct Lending Platforms. If such information proves to be inaccurate, incomplete or of generally poor quality and/or if a Direct Lending Platform ceases to provide such information, RDLF's investment programme may be adversely affected. In addition, the Administrator may be unable to accurately value RDLF's Debt Instruments and may therefore be unable to monitor the Cover of the ZDP Shares.

***Risks associated with the Direct Lending Platforms' and the Investment Manager's credit scoring or investment models***

A prospective borrower may be assigned a loan grade or preferential ranking by a Direct Lending Platform based on a number of factors within their proprietary underwriting model, including, without limitation, the borrower's credit score and credit history. Credit scores are produced by third-party credit reporting agencies based on a borrower's credit profile, including credit balances, available credit, timeliness of payments, average payments, delinquencies and account duration. This data is furnished to the credit reporting agencies by the creditors. A credit score or loan grade/ranking assigned to a borrower by a Direct Lending Platform may not reflect that borrower's actual creditworthiness because the credit score may be based on outdated, incomplete or inaccurate reporting data or misinterpretation by the Direct Lending Platform. The Direct Lending Platforms seek to verify the majority, but not all, of the information obtained from most of their borrower applicants, including with respect to the underlying value of collateral.

Additionally, it is possible that, following the date of any credit information received, a borrower applicant may have defaulted on a pre-existing debt obligation, taken on additional debt or sustained other adverse financial or life events.

The Investment Manager is reliant on the borrower credit information and underlying collateral valuation provided to it by the Direct Lending Platforms which may be out of date or inaccurate. In addition, for consumer loan Debt Instruments, the Investment Manager may not have access to consolidated financial statements or other financial information about the borrowers and the information supplied by borrowers

may be inaccurate or intentionally false. Unlike traditional lending, the Investment Manager may not be able to perform any independent follow-up verification with respect to a borrower applicant, as the borrower applicant's name, address and other contact details may remain confidential and/or there may not be sufficient time for the Investment Manager to parallel the underwriting efforts of a Direct Lending Platform given the market driven time constraints generally surrounding an investment in or through a Direct Lending Platform.

Because of these factors, the Investment Manager may make investment decisions based on outdated, inaccurate or incomplete information.

#### ***Changes in a Direct Lending Platform's policies may adversely impact RDLF's investments***

While the Investment Manager will review the policies and procedures of the Direct Lending Platforms that RDLF invests through, there can be no assurances that the Direct Lending Platforms will continue to adhere to such investment and risk management strategies. The Investment Manager will have differing levels of transparency with respect to Debt Instruments originated or issued by various Direct Lending Platforms, and no assurances can be given that the Investment Manager will detect changes in a Direct Lending Platform's policies and procedures in a timely manner or at all and any such changes to the policies and procedures may result in RDLF's portfolio being materially adversely affected, which in turn will impact on its ability to comply with its obligations under the Loan Agreement and the Undertaking.

#### ***Lack of Direct Lending Platform operating history***

The Direct Lending Platforms that originate and/or issue the Debt Instruments RDLF will invest in generally have a limited operating history and track record, often shorter than a full market cycle, upon which RDLF and the Investment Manager may base an evaluation of the Direct Lending Platforms' operations, the historical default rates and/or performance of Debt Instruments or categories of underlying borrowers. The TruSight Technology utilised by the Investment Manager in its investment process is reliant on such historical information to select investment candidates, and no assurances can be given that the amount of data available to the TruSight Technology is sufficient for it to function appropriately in context to market cycles or long term developments. As such, there can be no assurance that RDLF will be able to comply with its obligations under the Loan Agreement and the Undertaking.

#### ***Bankruptcy of Direct Lending Platforms***

RDLF invests in certain Debt Instruments that take the form of Notes or other financial instruments issued by Direct Lending Platforms or bankruptcy remote special purpose vehicles established by the Direct Lending Platform that provide an economic exposure to the returns on Debt Instruments. Such Notes or other financial instruments will be unsecured obligations of the Direct Lending Platform or special purpose vehicle (as applicable). Those investments are subject to the risks of the platform's or special purpose vehicle's bankruptcy. Although, RDLF actively seeks Direct Lending Platforms that use bankruptcy remote vehicles to issue such notes, RDLF may invest in Direct Lending Platforms that do not employ bankruptcy remote vehicles. To the extent certain Direct Lending Platforms that do not employ bankruptcy remote vehicles enter into voluntary or involuntary bankruptcy, RDLF and, accordingly, the Company may be materially negatively impacted.

#### ***Risks relating to RDLF which may affect its ability to comply with its obligations under the Loan Agreement and/or the Undertaking – risks related to RDLF's investment in trade receivables***

##### ***There may be a limited origination of suitable trade receivable investments***

RDLF invests in trade receivables Debt Instruments originated or issued by Direct Lending Platforms and is, therefore, subject to the Direct Lending Platforms' ability to sufficiently source deals that fall within RDLF's investment and risk parameters. Limited origination or issuance of suitable trade receivables through the Direct Lending Platforms could have a negative impact on RDLF's ability to deploy its capital and therefore impact RDLF's expected returns. In turn, this may impact on the Company's ability to pay the Final Capital Entitlement to ZDP Shareholders.

##### ***The investment in trade receivables is subject to fraud and misrepresentation by the borrower***

RDLF is subject to the Direct Lending Platforms' ability to monitor and curtail factoring fraud which typically stems from the falsification of invoice documents. False invoices can easily be created online to look like they have been issued by legitimate debtors or are otherwise created by legitimate debtors at inflated values.

RDLF's investment in trade receivables Debt Instruments through Direct Lending Platforms is therefore reliant on the Direct Lending Platforms' ability to carry out appropriate due diligence on all parties involved such that no losses occur due to fraudulent activity. Further, RDLF is also reliant on the Direct Lending Platform itself not undertaking any fraudulent activity in performing its obligations under the relevant Platform Agreement.

RDLF and the Investment Manager are reliant on the internal credit ratings and checks by the Direct Lending Platform but may in unusual circumstances seek to carry out independent credit checks, where available, in relation to either the creditor or debtor. In the event of insolvency of any debtor where invoices have been purchased by RDLF, RDLF may only rank as unsecured creditor. Where invoices have been advanced, in the case of insolvency by the creditor, the debtor is made aware that the Invoice has been advanced and is obliged to make payment to RDLF. However, RDLF is subject to the risk of payment being delayed or not made.

***The due diligence carried out in respect of trade receivable investments is limited and subject to certain inherent limitations***

Direct Lending Platforms that lend to companies conduct due diligence but some Direct Lending Platforms may not always conduct on-site visits to verify that (i) the business exists and is in good standing and/or (ii) if applicable, that the security for such loan exists and stands as represented. For this reason, the risk of fraud may be greater with factoring trade receivables or providing loans to companies.

The Direct Lending Platforms seek to validate that the debtor has received the goods or services and is willing to pay the creditor before making the receivables available for investment. There can, however, be no assurance that the debtor will not subsequently dispute the quality or price of the goods or services and elect to withhold payments. Fraud, delays or write-offs associated with such disputes could directly impact the earnings of RDLF on its investments in trade receivables Debt Instruments and its ability to meet its obligations under the Loan Agreement and the Undertaking.

**Risks relating to RDLF which may affect its ability to comply with its obligations under the Loan Agreement and/or the Undertaking – risks related to RDLF's investments in Direct Lending Company Equity**

***Many Direct Lending Platforms are small, newly established businesses***

Direct Lending Platforms and their controlling entities or organisations which RDLF may invest in are primarily smaller companies. Smaller companies, in comparison to larger companies, often have a more restricted depth of management and higher risk profiles. Investors should not expect that RDLF will necessarily be able to realise, by the ZDP Repayment Date, its investments in or through such Direct Lending Platforms serving the direct lending industry and any such realisations that may be achieved may be at considerably lower yields than expected, potentially leading to a breach of RDLF's obligations under the Loan Agreement and the Undertaking and the Company being unable to make the Final Capital Entitlement.

In particular, RDLF may invest in the listed or unlisted securities of any Direct Lending Platforms, a Direct Lending Platform's controlling entity or other organisations servicing the direct lending industry. Investments in unlisted securities, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and therefore may be more difficult to realise.

In comparison with listed and quoted investments, unlisted companies are subject to further particular risks, including that they:

- (a) may have shorter operating histories and smaller market shares, rendering them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- (b) often operate at a financial loss;
- (c) are more likely to depend on the management talents and efforts of a founder or small group of persons and, if any such persons were to cease to be involved in the management or support of such companies, this could have a material adverse impact on their business and prospects and the investment in them made by RDLF; and
- (d) generally have less predictable operating results and may require significant additional capital to support their operations, expansion or competitive position.

Investments which are unlisted at the time of acquisition may remain unlisted and may therefore be difficult to value and/or realise.

**Risks relating to RDLF which may affect its ability to comply with its obligations under the Loan Agreement and/or the Undertaking – risks related to RDLF’s investment in other fund vehicles**

***RDLF is likely to be exposed to additional costs and additional leverage where it invests in Debt Instruments and/or Direct Lending Company Equity through other investment funds***

RDLF invests in Debt Instruments and/or Direct Lending Company Equity via other investment funds, including those managed by the Investment Manager or its affiliates. As a participant in any such vehicle, RDLF will bear, along with other participants, its *pro rata* share of the fees and expenses of that vehicle. These expenses and fees may be in addition to the fees and expenses which RDLF bears directly in connection with its own operations. The existence of such additional fees and expenses may reduce the ability of the Company to make the Final Capital Entitlement.

Any fund vehicles in which RDLF invests may employ leverage. Accordingly, RDLF will be subject to the risks associated with leverage in connection with such investments. Whilst leverage should enhance returns where the value of a fund’s underlying assets is rising; it will have the opposite effect and enhance losses where the value of the underlying assets is falling.

**Risks relating to RDLF which may affect its ability to comply with its obligations under the Loan Agreement and/or the Undertaking – risks relating to compliance and regulation of direct lending participants in the US**

***The loan industry in the US is highly regulated. Actual or alleged violations of applicable laws could result in proceedings against US Direct Lending Platforms and in some cases against RDLF itself***

The loan industry in the US is highly regulated and the Debt Instruments originated through the US Direct Lending Platforms are subject to extensive, complex and sometimes unclear statutes and regulations adopted by various federal and state (and sometimes local) government authorities. Laws applicable to US Debt Instruments may govern the terms of such instruments, including permitted rates, fees, loan amounts and payment schedules; marketing practices; disclosures required to be made in connection with the origination, servicing and collection of such instruments; electronic fund transfers; debt collection; privacy and data security; credit reporting; rights upon default; and licenses, registrations and notifications required for originators, servicers and purchasers. Many of such laws are highly technical. Other laws broadly prohibit discriminatory practices (and practices giving rise to discriminatory effects, in the opinion of various regulatory authorities) and/or unfair, deceptive or abusive acts and practices (“UDAAP”). The state of the law is in some flux, particularly as the US Consumer Financial Protection Bureau (“CFPB”) increasingly exercises its authority to bring enforcement actions against companies deemed to engage in UDAAP violations and to adopt rules and guidance defining UDAAP violations. Moreover, the applicability of usury, licensing, disclosure and other laws to various US Debt Instruments and activities is not always clear.

In the event they perceive violations of applicable law, federal or state regulatory authorities, including the CFPB, the US Federal Trade Commission (the “FTC”), the US Department of Justice (“DOJ”) and state attorneys general and/or loan and banking authorities have the power to bring (or threaten) enforcement proceedings or lawsuits against those persons or entities under their respective authority. Additionally, borrowers may often have a right to bring private actions, including in some cases class actions, alleging violations of these laws. Proceedings of this kind could be initiated against US Direct Lending Platforms doing business with RDLF and in some cases against RDLF itself. These proceedings could potentially impact the financial health of any US Direct Lending Platform accused of serious legal violations and in some cases could affect whether US Debt Instruments are enforceable in accordance with their terms.

***In a number of states, US Direct Lending Platforms need licenses to broker, originate, service and/or collect US Debt Instruments, and RDLF may also need certain state licenses to acquire US Debt Instruments***

In a number of states, US Direct Lending Platforms need licenses to broker, originate, service and/or collect US Debt Instruments. Additionally, one or more states could take the position that entities such as RDLF acquiring US Debt Instruments from US Direct Lending Platforms are required to be licensed. To the extent that a license is required for RDLF to acquire Debt Instruments in certain states, RDLF could be limited in

its business activity until a license is obtained. Once obtained, a license could subject RDLF to a greater level of regulatory oversight than would otherwise be the case. RDLF will also incur costs to obtain and maintain a license in a particular state.

Licensed entities are subject to supervision and examination by the state regulatory authorities that administer the state lending laws. The licensing statutes vary from state to state and variously may prescribe or impose record keeping requirements; restrictions on loan origination and servicing practices, including limits on finance charges and the type, amount and manner of charging fees; disclosure requirements; requirements that licensees submit to periodic examination; surety bond and minimum specified net worth requirements; periodic financial reporting requirements; notification requirements for changes in principal officers, direct and indirect ownership or corporate control; restrictions on advertising; and requirements that loan forms be submitted for review.

***Regarding a US Debt Instrument originated in the name of a bank or savings association, it could be argued in some cases that (i) a non-bank Direct Lending Platform is the “true lender” and, accordingly, that such US Debt Instrument and/or the manner of its origination do not comply with applicable state law; or (ii) the interest rate charged by the bank or savings association at the creation of a loan may not be charged by a nonbank acquirer of the loan if such interest rate exceeds the maximum rate permitted under otherwise applicable state usury laws***

Under US federal law, a bank or savings institution has power to charge interest on an interstate basis at the rate allowed by the laws of the state where it is located, without regard to the law of any other state.

Additionally, a federally chartered bank or savings institution is generally exempt from state licensing (and some substantive) requirements as a matter of federal law and both a federally chartered or state chartered bank or savings institution (with limited exceptions) is exempt from licensure (and some substantive) requirements under the laws of many states.

Some US Direct Lending Platforms have established relationships with banks or savings institutions designed to take advantage of the special powers afforded such entities, typically, these arrangements involve: (i) the bank or savings institution entering into the US Debt Instrument in its own name; and (ii) a US Direct Lending Platform performing substantial or turnkey marketing, origination, servicing and/or collection activities in connection with such US Debt Instrument and then acquiring or designating a third party to acquire such US Debt Instrument from the bank or savings institution originator shortly after origination.

Under US law, it is not entirely clear whether and when the desired benefits of these “bank-model” programs will be recognised by US courts. In connection with bank-model programs, litigation of the issue has been limited, arising most commonly (but not exclusively) in connection with extremely high-rate “payday loans”, and judicial decisions have been mixed. Some courts have accepted the form of the transaction while other courts have concluded or suggested that the nonbank company should be treated as the “true lender” and, accordingly, the legality of the underlying US Debt Instrument should be determined on that basis, without regard to the participation of the bank or savings institution in the transaction. Additionally, the logic of *Madden v. Midland Funding, LLC*, a recent decision of the Second Circuit U.S. Court of Appeals that did not directly involve a bank-model program, calls into question whether a purchaser of a loan originated by a bank or savings association enjoys the same protection from state usury laws as that enjoyed by the originating bank or savings association lender.

“True Lender” Issue: In the past, a number of state authorities have challenged the lawfulness of payday loans made under bank-model programs. However, outside this context (whether in connection with business loans or lower-rate, less controversial consumer transactions) the Company is not aware of any challenges to bank-model programs by federal or state authorities. Nevertheless, in appropriate circumstances US federal or state banking or law enforcement authorities, the CFPB and/or the FTC could potentially attack a bank-model program that is not a high-rate consumer lending program, including a program of a US Direct Lending Platform selling US Debt Instruments to RDLF. In the event of a “true lender” attack on a bank-model program, the government could seek a variety of remedies. Depending upon the identity of the governmental entity initiating the challenge, remedies could include monetary relief against the US Direct Lending Platform involved (including fines, restitution, disgorgement of profits or payment of other amounts); injunctions or cease and desist orders, including injunctions and orders mandating affirmative relief; and declarations that some or all interest or principal is uncollectable in certain limited circumstances, a US Debt Instrument is void as a matter of law or voidable at the election of the borrower when originated or held by an entity that is not licensed or exempt from licensure. Accordingly, some of

these potential remedies could impair RDLF's ability to enforce in accordance with their terms certain US Debt Instruments it acquires. Additionally, proceedings of this type could have a material adverse effect on the lending model utilised by the US direct lending industry and, consequently, the ability of RDLF to pursue a significant part of its investment strategy in the US.

Borrowers, too, have also challenged bank-model programs in the past, including bank-model programs that did not involve payday loans. Accordingly, in addition to the possible initiation of proceedings by governmental authorities, borrowers could also challenge the legality of bank-model lending programs in which U.S. Direct Lending Platforms engage. The severity of the risks associated with this possibility depends substantially upon whether the borrower is in a position to assert claims on a class basis. As discussed below, we expect a resurgence of class action consumer lawsuits in the future.

**State Usury Protection:** In May 2015, the U.S. Court of Appeals for the Second Circuit (which encompasses New York, Connecticut and Vermont) held in *Madden v. Midland Funding, LLC* that a purchaser of charged-off debts from a nationally chartered bank was not entitled to assert the pre-emption of state usury laws available to national banks under U.S. federal law. While the *Madden* case arguably conflicts with a prior decision from the U.S. Court of Appeals for the Eighth Circuit (*Krispin v. May Department Stores*), which held that federal, not state, interest rate law applied to charges imposed by a non-bank after it acquired credit card receivables from its affiliated national bank. *Madden* nevertheless serves to undermine (especially but not solely in New York, Connecticut and Vermont) the presumption that a US Direct Lending Platform can avail itself of the same pre-emptive protection from state usury law that the national bank or savings institution enjoyed when it originated the loans subsequently acquired by the US Direct Lending Platform. If the *Madden* case withstands ongoing efforts to obtain U.S. Supreme Court review and reversal, and if it is adopted by other courts, it may result in a finding that some or all "bank- model" programs are unlawful and/or in a material shift in how "bank-model" programs are structured going forward.

***CFPB rule-making, judicial decisions or amendments to the US Federal Arbitration Act (the "FAA") could render illegal or unenforceable, in whole or in part, arbitration agreements used by US Direct Lending Platforms***

Many, if not most, of the US Direct Lending Platforms include pre-dispute arbitration provisions in their US Debt Instruments or related documents. These provisions are designed to allow the US Direct Lending Platform and/or holders of its US Debt Instruments to resolve customer disputes through individual arbitration rather than class action or individual lawsuits in court. Well-crafted arbitration provisions explicitly provide that all arbitrations will be conducted on an individual and not on a class basis. Thus, arbitration agreements, if enforced, have the effect of shielding the US Direct Lending Platform and purchasers of US Debt Instruments from class action liability. They do not have any impact on regulatory enforcement proceedings.

In the past, a number of courts (including the California Supreme Court) concluded that arbitration agreements with class action waivers are "unconscionable" and hence unenforceable, particularly where a small dollar amount is in controversy on an individual basis. However, in April 2011, the U.S. Supreme Court ruled in a 5-4 decision in *AT&T Mobility v. Concepcion* that the FAA preempts state laws that would otherwise invalidate consumer arbitration agreements that contain class action waivers. Both before and after *Concepcion*, commercial arbitration agreements generally have been regarded as less vulnerable to attack than consumer agreements.

From time to time, Congress has considered legislation that would generally limit or prohibit mandatory pre-dispute arbitration in consumer contracts, and it has adopted such prohibitions with respect to certain mortgage loans and certain consumer loans to active-duty members of the military and their dependents. Also, the U.S. Dodd-Frank Act directs the CFPB to study consumer arbitration and report to Congress, and it authorises the CFPB to adopt rules limiting or prohibiting consumer arbitration, consistent with the results of its study. In March 2015, the CFPB issued a report critical of pre-dispute consumer arbitration. In October 2015, as part of the CFPB's process for formal rulemaking in this area, the CFPB published an outline of its proposals for rules under consideration, which among other restrictions, would prohibit companies from including arbitration clauses that would block class action lawsuits in their consumer financial services contracts. The proposal does not ban arbitration clauses in their entirety, as arbitration could still be offered or utilized as an option for individual disputes/cases, subject to additional CFPB proposed disclosure and reporting requirements to be placed on such companies. Practically speaking, the Company believes it is highly likely that the CFPB will likely adopt final anti-arbitration rules in the next few years. These rules will preclude financial services companies from using arbitration to eliminate their exposure to consumer class actions but will not apply to business loans. Under the Dodd-Frank Act, they would apply solely to arbitration

agreements entered into more than 180 days after the rules are finally adopted (and not to any then-existing arbitration agreements). These rules might be subject to constitutional challenge on the ground that Congress could not delegate to the CFPB the power to override by rule-making the FAA, a federal statute. Nevertheless, adoption of a CFPB rule of this nature could expose US Direct Lending Platforms and RDLF to a much greater risk of class action litigation than at present, at least as to US Debt Instruments involving consumer transactions entered into more than 180 days after the effective date of such rule.

**Risks relating to RDLF which may affect its ability to comply with its obligations under the Loan Agreement and/or the Undertaking – risks related to the Investment Manager**

***RDLF is reliant on the performance and retention of key personnel***

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

If the Investment Manager's team fails to achieve RDLF's investment objective or the RDLF Board is unable to appoint a suitable replacement, RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking may be adversely affected and this may impact on the Company's ability to pay the Final Capital Entitlement to ZDP Shareholders.

**Risks relating to RDLF which may affect its ability to comply with its obligations under the Loan Agreement and/or the Undertaking – RDLF is reliant on IT systems to facilitate the Debt Instrument acquisition process**

The Investment Manager has developed the TruSight Technology to provide portfolio management and Debt Instrument selection functions to RDLF. RDLF is reliant on the functionality of the TruSight Technology. Any failure of the IT systems developed and maintained by the Investment Manager could have a material adverse effect on the ability to acquire and realise investments and therefore impact RDLF's results of operations.

In the event the Investment Manager is unable to use the TruSight Technology in its intended manner, such a failure may pose significant risk to RDLF's investment programme and Debt Instrument selection process.

Specific risks of such a failure may include: (i) the risk that the number of Direct Lending Platforms which are both appropriate for RDLF's investment programme and suitable for evaluation using the TruSight Technology are few in number; (ii) the risk that the TruSight Technology may malfunction, due to programming, development, operational or other errors by the Investment Manager or third parties; (iii) the risk that the Investment Manager is unable to employ the TruSight Technology due to successful or pending legal claims by third parties that the TruSight Technology infringes on third party intellectual property; (iv) the risk that the TruSight Technology does not function as desired or anticipated by the Investment Manager; (v) the risk that the TruSight Technology is not correctly developed to function within changing operational conditions of the Direct Lending Platforms, thereby rendering the TruSight Technology obsolete and; (vi) the loss of key programming and development personnel, such that future developments or maintenance of the TruSight Technology other unforeseen risks relating to the development, use, or obsolescence of the TruSight Technology which would render RDLF's investment programme materially disadvantaged with respect to its objectives and goals.

The Investment Manager is reliant upon attaining data feeds directly from the Direct Lending Platforms. Any delays or failures could impact operational controls and the valuation of the portfolio. While the Investment Manager has in place systems to continually monitor the performance of these IT systems, there can be no guarantee that issues will not arise that may require attention from a specific Direct Lending Platform. Any such issues may result in processing delays. To seek to mitigate this risk the Investment Manager has put in place, with each Direct Lending Platform through which RDLF will invest, a defined process and

communication standard to support the exchange of data. The Investment Manager will also seek to put such agreements in place with any other Direct Lending Platforms through which RDLF may in future invest.

The IT systems of the Direct Lending Platforms are outside the control of the Investment Manager and RDLF. Technology complications associated with lost or broken data fields as a result of Direct Lending Platform-level changes to connectivity protocols may impact RDLF's ability to receive and process the data received from the Direct Lending Platforms. Moreover, Direct Lending Platforms may not integrate connectivity protocols with the Investment Manager, causing delay in the deployment of lending capital and impacting on RDLF's ability to comply with its obligations under the Loan Agreement and the Undertaking.

***RDLF's due diligence may not identify all risks and liabilities in respect of an investment***

Prior to investing in a Debt Instrument or Direct Lending Company Equity, the Investment Manager will, where practicable, perform due diligence on the proposed Direct Lending Platform and/or investment. In doing so, it would typically rely on information provided by the Direct Lending Platforms themselves and, indirectly, on information from third parties (including credit ratings agencies) as a part of this due diligence. To the extent that the Investment Manager, the Direct Lending Platform or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, this may impact on the profitability of the investment.

**Risks related to regulation and taxation**

***RDLF's Investment Trust status***

The RDLF Directors conduct the affairs of RDLF so as to satisfy the conditions under section 1158 of the CTA 2010 and the Investment Trust Regulations 2011 and accordingly, RDLF was approved by HMRC as an investment trust on 11 May 2015 for accounting periods commencing on or after 1 May 2015. In respect of each period for which RDLF is an approved investment trust, RDLF will be exempt from UK corporation tax on its chargeable gains. There is a risk that if RDLF fails to maintain its status as an investment trust, RDLF would be subject to the normal rates of corporation tax on its profits (including chargeable gains arising on the transfer or disposal of investments and other assets), which could adversely affect RDLF's financial performance and impact on the prevailing Cover calculation in connection with the ZDP Shares and/or on RDLF's ability to comply with its obligations under the Loan Agreement and Undertaking. In addition, it is not possible to guarantee that RDLF will remain a non-close company, which is a requirement to maintain investment trust status, as RDLF's Shares are freely transferable. The Company will, in the unlikely event that RDLF becomes aware that it is a close company, or otherwise fails to meet the criteria for maintaining investment trust status, will, as soon as reasonably practicable, notify Shareholders of this fact.

***Taxation attributable to the disposal of Debt Instruments***

The Investment Manager may or may not take tax considerations into account in determining when RDLF's Debt Instruments should be sold or otherwise disposed of and may or may not assume certain market risk and incur certain expenses in this regard to achieve favourable tax treatment of a transaction.

***The Company has not and will not register as an investment company under the Investment Company Act***

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

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

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

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

***The interest income received by RDLF in respect of its Debt Instruments in the US may be treated as effectively connected income and give rise to a US tax liability and/or be subject to withholding in the US***

The interest income received by RDLF attributable to its Debt Instruments in the US may be treated as effectively connected income and give rise to a US tax liability if RDLF was treated as engaging in a US trade or business for the purposes of the US Tax Code. Further, the Direct Lending Platforms may be required to withhold certain payments from RDLF in certain circumstances. RDLF has analysed the US Tax Code, the UK/US Double Tax Treaty and the guidance published by the IRS and has also obtained advice in relation to this matter. RDLF has concluded that it expects to be able to rely on the exemptions available under the UK/US Double Tax Treaty (in general that RDLF will (i) have a trading volume in respect of the Ordinary Shares of six per cent. of all Ordinary Shares in each year; and/or (ii) have at least 50 per cent. of its Shareholders resident in either the UK or US for tax purposes at all times) and to take the position that RDLF is not required to pay US federal income tax in respect of any effectively connected income because it does not have a “permanent establishment” or “PE” in the US. In the event that RDLF is unable to rely on a UK/US Double Tax Treaty exemption because it no longer satisfies the exemption criteria described above or because RDLF is treated as having a PE in the US, it may become subject to US federal, and possibly state and local income taxes. To mitigate such tax liabilities, RDLF generally will be required to either restructure its investment in Debt Instruments originated or issued by certain US Direct Lending Platforms, or to the extent it is unable to do so, withdraw its investment from Debt Instruments originated or issued by the relevant US Direct Lending Platforms which have refused (or been unable) to assist RDLF in restructuring its investment in the Debt Instruments that are made available to RDLF. In either case, failing to fall within an exemption set out in the UK/US Double Tax Treaty is likely to have a material adverse effect on RDLF’s performance and its ability to comply with its obligations under the Loan Agreement and the Undertaking. The application of exemptions under the UK/US Double Tax Treaty to RDLF’s interest income relies on interpretations of the UK/US Double Tax Treaty, and no assurance can be given that the IRS will not take contrary positions to those RDLF expects to take as set forth herein.

***Overseas taxation***

RDLF may be subject to tax under the tax rules of the jurisdictions in which it invests. Although RDLF will endeavour to minimise any such taxes this may affect RDLF’s performance and therefore its ability to comply with the obligations under the Loan Agreement and the Undertaking.

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

Statements in this Prospectus concerning the taxation of Shareholders, the Company or RDLF are based on UK tax law and practice as at the date of this Prospectus. Any changes to the tax status of the Company or RDLF or any of its underlying investments, or to tax legislation or practice (whether in the UK or in jurisdictions in which RDLF invests), could affect the value of investments held by RDLF, affect RDLF’s ability to comply with its obligations under the Loan Agreement and the Undertaking and affect the tax treatment for Shareholders of their investments in the Company (including the applicable rates of tax and availability of reliefs). For example, UK transfer pricing rules may result in a higher rate of interest being payable RDLF

pursuant to the Loan Agreement. In such circumstances, the Company will be required to pay a greater amount of tax which in turn will ultimately result in RDLF incurring greater costs as a result of its obligations pursuant to the Undertaking.

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

## **FATCA**

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, EACH PROSPECTIVE INVESTOR IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US TAX ISSUES HEREIN IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A PROSPECTIVE INVESTOR FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PROSPECTIVE INVESTOR UNDER APPLICABLE TAX UMW; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF TREASURY DEPARTMENT CIRCULAR 230) OF THE OFFER TO SELL ZDP SHARES BY THE COMPANY; AND (C) A PROSPECTIVE INVESTOR IN ZDP SHARES SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISER.

The Foreign Account Tax Compliance Act provisions (commonly known as “**FATCA**”) are US provisions contained in the US Hiring Incentives to Restore Employment Act 2010. FATCA is aimed at reducing tax evasion by US citizens.

FATCA imposes a withholding tax of 30 per cent. on (i) certain US source interest, dividends and certain other types of income; and (ii) the gross proceeds from the sale or disposition of assets which produce US source interest or dividends, which are received by a foreign financial institution (“**FFI**”), unless the FFI complies with certain reporting and other related obligations under FATCA. The UK has concluded an intergovernmental agreement (“**IGA**”) with the US in relation to FATCA.

Under the IGA, an FFI that is resident in the UK (a “**Reporting FI**”) is not subject to withholding under FATCA provided that it complies with the terms of the IGA, including requirements to register with the IRS and requirements to identify, and report certain information to HMRC on, accounts held by US persons owning, directly or indirectly, an equity or debt interest in RDLF (other than equity and debt interests that are regularly traded on an established securities market, for which see below), and report on accounts held by certain other persons or entities to HMRC.

The Company expects that it will be treated as a Reporting FI pursuant to the IGA and that it will comply with the requirements under the IGA. The Company also expects that its ZDP Shares may, in accordance with current HMRC practice, comply with the conditions set out in the IGA to be “regularly traded on an established securities market” meaning that the Company should not have to report specific information on its Shareholders and their investments to HMRC. However, there can be no assurance that the Company will be treated as a Reporting FI, that its ZDP Shares will be considered to be “regularly traded on an established securities market” or that it would not in the future be subject to withholding tax under FATCA or the IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the IGA, the return on investment of some or all Shareholders may be materially adversely affected.

The UK has also concluded similar intergovernmental agreements (“**Additional IGAs**”) with other jurisdictions (including the Isle of Man, Guernsey and Jersey (the “**Crown Dependencies**”) and seven of the British Overseas Territories (Cayman Islands, Gibraltar, Montserrat, Bermuda, the Turks and Caicos Islands, the British Virgin Islands and Anguilla)). The Additional IGAs with the Crown Dependencies and Gibraltar may require RDLF to report more widely on its Shareholders, although RDLF expects that it may be able to benefit from a similar reporting exemption to that contained in the IGA and outlined above. Other jurisdictions are also considering introducing FATCA-style legislation in order to obtain information about their respective tax residents. Again, these may require the Company to report more widely on its Shareholders but the exact scope of such rules will need to be determined on a jurisdiction by jurisdiction basis.

**FATCA, the IGA and the Additional IGAs are complex. The above description is based in part on regulations, official guidance, the IGA and the Additional IGAs, all of which are subject to change. All prospective investors and Shareholders should consult with their own tax Advisers regarding the possible implications of FATCA or FATCA-style legislation on their investment in the Company.**

In addition, the Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information (“**MCAA**”) and the EU Directive on Administrative Cooperation (in relation to the field of taxation) (“**DAC**”) have been implemented into UK law by the International Tax Compliance Regulations 2015, which have effect from 1 January 2016 in relation to the MCAA and DAC and from 15 April 2015 in relation to FATCA. The MCAA and DAC operate on a similar basis to the IGA, and from 1 January 2016, will require financial institutions to report information to tax authorities. **All prospective investors and Shareholders should consult with their own tax advisers regarding the possible implications of the MCAA and DAC on their investment in the Company.**

## IMPORTANT INFORMATION

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

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

In connection with the Initial Placing and any Subsequent Placing, Liberum or any of its affiliates acting as an investor for its or their own account(s) may subscribe for the ZDP Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in ZDP Shares, any other securities of the Company or related investments in connection with the Initial Placing, any Subsequent Placing or otherwise. Accordingly, references in this Prospectus to the ZDP Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Liberum or any of its affiliates acting as an investor for its or their own account(s). Liberum does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

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

### Data protection

The information that a prospective ZDP Shareholder provides in documents in relation to a subscription for 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 held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) and/ or the Administrator in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Each prospective ZDP Shareholder acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) and/or the Company Secretary for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective ZDP Shareholder with information about other products and services provided by the Investment Manager, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each prospective ZDP Shareholder acknowledges and consents that where appropriate it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) and/or the Company Secretary to:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors the United Kingdom (as applicable).

If the Company (or any third party, functionary or agent appointed by the Company) and/or the Company Secretary 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 ZDP Shareholders 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.

### **Regulatory information**

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

### **Investment considerations**

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

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

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

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company will be able to pay the Final Capital Entitlement or to vote at general meetings of the Company.

It should be remembered that the price of the ZDP Shares can go down as well as up. In addition the ZDP Shares have no right to receive any dividends from the Company.

This Prospectus should be read in its entirety before making any Investment in the ZDP Shares. All ZDP Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles which investors should review. A summary of the Articles is contained in Part XI of this Prospectus under the section headed “The Company’s Articles of Association”.

### **Forward looking statements**

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or. In each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company, RDLF, the Directors, the RDLF Directors and the Investment Manager concerning, amongst other things, the investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects

and the dividend policies of the Company, RDLF and the Debt Instruments in which RDLF invests. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in general market conditions, legislative or regulatory changes, changes in taxation regimes or development planning regimes, RDLF's ability to invest its cash and the proceeds of the Initial Placing and any Subsequent Placing in suitable investments on a timely basis and the availability and cost of capital for future investments.

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

These forward-looking statements speak only as at the date of this Prospectus. Subject to its legal and regulatory obligations (including under the Listing Rules (to the extent applicable), the Prospectus Rules, the DGTRs and the Takeover Code), the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Listing Rules (to the extent applicable), the Prospectus Rules and the DGTRs.

Nothing in the preceding three paragraphs should be taken as limiting the working capital statement under the section headed "Working Capital" of Part IX of this Prospectus.

### **Presentation of financial information**

As at the date of this Prospectus, the Company has not published any financial information and RDLF has only published limited financial information. All financial information for RDLF prepared to date is, and all future financial information for the Company and RDLF is intended to be, prepared in accordance with IFRS as adopted by the European Union. In making an investment decision, prospective investors must rely on their own examination of the Company and RDLF from time to time and the terms of the Initial Placing and/or Subsequent Placing (as applicable).

### **Presentation of Net Asset Value**

Except in respect of calculation of the Management Fee or as expressly stated otherwise, references to Net Asset Value of RDLF (or Net Asset Value per RDLF Ordinary Share) are references to the Net Asset Value of RDLF (or Net Asset Value per RDLF Ordinary Share) excluding profits attributable to the relevant calendar quarter in respect of which the NAV is calculated.

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

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

**Currency presentation**

Unless otherwise indicated, all references in this Prospectus to “GBP”, “pounds sterling”, “£”, “pence” or “p” are to the lawful currency of the UK, and all references to US Dollars or US\$ are to the lawful currency of the US.

**Governing law**

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in England and Wales.

**Website**

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

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

The ZDP Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA other than the United Kingdom and subject to certain exceptions, the ZDP Shares may not, directly or indirectly, be offered, sold, taken up or delivered in or into any member state of the EEA other than the United Kingdom. The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

## CONSEQUENCES OF A STANDARD LISTING

Application will be made for the ZDP Shares issued pursuant to the Initial Placing and any Subsequent Placing (as applicable) to be admitted to the standard 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 segment of the Official List.

As a consequence of admission of the ZDP Shares to the standard segment of the Official List, the Company is not required to comply with the provisions of, among other things:

- the premium listing principles set out in Listing Rule 7.2.1A of the Listing Rules;
- 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 require 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 set out in the Listing Rules which apply to issuers which are admitted to the premium segment of the Official List. RDLF, however, as an issuer which is admitted to the premium segment of the Official List, does comply these Listing Rules as they relate to it and its subsidiary undertakings.

In addition, the Undertaking and the Articles (full details of which are provided in Part XI of this Prospectus) contain certain limitations on the actions of the Company and RDLF which are designed to protect the interests of the ZDP Shareholders. RDLF has also undertaken that it will remain the sole holder of the Ordinary Shares.

Listing Rule 7.1.1 states that the listing principles set out in Listing Rule 7.2.1 apply to every listed company in respect of all obligations arising from the Listing Rules, the Disclosure Guidance and Transparency Rules and the corporate governance rules. Accordingly, as regards these obligations, the Company must:

- take reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations; and
- deal with the FCA in an open and co-operative manner.

Listing Rule 14.3 sets out the continuing obligations which will apply to the Company. It requires that all the Company's listed securities must be admitted to trading on a regulated market at all times. In addition, the Company 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 apply to the Company. These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the national storage mechanism, and related notification to an RIS;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- the RIS notification obligation in relation to a range of debt and equity capital issues; and
- compliance with the Disclosure Guidance and Transparency Rules.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references to times in this Prospectus are to London time

2016

### THE INITIAL PLACING

Latest time and date for commitments under the Initial Placing	4.00 p.m. on 1 November
Publication of results of the Initial Placing	2 November
Admission and commencement of dealings in the ZDP Shares issued under the Initial Placing	8.00 a.m. on 4 November
CREST accounts credited in respect of uncertificated ZDP Shares issued under the Initial Placing	8.00 a.m. on 4 November
Where applicable, share certificates despatched in respect of ZDP Shares issued under the Initial Placing	Week commencing 15 November

### THE PLACING PROGRAMME

Placing Programme opens	24 October
Admission and commencement of dealings in ZDP Shares issued pursuant to the Placing Programme	8.00 a.m. on each day ZDP Shares are issued pursuant to the Placing Programme
CREST accounts credited in respect of ZDP Shares issued pursuant to the Placing Programme in uncertificated form	As soon as possible after 8.00 a.m. on each day ZDP Shares are issued in uncertificated form pursuant to the Placing Programme
Where applicable, despatch of definitive share certificates for ZDP Shares issued pursuant to the Placing Programme in certificated form	Approximately one week following the relevant Programme Admission
Latest date for ZDP Shares to be issued pursuant to the Placing Programme	23 October 2017*

\* or such earlier date on which the authority to issue the maximum number of ZDP Shares pursuant to the Placing Programme is fully utilised.

Each of the time and dates in the above timetable are subject to change and may, with the prior approval of Liberum, be extended or brought forward without further notice. The Company will notify investors of any such change by the publication of an RIS announcement.

## INITIAL PLACING STATISTICS

Target size of the Initial Placing	25 million <sup>2</sup> ZDP Shares
Issue price per ZDP Share for the Initial Placing	£1.035
Target estimated Net Proceeds receivable by the Company*	up to £25.875 million
Final Capital Entitlement	127.63 pence
Gross redemption yield at Placing Price	4.52 per cent.

\* The actual size of the Initial Placing is subject to investor demand. The number of ZDP Shares to be issued pursuant to the Initial Placing, and therefore the Gross Issue Proceeds, is not known at the date of this Prospectus but will be notified by the Company via a RIS announcement prior to Initial Admission. It is also assumed for this purpose that 25 million ZDP Shares are issued pursuant to the Initial Placing and that the costs and expenses of the Initial Placing payable by the Company are payable by RDLF.

## PLACING PROGRAMME STATISTICS

Maximum number of ZDP Shares to be issued and allotted in aggregate pursuant to the Placing Programme	75 million (in aggregate with the number of ZDP Shares issued pursuant to the Initial Placing)
Placing Programme Price per ZDP Share to be issued under the Placing Programme	To be determined in respect of each Subsequent Placing by the Directors at the time of the relevant Subsequent Placing

## DEALING CODES

The dealing codes for the ZDP Shares are as follows:

ISIN:	GB00BD20L056
SEDOL:	BD20L05
Ticker:	RDLZ

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<sup>2</sup> The Directors reserve the right, in consultation with Liberum, to increase the size of the Initial Placing to up to 35 million ZDP Shares if overall demand exceeds 25 million ZDP Shares, with any such increase being announced through a RIS announcement.

## DIRECTORS, INVESTMENT MANAGER AND ADVISERS

<b>Directors</b>	Christopher Waldron Jonathan Schneider Matthew Mulford  <i>all of the registered office below</i>
<b>RDLF Directors</b>	Christopher Waldron Jonathan Schneider Matthew Mulford K. Scott Canon  <i>all of the registered office below</i>
<b>Registered Office of the Company and RDLF</b>	40 Dukes Place London EC3A 7NH United Kingdom Telephone: +44 (0) 207 204 1601
<b>Investment Manager of RDLF</b>	Ranger Alternative Management II, LP 2828 N. Harwood Street Suite 1900 Dallas Texas 75201 United States
<b>Financial Adviser, Bookrunner and Placing Agent</b>	Liberum Capital Limited Level 12, Ropemaker Place 25 Ropemaker Street London EC2Y 9LY United Kingdom
<b>Company Secretary</b>	Capita Company Secretarial Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Administrator</b>	Sanne Fiduciary Services Limited 13 Castle Street St Heller Jersey JE4 5UT
<b>Registrar</b>	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>English Legal Adviser to RDLF and the Company</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL United Kingdom
<b>English Legal Adviser to the Financial Adviser, Bookrunner and Placing Agent</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU

**Auditors and Reporting  
Accountant of the Company  
and RDLF**

Deloitte LLP  
2 New Street Square  
London EC4A 3BZ

**RDLF Custodian**

Merrill Lynch, Pierce, Fenner & Smith Incorporated  
101 California Street  
San Francisco  
CA94111  
United States

## PART I

### OVERVIEW OF THE COMPANY AND RDLF

#### The Company and Intra-Group Arrangements

The Company is a wholly owned subsidiary of RDLF which was incorporated on 23 June 2016 in England and Wales with a limited life and is registered as a small, internally managed AIF for the purposes of the AIFM Directive. The Articles provide that the Company will be wound up on 31 July 2021, unless extended by the passing of a special resolution of the Company in general meeting and by the passing of a special resolution at a class meeting of ZDP Shareholders.

Following the Initial Placing and any Subsequent Placing, RDLF will continue to control all of the voting shares in the Company. However, there are certain matters which will require ZDP Shareholder approval. Details of these matters are set out in paragraph 1.5 of Part VII of this Prospectus.

The Company is targeting the issue of 75 million ZDP Shares pursuant to the Initial Placing and the Placing Programme. Application will be made for the ZDP Shares to be admitted to trading on the main market of the London Stock Exchange. The Company is not regulated by the FCA or any other regulatory authority. The Company is subject to the Listing Rules however, as set out in the section entitled “Consequences of a standard listing”, the full protections of the Listing Rules will not apply to ZDP Shareholders. The Company is also subject to the Disclosure Guidance and Transparency Rules, however, for the purposes of continuing obligations and the application of the DGTRs on an ongoing basis, the Company is only subject to the DGTRs to a reduced extent as the Company is treated as an issuer of “preference shares” (as defined in the Listing Rules) for the purposes of the DGTRs. Accordingly, DGTR 4 (Periodic financial reporting) and DGTR 6 (Access to information) apply to the Company, but with a reduced application that is specified in the DGTRs to apply to an issuer of preference shares. Additionally, DGTR 5 (Vote holder and issuer notification rules) does not apply to the Company at all.

Immediately following Initial Admission and any Subsequent Admission, the Company will, pursuant to the Loan Agreement, advance the Gross Proceeds to RDLF. The Loan is unsecured and is required to be repaid by RDLF to the Company immediately prior to the ZDP Repayment Date. An interest rate of 2 per cent. per annum compounded annually will be payable on the Loan. Pursuant to the Loan Agreement, such interest will be rolled up and payable immediately prior to the ZDP Repayment Date, together with the principal amount of the Loan.

Pursuant to the Undertaking, RDLF has undertaken that, immediately prior to the ZDP Repayment Date (or, if earlier, the date on which a Winding-Up Resolution is approved), it will subscribe for such number of Ordinary Shares (or make a capital contribution for, gift of or otherwise pay such amount) as is necessary to provide the Company on the ZDP Repayment Date (or if earlier, the date on which a Winding-Up Resolution is approved) (after taking into account the monies to be received by it on repayment of the Loan) with sufficient funds to meet the repayment obligations in respect of the ZDP Shares.

The Undertaking also provides that RDLF shall:

- remain the holder of all of the Ordinary Shares from time to time;
- meet or otherwise fund through a subscription of further Ordinary Shares all properly and reasonably incurred operating costs and expenses of the Company, including its establishment expenses;
- notify the Company without delay if (i) RDLF becomes aware that it has breached the terms of the Loan Agreement and/or the Undertaking; or (ii) the RDLF Directors reasonably consider that RDLF may not be able to meet its repayment obligations under the Loan Agreement and/or provide the Company with sufficient funds to meet the repayment obligations in respect of the ZDP Shares in accordance with the Undertaking;
- so far as it is able, ensure that the Board is, at all times, comprised of members of the RDLF Board;
- vote in favour of any Scheduled Winding-Up Resolution;
- in the event that a Continuation Resolution is proposed to the ZDP Shareholders and not passed, vote in favour of any Winding-Up Resolution proposed to the members of the Company in general meeting;

- not, without the sanction of a special resolution of the ZDP Shareholders passed at a separate class meeting of the ZDP Shareholders, issue (or procure the issue of) any further RDLF Shares or Group Shares (or any securities convertible into RDLF Shares or Group Shares) which would rank in priority or *pari passu* to the obligations of RDLF under the Loan Agreement and the Undertaking, unless, immediately following such issue, (i) the Cover would be not less than 2.75 times or (ii) such issuance of Group Shares is undertaken in connection with establishing a subsidiary undertaking of RDLF for the purposes of holding investments in accordance with RDLF's investment policy;
- not, without the sanction of a special resolution of the ZDP Shareholders passed at a separate class meeting of the ZDP Shareholders, amend the investment policy of RDLF in such a way that would, in the reasonable opinion of the Directors, be materially prejudicial to the rights of the holders of ZDP Shares;
- not incur Bank Borrowings if, following such borrowing, the Group's aggregate Bank Borrowings would thereby exceed an amount equal to the sum of: (i) \$46,627,120.60 (being 20 per cent. of the Net Asset Value attributable to the RDLF Ordinary Shares in issue as at 1 August 2016); plus (ii) an amount equal to 50 per cent. of the net proceeds of any issue of RDLF C shares or RDLF Ordinary Shares completed on or after 2 August 2016. By a side letter dated 24 October 2016, RDLF and the Company have further agreed that the permitted amount of Bank Borrowings under the Undertaking is reduced by the aggregate gross proceeds of any issue of ZDP Shares effected after the date of this Prospectus;
- not make any distribution out of income or capital, other than a distribution which: (i) is required to maintain RDLF's status as an investment trust; or (ii) has been determined by the RDLF Directors to not reduce the Cover of the ZDP Shares below 2.75 times immediately following such distribution;
- not purchase any of its own shares out of capital reserves if such purchase would result in the ZDP Shares having a Cover of less than 2.75 times immediately after the purchase has been made;
- not implement any reduction of capital which would, immediately following such reduction of capital, reduce the Cover of the ZDP Shares below 2.75 times; and
- calculate the Cover as soon as practicable following the finalisation of the Group's monthly valuations and, in any event, at least once in each calendar month, and shall notify the Directors without delay in the event that the Cover shall at any time be less than 2.75 times.

Further details of the Loan Agreement and the Undertaking are set out in paragraphs 1.8.1 and 1.8.2 of Part XI of this document.

Since the Company is a wholly-owned subsidiary of RDLF which was incorporated solely for the purpose of issuing the ZDP Shares, it has no investment policy and no investment restrictions. However, RDLF will deploy the proceeds of the Loan in accordance with RDLF's investment policy.

The ZDP Shares are being issued through the Company so as to avoid the need to wind up RDLF in order to be able to repay the ZDP Shares on the ZDP Repayment Date.

RDLF may satisfy its payment obligations under the Loan Agreement and Undertaking out of realisation of its investments and cashflows, finance raised through the issue of new RDLF Shares, or new borrowings.

## **RDLF**

RDLF is an externally managed closed-ended investment company which was incorporated on 25 March 2015 in England and Wales with an unlimited life. RDLF carries on business as an investment trust within the meaning of Chapter 4 of Part 24 of the CTA. Further information on RDLF is set out below and in Parts II, III, VIII and XI of this Prospectus.

RDLF has appointed Ranger Alternative Management II, LP as the investment manager and AIFM (for the purposes of the AIFM Directive) of RDLF and the investment manager of the Group, including the Company. Further information on the Investment Manager is set out in Part IV of this Prospectus and details of the Investment Management Agreement are set out in paragraph 2.8.1 of Part XI.

RDLF is operated so as to enable it to qualify as an investment trust for the purposes of section 1158 of the CTA, as amended.

## Overview of the ZDP Shares

### Summary of rights attaching to the ZDP Shares

The ZDP Shares have a Final Capital Entitlement of 127.63 pence per ZDP Share on the ZDP Repayment Date. All ZDP Shares shall rank *pari passu*. The ZDP Shares issued pursuant to the Initial Placing will have a Redemption Yield of 4.52 per cent. per annum on the Placing Price. The Redemption Yield of a ZDP Share is not and should not be taken as a forecast of profits and there can be no assurance that the Final Capital Entitlement of the ZDP Shares will be repaid in full on the ZDP Repayment Date. Following the close of the Initial Placing and on the basis of the Assumptions (which are set in Part VIII of this Prospectus), the ZDP Shares will have a Final Cover of 3.36 times assuming 25 million ZDP Shares are issued or 2.98 times assuming 35 million ZDP Shares are issued and a Hurdle Rate of -22.7 per cent. or -20.7 per cent., respectively.

On a return of capital, on a winding up or otherwise, subject to the Companies Act, ZDP Shareholders will be entitled to receive an amount equal to the initial capital entitlement of 100 pence per share as increased at such rate as accrues daily and compounds annually to give an entitlement to 127.63 pence at 31 July 2021 per ZDP Share, the first such increase to be deemed to have occurred on 1 August 2016 and the last to occur on 30 July 2021. Potential investors should note, however, that a Final Capital Entitlement amount of 127.63 pence per ZDP Share is not a guaranteed or secured repayment amount.

The Final Capital Entitlement will rank behind any bank debt of the Group and in priority to the capital entitlements of the RDLF Ordinary Shares. The ZDP Shares carry no entitlement to income and the whole of their return, therefore, takes the form of capital. The ZDP Shareholders are not entitled to receive any part of the revenue profits (including any accumulated revenue reserves) of RDLF on a winding-up, even if the accrued capital entitlement of the ZDP Shares will not be met in full.

The ZDP Shares do not carry the right to vote at general meetings of the Company, although they carry the right to vote as a class on certain proposals which would be likely to materially affect their position. Further ZDP Shares (or any shares or securities which rank *pari passu* with the ZDP Shares) may be issued without the separate class approval of the ZDP Shareholders provided that the Directors determine that the ZDP Shares would have a Cover of not less than 2.75 times immediately following such issue.

Further information on the rights attaching to the ZDP Shares are set out in Part VII of this document.

### Final Capital Entitlement

The Final Capital Entitlement will depend on, amongst other factors, the underlying growth rate of the RDLF Net Asset Value. The table below illustrates, based on the Assumptions, the Final Capital Entitlement for ZDP Shareholders who retain their ZDP Shares until the ZDP Repayment Date, showing the potential effect of different annual rates of capital growth in the RDLF Net Asset Value. Prospective investors should note that, based on the Assumptions, the Final Capital Entitlement would not be repaid in full on the ZDP Repayment Date if the rate of return on the RDLF Net Asset Value following issue of the ZDP Shares pursuant to the Initial Placing was -22.7 per cent. or less per annum or -20.7 per cent. or less per annum where 25 million ZDP Shares or 35 million ZDP Shares are issued pursuant to the Initial Placing, respectively.

The table below also illustrates, based on the Assumptions, the "Implied Redemption Yield based on the Placing Price" which is the Redemption Yield received by ZDP Shareholders who subscribe for the ZDP Shares in the Initial Placing at the Placing Price and retain their ZDP Shares until redemption on the ZDP Repayment Date.

### Illustrative Projected Final Capital Entitlement and Implied Redemption Yield

	Annual Growth in RDLF Net Asset Value								
	-20.00%	-15.00%	-10.00%	-5.00%	0.00%	5.00%	10.00%	15.00%	20.00%
Final Capital Entitlement (pence)	127.63	127.63	127.63	127.63	127.63	127.63	127.63	127.63	127.63
Implied Redemption Yield based on the Placing Price (per cent.)	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.52	4.52

### **RDLF's Investment Objective**

RDLF's investment objective is to provide RDLF Shareholders with an attractive return, principally in the form of quarterly income distributions by acquiring a portfolio of Debt Instruments that have been originated by Direct Lending Platforms.

### **RDLF's Investment Policy**

RDLF invests, directly and indirectly, in a portfolio of Debt Instruments originated or issued by Direct Lending Platforms.

The Debt Instruments acquired by RDLF from Direct Lending Platforms consist of debt obligations within a range of asset class sub-categories which may include, but are not limited to, some or all of SME loans (including alternative loan structures providing for the advance against and/or acquisition of future corporate trade receivables of the borrower), real estate loans, consumer loans, invoice factoring, asset financing, speciality financing and medical financing.

RDLF seeks to purchase Debt Instruments directly from a Direct Lending Platform. However, RDLF also indirectly participates in Debt Instruments, including via:

- the acquisition of notes or other financial instruments that reference the returns of an identified Debt Instrument or pool of Debt Instruments (or fractions thereof), in each case originated or issued by a Direct Lending Platform;
- a syndicate investment alongside the Direct Lending Platform or other investors where the Direct Lending Platform serves as lead creditor;
- pooled investment vehicles or investment funds which invest in Debt Instruments originated or issued by Direct Lending Platforms and which are managed by the Investment Manager (or its affiliates), a Direct Lending Platform or other third parties, in each case that RDLF deems suitable with a view to enhancing Shareholder returns and providing diversification of RDLF's assets; and
- master loan and security agreements ("**MLSAs**") whereby RDLF lends capital to a Direct Lending Platform for a fixed interest rate (which is calculated by reference to the Investment Manager's assessment of the pool of Debt Instruments securing the MLSA Note (described below) less, in certain circumstances, any fees that may be payable to the Direct Lending Platform.

RDLF generally only seeks to participate or invest in pooled investment vehicles or investment funds when:

- such investment enables RDLF to participate in Debt Instruments that RDLF either cannot gain direct access to or could only gain direct access to on less favourable terms;
- such investment allows for a greater level of diversification than RDLF could otherwise achieve; or
- RDLF believes in good faith that such investment is in the best interest of its shareholders.

Although RDLF may invest in other investment funds that are managed by the Investment Manager or its affiliates, these other investment funds will not be part of RDLF's group. RDLF's investments in Debt Instruments or other indirect forms of investment in Debt Instruments may be made through subsidiary special purpose vehicles (including, without limitation, trusts of which RDLF is the beneficiary) formed for that purpose by RDLF.

RDLF may also invest up to 10 per cent. of Gross Assets (in aggregate at the time of investment) in Direct Lending Company Equity. This restriction shall not apply to any consideration paid by RDLF for the issue to it of any Direct Lending Company Equity that are convertible securities issued by a Direct Lending Platform. However, it will apply to any consideration payable by RDLF at the time of exercise of any such convertible securities or any warrants issued by a Direct Lending Platform. RDLF may invest in Direct Lending Company Equity indirectly via other investment funds (including those managed by the Investment Manager or its affiliates).

RDLF invests across various Direct Lending Platforms and asset class sub-categories in order to ensure diversification of underlying borrowers and to seek to mitigate concentration risks. The following investment limits and restrictions apply to RDLF, to ensure that the diversification of RDLF's portfolio is maintained and that concentration risk is limited.

### ***RDLF investment restrictions – Debt Instruments***

No single Debt Instrument structured as a term loan acquired by RDLF will be for a term longer than 5 years. No single Debt Instrument structured as a trade receivable asset acquired by RDLF will be for a term longer than 180 days.

The following restrictions apply, in each case at the time of investment by RDLF:

- Debt Instruments that are attributable to a single asset class sub-category will not represent more than 25 per cent. of Gross Assets;
- no single Debt Instrument shall exceed 2 per cent. of Gross Assets;
- no single Debt Instrument shall represent more than 20 per cent. of the Gross Assets allocated to the asset class sub-category that the relevant Debt Instrument forms part of;
- aggregate investments in Debt Instruments originated through or issued by any single Direct Lending Platform will not exceed 25 per cent. of Gross Assets; and
- Debt Instruments secured (directly or indirectly) by assets and/or personal guarantees shall not be less than 65 per cent. of the Gross Assets.

Each of the restrictions set out above shall, to the extent RDLF invests in Debt Instruments indirectly (whether through notes or other financial instruments that reference returns on Debt Instruments, pooled investment vehicles investing in Debt Instruments or otherwise), be applied in respect of each of the Debt Instruments underlying such indirect investment.

### ***RDLF investment restrictions – Platforms and indirect investment vehicles***

The following restrictions apply, in each case at the time of investment by RDLF:

- no more than 25 per cent. of Gross Assets shall be invested in any single entity that issues notes or other financial instruments which reference the returns of Debt Instruments; and
- no more than 25 per cent. of Gross Assets shall be invested any single pooled investment vehicle which holds a portfolio of Debt Instruments.

### ***Other restrictions on RDLF***

RDLF may invest in cash, cash equivalents, money market instruments, money market funds, bonds, commercial paper or other debt obligations with banks or other counterparties having single-A (or equivalent) or higher credit rating as determined by an internationally recognised agency, or any “governmental and public securities” (as defined for the purposes of the FCA rules) for cash management purposes and with a view to enhancing returns to RDLF’s shareholders or mitigating credit exposure.

RDLF will not invest in collateralised loan obligations or collateralised debt obligations.

### ***FCA investment restrictions***

RDLF will comply with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA:

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

Any material changes to RDLF’s investment policy will, pursuant to the Listing Rules, require the prior approval of the RDLF Shareholders. In addition, pursuant to the Undertaking, RDLF must not amend its investment policy in such a way that it would be materially prejudicial to the rights of the holders of ZDP

Shares, unless such amendment has been sanctioned by a special resolution of the ZDP Shareholders passed at a separate class meeting of the ZDP Shareholders.

In the event of any breach of the investment restrictions applicable to RDLF, RDLF Shareholders will be informed of the remedial actions to be taken by RDLF through an RIS announcement.

## **Borrowing policy**

### ***The Company's borrowing policy***

The Company is not permitted to employ borrowings other than in the limited circumstances described in paragraph 1.3.16 of Part XI.

### ***RDLF's borrowing policy***

RDLF's borrowing policy permits it to employ borrowings at the level of RDLF itself, and/or at the level of any investee entity (including any other investment fund in which RDLF invests or any special purpose vehicle ("**SPV**") that may be established by RDLF in connection with obtaining leverage against any of its assets).

RDLF may seek to securitise all or parts of its portfolio of Debt Instruments and may establish one or more SPVs in connection with any such securitisation.

To the extent that RDLF establishes any SPV in connection with obtaining leverage against any of its assets or in connection with the securitisation of its Debt Instruments, it is likely that any such vehicles will be wholly-owned subsidiaries of RDLF. RDLF may use SPVs for these purposes to seek to protect the levered portfolio from group level bankruptcy or financing risks. RDLF may also, in connection with seeking such leverage or securitising its Debt Instruments, seek to assign existing assets to one or more SPVs and/or seek to acquire Debt Instruments using an SPV (to the extent permitted by applicable law and regulation).

RDLF may borrow (through bank or other facilities, including the Loan from the Company) whether directly or indirectly through an investment fund in which it invests or through a subsidiary SPV, up to 50 per cent. of RDLF's Net Asset Value, in aggregate (calculated at the time of draw down under any facility that RDLF has entered into).

The terms of the Undertaking granted by RDLF to the Company and the side letter dated 24 October 2016 also impose restrictions on RDLF's borrowing powers. Pursuant to the Undertaking and the side letter dated 24 October 2016, RDLF may not incur Bank Borrowings if, following such borrowing, its aggregate Bank Borrowings would thereby exceed an amount equal to (i) the sum of (a) \$46,627,120.60 (being 20 per cent. of the Net Asset Value attributable to the RDLF Ordinary Shares in issue as at 1 August 2016); and (b) an amount equal to 50 per cent. of the net proceeds of any issue of RDLF C shares or RDLF Ordinary Shares completed on or after 2 August 2016; less (ii) the aggregate gross proceeds attributable to any issue of ZDP Shares effected after the date of this Prospectus.

Since RDLF currently has no other borrowings other than the Loan, and its cum-income Net Asset Value as at 30 September 2016 was US\$231.3 million, it is expected that the aggregate Loan (which is inclusive of the gross proceeds of the First ZDP Placing) will, at the time of draw down immediately following the Initial Placing, assuming Gross Proceeds of the Initial Placing of £25.875 million, amount to approximately 31.34 per cent. of RDLF's Net Asset Value (or 37.14 per cent. if Gross Proceeds of the Initial Placing of £36.225 million are assumed).

## **Dividend policy**

### ***The Company's dividend policy***

The ZDP Shares do not carry any right to receive a dividend. It is not intended that any dividend will be paid to the holders of Ordinary Shares prior to the ZDP Repayment Date.

### ***RDLF's dividend policy***

RDLF intends to distribute at least 85 per cent. of the distributable income earned in each financial year by way of dividends.

The RDLF Shareholders approved its policy of paying quarterly interim dividends at the annual general meeting of RDLF held in May 2016. In accordance with this policy, RDLF has declared the following interim dividends:

- 8.36 pence per RDLF Ordinary Share for the period from 1 May 2015 to 30 September 2015;
- 14.62 pence per RDLF Ordinary Share for the three month period to 31 December 2015;
- 20.45 pence per RDLF Ordinary Share for the three month period to 31 March 2016; and
- 26.87 pence per RDLF Ordinary Share for the three month period to 30 June 2016.

To ensure that RDLF maintains its status as an Investment Trust, RDLF will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

RDLF has undertaken to the Company that, until payment of the Final Capital Entitlement, RDLF will not make any distribution of capital or income unless such distribution:

- is required to maintain RDLF's status as an Investment Trust; or
- would not result in the ZDP Shares having a Cover of less than 2.75 times immediately following such distribution.

## **Hedging Policy**

### ***The Company's hedging policy***

As the Company's shares are denominated in Sterling, and the Company will account in, and make the Loan to RDLF in Sterling, the Directors do not consider that any currency exposure will arise that would require the Company to implement hedging arrangements. Similarly, since the Company is not permitted to incur borrowings, the Directors do not consider that any need to hedge interest rate risks will arise. Accordingly, the Company does not intend to enter into any hedging arrangements.

### ***RDLF's hedging policy***

While the RDLF Ordinary Shares are denominated in Sterling, RDLF accounts in, and the majority of its interests in Debt Instruments are denominated in, US Dollars. In addition, RDLF may invest in Debt Instruments and Direct Lending Company Equity which are denominated in Euros, Sterling, Canadian Dollars or other currencies.

Save as described below, RDLF does not currently hedge its currency exposure between Sterling and US Dollars.

RDLF has put in place hedging arrangements with respect to its currency exposure between US Dollars and the other currencies in which its assets are denominated (including Sterling, Canadian Dollars and Australian Dollars). RDLF also currently puts in place hedging arrangements in respect of US Dollar exposure against Sterling on any dividend amounts that are declared during the period from declaration to payment to ensure that the amount of any declared dividend is not subject to exchange rate risk in respect of US Dollar Sterling foreign exchange rates.

In addition, RDLF entered into hedging arrangements in respect of the principal amount of the loan under the Loan Agreement immediately following First ZDP Admission on 1 August 2016 and also hedges the interest that accrues on that loan on a monthly basis. The RDLF Board intends to enter into similar hedging arrangements in respect of further advances made pursuant to the Loan Agreement following the Initial Placing and any Subsequent Placing.

It should be noted that RDLF is not required to hedge currency exposures but, to the extent it is able to do so on terms that the Investment Manager considers to be commercially acceptable, it may, at its discretion, arrange suitable hedging contracts, such as currency swap agreements, futures contracts, options and forward currency exchange and other derivative contracts (including, but not limited to, interest rate swaps and credit default swaps) in a timely manner and on terms acceptable to RDLF in order to implement the above intention.

There is no guarantee that RDLF will be able to, or will elect to, hedge currency exposures at all times and nothing in the above policy shall restrict RDLF from applying a partial hedge to currency exposures or no hedge at all and there is no guarantee that hedging arrangements, where entered into, will be successful.

RDLF does not intend to hedge interest rate risk on a regular basis. However, where it enters floating-rate liabilities against fixed-rate loans, it may at its sole discretion seek to hedge out the interest rate exposure, taking into consideration amongst other things the cost of hedging and the general interest rate environment.

### **Investment Trust Status**

The Company does not intend conduct its affairs in order to qualify as an Investment Trust.

RDLF, however, currently conducts, and intends at all times to conduct, its affairs so as to enable it to qualify as an Investment Trust for the purposes of section 1158 of the CTA, as amended.

In summary, in order for RDLF to be eligible as an Investment Trust in an accounting period, the following conditions must be satisfied throughout the period:

- all or substantially all of RDLF's business consists of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of its funds;
- RDLF's shares must be admitted to trading on a regulated market, such as the Main Market of the London Stock Exchange, throughout the accounting period; and
- RDLF must not be a venture capital trust (within the meaning of Part 6 of the Income Tax Act 2007) or UK REIT (within the meaning of Part 12 of the CTA).

In order for RDLF to maintain its Investment Trust status it must:

- not be a close company;
- not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income for the period; and
- notify HMRC if it revises its investment policy or breaches the regime.

### **The AIFM Directive**

The Company has applied to the FCA to be registered as a small, internally managed AIF for the purposes of the AIFM Directive. Accordingly, the Company will be subject to certain annual reporting requirements to the FCA.

RDLF is an externally managed EEA domiciled AIF with a non-EEA AIFM for the purposes of the AIFM Directive and as such, neither it, nor the Investment Manager, is required to seek full-scope authorisation under the AIFM Directive. Accordingly, the Investment Manager has filed a notification with the FCA pursuant to Article 42 of the AIFM Directive to market RDLF Shares in the UK under the UK national private placement regime.

### **NMPI Status**

On 1 January 2014 the Unregulated Collective Investment Schemes and Close Substitutes Instrument 2013 (the "**NMPI Regulations**") came into force in the UK. The NMPI Regulations extend the application of the existing UK regime restricting the promotion of unregulated collective investment schemes by FCA authorised persons (such as independent financial advisers) to other "non-mainstream pooled investments" ("**NMPIs**"). With effect from 1 January 2014, financial advisers, including authorised independent financial advisers, are restricted from promoting NMPIs to retail investors who do not meet certain high net worth tests or who cannot be treated as sophisticated investors.

Since the Company is a non-mainstream pooled investment for the purposes of the NMPI Regulations, any promotion of the Company (other than the publication and distribution of a prospectus (including this Prospectus) which is exempt from the NMPI Regulations) to retail investors will be restricted.

**Taxation**

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

**Risk Factors**

An investment in ZDP Shares is dependent on many factors and potential investors should read the whole of this Prospectus and, in particular, the section entitled "Risk Factors" on pages 17 to 38 of this Prospectus.

## PART II

### THE DIRECT LENDING OPPORTUNITY AND THE RDLF PORTFOLIO

#### Overview of the Direct Lending Opportunity

RDLF invests in a portfolio of debt obligations (such as loans, invoice receivables and asset financing arrangements and which are together referred to as “Debt Instruments” in this Prospectus) that have been originated or issued by Direct Lending Platforms.

Direct Lending Platforms serve as an originator and/or distributor of Debt Instruments. Direct Lending Platforms generally advertise their lending services either to the general public or to specific segments of the business community and applications for loans are then assessed pursuant to that platform’s particular underwriting criteria. There is no uniform approach as to how a Direct Lending Platform conducts its business and RDLF, through the Investment Manager, conducts due diligence on any Direct Lending Platform from whom it is considering acquiring Debt Instruments. As further explained below under the heading “The Direct Lending Opportunity and Model”, Direct Lending Platforms are an increasing source of liquidity, in particular for small and medium sized enterprises and consumers. Each Direct Lending Platform will typically focus on a particular category of borrower and/or underlying industry asset class and by investing in Debt Instruments originated or issued by a number of different Direct Lending Platforms, RDLF achieves a diversified portfolio, including by reference to the identity and type of borrower, the underlying sub-asset class to which the Debt Instruments relate and the size of the individual Debt Instruments.

The structures through which Debt Instruments are acquired by RDLF take a variety of different forms and, as at the date of this Prospectus, include:

- acquiring a Debt Instrument from the Direct Lending Platform that has originated it (in other words, RDLF effectively assumes the rights and obligations of the Direct Lending Platform as lender);
- acquiring a note or other financial instrument issued by a Direct Lending Platform (or a bankruptcy remote special purpose vehicle established by the relevant platform for the purposes of issuing the note or other financial instrument), the returns in respect of which are directly linked to the payments made by a borrower or borrowers pursuant to the terms of a Debt Instrument or portfolio of Debt Instruments that have been originated or issued by the Direct Lending Platform;
- participating within a syndicate of investors (where the relevant Direct Lending Platform that originates the debt obligation generally serves as the lead syndicate member) in respect of the relevant Debt Instrument;
- investing in a pooled investment vehicle (such as a limited partnership or special purpose vehicle investment company) which holds, directly or indirectly, a portfolio of Debt Instruments originated or issued by a particular Direct Lending Platform; and
- acquiring a fixed interest rate note (or other financial instrument) which references a master loan and security agreement (MLSA) and is secured by a pledge over the pool of Debt Instruments purchased by the Direct Lending Platform using the proceeds of the fixed interest rate note (or other financial instrument). Unlike a performance linked note, the repayment obligations set out under an MLSA or an MLSA Note is fixed and does not vary based on the performance of the underlying pool of Debt Instruments.

Further information on each of these different models of investment and how they are structured are set out under the heading “Investment Structure and Regulatory Considerations” below.

Regardless of the form that an investment in a Debt Instrument takes, returns on RDLF’s investments are primarily dictated by whether or not the ultimate underlying borrowers meet the payment obligations pursuant to the relevant Debt Instruments and, in the event of a default by a borrower in cases where the Debt Instrument is secured, whether the realisable value of the security or guarantee granted by that borrower is sufficient to cover the outstanding amounts payable. As such, the investment restrictions in RDLF’s investment policy focus on the diversification of the Debt Instruments directly or indirectly acquired as they serve as the primary source of credit exposure for RDLF. RDLF’s investment policy also contains restrictions on the maximum exposure to individual entities that issue Notes or other financial instruments referencing returns on Debt Instruments and/or pooled investment vehicles that hold a portfolio of Debt Instruments

which RDLF may invest in. Where RDLF acquires Debt Instruments indirectly, it looks to structure such investments to ensure (so far as possible) that the securities it acquires which reference the returns on Debt Instruments are issued by bankruptcy remote special purpose vehicles (rather than the Direct Lending Platforms themselves) so that RDLF avoids exposure to the bankruptcy risk of the Direct Lending Platforms themselves.

In order to source Debt Instrument opportunities, RDLF has entered into a number of Platform Agreements with Direct Lending Platforms and it will continue to seek further opportunities for agreements with additional Direct Lending Platforms. In broad terms, the Platform Agreements provide for the relevant platform to use its reasonable endeavours to source potential Debt Instruments (that meet certain pre-defined underwriting criteria relating to both the underlying borrower and corresponding terms of credit) that target a minimum aggregate value in a defined period. The Platform Agreements also document the structure through which RDLF will invest in Debt Instruments originated or issued by the relevant platform (which, as at the date of this Prospectus, reflect one of the five models described above) as well as certain administrative matters including loan servicing arrangements and the provision of material information to the Investment Manager.

The Platform Agreements also specify whether the Investment Manager will actively select the Debt Instruments acquired by RDLF or whether RDLF will acquire Debt Instruments allocated by the relevant Direct Lending Platform in accordance with previously established underwriting criteria, subject to RDLF's election to either forgo such allocated investment or any further participation in the allocated Debt Instruments attributable to the Direct Lending Platform. As can be seen from the summaries of the Platform Agreements under the heading "Current Portfolio" below, the Platform Agreements that have already been entered into by RDLF generally provide for Debt Instruments to be actively selected by the Investment Manager and it is intended that this will remain the preferred approach in respect of future agreements with Direct Lending Platforms.

As at the Latest Practicable Date, approximately 75 per cent. (by value) of the Debt Instruments acquired by RDLF were secured by commercial assets and/or personal guarantees. RDLF's investment policy requires that Debt Instruments secured by commercial assets and/or personal guarantees must represent no less than 65 per cent. of Gross Assets at the time of purchase. More information on the current portfolio of RDLF is set out below in this Part II of the Prospectus.

RDLF may also invest in listed or unlisted securities issued by one or more Direct Lending Platforms (or their controlling entities) as well as organisations serving the direct lending industry (provided that such investments are capped at 10 per cent. of Gross Assets, in aggregate, at the time of investment). Listed or unlisted securities in this context are not Debt Instruments as described above but are securities issued by the relevant platform, its controlling entity or other organisation serving the direct lending industry (as applicable) itself which relate to the equity value or revenues of that issuer.

## **The Direct Lending Opportunity and Model**

### ***Overview of the direct lending industry***

RDLF and the Company believe that Debt Instruments originated or issued by Direct Lending Platforms are an attractive and growing asset class that have the potential to provide higher returns for investors than other fixed income products.

In making its investments, RDLF has previously made, and will continue to make, a distinction between direct lending and peer-to-peer lending. Peer-to-peer lending opportunities arise through platforms that match borrowers with both retail and institutional lenders. Peer-to-peer platforms are typically open marketplaces searching for a large number of diverse investors.

Direct Lending Platforms differ from peer-to-peer platforms in a number of ways, including:

- Direct Lending Platforms generally restrict investments to institutional investors and do not permit retail investors to participate in the Debt Instruments that are issued or originated by such platforms;
- as US Direct Lending Platforms are not soliciting investments from retail investors in the public markets, they do not need to register their investments with the SEC. This reduces their regulatory and legal costs as compared to peer-to-peer lending platforms;

- certain Direct Lending Platforms will invest alongside investors in Debt Instruments that reference returns on their underlying investments. Having “skin-in-the-game” by investing in the same Debt Instruments they originate and sell is something most peer-to-peer platforms will not do; and
- since direct lending has been around for decades, many Direct Lending Platforms have lengthier performance track records when compared to most peer-to-peer platforms and therefore may have greater experience in testing their underwriting models through varying market conditions and credit cycles.

RDLF and the Company believe that investing in Debt Instruments originated or issued by Direct Lending Platforms provides more opportunities to find suitable investment choices as compared to an investment in peer-to-peer loans. It has been estimated that in 2015 the US direct lending marketplace (excluding peer-to-peer lending, but including commercial real estate and small business lending) exceeded US\$53 billion by lending volume as compared to the US\$12 billion of lending undertaken through peer-to-peer lending platforms. It has also been estimated that in 2016, the online direct lending marketplace (excluding peer-to-peer lending) will exceed US\$56 billion by lending volume, as compared to approximately US\$12 billion of lending undertaken through peer-to-peer lending platforms.

RDLF and the Company believe a further major advantage of investing in direct lending opportunities versus peer-to-peer opportunities is the total number of asset classes available and the numerous existing platforms in each asset class. Direct lending touches almost every lending asset class, including real estate, consumer, auto, medical, equipment, insurance, specialty finance and many variations of small business lending including term loans, lines of credit, merchant cash advances and factoring. This wide variety of opportunities allows RDLF to either potentially reduce risk through investment diversification or potentially achieve higher returns by investing in the best performing direct lending asset classes.

Direct Lending Platforms are increasingly looking to third party investors to assist in the funding of their loan book as well as the provision of capital to the platform itself to fund future development. RDLF and the Company believe that this larger investment universe will allow it to be comparably discerning in vetting and selecting which Direct Lending Platforms it works with, and as such, RDLF and the Company believe it can generate potential alpha over counterpart peer-to-peer funds.

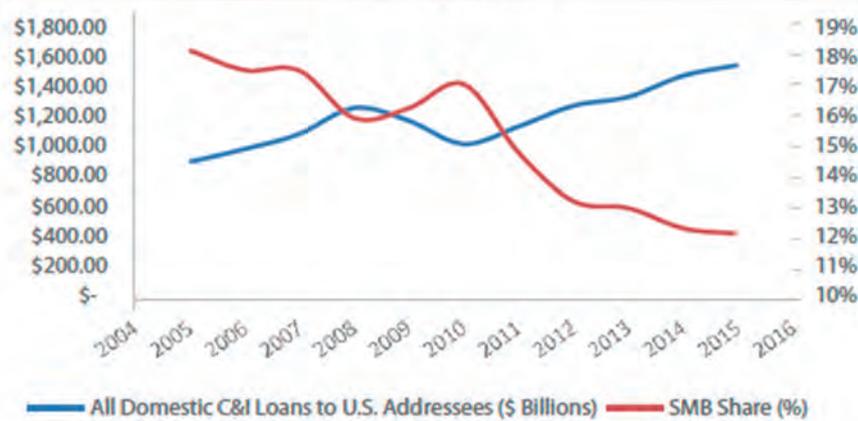
### ***Direct lending is filling the lending void left by banks***

The tightening of banking regulations has prompted banks to reassess their business models, regulatory capital and liquidity requirements, and the risk profile of the loans made by them. This has resulted in a reduction of the amount of debt that banks are making available to both business and consumer borrowers. Recent regulations such as Dodd-Frank and Basel III have also increased the minimum capital requirements applicable to a bank’s balance sheet.

Another factor in the decline of bank lending is the decades-long trend of consolidation of community banks. The number of community banks in the United States (and their share of the market) continues to fall with less than 6,000 as of Q1 2016, down from approximately 7,000 in 2013 and from over 14,000 in the mid-1980s.

As can be seen from the charts below, a combination of these and other factors has resulted in the volume of lending to businesses in smaller amounts has not recovered following the financial crisis in the same way as larger corporate lending by banks has.

### Industry Trends



Source: IOU Financial Company presentation. Statistic from the FDIC, 2Q15, Bank of New York Small Business Credit Survey/August 2014.

### Origination by Loan Size

Outstanding C&I loans under 250k remains below 2008 levels

Loan Size (\$B)	2008	2009	2010	2011	2012	2013	2014	2015
C&I Loans < \$250k	\$199.0	\$189.6	\$172.7	\$167.0	\$167.2	\$171.9	\$180.2	\$186.1
C&I Loans \$250k - \$1MM	\$137.4	\$133.6	\$119.1	\$115.7	\$117.2	\$115.1	\$123.3	\$125.6
C&I Loans ≥ \$1MM	\$914.7	\$844.0	\$722.5	\$980.8	\$980.8	\$1,035.3	\$1,157.5	\$1,218.9
<b>Total</b>	<b>\$1,251.1</b>	<b>\$1,167.2</b>	<b>\$1,014.3</b>	<b>\$1,130.1</b>	<b>\$1,265.1</b>	<b>\$1,322.4</b>	<b>\$1,461.0</b>	<b>\$1,530.6</b>

Source: IOU Financial Company presentation. Statistic from the FDIC, Q2 2015, Bank of New York Small Business Credit Survey/August 2015. 2015 data as of 2Q15.

According to the United States Federal Deposit Insurance Corporation (FDIC), as of 30 September 2015, banks of all sizes held US\$598 billion of loans to small businesses which is 16 per cent. less than the peak of such lending of US\$711 billion in 2008. By contrast, loans to larger companies increased by 37 per cent. during that same period.

To the extent that traditional banks are lending, their lending model includes certain inefficiencies that make the cost of borrowing greater. A decision to extend credit to an individual or business is often not a binary decision made solely on the creditworthiness of the counterparty. Banks typically make decisions to extend credit based on a variety of exogenous factors which often results in a lack of credit risk-based pricing for the borrower. As well as having to be cognisant of their capital adequacy and liquidity requirements, banks typically operate on a large fixed cost basis, including personnel, branch infrastructure and administration. These costs can also be a factor in the interest rates offered to their customers. All of these factors combine to result in the lending rates being offered by banks as opposed to analysing the true creditworthiness of borrowers.

In light of all of the above and the continuing demand for credit in a recovering global economy, RDLF and the Company believe that the opportunities for alternative lending sources, including Direct Lending Platforms, to increase their share of the overall lending market will continue to become available. Further, of the alternative lending sources, Direct Lending Platforms are optimally positioned to take advantage of these opportunities, not least due to their significant access to online credit data. Additionally, the process of

disintermediation of lending away from the traditional banking model remains in its early stages resulting, RDLF and the Company believe, in significant opportunities for investors going forwards.

**Investment Structure and Regulatory Considerations**

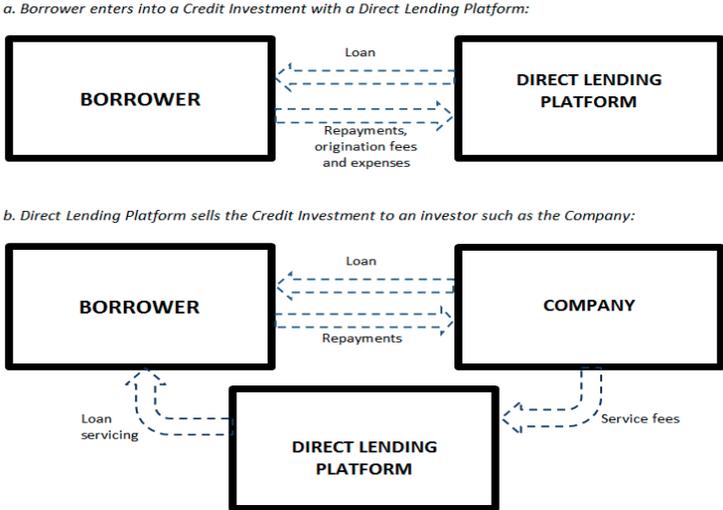
As explained above, RDLF acquires exposure to Debt Instruments originated or issued by Direct Lending Platforms through a variety of different models and structures, driven to a large extent by the industry or asset class which such Direct Lending Platform services.

Direct Lending Platforms employ a number of models and structures by which they facilitate investor participation in Debt Instruments. Although, the descriptions of such models and structures set forth below currently represent the most common, they are not exclusive. Likewise, given the current growth within the direct lending industry, RDLF anticipates material variance between models and structures until such time as when the market conforms to a more uniform approach to direct lending credit exposure and deal structures.

**Investment structures for US Direct Lending Platforms**

- *Model 1 – Acquisition of the whole Debt Instrument from the Direct Lending Platform*

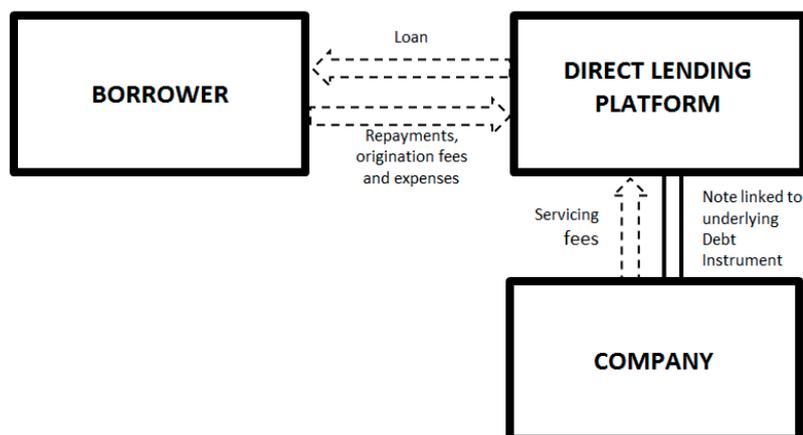
The first structure represents the outright sale of Debt Instruments by a Direct Lending Platform. Such a platform may source loans internally or externally, pursuant to their internal underwriting standard; and if required by applicable law, may originate such Debt Instruments in a contractually affiliated commercial bank or lending institution which maintains compliance with the relevant federal and state rules and regulations (a “**Bank Intermediary**”).



Appropriate investors (such as RDLF) thereafter purchase the Debt Instrument issued by the Direct Lending Platform or Bank Intermediary and they are effectively assigned the rights and obligations associated with underlying lending transaction. Direct Lending Platforms generally sell Debt Instruments under this model at a premium to face value (such premium being the “**Spread**”), charge origination fees and expenses to borrowers and require, as a contractual element of the transaction, an investor to enter into a service agreement whereby the Direct Lending Platform or its affiliate provides administrative services for the life cycle of such Debt Instrument (a “**Service Agreement**”). A Direct Lending Platform will charge servicing fees to an investor for the life cycle of the underlying Debt Instrument pursuant to a Service Agreement terms. As such, in circumstances where RDLF acquires a Debt Instrument, the value of and return on RDLF’s investment will be determined by the payments made by the underlying borrower under the relevant loan documentation notwithstanding the fact that the Direct Lending Platform will maintain its position as an intermediary between the investor and the underlying borrower in respect of loan servicing arrangements.

- *Model 2 – Acquisition of performance linked notes referencing the performance of underlying loans*

The second structure represents the sale of performance linked notes (“**Notes**”) by a Direct Lending Platform (or a bankruptcy remote special purpose vehicle established by the relevant platform for the purposes of issuing the Notes), the performance of which are directly linked to the performance of payment obligations pursuant to an underlying Debt Instrument or pool of Debt Instruments entered into between the Direct Lending Platform (or a Bank Intermediary), as creditor, and an underlying borrower or borrowers.



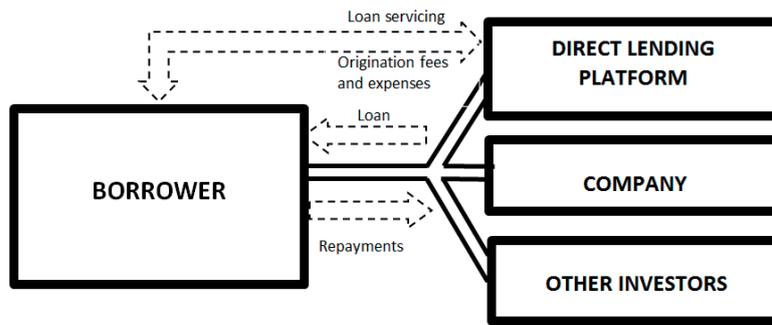
In this model, the Direct Lending Platform continues to be a party to the underlying Debt Instruments (maintaining such Debt Instruments on its books) and issues the Notes to investors such as RDLF. As a result, the Direct Lending Platform maintains the rights and obligations generally associated with the underlying Debt Instrument, but provides to investors representations, warranties and covenants relating to the underlying Debt Instrument and the enforcement of rights and duties within its capacity as a creditor. Notes may link to underlying Debt Instruments on a whole loan or fractional loan basis.

When RDLF invests in Notes, it will typically look to agree with the relevant Direct Lending Platform that in the event of default by underlying borrowers under the Debt Instruments to which the Notes are referenced, the benefit of any security or guarantee which has been provided in respect of the underlying Debt Instrument will revert to RDLF when it is enforced pursuant to the underlying loan documentation. In addition, RDLF may also ask that the Direct Lending Platform itself (or its key principles) provide parent guarantees in respect of the payments required to be made under the Notes where the Notes are issued by a bankruptcy remote special purpose vehicle, thereby seeking to mitigate the credit risk that RDLF will be exposed to in respect of the entity that issues the Notes it acquires.

For its services in underwriting and (internally or externally) originating the underlying Debt Instrument, the Direct Lending Platform generally charges a Spread in interest rates, fees relating to the origination of the Debt Instrument, and enters into a service agreement whereby the Direct Lending Platform charges servicing fees for the life cycle of the underlying Debt Instrument.

- *Model 3 – Syndicate investing*

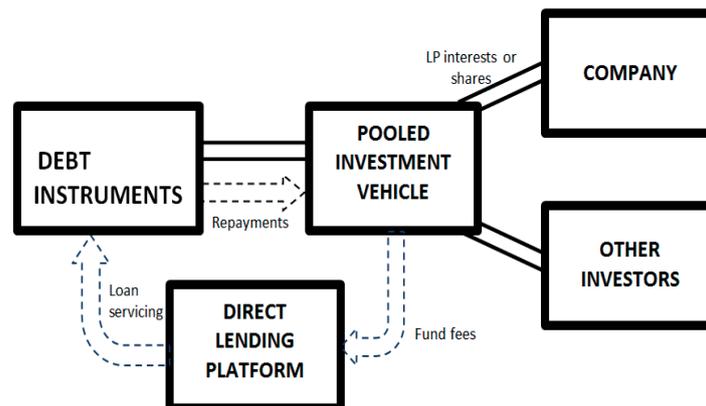
The third structure represents the participation by an investor such as RDLF in a syndicate that together makes up the lender on a Debt Instrument, and where the Direct Lending Platform serves as lead creditor. In this model, the investor participates in all the rights and obligations of a lender pursuant to the terms of the Debt Instrument on a pro-rata basis, but the Direct Lending Platform maintains primary control over the servicing and collection of outstanding debt.



These forms of participation relationships are often employed in Debt Instruments relating to commercial factoring or revolving lines of credit where the Direct Lending Platform seeks to diversify risk among a syndicate of like-minded investors. Direct Lending Platforms employing participation syndicates may, charge a Spread and/or servicing fees to participating investors. As with model 1, the value of and return on RDLF's investment will be determined by the payments made under the relevant Debt Instrument by the underlying borrower notwithstanding the fact that the Direct Lending Platform will maintain its position as an intermediary between the Investor and the underlying borrower in respect of loan servicing arrangements.

- *Model 4 – Pooled Investment vehicles*

The fourth structure represents pooled vehicles managed by the Direct Lending Platform. The pooled investment vehicle will hold a portfolio of underlying Debt Instruments and the investor will have a *pro rata* exposure to the payments made on those Debt Instruments by reference to the percentage of the pooled investment vehicle that it owns.

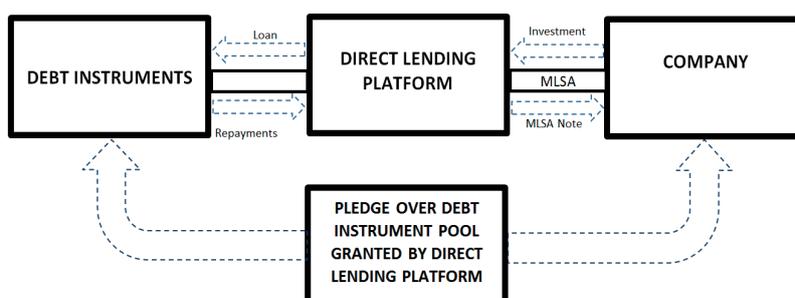


In pooled investment vehicle structures, an investor will retain a pro-rata interest in a diversified pool of underlying Debt Instruments. Investors such as RDLF may, in certain circumstances, maintain input regarding the allocation of underlying Debt Instruments that are held by the pooled investment vehicle and/or maintain an ability to opt out of participating in respect of certain underlying Debt Instruments. That said, the Direct Lending Platform will generally choose the individual Debt Instruments to which the investor participates through its investment in the pooled investment vehicle, but in this instance the investor may require that the Direct Lending Platform maintains certain underwriting criteria and transparency (which may be redacted or aggregated to protect underlying confidentiality obligations) with respect to the underlying Debt Instruments which are allocated to it in the pool. Rather than the charging a Spread, servicing fees or other purchase fees, the Direct Lending Platform will often charge a combination of management fees, fulcrum fees and/or performance fees.

- *Model 5 – Master loan and security agreements to platforms*

The fifth structure reflects the use of a master loan and security agreement (an “**MLSA**”) whereby RDLF lends capital to a Direct Lending Platform for a fixed interest rate (which is calculated and agreed by reference to the Investment Manager’s assessment of the pool of Debt Instruments securing the relevant MLSA Note (as defined below) less, in certain circumstances, any fees that may be payable

to the Direct Lending Platform). A Direct Lending Platform then receives the capital by entering into one or more notes referenced to the MLSA (an “**MLSA Note**”); and uses the proceeds of such MLSA Notes to originate or issue pools of Debt Instruments which are pre-approved by RDLF. The rate of interest under each MLSA Note may vary from note to note by reference to the Investment Manager’s assessment of the underlying pool of Debt Instruments that form the security under the MLSA Note. Pursuant to the terms of the MLSA, the Direct Lending Platform is required to pledge the pool of Debt Instruments purchased with the proceeds of each MLSA Note to RDLF as security for such MLSA Note. However, unlike a performance linked note, the repayment obligations set out under an MLSA or an MLSA Note is fixed and does not vary based on the performance of the underlying pool of Debt Instruments.



In order to mitigate the risk of loss with respect to an MLSA, RDLF may (i) treat the MLSA as a general obligation loan, (ii) take a security interest in some or all of the assets of the Direct Lending Platform, (iii) require guarantees and pledges of assets from parent entities and subsidiaries, and (iv) select loan amounts and calculate advance rates based on a discounted percentage of the notional value of the pool of Debt Instruments pledged as security.

In addition, RDLF does not currently structure MLSAs as open credit lines. Direct Lending Platforms are required to submit the underlying pool of Debt Instruments for review by RDLF and seek RDLF’s approval (which may generally be withheld at RDLF’s sole discretion) for each MLSA Note it seeks to fund.

### **Regulation of Direct Lending Platforms in the US**

Direct Lending Platforms in the US may be regulated by state or federal agencies and may be required to hold consumer lending licences, collections licences or similar authorisations in certain states. Such platforms are subject to supervision and examination by the state regulatory authorities that administer the state lending laws. The licensing statutes vary from state to state and variously prescribe or impose: record keeping requirements; restrictions on loan origination and servicing practices, including limits on finance charges and the type, amount and manner of charging fees; disclosure requirements; requirements that licensees submit to periodic examination; surety bond and minimum specified net worth requirements; periodic financial reporting requirements; notification requirements for changes in principal officers, stock ownership or corporate control; restrictions on advertising; and requirements that loan forms be submitted for review. However, most US Direct Lending Platforms do not register Debt Instruments (however they may be structured) as securities with the US Securities and Exchange Commission. As such, Debt Instruments are not freely transferable and investors in them are not subject to the protections afforded under the Securities Act.

To the extent a Direct Lending Platform employs a Bank Intermediary; Debt Instruments may be closed in the name of, and exclusively funded by, the Bank Intermediary which works jointly with the Direct Lending Platform to act as issuer and/or originator of that platform’s loans. Following loan closing and funding, the Bank Intermediary may hold such Debt Instruments for its own account indefinitely or, after holding each such Debt Instrument for a defined period of time, sell the Debt Instrument to the Direct Lending Platform.

Regardless of the model and structure employed by a US Direct Lending Platform which originates or issues Debt Instruments in which RDLF invests, the Investment Manager will attempt to secure various rights, including without limitation: rights of transparency relating to all documents collected by a Direct Lending Platform with respect to underlying Debt Instruments; representations, warranties and covenants regarding the policies and procedures a Direct Lending Platform will adhere to in its capacity as an underwriter, creditor

or service agent, the characteristics of a Note or underlying Debt Instruments and the qualifications of an underlying borrower; and rights of consent and/or control maintained by RDLF with respect to underlying Debt Instruments.

### ***Other jurisdictions***

The majority of the Platform Agreements in place as at the date of this Prospectus are with US based Direct Lending Platforms, however, RDLF has also entered into Platform Agreements with Direct Lending Platforms that operate and/or originate Debt Instruments in the United Kingdom, Canada and Australia.

To the extent that RDLF wishes to invest in Debt Instruments issued by Direct Lending Platforms in other jurisdictions in the future, it will need to comply with applicable law and regulation in respect of those investments.

### **Current Portfolio and Investment Pipeline**

#### ***Current Direct Lending Platform access and pipeline***

RDLF has entered into Platform Agreements with a diverse range of niche Direct Lending Platforms which has enabled RDLF to deploy substantially all of the net proceeds of the First Issue, the Tap Placing and the First ZDP Placing and it is anticipated that RDLF will also deploy a proportion of the Gross Proceeds pursuant to these Platform Agreements following receipt of the Loan from the Company.

Each Platform Agreement provides RDLF with preferred access and/or fee terms to acquire Debt Instruments originated or issued by the relevant Direct Lending Platform which fall within certain agreed parameters. The Investment Manager generally actively selects Debt Instruments to be acquired by RDLF in accordance with its investment process described in Part IV of this Prospectus.

As at the date of this Prospectus, RDLF has primarily entered into Platform Agreements with Direct Lending Platforms in the US, however, it has also entered into Platform Agreements with Direct Lending Platforms that operate and/or originate Debt Instruments in the United Kingdom, Canada and Australia. RDLF is not prohibited from investing in Debt Instruments issued by Direct Lending Platforms in other jurisdictions and it expects to enter into further agreements with Direct Lending Platforms in other jurisdictions over the life of RDLF, subject to the Investment Manager's assessment of the relevant platform, agreement of suitable terms and compliance with applicable law and regulation.

Further information on each of the Direct Lending Platforms, and the relevant Platform Agreements which have already been entered into by Ranger Direct Lending Fund Trust on behalf of RDLF are set out below. Details of the relationship between RDLF and Ranger Direct Lending Fund Trust are set out in Part XI of this Prospectus.

- ***The Invoice Factoring Platform***

The Invoice Factoring Platform provides spot invoice factoring whereby it provides loans against specific invoices rather than a credit line based upon a borrower's receivables. The Invoice Factoring Platform has been operating for over forty years and owns over 100 franchises across multiple countries. The local franchise model operated by the Invoice Factoring Platform offers a number of competitive advantages, including utilising a local presence in the markets in which it operates for marketing, due diligence and customer service purposes. The central underwriters of the Invoice Factoring Platform and local franchisees share the risk and reward in each Debt Instrument entered into and the centralised functions allows franchises access to customised systems for monitoring and reporting all transactions as well as enabling them to fund Debt Instruments at times within 24 hours of an application being made.

The Invoice Factoring Platform's underwriting process provides for four levels of security on every factoring transaction as follows: (i) each borrower enters into an irrevocable letter of assignment providing for the relevant invoice to be paid to the Invoice Factoring Platform; (ii) a replacement invoice may be made available; (iii) security is taken (generally in the form of a UCC (Uniform Commercial Code), PPSR (Personal Property Securities Register), charge or other similar registration) by the Invoice Factoring Platform over the borrower's assets; and (iv) personal or validity guarantees are provided by the borrower's significant shareholders and directors. In addition, the Invoice Factoring Platform

performs certain diligence checks on each borrower (including a local site visit) and the end account debtor for the relevant invoice. The security taken provides for full recourse to the factored invoice and loans are over collateralised with a typical loan to value of approximately 48 per cent.

The Invoice Factoring Platform has not suffered a charge off since 2011 and its average loan term is 42 days.

Ranger Direct Lending Fund Trust (and other funds managed by the Investment Manager) has invested in fractional invoice Debt Instruments (which are structured as a syndicate investment) originated by the Invoice Factoring Platform. The Investment Manager actively selects fractional invoice Debt Instruments for Ranger Direct Lending Fund Trust from the range of invoice receivables made available to Ranger Direct Lending Fund Trust under the Platform Agreement and acquisitions are made following model 3 as described above.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust that are originated by the Invoice Factoring Platform is 12 to 14 per cent.

- *The Equipment Loans Platform*

The Equipment Loans Platform provides equipment financing loans. Its management has over 30 years of aggregate experience in the financial industry and has extensive experience in equipment financing, banking and speciality finance. The Equipment Loans Platform focuses on borrowers that are well established businesses within stable industries. The Equipment Loans Platform requires both its counterparties and their personal guarantors to have a strong credit profile. The Platform Agreement with the Equipment Loans Platform has been amended to guarantee the first two payments of a Debt Instrument loan and, in the event two payments are not received, the Equipment Loans Platform is required to repurchase the loan. In addition the Equipment Loans Platform has expanded its lending model to include working capital loan Debt Instruments. These Debt Instruments carry a maximum term of 36 months and fully amortise over the term.

The Equipment Loans Platform's underwriting process is based on a proprietary scoring model that utilises a combination of third party data combined with certain overlay that evaluate the unique aspects of each transaction. As such, the underwriting process is based on quantitative data, supplemented by the real world underwriting experience of the Equipment Loans Platform's credit team. Working capital loans are only considered for companies that will use the funds for growth. Local site audits and diligence visits are also performed on most borrowers before their application is accepted. The Equipment Loans Platform makes a UCC filing on all loans made and seeks to have a broad distribution of loans across industries and geographic regions in order to reduce the risk profile of its portfolio.

The Equipment Loans Platform believes that its more recent vintage loans indicate stronger borrower profiles through the available origination metrics and higher average loan sizes.

A percentage of the net proceeds of the First Issue has been deployed through the Equipment Loans Platform with the Investment Manager actively selecting Debt Instruments for acquisition by RDLF from the range of whole equipment loans made available to Ranger Direct Lending Fund Trust under the Platform Agreement as described in model 1 above.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust that are originated or issued by the Equipment Loans Platform is 11 to 12 per cent.

- *The SME Loans Platform*

The SME Loans Platform originates a wide range of SME lending, with a particular focus on inventory, credit card receivables, equipment and real estate backed financing transactions and loans. The SME Loans Platform has been in operation for over seven years and, in its first six years, processed over 250,000 loan applications using a proprietary credit scoring algorithm. The SME Loans Platform both selects transactions to underwrite from the applications received and also brokers loan applications to other lenders. Its deal flow is assisted by established origination partnerships. The large suite of products it offers attracts a diverse range of applications and also makes its underwritten transaction portfolio attractive to an investor such as RDLF where it wishes to target certain specific investment profiles.

The SME Loans Platform's underwriting process uses multiple third party data sources, validation services in respect of certain information provided by borrower applicants as well as applicant interviews and site visits. The automated application and data validation processes assists in matching approved products to borrower applicants and each loan or other financing application is then reviewed by an in-house underwriter and dedicated loan specialist. Portfolio financing transactions are secured and/or guaranteed by assets of the merchant's business and personal guarantees.

The SME Loans Platform has a lower default rate than many of its competitors, in part due to the large deal flow it receives allowing it to pick the most attractive applications to underwrite.

The Investment Manager actively selects Debt Instruments for acquisition by Ranger Direct Lending Fund Trust from the range of portfolio options made available to Ranger Direct Lending Fund Trust under the Platform Agreement as described in model 1 above.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust that are issued or originated by the SME Loans Platform is 12 to 13 per cent.

- *The MCA Platform*

The MCA Platform has been in operation since 2002 and provides small business alternative lending through loans and merchant cash advances (MCA). The loans and cash advances made typically have a short duration (less than 9 months). Loans are typically structured as secured high yield investment notes issued to the platform with an option for the platform to participate directly in SME loans. SME loans made by the MCA Platform are secured by business assets and personal guarantees. The MCA Platform partners with large payment processors which assist in keeping customer acquisition costs low whilst retaining high volumes of deal flow.

The MCA Platform's underwriting process utilises proprietary online technology with a decisioning engine that provides decisions to applicants within minutes. The daily automated clearing house (ACH) payments provide for instant feedback on potential defaults by borrowers and use of the NAMAA business bad debt and fraud sharing community minimises fraud risk.

The MCA Platform's disciplined underwriting culture has achieved industry leading loss rates through the entire credit cycle.

Ranger Direct Lending Fund Trust co-participates, alongside the MCA Platform and other investors, in high yield SME loan and cash advance Debt Instruments that meet both the MCA Platform's and the Investment Manager's investment selection criteria.

Co-Investments by Ranger Direct Lending Fund Trust in Debt Investments originated or issued by the MCA Platform consist of Debt Instruments primarily supplied by loan brokers and intermediaries. As consideration for such opportunity, Ranger Direct Lending Fund Trust has agreed to pay such brokers or intermediaries a fee for each investment made that is originated from its broker and intermediary network.

The Investment Manager actively selects Debt Instruments for acquisition by Ranger Direct Lending Fund Trust from the range of loans and cash advances made available to Ranger Direct Lending Fund Trust under the Loan Referral Services Agreement as described in model 1 above.

RDLF has also entered into an MLSA with a wholly owned subsidiary of the MCA Platform (the "**International MCA Platform**") as described in model 5 above through which it may invest in MLSA Notes issued by the International MCA Platform.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust that are originated or issued by the MCA Platform is 12 to 14 per cent. and the target unlevered net yield in respect of Debt Instruments acquired by RDLF that are originated or issued by the International MCA Platform (being a wholly owned subsidiary of the MCA Platform) is 12 per cent.

- *The SME Credit Line Platform*

The SME Credit Line Platform provides credit lines to SME type businesses making short-term consumer loans in the non-prime market. The SME Credit Line Platform has an exclusive marketing and data underwriting partnership with its parent entity, a leading alternative credit bureau and bases its decisions to lend using its parent company's proprietary software.

The SME Credit Line Platform has access to a leading alternative credit bureau's active lender clients which enables it to focus on the lenders it views as most suitable for investment. This access offers significant capacity for growth of the platform. Credit lines provided by the SME Credit Line Platform are secured by assets including the entire relevant underlying consumer loan portfolio.

The SME Credit Line Platform's underwriting process applies the alternative credit bureau's profitability studies to all potential business clients. The SME Credit Line Platform analyses applicant historical lending performance to try and predict returns on loans made as well as analysing multi-year historical performance, profitability and underwriting data on all operators that enter into credit facilities with it. The SME Credit Line Platform is also able to monitor the credit bureau's consumer and lender data from origination which creates real-time lending metrics reflective of industry and vertical trends. The SME Credit Line Platform seeks to diversify its loan book by lending on a nationwide basis across the US. The real time visibility into the borrowers' businesses allows for immediate responses in respect of potential issues and there is no lag time of 30 to 45 days in discovering issues that a traditional lender would typically encounter. Consumer payments made pursuant to the underlying consumer loans are typically made to the SME Credit Line Platform, not the businesses that are lent to by it, and the SME Credit Line Platform holds back a percentage of such payments in a portfolio loan loss reserve.

Consumer default rates underlying the loans made by businesses served by the alternative credit bureau decreased between January 2007 and December 2009 showing the positive application the alternative credit bureau's services even in a down credit market.

Ranger Direct Lending Fund Trust's investment in the SME Credit Line Platform is structured as a pooled investment vehicle (as described in model 4 above).

The target unlevered net yield in respect of the interests in the pooled investment vehicle holding Debt Instruments acquired by Ranger Direct Lending Fund Trust that are issued by the SME Credit Line Platform is 13 to 15 per cent.

- *The Real Estate Loans Platform*

The Real Estate Loans Platform provides private real estate lending focussing on non-owner occupied residential and commercial projects. Its loans are typically short-term (around 12 months) with a focus on the New York City metropolitan area which historically allows for higher lending rates than the national average. The Real Estate Loans Platform's parent company is a national title insurance company with a 10 year track record and which has overseen real estate transactions worth US\$4 billion that provides operational resources, access to deal flow and due diligence and real estate expertise to the Real Estate Loans Platform. All loans originated by the Real Estate Loans Platform are secured against the relevant property (typically through a first lien position) as well as personal and corporate guarantees.

The Real Estate Loans Platform undertakes a proprietary 32-point underwriting process including an assessment of loan-to-value ratio, lien position, property location, occupancy rate and the sponsor's personal guarantee. In addition, it utilises the big data gathered by its parent company to assist it in quickly evaluating opportunities. The underwriting process particularly focuses on the borrower's experience in the relevant geographical market, the specific property type and the phase of development.

The Investment Manager actively selects Debt Instruments for acquisition by Ranger Direct Lending Fund Trust from the range of real estate loans made available to Ranger Direct Lending Fund Trust under the Platform Agreement and any investment in such Debt Instruments takes the form of an unsecured borrower dependent payment note issued by the Real Estate Loans Platform as described in model 2 above. The notes acquired by Ranger Direct Lending Fund Trust may be in respect of a whole real estate loan or a fractional interest of a real estate loan.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust which are issued by the Real Estate Loans Platform is 10 to 12 per cent.

- *The Consumer Loans Platform*

The Consumer Loans Platform provides consumer loans targeting emerging-prime borrowers (namely borrowers who the Consumer Loans Platform identifies as having an improving financial position before such improvement is reflected in their individual credit data). Borrowers with a “**FICO**” score of between 640 and 740 are targeted. FICO is a credit score widely used in the lending industry that utilises mathematical models to assess credit risk. The Consumer Loans Platform utilises the resources of its parent company to select borrowers. The Consumer Loans Platform’s group has a 12 year track record in debt settlement and marketing and has managed over US\$2 billion in debt settlements for over 230,000 clients. In addition, the Consumer Loans Platform’s sister company provides a strong lead flow of borrowers for the Consumer Loans Platform loan product. Only a limited number of funds have been offered access to investing in the Consumer Loans Platform’s loan book.

The underwriting process used by the Consumer Loans Platform has been built on its parent company’s 12 years of experience in dealing with financially stressed consumers. The Consumer Loans Platform’s loans are underwritten using a hybrid underwriting model whereby it combines leading credit monitoring technology with manual assessments of client behaviour to assess a borrower applicant’s situation. Then a unique scoring model is applied to each applicant and the Consumer Loans Platform also requires each applicant to complete a question and answer form which provides it with further insights into the creditworthiness of the applicant. The Consumer Loans Platform’s loan products allow for a variety of loan terms to be offered to successful applicants which allow the underwriter to price the loan by specific reference to the borrower’s anticipated ability to pay. The Consumer Loans Platform retains the servicing of the loans, thereby maintaining personal contact with each borrower which, it believes, reduces the risk of default.

The Consumer Loans Platform’s loans were first offered in February 2014 and are targeted to achieve an annual loss rate of 4 per cent. (or less) per annum.

Ranger Direct Lending Fund Trust acquires a *pro rata* amount of the whole loan Debt Instruments selected by the Consumer Loans Platform for it (and the other funds managed by the Investment Manager) as described in model 1 above. The Investment Manager applies its TruSight Technology to evaluate the Debt Instrument portfolio on a daily basis and Ranger Direct Lending Fund Trust only continues to invest in the Debt Instruments provided the projected returns meet a specified minimum threshold. Debt Instruments that are deemed less desirable by TruSight Technology are reported to the Consumer Loans Platform to enable better selection of loans going forward.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust that are originated by the Consumer Loans Platform is 10 to 12 per cent.

- *The Second Consumer Loans Platform*

The Second Consumer Loans Platform provides consumer loans targeting prime and near-prime (600+ FICO) consumer borrowers who offer attractive risk-adjusted returns to lenders but are generally overlooked by larger lending platforms. The Second Consumer Loans Platform began operations in 2013 and is managed by Wall Street executives with extensive backgrounds in Finance and Technology.

The underwriting process used by the Second Consumer Loans Platform was developed in partnership with external consultants that have a background in unsecured consumer lending, applied microeconomics and statistics. The core model is a set of multi-factor polynomial regressions that serve for different FICO ranges. Borrowers are given a score of creditworthiness depending on their credit report with 100+ attributes and their initial requested amount.

The Investment Manager applies its TruSight Technology to evaluate loans as they become available to Ranger Direct Lending Fund Trust (or other funds managed by the Investment Manager) based on the Investment Manager’s Trusight investment selection model. Debt Instruments that are deemed less desirable by TruSight Technology are declined. Ranger Direct Lending Fund Trust acquires the whole loan Debt Instruments that are selected as described in model 1 above.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust that are originated by the Second Consumer Loans Platform is 10 to 12 per cent.

- *The Vehicle Services Contract Platform*

The Vehicle Services Contract Platform is a payment plan company formed by industry veterans to purchase receivables at a discount from the sellers of service contracts. This has allowed the platform's principals to vertically expand their control of the service contract supply chain and provide their customers with an end-to-end solution. Following a reorganisation in February 2015, the Vehicle Services Contract Platform purchased receivables initially sold by two separate sellers affiliated with the platform. The principals of the Vehicle Services Contract Platform also own, or have investments in, other companies in the service contract supply chain. One of the principals has been in the business since 1989 and formed a company that provides products in 2003. Their affiliated group of companies develop, administer and sell service contracts primarily in the automobile aftermarket. Collectively the affiliates' call centre clients sell approximately tens of thousands of auto aftermarket service contracts per month, of which approximately 30 per cent. of contracts are proprietary (affiliate company) products.

The Platform Agreement entered into by Ranger Direct Lending Fund Trust and the Vehicle Services Contract Platform provides financing for individual contracts and are executed as MLSA Notes as described in model 5 above. The loan to value on the MLSA Note Debt Instruments are 75 per cent. or less. Ranger Direct Lending Fund Trust receives interest payments monthly on the promissory notes as well as principal reductions for each contract. Ranger Direct Lending Fund Trust has taken a number of steps to secure collateral of the Vehicle Services Contract Platform which includes all assets of the business, personal guarantees, and blocked bank accounts.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust that are originated by the Vehicle Service Contracts Platform is 12.25 per cent.

RDLF and the Investment Manager currently intend that the Vehicle Services Contract Platform Agreement will be restructured so that investments are made through Notes that reference underlying loans in accordance with model 2 rather than as an investment pursuant to an MLSA in accordance with model 5.

- *The International SME Lending Platform*

The International SME Lending Platform provides lending against claimed and/or earned refundable tax.

The underwriting process used by the International SME Lending Platform includes assessing the eligibility of the applicant's tax credit claim relative to the specific program the claim or application is being submitted under or against. The International SME Lending Platform's analysis includes the applicant's past refundable applications and monies received to determine likelihood of future payments. The guarantor(s) overall credit strength concentrating on historical financial performance in relation to current obligations and recent commitments are assessed during the analysis.

The Investment Manager actively selects Debt Instruments for acquisition by Ranger Direct Lending Fund Trust from the range of portfolio options made available to Ranger Direct Lending Fund Trust under the Platform Agreement as described in model 1 above.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust that are originated by the International SME Lending Platform is 12 to 14 per cent.

- *The Second Invoice Factoring Platform*

The Second Invoice Factoring Platform provides revolving lines of credit through technology and a sales site marketplace to growing SME businesses which are unable to establish traditional bank lines of credit to finance their operations. The Second Invoice Factoring Platform makes advances (i) through the purchase, at a discount, of a borrower's invoices, (ii) through advances against contractual payments owed to a borrower, or (iii) advances against other assets of a borrower including inventory or other physical or financial assets.

The Second Invoice Factoring Platform may also establish relationships with receivables finance originators – third party working capital finance companies which underwrite the platform’s borrowers. The Second Invoice Factoring Platform proposes to provide receivables finance originators with financing to purchase accounts receivable, make advances against contractual payments owed to borrowers, or provide credit against other assets of borrowers including inventory or other physical or financial assets.

The Second Invoice Factoring Platform will apply a verification policy to ensure the goods or services have been received and been accepted by borrowers for payment prior to advancing credit. Debtors whose receivables have been purchased will be directed to send payments directly to a lockbox and/or cash collateral account controlled by the Second Invoice Factoring Platform rather than to the borrower. All invoices purchased by the Second Invoice Factoring Platform are expected to be supported by credit assessment of the debtors which the Second Invoice Factoring Platform will monitor on a regular basis. Once the Second Invoice Factoring Platform informs a debtor of its rights to receive payments on the receivable, and where to pay specific accounts, that debtor becomes legally responsible to pay the Second Invoice Factoring Platform or be subject to “double indemnity”, or paying twice.

Ranger Direct Lending Fund Trust’s investment in Debt Instruments originated or issued by the Second Invoice Factoring Platform is structured as a syndicate investment (as described in model 3 above).

The Second Invoice Factoring Platform has been in operation since 2013. The target unlevered net yield in respect of the interests in the syndicated Debt Instruments acquired by Ranger Direct Lending Fund Trust that are issued by the Second Invoice Factoring Platform is 11 to 12 per cent.

- *The SME Loans and Business Cash Advance Platform*

The SME Loans and Business Cash Advance Platform began operations in 2007, and until recently, served as a balance sheet lender. The platform originates business cash advances in all 50 states with Debt Instruments that typically have an expected term of less than 12 months. Advance amounts generally range from US\$5,000 to US\$250,000. The primary collateral includes a UCC filing against all business assets and a personal guarantee, with a prohibition against stacking or additional debt.

Several of the key management members have more than 20 years’ experience in their respective responsibilities.

The SME Loans and Business Cash Advance Platform’s underwriting electronically eliminates ineligible applications, as applications pass the first electronic line of defence; and a manual underwriting approach is used to complete further analysis. Likewise, the platform has enhanced underwriting verification and fraud detection by electronically verifying bank statements, verification of business references, site visits, IP address verification, CPA interviews, and cross referencing public documents to bureaus.

The Investment Manager actively selects pools of Debt Instruments for acquisition by Ranger Direct Lending Fund Trust among the opportunities made available to Ranger Direct Lending Fund Trust under the Platform Agreements described in model 1 above.

The target unlevered net yield in respect of Debt Instruments acquired by Ranger Direct Lending Fund Trust that are issued or originated by the SME Loans and Business Cash Advance Platform is 12 to 14 per cent.

- *The Secured Consumer Platform*

The Secured Consumer Platform purchases consumer notes at a discount which are primarily originated by doctors in order to finance elective procedures such as liposuction, cosmetic surgery, and bariatric surgery. The notes typically carry a note rate of about 19 per cent. and terms range from 12 months to 36 months. The platform began originations in 2003 for product consumer financing and focussed on elective medical procedures in 2010.

The Ranger Direct Lending Fund Trust will participate in the consumer notes, with the Secured Consumer Platform required to repurchase the trust’s participation interest in any notes that exceed

60 days past due. The Ranger Direct Lending Fund Trust has a control agreement in place which allows collection of all cash flows that relate to the trust's participation. The trust will reconcile the cash flows and release excess funds to the platform.

The platform uses a tiered underwriting process and the maximum principal amount of any note purchased is currently limited to about US\$11,000 and declines in accordance with a consumer's credit qualifications. The platform also uses a verbal verification of all information provided on the credit application and requires each borrower to electronically pre-authorize future payments.

The Investment Manager actively selects Notes which reference underlying Debt Instruments for Ranger Direct Lending Fund Trust. The pools of Notes are made available to Ranger Direct Lending Fund Trust pursuant to the Platform Agreement and acquisitions are made following model 3 as described above.

The target unlevered net yield in respect of the Note acquired by Ranger Direct Lending Fund Trust alongside the Secured Consumer Platform is 12 per cent.

- *Other Platforms*

In addition to the Direct Lending Platforms referred to above, RDLF and the Investment Manager are also actively seeking to enter into agreements with other Direct Lending Platforms to deploy RDLF's capital. In addition to the Platform Agreements listed above, the Investment Manager is also currently in negotiations on behalf of RDLF with a Direct Lending Platform which provides US MCA lending. The target unlevered net yield in respect of Debt Instruments acquired by RDLF that are issued or originated by this platform is 12 per cent.

In respect of each of the Platform Agreements with the Direct Lending Platforms listed above, RDLF is not under any obligation to continue to fund any Debt Instrument and each Direct Lending Platform will, subject to applicable regulation, provide relevant data in respect of the Debt Instrument opportunities offered to RDLF such that the Investment Manager can make an informed decision regarding prospective Debt Instruments on behalf of RDLF.

The amount of Debt Instruments which have been, or may be, acquired from each Direct Lending Platform pursuant to the relevant Platform Agreement as described above is an aggregate capacity for all funds being managed or advised by the Investment Manager (being, currently, RDLF and Ranger Speciality Income Fund). Available Debt Instruments are allocated between the funds in accordance with the Investment Manager's allocation policy as described in Part IV of this Prospectus. As described in the Risk Factor entitled "The Direct Lending Platforms that have entered into Platform Agreements with RDLF have not guaranteed to provide a minimum number of Debt Instruments" above, there is no guarantee that there will be sufficient qualified loan requests through the Direct Lending Platforms to enable RDLF to deploy its capital in a timely and efficient manner. Actual deployment will also be dependent on a number of factors not known at this time.

The target unlevered net yield attributable to Debt Instruments originated or issued by a particular Direct Lending Platform as described above reflects the Investment Manager's target for the average net yield of all Debt Instruments acquired directly or indirectly (as applicable) by RDLF that are originated and/or issued by the relevant Direct Lending Platform. The target has been compiled by reference to:

- returns on investments already made by RDLF through the relevant Direct Lending Platforms;
- the Investment Manager's analysis of historic returns on Debt Instruments originated or issued by the relevant Direct Lending Platform;
- the expected fees that will be payable by RDLF in respect of the Debt Instruments made through the relevant Direct Lending Platform; and
- an analysis of anticipated loss rates. In respect of platforms that have a lending history commencing in or before 2007, historical loss rates attributable to similar types of loans it is anticipated that RDLF will acquire were used. In respect of platforms that do not have this long a lending history, or the lending history was not available to the Investment Manager, loss rates used in calculating the target return are based on historic loss rates which are higher than actual reported loss rates and/or conservative projections provided by the relevant platform in order to account for the potential adverse impact of future unknown events.

The target returns in respect of Debt Instruments originated and/or issued by each Direct Lending Platform described above are targets only and not profit forecasts. There can be no assurance that the target returns will be achieved and investors should place no reliance on such targets when making an investment decision. Further detail on RDLF's current portfolio is set out in the section headed "Current Portfolio", below.

### **Direct Lending Company Equity investments**

In addition to its investments in Debt Instruments originated or issued by Direct Lending Platforms, RDLF is also permitted (but not obliged) to invest up to 10 per cent. of its Gross Assets in Direct Lending Company Equity. As at the Latest Practicable Date, RDLF had not yet invested in any Direct Lending Company Equity.

Investments in Direct Lending Company Equity by RDLF may be made directly, through a SPV subsidiary or through an investment in other investment funds that have an investment policy of investing in Direct Lending Company Equity and related investments.

RDLF has not currently entered into any equity investment commitments, but negotiations are continuing with the Real Estate Loans Platform and the Secured Consumer Platform Servicer in connection with potential investments in Direct Lending Company Equity opportunities.

### **Current Portfolio**

#### **Investment portfolio and performance history**

References in this section to the "Latest Practicable Date" are to 5 p.m. London time on 19 October 2016.

RDLF has fully deployed the net proceeds of the First Issue, the Tap Placing and the ZDP Placing in, primarily, US Debt Instruments with the balance being invested in Debt Instruments in Canada the United Kingdom and Australia in accordance with RDLF's investment policy.

RDLF expects to have deployed the net proceeds of the Initial Placing following the further advance made pursuant to the Loan in a portfolio of Debt Instruments originated or issued by Direct Lending Platforms and Direct Lending Company Equity within three months of Initial Admission.

As illustrated by the diagrams below (which were calculated using unaudited management accounts), as at the Latest Practicable Date, RDLF's portfolio comprised predominantly secured Debt Instruments which were approximately equal RDLF's target secured portfolio of 75 per cent. A secured Debt Instrument represents a payment obligation in which property, revenue (including receivables), or a payment guarantee has been pledged, mortgaged or sold to RDLF as partial or full security with respect to such obligation. In addition, as at the Latest Practicable Date, RDLF had acquired Debt Instruments across multiple industries and categories, and in excess of 90 per cent. of Debt Instruments acquired by RDLF were denominated in US Dollars.

*Portfolio composition (excluding cash) as at the Latest Practicable Date*



In addition to the diversification of the portfolio across a range of direct lending categories as shown above, the portfolio is also diversified across Debt Instruments issued or originated by a number of different Direct Lending Platforms. As at the Latest Practicable Date, RDLF held (directly or indirectly) Debt Instruments originated and/or issued by the following Direct Lending Platforms:

*Portfolio composition by Direct Lending Platform as at the Latest Practicable Date (excluding cash)*

<i>Direct Lending Platform through which Debt Instrument is held</i>	<i>% Net Assets of RDLF</i>
The Consumer Loans Platform	20.3
The Second Consumer Loans Platform	4.4
The Invoice Factoring Platform	0.3
The Second Invoice Factoring Platform	0.8
The Equipment Loans Platform	1.9
The SME Loans Platform	12.8
The Real Estate Loans Platform	21.0
The MCA Platform	8.0
The SME Credit Line Platform	20.4
The Vehicle Service Contract Platform	2.6
The International SME Lending Platform	1.5
The SME Loans and Business Cash Advance Platform	2.4
The Secured Consumer Platform	1.1
Other	1.0

Upon the commencement of each investment, RDLF assigns a loss reserve that will be accrued over the term of such investment which would offset future write-offs, if any, that may be realised with respect to such investment. As at the 30 September 2016, the (unaudited) loss reserve was -0.28 per cent. in respect of the period from 1 May 2015 to 30 September 2016.

The portfolio composition data as at the Latest Practicable Date as set out above is unaudited and does not include principal payments received after 30 September 2016 nor accruals for income or expenses in respect of Debt Instruments acquired by RDLF after 30 September 2016.

As well as investing in Debt Instruments issued by Direct Lending Platforms, RDLF is also permitted under its investment policy to invest up to 10 per cent. of Gross Assets in the listed or unlisted securities issued by Platforms. As at the date of this Prospectus, however, RDLF has not invested, directly or indirectly, in Direct Lending Company Equity.

The table below illustrates the performance of RDLF from First Admission to 30 September 2016.

		<i>Jan</i>	<i>Feb</i>	<i>Mar</i>	<i>Apr</i>	<i>May</i>	<i>Jun</i>	<i>Jul</i>	<i>Aug</i>	<i>Sep</i>	<i>Oct</i>	<i>Nov</i>	<i>Dec</i>	<i>YTD</i>
% NAV	2015					-0.17%	0.26%	0.18%	0.25%	0.40%	0.52%	0.45%	0.53%	2.45%
	2016	0.48%	0.75%	0.77%	0.78%	0.82%	0.74%	0.79%	0.72%	0.75%				6.81%
Dividend	2015											8.36p		8.36p
per share	2016		14.62p			20.45p								35.07p

As at 30 September 2016, the unaudited Net Asset Value of RDLF was US\$231.3 million (£178.3 million) and the Net Asset Value per RDLF Ordinary Share (cum-income) was US\$15.58 (£12.01). This represents NAV growth of 20.5 per cent. for the RDLF Ordinary Shares since the First Issue (from inception and excluding issue costs).

As at the Latest Practicable Date, the Ordinary Share price of RDLF was £11.46, representing a discount to cum-income NAV of 4.5 per cent.

## PART III

### DIRECTORS AND ADMINISTRATION

#### The Directors

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and have overall responsibility for the Company's activities.

The Directors may delegate certain functions to other parties such as the Administrator, the Company Secretary and the Registrar. The Directors have responsibility for exercising supervision of the appointed service providers.

#### **Christopher Waldron** (*Chairman*) (aged 52)

Mr Waldron has over thirty years' experience in investment management and is a director of a number of listed funds and investment companies, including UK Mortgages Limited, DW Catalyst Fund and JZ Capital Partners. He began his career with James Capel as an institutional equity broker and subsequently held investment management positions with Bank of Bermuda, the Jardine Matheson Group and Fortis before joining the Edmond de Rothschild Group in Guernsey as Investment Director in 1999, overseeing a team of managers specialising in fixed income and alternative investment strategies. He was appointed CEO of the Edmond de Rothschild companies in Guernsey in 2008, a position he held until 2013, when he stepped down to concentrate on non-executive work. Mr Waldron is also a member of the States of Guernsey's policy and resources, investment and bond sub-committee and its bond management committee. He is a Fellow of the Chartered Institute for Securities and Investment.

#### **Dr Matthew Mulford** (aged 51)

Dr Mulford is a Senior Research Fellow at the London School of Economics, an Affiliate Professor at école des Hautes Etudes Commerciales de Paris (HEC-Paris) and a Visiting Faculty member at the European School of Management and Technology (ESMT) in Berlin. He is formally a founding Dean of the TRIUM Global Executive MBA programme which is currently ranked as the top EMBA programme in the world. Dr Mulford has extensive research and senior executive training experience in negotiation analysis, psychology of judgement and decision making, quantitative methods and game theory. Dr Mulford has designed, directed and/or taught executive training courses in more than 20 countries for a variety of clients, including: Boehringer Ingelheim, Bosch, Deutsche Bank, EADS, Ericsson, Gallup, Gold Fields, Indian National Railroad, King Faisal Specialist Hospital, Linklaters, MAP – Carrefour, MTS, Qtel, Rusal, Siemens, Standard Chartered Bank, Syngenta, ThyssenKrupp, Total, the UK's National Audit Office and Home Office and the United Nations Development Programme.

#### **Jonathan Schneider** (aged 46)

Mr Schneider is a chartered accountant and an active entrepreneur and investor. From 2006 to 2012, he was the co-founder and managing partner of the Novator Credit Opportunities Fund, a UK based special situations hedge fund. Mr Schneider currently has a portfolio of alternative lending interests which he actively supports and manages, the majority of which he conceived and co-founded. Some of these include African Financial Services, a pan African consumer finance business, lwoca.com, a business to business working capital lender and Mode, an emerging market airtime credit provider. Mr Schneider previously served as the Executive Chairman of Taurus Gold Limited, which he was responsible for creating, Taurus is a West African focused gold mine developer with projects in Cote D'Ivoire, Mali and Burkina Faso. Mr Schneider has held numerous previous directorships, including serving as on the board of publically listed Talon Metals Inc. and Aqua Online Limited.

#### **RDLF's Directors**

The Directors of the Company are also RDLF Directors. Each of the Directors of the Company are, in their capacity as RDLF Directors, considered to be independent. Mr Waldron also acts as Chairman of RDLF.

In addition, Mr Canon, who is a partner of the Investment Manager (and therefore non-independent) is also a member of the RDLF Board. Details regarding Mr Canon are set out in Part IV of this Prospectus.

## **Corporate Governance**

### ***The Company's Corporate Governance***

The Company is not obliged to comply with the UK Corporate Governance Code (the “**Governance Code**”), nor does the Company intend to comply with the Governance Code on a voluntary basis. In the opinion of the Board, the interests of the Company and the Shareholders will be protected by the governance procedures adopted by RDLF, which are set out below.

The Board meets quarterly to consider RDLF's compliance with the terms of the Loan and the Undertaking, based on reports from the Investment Manager. The Board will also consider the Company's interim and annual reports.

Since the Company has no actual business (in terms of transactions or cashflows), it is not considered necessary for the Board to include any independent directors and all matters relevant for consideration by the Board will be addressed by the Board's non-independent members who will have due regard to the interests of the ZDP Shareholders.

### ***RDLF's Corporate Governance***

The Listing Rules require that RDLF must “comply or explain” against the Governance Code. In addition, the Disclosure Guidance and Transparency Rules require RDLF to; (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

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

The RDLF Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Governance Code) will provide better information to Shareholders. Accordingly, the RDLF Board has resolved that RDLF will comply, so far as is possible given RDLF's size and nature of business, with the AIC Code. Save as explained below, there are currently no instances of non-compliance by RDLF with the AIC Code.

#### *Senior independent director*

The RDLF Directors have determined that the size of the RDLF Board does not warrant the appointment of a senior independent director.

#### *Internal audit function*

Due to the current size and nature of RDLF's operations, no internal audit function is considered necessary. RDLF has engaged the Administrator to provide administration and accounting services pursuant to the RDLF Accounting and Administration Services Agreement, details of which are set out in paragraph 1.8.6 of Part XI below.

#### *Board evaluation*

RDLF is conducting a performance evaluation and the evaluation will be discussed at the meeting of the remuneration and nomination committee at the end of October 2016.

#### *Shareholder information*

RDLF does not provide a complete portfolio listing as the RDLF Board has determined that to do so would not be in the interests of the RDLF and its shareholders. Instead, the RDLF Board provides relevant portfolio information and summaries in its annual reports and monthly updates.

#### *Audit Committee*

RDLF's audit committee, comprising all the independent Directors of RDLF (which as at the date of this Prospectus is all the RDLF Directors other than Scott Canon) meets formally at least twice a year for the

purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts, interim reports and interim management statements. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. Jonathan Schneider is the chairman of the audit committee. The principal duties of the audit committee are to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by RDLF's service providers.

#### *Management Engagement Committee*

RDLF's management engagement committee, comprising all the independent Directors of RDLF (which as at the date of this Prospectus is all the RDLF Directors other than Scott Canon), meets formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Manager and also the terms of the Investment Management Agreement. The Chairman acts as chairman of the Management Engagement Committee.

#### *Remuneration and Nomination Committee*

RDLF's remuneration and nomination committee, comprising all the independent Directors of RDLF (which as at the date of this Prospectus is all the RDLF Directors other than Scott Canon), meets formally at least once a year for the purpose of, amongst other things, considering the framework and policy for the remuneration of the RDLF Directors pursuant to the Articles and to review the structure, size and composition of the RDLF Board. No Director shall be involved in any decisions as to their own remuneration. Jonathan Schneider is the chairman of the remuneration and nomination committee.

### **Share dealings**

The Directors have adopted a code of directors' dealings in the ZDP Shares which is in accordance with the Market Abuse Regulation. The Board is responsible for taking all proper and reasonable steps to ensure any dealings by Directors, and any persons closely associated with such Directors are in compliance with the Market Abuse Regulation.

### **Administrator**

Sanne Fiduciary Services Limited has been appointed as Administrator to the Company and RDLF pursuant to the Accounting and Administration Services Agreement and the RDLF Accounting and Administration Services Agreement (further details of which are set out in paragraphs 1.8.6 and 2.8.2 of Part XI of this Prospectus).

The Administrator is responsible for the maintenance of the books and financial accounts of the Group and the calculation, in conjunction with the Investment Manager, of the Net Asset Value of the Company, RDLF, the ZDP Shares and the RDLF Ordinary Shares.

### **Company Secretary**

Capita Company Secretarial Services Limited provides company secretarial services to the Company and RDLF pursuant to the Company Secretarial Agreement and the RDLF Company Secretarial Agreement (further details of which are set out in paragraphs 1.8.5 and 2.8.3 of Part XI of this Prospectus),

The Company Secretary is responsible for overseeing the production of the Group's accounts, regulatory compliance of the Company and RDLF and providing support to the Board's and the RDLF Board's corporate governance processes and their continuing obligations under the Listing Rules and the Disclosure Guidance and Transparency Rules. In addition, the Company Secretary is responsible for liaising with the Company, RDLF, the Investment Manager, the Registrar and the Administrator in relation to the payment of any dividends (in respect of the RDLF Ordinary Shares), as well as general secretarial functions required by the Companies Act (including but not limited to the maintenance of Group's statutory books).

## **Registrar**

Capita Asset Services has been appointed as Registrar to the Company and RDLF pursuant to the Registrar Agreement and the RDLF Registrar Agreement (further details of which are set out in paragraphs 1.8.7 and 2.8.5 of Part XI of this Prospectus).

## **Custodian and custody arrangements**

Merrill Lynch, Pierce, Fenner & Smith Incorporated has been appointed as RDLF's custodian pursuant to the Custodian Agreement (further details of which are set out in paragraph 2.8.3 of Part XI of this Prospectus). The Custodian is regulated by the US Securities and Exchange Commission as a qualified custodian under the Investment Advisers Act of 1940, as amended. The Custodian is entitled to engage its affiliates and other members of the Bank of America Corporation and Merrill Lynch & Co., Inc group (of which the Custodian forms part) to provide services under the Custodian Agreement to RDLF.

As part of the servicing arrangements agreed with each Direct Lending Platform, the loan documentation that forms, or is referenced by, a Debt Instrument acquired by RDLF will generally remain in the custody of the relevant Direct Lending Platform in order to allow it to perform its servicing activities. RDLF and the Investment Manager will generally have access to such documentation on demand.

## **Broker**

Liberum has been appointed as corporate broker to the Company and RDLF.

## **Auditor**

Deloitte LLP provides audit services to the Group.

## **Fees and expenses**

### ***Initial Placing expenses***

The costs and expenses of the Initial Placing, Initial Admission and the establishment of the Placing Programme will be paid by RDLF in accordance with the Undertaking and are not expected to exceed £578,000, assuming 35 million ZDP Shares are issued and the Gross Proceeds of the Initial Placing are £36.225 million. The Investment Manager has agreed that any expenses in excess of £800,000 will be borne by it.

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

If the target number of ZDP Shares permitted to be issued under the Initial Placing are issued, namely 25 million ZDP Shares, the Net Asset Value of the Company immediately following Initial Admission is expected to increase by £25.875 million. If the maximum number of ZDP Shares permitted to be issued under the Initial Placing are issued, namely 35 million ZDP Shares, the Net Asset Value of the Company immediately following Initial Admission is expected to increase by £36.225 million. In both cases, the costs and expenses of the Initial Placing will be borne by RDLF in accordance with the Undertaking.

### ***Ongoing expenses***

#### *Placing Programme expenses*

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

#### *The Company's Ongoing expenses*

The Company's ongoing operating fees and expenses will be borne by, or funded through the subscription of further Ordinary Shares by, RDLF in accordance with the Undertaking.

### *RDLF's Ongoing expenses*

#### *Investment Manager's fees*

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

The management fee is payable monthly in arrear and is at the rate of 1/12 of 1.0 per cent. per month of Net Asset Value of the RDLF Ordinary Shares and 1/12 of 1.0 per cent. of the Net Asset Value of any tranche of RDLF C Shares in issue (the "**Management Fee**"). The Investment Manager also retains the discretion to charge a fee based on a percentage of Gross Assets of the RDLF Ordinary Shares and also on a percentage of Gross Assets of any tranche of RDLF C Shares in issue (in each case, such percentage not to exceed 1.0 per cent. and provided that the aggregate Management Fee payable by RDLF shall not exceed an amount equal to 1.0 per cent. of the total Gross Assets of RDLF or its Group in aggregate (as applicable)) to any entity which is within RDLF's group (including RDLF), provided that such entity employs leverage for the purpose of its investment policy or strategy.

In addition, to seek to avoid fee layering, if at any time RDLF invests in or through any other investment fund or special purpose vehicle and a management fee or advisory fee is charged to such investment fund or special purpose vehicle by the Investment Manager or any of its affiliates and not waived, the value of such investment will be excluded from the calculation of Net Asset Value of the RDLF Ordinary Shares and the Net Asset Value of any tranche of RDLF C Shares in issue (as applicable) for the purposes of determining the Management Fee. As such, there will be no fee layering as a result of an investment by RDLF in the any investment fund or special purpose vehicle managed or advised by the Investment Manager or any of its affiliates.

The Management Fee will be calculated and payable monthly in arrear.

The Investment Manager agreed that, in connection with the First Issue, Qualifying Investors were entitled to receive a trail commission. The trail commission is calculated and paid annually in arrears by the Investment Manager out of the Management Fee.

Trail commissions are only payable to Qualifying Investors in respect of RDLF Ordinary Shares subscribed pursuant to the First Issue and must be claimed, together with such proof supporting the claim as the Investment Manager may require at its discretion, within 30 calendar days of the relevant Eligibility Date. Trail commissions are paid within 60 days of receipt of a valid claim. Trail commissions not claimed within the relevant period will be forfeited in respect of the relevant period and all future periods. No trail commissions will be paid to investors who were not Qualifying Investors in respect of the First Issue. The trail commission will only be paid to Qualifying Investors in respect of those RDLF Ordinary Shares acquired by the Qualifying Investor in the Issue and which remain held by the Qualifying Investor on the relevant Eligibility Date. Trail commissions will not be pro-rated to take account of RDLF Ordinary Shares disposed of between Eligibility Dates. Investors should note that payments of trail commissions will be made net of any amounts required by law to be deducted in respect of tax.

The Investment Manager is also entitled to a performance fee calculated by reference to the movements in the Adjusted Net Asset Value of the RDLF Ordinary Shares or the Adjusted Net Asset Value (as defined below) of any tranche of RDLF C Shares in issue since the end of the Calculation Period (as defined below) in respect of which a performance fee was last earned or the date of admission of the relevant class of Shares if no performance fee has yet been earned (the Adjusted Net Asset Value at such earlier date being the "**High Water Mark**").

The performance fee will be a sum equal to 10 per cent. of the amount by which the Adjusted Net Asset Value of the relevant class of shares at the end of a Calculation Period exceeds the High Water Mark.

"**Adjusted Net Asset Value**" means in respect of each class of shares the Net Asset Value of such class of shares adjusted for: (i) any increases or decreases in Net Asset Value arising from issues or repurchases of Shares; (ii) adding back the aggregate amount of any dividends or distributions (for which no adjustment has already been made under (i)) made by RDLF at any time; (iii) before deduction for any accrued performance fees; and (iv) to the extent that RDLF invests in any pooled investment vehicle or managed account (other than a pooled investment vehicle or managed account where the Investment Manager (or its

affiliate) waives its performance fee in respect of RDLF's investment) pursuant to which the Investment Manager or an affiliate of the Investment Manager is entitled to (including where it is not yet earned) receive a performance fee or performance allocation at the level of that investee entity or under such separate managed account arrangement, excluding any gain or loss attributable to those investments. As such, the calculation of the Adjusted Net Asset Value is not a calculation made in accordance with IFRS.

The performance fee will be calculated in respect of each twelve month period starting on 1 January and ending on 31 December in each calendar year (a "**Calculation Period**"), save that the first Calculation Period was, in respect of the RDLF Ordinary Shares currently in issue, the period commencing from First Admission and ending on 31 December 2015; and (ii) shall be, in respect of any tranche of RDLF C Shares admitted prior to 1 January 2017, the period commencing on the admission of such shares to the Official List and to trading on the main market of the London Stock Exchange, and ending on 31 December 2016, and in respect of any tranche of RDLF C Shares so admitted on or after 1 January 2017, from that date to 31 December 2017. The last Calculation Period shall end on the date that the Investment Management Agreement is terminated or, where the Investment Management Agreement has not previously been terminated, the Business Day prior to the date on which RDLF enters into liquidation. If at the end of what would otherwise be a Calculation Period no performance fee has been earned in respect of that period, the Calculation Period shall carry on for the next 12 month period and shall be deemed to be the same Calculation Period and this process shall continue until a performance fee is next earned at the end of the relevant period. A Calculation Period in respect of any tranche of RDLF C Shares shall be deemed to end on the applicable Conversion Date.

The performance fee shall be payable to the Investment Manager in arrear within 30 calendar days of the end of the relevant Calculation Period.

The Management Fee and performance fee (if any) is payable in US Dollars.

#### *Fees payable to Direct Lending Platforms*

The amount of fees and expenses payable by RDLF to a Direct Lending Platform varies depending on the amount of Debt Instruments acquired from a particular platform, and in certain cases, the performance of the Debt Instruments acquired from that platform. Generally, fees payable to a Direct Lending Platform consist of some or all of; (i) an acquisition cost Spread that reflects a premium to the outstanding principal value of the relevant Debt Instrument; (ii) a servicing fee; (iii) a variable platform fee that is calculated by reference to the performance of Debt Instruments originated or issued by that platform; and (iv) in respect of pooled investment vehicle investments only, management and performance fees. Further information on the fees payable to each platform that has entered into a Platform Agreement with RDLF is set out in paragraph 2.8 of Part X of this Prospectus.

#### *Other fees and expenses*

RDLF also incurs further on-going annual fees and expenses, which include the following:

- **Administrator**

Under the terms of the RDLF Accounting and Administration Services Agreement, the Administrator is entitled to an annual fee in respect of the valuation and accounting services it provides to RDLF of £15,000 plus an additional amount equal to 6 basis points of the NAV of RDLF. In addition, a further fee of £25,000 (plus a variable amount based on the number of reports) per annum is payable in respect of the tax reporting services provided by the Administrator to RDLF.

Under the terms of the Accounting and Administration Services Agreement, the Administrator is entitled to an annual fee in respect of the administration and accounting services it provides to the Company of £40,000.

The Administrator is also entitled to recover third party expenses and disbursements.

- **Company Secretary**

Under the terms of the RDLF Company Secretarial Agreement, the Company Secretary is entitled to an annual fee of £50,000 per annum (plus VAT) in respect of the secretarial services it provides to RDLF, including corporate governance, regulatory compliance and Listing Rule continuing obligations.

Under the terms of the Company Secretarial Agreement, the Company Secretary is entitled to an annual fee of £15,000 per annum (plus VAT) in respect of the secretarial services it provides to the Company. The Company Secretary is also entitled to a fee of £2,500 plus VAT and disbursements in respect of services provided in connection with the Initial Placing and the Placing Programme.

The Company Secretary is, in addition, entitled to recover reasonable third party expenses and disbursements.

- Registrar

The Registrar is entitled to an annual fee from RDLF with a minimum of £2,500 per annum. Other registrar activity is charged for in accordance with the Registrar's normal tariffs as published from time to time.

- Custodian

The Custodian is entitled to be paid a fee of between US\$180 and US\$500 per annum per holding of securities in an entity (depending on the type of entity). In addition, the Custodian is entitled to be paid a fee of up to US\$300 per account per annum (but subsequent fees will be charged at US\$150 per annum per account) and is entitled to recover reasonable third party expenses and disbursements.

- Broker

Liberum has been appointed as the corporate broker to RDLF.

- Directors

Other than Scott Canon (who has waived his entitlement to an annual fee), the RDLF Directors are currently entitled to be paid a fee of £18,750 per annum (£23,750 for the Chairman and £21,250 for the chair of the Audit Committee). With effect from the next equity fundraising of RDLF, they will be entitled to an increased fee of £25,000 per annum (£30,000 for the Chairman and £27,250 for the chair of the Audit Committee). No additional fees will be payable to the Directors of the Company.

Further information in relation to the remuneration of the RDLF Directors is set out in Part XI of this Prospectus.

- Other operational expenses

All other ongoing operational expenses (excluding fees and expenses paid to service providers and the Direct Lending Platforms as detailed above) of RDLF are borne by RDLF including, without limitation, the incidental costs of making its investments and the implementation of its investment objective and policy (including any fees or commissions payable to intermediaries in respect of the sourcing of investments to the extent that the Investment Manager is unable to source such investments directly and any fees or commissions payable to any due diligence agents or other specialists engaged by the Investment Manager in connection with the implementation of the investment policy); travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit and legal fees; and annual listing fees. All out of pocket expenses (that are reasonably and properly incurred), of the Investment Manager, the Administrator, the Company Secretary, the Custodian and the Registrar and the RDLF Directors relating to RDLF are also borne by RDLF. No fees or expenses, including those listed above, will be borne directly by investors.

## **Meetings and reports**

The Company will prepare its unaudited interim reports and audited annual reports and accounts in accordance with the Disclosure Guidance and Transparency Rules. The audited annual reports and accounts will be prepared to 31 December each year, with the first (shortened) accounting period ending on 31 December 2016. It is expected that these will be published in April each year or earlier if possible. An unaudited interim report will be made available to Shareholders each year in respect of the period to 30 June, expected to be published in September in each year, or earlier if possible. The Company's audited financial statements and the unaudited interim report will be available on the Company's website.

It should be noted that, since the ZDP Shares carry no right to vote, ZDP Shareholders will have no right to vote at any general meeting of the Company, including the Company's annual general meeting. ZDP Shareholders will, however, be entitled to receive notice of any such general meeting.

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

### ***Company NAV***

It is expected that, subject to any impairment of the Loan to the extent that the Company is aware that RDLF will be unable to repay the Loan or meet its obligations pursuant to the Undertaking in full, the Net Asset Value per ZDP Share will increase on a straight line basis from £1.00 on 1 August 2016 to the Final Capital Entitlement on the ZDP Repayment Date.

### ***RDLF NAV***

The unaudited Net Asset Value of each class of RDLF Shares is calculated by the Administrator (on the basis of information provided by the Investment Manager) on a monthly basis, as described below. The NAV of each class of RDLF Shares is published through a Regulatory Information Service and is available through RDLF's website.

For each class of RDLF Shares, the Administrator will calculate and publish the unaudited Net Asset Value and the Net Asset Value per RDLF Share based on a valuation point of 5.00 p.m. (UK time) on the last Business Day of each month. Each monthly Net Asset Value for each class of RDLF Shares is calculated in Sterling. The NAV is published with the equivalent US Dollar amount based on preceding exchange rates also stated. Each monthly Net Asset Value is published through a Regulatory information Service, normally within ten Business Days of such month end. Valuations produced by the Administrator as at the relevant month end are conclusive and binding on all RDLF Shareholders. In addition, RDLF, the Investment Manager and the Administrator may, in their sole discretion, arrange for additional valuations to be published or extend the ten Business Days period to cater for exceptional circumstances or significant new developments. The calculation of the Net Asset Value for each class of RDLF Shares will only be suspended in circumstances where the underlying data necessary to value the investments of RDLF cannot readily, or without undue expenditure, be obtained or where required by the Articles or other applicable law and regulation. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as reasonably practicable. RDLF, the Investment Manager and the Administrator may, however, where the underlying data necessary to value the investments of RDLF has not been received from the Direct Lending Platforms in good time to prepare the monthly valuations, elect to calculate the current Net Asset Value and Net Asset Value per RDLF Share relating to a particular RDLF Share class using previously provided data in order to avoid the suspension of the calculation of publication of Net Asset Value.

The Net Asset Value for each class of RDLF Shares is the value of all assets of RDLF attributable to that class of RDLF Shares less its liabilities to creditors, less any reserves against Debt Instruments or platforms (including provisions for such liabilities) determined in accordance with the Association of Investment Companies' valuation guidelines and in accordance with IFRS as adopted by the European Union.

All Debt Instruments are accounted for on the trade date based on an amortised cost basis. At acquisition, Debt Instruments are valued at the initial advance amount inclusive of any fees paid to the Direct Lending Platforms or, at the purchase consideration paid, if acquired from a third party. Thereafter, all Debt Instruments are valued at this amount less cumulative amortisation calculated using the Effective Interest Rate ("**EIR**") method. The EIR method spreads the expected net income from a Debt Instrument over its expected life. The EIR is that rate of interest which, at inception, exactly discounts the future cash payments and receipts from the Debt Instrument to the initial carrying amount.

Debt Instruments advanced are assessed by the Investment Manager for indications of impairment during and at the end of each reporting period. Evidence of impairment includes: (a) significant financial difficulty of the Direct Lending Platform or of a specific Debt Instrument; (b) breach of contract, such as default or delinquency in interest or principal payments; and (c) probability that a borrower will enter bankruptcy or financial reorganisation.

Debt Instruments advanced are further assessed for impairment on a collective basis even if they are assessed not to be impaired individually. Observable changes in economic conditions or changes in forecasted default or delinquency in interest or principal payments based on the Investment Manager's past experience are applied. The level of impairment loss recognised is the difference between the asset's outstanding principle balance amount and the estimated fair value associated with all Debt Instruments within the portfolio. The carrying amount is reduced directly by the applied impairment loss. Changes in the level of impairment are recognised in the profit and loss account although if in a subsequent period the previously recognised impairment loss is reversed the sum reversed is not more than that which is required

to ensure that the carrying amount of the Debt Instrument advance is not more than what the amortised cost would have been had the impairment not been recognised.

Investments in unlisted equity are valued at fair value through the profit and loss. The fair value is determined by the Investment Manager at the date of measurement relative to comparable instruments. If deemed appropriate by RDLF or the Investment Manager, RDLF may engage third party valuation professionals to provide a valuation of such investments.

Borrowings are originally valued as the principal amount of borrowings less any discounts and costs of issuance and accrued interest.

If the RDLF 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 reasonable in the circumstances. For example, in the event that a liquid secondary market or exchange in Debt Instruments is established and RDLF elects to buy and sell Debt Instruments via this exchange, RDLF may adopt a different fair value accounting methodology.

The RDLF Directors may temporarily suspend the calculation, and publication, of the Net Asset Value of any class of RDLF Shares (or all classes of RDLF Shares) during a period when, in the opinion of the RDLF Directors:

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

## PART IV

### THE INVESTMENT MANAGER, PROCESS AND STRATEGY

#### **The Investment Manager**

Ranger Alternative Management II, LP serves as the investment manager of the Group and is registered as an investment adviser with the US Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940, as amended. The Investment Manager was established in 2013 and is headquartered in Dallas, Texas USA.

The Investment Manager is controlled and supported by Ranger Capital Group Holdings, LP ("**Ranger Capital Group**"), whose affiliated investment advisers manage approximately US\$2.2 billion as at 30 September 2016. In addition, Ranger Capital Group provides institutional quality back office and operations support for the Investment Manager, including legal, compliance, accounting, information technology and administration and investor relations services. Ranger Capital Group was established in 2002 and is headquartered in Dallas, Texas USA.

Biographies of the key personnel of the Investment Manager involved in the provision of services to RDLF are as follows:

#### ***K. Scott Canon***

Scott Canon is the CEO of Ranger Capital Group. Mr. Canon has previously served in a variety of roles within the broker-dealer affiliate of Security Capital Group, a global real estate research, investment and operating management company. Previously, Mr. Canon was a member of the affiliate's board of directors and head of the Capital Placement Group. He formerly worked for Chase Manhattan Bank and Goldman, Sachs & Co. Mr. Canon served as a member of the board of directors for Green Mountain Energy Company before it was purchased by NRG Energy.

#### ***William Kassul***

William Kassul manages platform relationships and business development. Mr. Kassul is a senior level technology marketing executive with first-hand experience resolving technology disruptions in the travel, video and financial industries. Mr. Kassul was formerly Vice President of marketing and sales for Wizetrade, a leading stock trading software platform.

#### ***Wes McKnight***

Wes McKnight is a senior credit and risk analyst with 15 years' of prior lending and portfolio management experience, including consumer, inventory, accounts receivable, real-estate and equipment. Mr. McKnight previously served as a credit specialist with Ford Motor Credit, managing a US\$600 million vehicle and working-capital funding loan book. Mr McKnight was formerly Senior Vice President of SunTrust Bank.

#### ***Gary Melara***

Gary Melara is a senior credit and risk analyst responsible for developing the TruSight credit analysis software used by RDLF and the Ranger Specialty Income Fund. Mr. Melara is the founder and former CEO of five companies, two of which became public with valuations in excess of US\$100 million. Additionally, Mr. Melara developed software that automated most mainframe application programming and was later acquired by IBM.

#### ***Cas Milner***

Cas Milner, a consultant to the Investment Manager, is a senior quantitative and risk analyst. Mr. Milner has 10 years of prior investment experience with a dual-background in particle physics and quantitative investing. Mr. Milner has expertise in portfolio risk management and optimisation as well as experience in advanced data analytic techniques for data mining and forecasting. He has previously held senior positions at IBM and TIAA-CREF and has also founded two hedge funds.

## **Investment Selection and Due Diligence**

The Investment Manager aims to diversify RDLF's portfolio of Debt Instruments in order to minimise risk while providing a flow of income. To reduce risk, the investment strategy looks to balance diversity in three ways:

- (i) by investing in a diversified portfolio of Debt Instruments (including having diversification through the different asset class sub-categories to which Debt Instruments relate);
- (ii) by investing, directly or indirectly, in Debt Instruments originated or issued (as applicable) by a number of Direct Lending Platforms; and
- (iii) by inclusion of Debt Instruments in RDLF's portfolio across a wide distribution of those available from each Direct Lending Platform in each asset class sub-category, in each case in accordance with the specific restrictions set out in RDLF's investment policy.

RDLF's asset selection and due diligence process can be divided into four stages (each of which are explained in future detail below):

- (iv) initial due diligence by the Investment Manager on any Direct Lending Platform that RDLF is considering entering into a Platform Agreement with;
- (v) the Direct Lending Platform's own underwriting procedures in respect of borrower applicants;
- (vi) the Investment's Manager's additional investment selection due diligence on underlying borrowers to Debt Instruments that are proposed to RDLF (in cases where the Investment Manager is able to actively select Debt instruments pursuant to the relevant Platform Agreement); and
- (vii) ongoing monitoring of Debt Instruments by the Investment Manager.

### ***Direct Lending Platform due diligence and determination of allocations to Debt Instruments originated or issued by that platform***

Prospective Direct Lending Platforms and other lending sources of Debt Instruments are, in all cases, subject to due diligence by the Investment Manager prior to RDLF entering into an agreement with that platform. The due diligence procedures undertaken by the Investment Manager include an evaluation of past investment history, size and scope of present and future investment volume, underwriting and other business practices, any past or predicted Debt Instrument performance, and counter-party risk. The objective of this due diligence is to estimate overall risk associated with investments originating from such lending source; and to estimate the potential comparative return RDLF may expect from such investment in context to such risk.

In addition, prior to RDLF entering into a platform agreement with a prospective Direct Lending Platform, the Investment Manager requires that Direct Lending Platform to provide representations and/or warranties as to its regulatory status and to confirm that it complies with any applicable local law and regulation that applies to the lending activities that it carries out.

To the extent a Direct Lending Platform and asset class are judged to have an acceptable risk for the potential return on investment, the Investment Manager assigns an allocation to the Direct Lending Platform and the corresponding asset class sub-category. Such allocation will be based upon the competing attractiveness of Direct Lending Platforms and asset class sub-categories available, in light of the investment policy of RDLF. While investments are and will always be made within the limitations set out in RDLF's investment policy, as RDLF's portfolio expands, previous Debt Instrument allocations may be rebalanced in order to ensure an appropriate diversification in RDLF's portfolio by reference to asset class sub-category and/or Direct Lending Platform originator.

Once the allocations for Direct Lending Platforms and associated asset class sub-categories for an applicable period have been established, investments for such period are initiated. When available, the Investment Manager seeks Debt Instruments in a broad range of borrowers and from a variety of Direct Lending Platforms and asset class sub-categories. Diversifying Debt Instruments in this balanced, hierarchical way is intended to both reduce risk and provide a stable cash flow.

### ***Direct Lending Platform diligence on borrower applicants***

Each Debt Instrument in RDLF's portfolio is subject to a multi-level underwriting process.

At the base level, the Direct Lending Platforms selected typically have well established underwriting processes which seek to choose the most favourable lending opportunities from the large volume of applications that they receive.

Direct Lending Platforms typically use multi-level credit and risk rating models within their underwriting criteria used to assess the creditworthiness of borrowers that apply to it for loans.

Borrower applicants are required to submit detailed information about themselves, their commercial history (In the case of business loans), employment status (in the case of consumer loans or guarantees), their general finances and the purpose of their loan. Their applications are generally subject to detailed review and credit scoring by the Direct Lending Platforms. Many applications are often automatically declined as a result of falling on one or more basic criteria, for example, insufficient credit scores, debt-to-income ratios that are too high, or, in the case of SMEs, insufficient commercial history. The Direct Lending Platforms, where applicable, also obtain information and a credit assessment rating from one or more Independent credit ratings agencies. Applications are then further reviewed through their underwriting process, which includes both identification and fraud checks. In the case of consumer loans, employed borrowers and/or their employers may, at the discretion of the Direct Lending Platform, be contacted individually in order to verify information provided. In addition, a number of Direct Lending Platforms take security over assets in connection with the loans made and the application process also covers an analysis of the proposed collateral to the loan.

The emergence of online underwriting and big data processing has often enabled Direct Lending Platforms to develop efficient and effective ways to analyse and categorise credit risk across numerous asset classes. Big data optimisation is the technologically driven process that allows the Direct Lending Platforms to design underwriting models utilising high volumes of information, obtained through third party sources, to make educated decisions on a borrower's creditworthiness. The transparency and scale of information via credit ratings agencies in conjunction with online businesses that facilitate data analytics allows credit decisions and transactions to be made in a more accurate, efficient and cost effective manner with borrowing rates being set having regard to such data. In addition, the Direct Lending Platform and the borrower commonly share the margin that a traditional banking intermediary would normally capture; meaning borrowers are often able to access capital at attractive rates while investors are able to benefit from an attractive yield.

***Additional borrower applicant due diligence undertaken by the Investment Manager where it is actively selecting Debt Instruments***

In respect of actively selected Debt Instruments, the Investment Manager generally rescreens the approved applicants with its own investment selection process to accept or decline the proposed Debt Instrument. This process focuses less on indicators like credit scores, instead placing more emphasis on the underlying information from credit bureaus as well as other sources.

Where possible, the Investment Manager employs a unique and proprietary Debt Instrument selection technology ("**TruSight Technology**") which uses an artificial intelligence engine to automatically generate a set of algorithms based on the prior history of Debt Instruments originated on the Direct Lending Platforms. The resulting algorithms isolate borrower and Debt Instrument characteristics that they deem most likely to provide the highest return on an aggregated basis. Information and guidance provided by the Investment Manager's team may influence the criteria to be used, along with the combined confidence from the set of algorithms to determine which loans are to be selected and the investment amounts. After analysing new Debt Instruments available on the Direct Lending Platforms, Debt Instruments or portions of Debt Instruments for investment are then selected, investment amounts are determined, and investments are generally made by TruSight Technology.

The Investment Manager employs TruSight Technology when sufficient history of past loans from a lending source exists. In those cases where TruSight Technology would be the preferred investment process but insufficient history exists, when and if such time when sufficient history has been collected, TruSight Technology will be incorporated into the investment process.

Whenever available, high performance technical interfaces to the Direct Lending Platforms (called Application Program Interfaces or API) are used to provide rapid access to underwriting data and borrower applications, past investment history, and transaction processing.

Where a Platform Agreement provides that all Debt Instruments sourced by the relevant platform that fall within certain defined investment selection criteria will be acquired by RDLF (noting that RDLF shall always have the right to cease to make such acquisitions at any time in accordance with the terms of the relevant Platform Agreement), RDLF generally includes a term in the relevant Platform Agreement that the relevant Direct Lending Platform will be required to repurchase a Debt Instrument from RDLF in circumstances where it is later discovered that the relevant Debt Instrument did not in fact fall within the defined criteria (for example, as a result of fraud on the part of the underlying borrower when providing information in the initial loan application).

Once a borrower is approved for funding by both a Direct Lending Platform and an investor such as RDLF, the Debt Instrument is activated, the borrower receives funding and payment obligations in accordance with the terms of the Debt Instrument commence for the specified term of the Debt Instrument.

#### *Ongoing monitoring of Debt Instruments*

The entire investment process is reviewed on an ongoing basis by the Investment Manager's investment team. Using a "dashboard" of key performance indicators and automated email alerts, members of the Investment Manager are made aware of material changes in, amongst other items, Debt Instrument selection, investment amounts and Debt Instrument performance.

In addition to the use of the dashboard, overall credit and economic conditions are monitored by the Investment Manager to provide insight with respect to potential warnings on adverse changes at a macro level. Parameters used by TruSight Technology and the investment selection programs can then be modified by the Investment Manager as they endeavour to adapt to the changing economic environment.

### **Conflicts of Interest**

#### ***Investment Manager Conflicts of Interest***

The Investment Manager and its affiliates and their respective officers and employees may from time to time act for other clients or manage other funds (including Ranger Speciality Income Fund) which may have similar investment objectives and policies to that of RDLF. Circumstances may arise where investment opportunities will be available to RDLF which are also suitable for one or more of such clients of the Investment Manager or such other funds. 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.

The basis of allocation between RDLF and other funds managed by the Investment Manager with similar investment objectives in respect of the available Debt Instruments under the Platform Agreements is as follows:

- (i) for Debt Instruments where the acquisition can be split between entities (such as Debt Instruments acquired from the Invoice Factoring Platform or the MCA Platform), *pro rata* based on the amount of deployable capital of RDLF and the other entities managed by the Investment Manager; and
- (ii) for Debt Instruments where the acquisition cannot be split between entities (such as Debt Instruments acquired from the SME Loans Platform or the Equipment Loans Platform), on a rotating daily basis such that RDLF and the other entities managed by the Investment Manager are each given priority to such Debt Instruments for one day and not the next. For example, if one entity has only 10 per cent. of the capital to invest as another entity, then the first investments for that entity will only take place on one day out of ten.

The Investment Manager has a conflicts of interest policy which contains the details of identified conflicts or potential conflicts of interest and the procedures it follows in order to avoid, minimise and manage such conflicts or potential conflicts.

The Investment Manager is structured and organised in a way so as to mitigate the risks of a client's interests being prejudiced by conflicts of interest and will wherever possible try to ensure that a conflict of interest does not arise. In the event that a conflict of interest cannot be avoided the Investment Manager will always act in what it believes to be the best interests of RDLF and ensure that RDLF and all other client accounts are fairly treated.

If circumstances arise such that the Investment Manager's arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of material damage to the interests of RDLF or its shareholders will be prevented, the senior management of the Investment Manager must act to ensure that appropriate action is taken in what it believes to be the best interests of RDLF and its shareholders.

Any such situation will be disclosed to RDLF Shareholders in the next annual or half yearly report together with details of the action taken by the Investment Manager to resolve the situation in the best interests of RDLF.

The conflicts of interest policy is reviewed by the Investment Manager's chief compliance officer at least once a year or whenever there are material changes in the business services to be offered by the Investment Manager.

Other clients or funds managed by the Investment Manager or its affiliates may make Direct Lending Platform Equity investments in securities issued by Direct Lending Platforms which have originated and/or issued Debt Instruments acquired by RDLF. RDLF's investments in Debt Instruments originated and/or issued by such Direct Lending Platforms may impact on the value attributable to the relevant Direct Lending Platform Equity investment.

### ***Other Conflicts of Interest***

Each of the other service providers to the Group may from time to time serve other investment funds, however, this does not give rise to any conflicts in respect of their provision of services to the Group.

Each of the Direct Lending Platforms that the Group enters into a Platform Agreement with are third parties who do not owe any duties to the Group other than the contractual obligations set out in the relevant Platform Agreement. RDLF will seek to include terms in each Platform Agreement such that, so far as is possible, the interests of the relevant Direct Lending Platform and the Group are aligned (for example, where the Group invests in a syndicate headed by the relevant Direct Lending Platform or agreement as to the terms of debt collections). Generally, the Group does not agree exclusivity with a Direct Lending Platform to be offered Debt Instruments falling within defined investment selection criteria, and therefore the Direct Lending Platform may, at its discretion, offer such Debt Instruments to other third party instead of, before or after it has offered such Debt Instruments to RDLF.

## PART V

### THE INITIAL PLACING

The Company is targeting raising £25.875 million through the issue of 25 million ZDP Shares pursuant to the Initial Placing.

The total number of ZDP Shares issued under the Initial Placing will be determined by the Company, RDLF, Liberum and the Investment Manager after taking into account demand for the ZDP Shares, subject to a maximum of 35 million ZDP Shares being issued under the Initial Placing.

The actual number of ZDP Shares to be issued pursuant to the Initial Placing are not known as at the date of this Prospectus but will be notified by the Company via a RIS announcement and the Company's website, prior to Initial Admission.

If the Initial Placing does not proceed, subscription monies received under the Initial Placing will be returned without interest at the risk of the applicant. The target size of the Initial Placing should not be taken as an indication of the number of ZDP Shares to be issued.

The Directors have determined that the ZDP Shares under the Initial Placing will be issued at a price equal to £1.035 per ZDP Share.

The Initial Placing is not being underwritten.

#### ZDP Shares

The ZDP Shares are only suitable for investors: (i) who understand the potential risk of capital loss and the fact that there may be limited liquidity in the ZDP Shares; (ii) for whom an investment in the ZDP Shares would be of a long-term nature constituting part of a diversified investment portfolio; and (iii) who fully understand and are willing to assume the risks involved in investing in the ZDP Shares or in RDLF through the ZDP Shares. Typical investors in the Company are expected to be institutional and sophisticated investors and private clients of experienced wealth managers or execution – only retail brokers.

#### The Initial Placing

Liberum has agreed to use its reasonable endeavours to procure Placees to subscribe for the 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 1.8.3 of Part XI of this Prospectus.

The terms and conditions which shall apply to any subscription for ZDP Shares pursuant to the Initial Placing are contained in Part XII of this Prospectus.

#### Conditions

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

- (i) 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;
- (ii) Initial Admission occurring by 8.00 a.m. on 4 November 2016 (or such later time and date as may be agreed between Liberum, the Company and the Investment Manager, being not later than 8.00 a.m. (London time) on 30 November 2016) in respect of the Initial Placing;
- (iii) the aggregate borrowings of RDLF following completion of the Initial Placing being less than 50 per cent. of RDLF's Net Asset Value, as requested by RDLF's investment policy; and
- (iv) the Cover remaining above 2.75 following completion of the Initial Placing.

#### Pricing

All ZDP Shares issued pursuant to the Initial Placing will be issued at the Placing Price.

### **Voting dilution**

Since the ZDP Shares carry no right to vote, no dilution in the voting control of existing Shareholders will result from the Initial Placing.

### **Subscriber warranties**

Each subscriber of ZDP Shares in the Initial Placing and each subsequent investor in the ZDP Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in paragraphs 2 to 6 (inclusive) in Part XII of this Prospectus.

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

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

### **Scaling back and allocation**

The maximum size of the Initial Placing is 35 million ZDP Shares. To the extent that commitments under the Initial Placing exceed 35 million ZDP Shares in aggregate (or the 25 million ZDP Shares where the target size of the Initial Placing is not increased), Liberum, in consultation with the Company reserves the right, to scale back applications in such amounts as it considers appropriate. Accordingly, subscribers for ZDP Shares may, in certain circumstances, not be allotted the number of ZDP Shares for which they have committed.

The results of the Initial Placing will be announced by the Company on or around 2 November 2016 via a RIS announcement.

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

### **Placing arrangements**

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

The Placing Agreement provides for Liberum to be paid a commission in respect of the ZDP Shares to be allotted pursuant to the Initial Placing. Any commission received by Liberum may be retained, and any ZDP Shares subscribed for by Liberum may be retained, or dealt in, by Liberum for its own benefit.

Further details of the terms of the Placing Agreement are set out in paragraph 1.8.3 of Part XI of this Prospectus.

### **General**

The Net Proceeds, assuming the target size of the Initial Placing is 25 million ZDP Shares is achieved, to the Company will amount to approximately £25.875 million, since the commissions and other fees and expenses related to the Initial Placing will be borne by RDLF in accordance with the Undertaking.

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

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of the Prospectus and prior to Initial

Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

### **Clearing and settlement**

Payment for the ZDP Shares should be made in accordance with settlement instructions to be provided to Placees by Liberum. To the extent that any application for 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.

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

### **CREST**

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

It is expected that the Company will arrange for Euroclear to be instructed on 4 November 2016 to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to ZDP Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

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

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

### **Admission and dealings**

Initial Admission is expected to take place and dealings in the ZDP Shares are expected to commence on the London Stock Exchange at 8.00 a.m. on 4 November 2016 in respect of the Initial Placing. There will be no conditional dealings in ZDP Shares prior to Initial Admission.

The ISIN number of the ZDP Shares is GB00BD20L056 and the SEDOL code is BD20L05.

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

Where applicable, definitive share certificates in respect of the ZDP Shares are expected to be despatched, by post at the risk of the recipients, to the relevant holders, not later than the week commencing 15 November 2016 in respect of the Initial Placing. The ZDP Shares are in registered form and can also be

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

### **Use of proceeds**

The Directors intend to use the entirety of the Gross Proceeds of the Initial Placing to make the Loan to RDLF pursuant to the Loan Agreement.

### **Purchase and transfer restrictions**

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

Neither the ZDP Shares nor the RDLF Shares have been (or will be) registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and neither the ZDP Shares nor the RDLF Shares may be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the ZDP Shares or the RDLF Shares in the United States. The ZDP Shares are being offered and sold only in “offshore transactions” to non-US Persons as defined in, and pursuant to, Regulation S.

Moreover, neither the Company nor RDLF has been, or will be, registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the ZDP Shares or any RDLF Shares may be made except under circumstances which will not result in the Company or RDLF (as the case may be) being required to register as an investment company under the Investment Company Act.

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

These transfer restrictions, which will remain in effect until the Company or RDLF (as the case may be) determines in its sole discretion to remove them, may adversely affect the ability of holders of the ZDP Shares and the RDLF Shares to trade such securities. Neither the Company nor RDLF and their agents will be obligated to recognise any resale or other transfer of the ZDP Shares or any RDLF Shares made other than in compliance with the restrictions described above.

## PART VI

### THE PLACING PROGRAMME

#### **The Placing Programme**

Following completion of the Initial Placing, the Directors will implement the Placing Programme to enable the Company to raise additional capital in the period from 24 October 2016 to 23 October 2017, should the Board determine that market conditions are appropriate.

As described in paragraph 1.2 of Part XI, the Directors will be authorised to issue and allot up to 75 million ZDP Shares (inclusive of any ZDP Shares issued pursuant to the Initial Placing), without having to offer those ZDP Shares to existing Shareholders first. The total number of ZDP Shares issued under the Placing Programme will be determined by the Company and the Investment Manager after taking into account demand for the ZDP Shares.

The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue and allot ZDP Shares over a period of time.

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

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

#### **Conditions**

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

- (i) the applicable Placing Programme Price being determined by the Directors and Liberum as described below;
- (ii) Programme Admission occurring in respect of the relevant issue of ZDP Shares under the Placing Programme;
- (iii) to the extent required under the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company;
- (iv) the aggregate borrowings of RDLF following completion of the Initial Placing being less than 50 per cent. of RDLF's Net Asset Value, as requested by RDLF's investment policy; and
- (v) the Cover remaining above 2.75 following completion of the Placing Programme.

#### **Pricing**

The Placing Programme Price will be determined by the Directors and Liberum by reference to the prevailing NAV per ZDP Share and a premium to cover the costs of the relevant Subsequent Placing. In determining the Placing Programme Price, the Directors and Liberum will also take into consideration, *inter alia*, the prevailing market conditions at that time.

The Placing Programme Price will be notified via a RIS announcement as soon as practicable in conjunction with each issue.

#### **Voting dilution**

Since the ZDP Shares carry no right to vote, no dilution in the voting control of existing Shareholders will result from the Placing Programme.

### **Subscriber warranties**

Each subscriber of ZDP Shares in the Placing Programme and each subsequent investor in the ZDP Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgements and arrangements set out in paragraphs 4 and 5 in Part XII of this Prospectus.

The Company, the Investment Manager, Liberum and/or any other placing agent, and their respective directors, officers, members, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

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

### **Scaling back and allocation**

The Directors will be authorised to issue and allot up to 75 million ZDP Shares pursuant to the Placing Programme (inclusive of any ZDP Shares issued under the Initial Placing). To the extent that subscriptions under the Placing Programme (taken together with commitments received under the Initial Placing) exceed 75 million ZDP Shares in aggregate, the Company reserves the right to scale back applications in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for ZDP Shares pursuant to the Placing Programme. Accordingly, applicants for ZDP Shares may, in certain circumstances, not be allotted the number of ZDP Shares for which they have applied.

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

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

### **Placing Programme arrangements**

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

### **General**

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

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of the Prospectus and prior to the date on which dealings in the last ZDP Shares that may be issued under the Prospectus were to begin, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s). In the event that a supplementary prospectus is published after applications have been made in respect of a Subsequent Placing but before the relevant Programme Admission, applicants may have a statutory right of withdrawal.

### **Clearing and settlement**

Payment for the ZDP Shares, in the case of the Placing Programme, should be made in accordance with settlement instructions to be provided to Placees. To the extent that any application for 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.

ZDP Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST following each Programme Admission. In the case of ZDP Shares to be issued

in uncertificated form pursuant to the Placing Programme, these will be transferred to successful applicants through the CREST system.

## **CREST**

CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of ZDP Shares under the CREST system. Prior to the issue of any ZDP Shares, application will be made for the ZDP Shares to be admitted to CREST with effect from the applicable Programme Admission.

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

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

## **Programme Admission and dealings**

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

The ISIN number of the ZDP Shares is GB00BD20L056 and the SEDOL code is BD20L05.

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

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

## **Use of proceeds**

The entirety of the Gross Proceeds of any Subsequent Placing will be advanced to RDLF pursuant to the Loan Agreement.

The net proceeds of the Placing Programme are dependent, among other things, on:

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

## **Purchase and transfer restrictions**

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

Neither the ZDP Shares nor the RDLF Shares have been (or will be) registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and neither the ZDP Shares nor the RDLF Shares may be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the ZDP Shares or the RDLF Shares in the United States. The ZDP Shares are being offered and sold only in “offshore transactions” to non-US Persons as defined in, and pursuant to, Regulation S.

Moreover, neither the Company nor RDLF has been, or will be, registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the ZDP Shares or any RDLF Shares may be made except under circumstances which will not result in the Company or RDLF (as the case may be) being required to register as an investment company under the Investment Company Act.

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

These transfer restrictions, which will remain in effect until the Company or RDLF (as the case may be) determines in its sole discretion to remove them, may adversely affect the ability of holders of the ZDP Shares and the RDLF Shares to trade such securities. Neither the Company nor RDLF and their agents will be obligated to recognise any resale or other transfer of the ZDP Shares or any RDLF Shares made other than in compliance with the restrictions described above.

## PART VII

### THE ZDP SHARES

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

The rights attaching to the ZDP Shares shall be set out in the Articles and will include the following provisions:

##### **1.1 Limited life**

1.1.1 The Company has a limited life and, unless a ZDP Recommended Resolution or a ZDP Reconstruction Resolution has previously been approved in accordance with the Articles or the Directors have previously been released from their obligations by the passing of a special resolution of the Company in general meeting and by the passing of a special resolution at a class meeting of ZDP Shareholders, the Company will be placed into voluntary liquidation following a general meeting of the Company which the Directors shall be required to convene on 31 July 2021 for the purposes of passing a Scheduled Winding-Up Resolution.

1.1.2 A general meeting:

- (a) may be called by the Directors at any time prior to the ZDP Repayment Date for the purposes of proposing a Scheduled Winding-Up Resolution where, notwithstanding the fact that the Company will be placed into voluntary liquidation prior to the ZDP Repayment Date, the Directors are of the reasonable opinion that the ZDP Shareholders will be entitled to receive the full the Final Capital Entitlement upon such winding-up of the Company; or
- (b) shall be called by the Directors for the purposes of proposing a Winding-Up Resolution in circumstances where a Continuation Resolution has not been approved as described in paragraph 1.7 below.

1.1.3 Pursuant to the Undertaking, RDLF has undertaken to vote in favour of any Scheduled Winding-Up Resolution or any Winding-Up Resolution tabled following a Continuation Vote not being approved which is proposed to the members in general meeting.

##### **1.2 Income**

The ZDP Shares carry no right to receive dividends or other distributions out of revenue or any other profits of the Company.

##### **1.3 Capital**

On a return of capital, on a winding up or otherwise, the assets of the Company available for distribution to members in accordance with the Companies Act shall be applied as follows:

1.3.1 first, there shall be paid to holders of the ZDP Shares an amount equal to the initial capital entitlement of 100 pence as increased at such rate as accrues daily and compounds annually to give an entitlement to 127.63 pence at 31 July 2021, the first such increase to be deemed to have occurred on 1 August 2016 and the last to occur on 30 July 2021; and

1.3.2 secondly, there shall be paid to the holders of the ordinary shares the balance of the assets of the Company available for distribution in accordance with the Companies Act 2006 the Articles.

##### **1.4 Voting rights**

1.4.1 The ZDP Shareholders shall have a right to receive notice of general meetings of the Company for information purposes, but shall have no right to attend or vote at any such meeting of the Company. For avoidance of doubt:

- (a) any resolution to alter, modify or abrogate the special rights or privileges attached to the ZDP Shares shall require separate class consent (by special resolution) at a class meeting of ZDP Shareholders; and
- (b) any ZDP Recommended Resolution (as defined in section 1.6.1 below), ZDP Reconstruction Resolution (as defined in section 1.6.3 below) shall only be approved by Ordinary Shareholders provided they have first been approved at a class meeting of ZDP Shareholders (by special class resolution) in accordance with paragraph 1.4.2,

1.4.2 Notwithstanding any other provision of the Articles, on any vote on a ZDP Recommended Resolution or ZDP Reconstruction Resolution each holder of ZDP Shares present in person or by proxy shall, on a poll, have such number of votes in respect of each ZDP Share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of votes cast against the resolution and each member present in person or by proxy and entitled to vote who votes against such resolution shall on a poll have one vote for each ZDP Share held by him; provided that, if any term of any offer or arrangement referred to in paragraphs 1.6.1 or 1.6.3 below (as the case may be) shall (as regards any one or more members) have been breached in any material respect of which the chairman of the relevant meeting has written notice prior to the commencement of such meeting then, notwithstanding anything in the Articles to the contrary, each member shall, at any such meeting at which such Shareholder is present in person or by proxy, and entitled to vote, on a poll have one vote for every such ZDP Share held by him. Any vote on any ZDP Reconstruction Resolution or ZDP Recommended Resolution shall be by means of a poll.

## 1.5 **Class rights**

The Company shall not without the previous sanction of a special resolution of the holders of the ZDP Shares passed at a separate meeting of such holders convened and held in accordance with the provisions of the Articles:

- 1.5.1 issue any further Shares or rights to subscribe or convert any securities into Shares or reclassify issued share capital into Shares of a particular class where, in each case, such Shares rank, or would on issue, conversion or reclassification rank, as to capital in priority to or *pari passu* with the ZDP Shares, save that the Company may, subject to the provisions of the Articles, issue such further Shares, rights or securities provided that the Company Directors shall have calculated and the auditors of the Company shall have reported to the Company Directors on such calculations within 60 days prior to the proposed issue or reclassification 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 Cover of not less than 2.75 times. For this purpose, the “Cover” of the ZDP Shares shall represent a fraction where the numerator is equal to the Net Asset Value of RDLF and its Group on a consolidated basis adjusted to: (i) add back any liability to ZDP Shareholders; and (ii) deduct the estimated liquidation costs of the Company, and the denominator is equal to the amount which would be paid on the ZDP Shares as a class (and on all ZDP Shares ranking as to capital in priority thereto or *pari passu* therewith, save to the extent already taken into account in the calculation of the Net Asset Value) in a winding up of the Company on the ZDP Repayment Date. In calculating such Cover, the Company Directors shall:
- (a) use the most recent monthly Net Asset Value published by RDLF by way of RIS;
  - (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 to which such Net Asset Value relates;
  - (c) adjust the last published Net Asset Value of RDLF by adding the minimum gross 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 capital entitlements of the ZDP Shares already in issue at that time and the capital entitlements of the new shares or securities or rights to be issued as aforesaid; and
  - (f) make such other adjustments as they consider appropriate; or
- 1.5.2 pass any resolution, other than any ZDP Recommended Resolution or ZDP Reconstruction Resolution, releasing the Company Directors from their obligation to convene a general meeting at which a Scheduled Winding-Up Resolution is to be proposed or otherwise vary the effect of sections 1.6.1 to 1.6.4 (inclusive) below; or
- 1.5.3 pass a resolution to reduce the capital of the Company (including undistributable reserves and uncalled capital) in any manner, or any resolution authorising the Company Directors to purchase Shares in the Company, other than a Scheduled Winding-Up Resolution, a ZDP Reconstruction

- Resolution, ZDP Recommended Resolution or any of the equivalent resolutions in respect of ZDP Shares; or
- 1.5.4 pass any resolution which authorises the Company Directors to pay a dividend out of the Company's capital reserve; or
  - 1.5.5 pass any resolution authorising or permitting any borrowings of the Company other than:
    - (a) money owed by the Company or its subsidiaries to any other member of the Group;
    - (b) any currency hedging arrangements entered into by the Company or its subsidiaries; or
    - (c) borrowings incurred in connection with the payment of the Final Capital Entitlement; or
  - 1.5.6 make any variation to the terms of the Loan Agreement or the Undertaking which, at the time of such amendment, could reasonably be considered to be materially prejudicial to the interests of the ZDP Shareholders; or
  - 1.5.7 permit or ratify any waiver or grant any consent under the terms of the Loan Agreement or the Undertaking relating to any change in the investment policy of RDLF which, at the time of such amendment, would in the reasonable opinion of the Directors be materially prejudicial to the interests of the holders of ZDP Shares; or
  - 1.5.8 pass any Winding-Up Resolution other than a Winding-Up Resolution tabled following a Continuation Vote not being approved; or

Notwithstanding anything to the contrary in the Articles, one of the rights attaching to the Ordinary Shares and ZDP Shares shall be that the passing and implementation of any Scheduled Winding-Up Resolution, ZDP Reconstruction Resolution or ZDP Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares and ZDP Shares, with the result that neither the passing nor the implementation of any such resolution shall be treated as varying, modifying or abrogating such rights and so that the consent or sanction of any such class of Shares as a separate class shall not be required thereto.

## 1.6 **ZDP recommended resolutions and ZDP reconstruction resolutions**

- 1.6.1 Notwithstanding the provisions of the Articles described in sections 1.1 and 1.4.1 above, if all the holders of the ZDP Shares receive an offer (whether by the Company or any other person, including any proposals for a reduction or cancellation of capital, capitalisation issue, share purchase or repurchase and/or redemption of Shares of the relevant class or any Shares issued in substitution therefor) recommended by the Directors and complying with the provisions of section 1.6.2 below which becomes or is declared unconditional on or prior to the ZDP Repayment Date (and before the passing of a Scheduled Winding-Up Resolution), under which such holders (or holders other than the offeror and/or persons acting in concert with the offeror) would receive not later than the ZDP Repayment Date an amount in cash equal to not less than the amount to which such holders would otherwise have been entitled on the winding-up of the Company as a result of the passing of a Scheduled Winding-Up Resolution (ignoring any option any ZDP Shareholders may be given to elect to receive alternative consideration pursuant to the offer), then such offer shall be a "**ZDP Recommended Resolution**".
- 1.6.2 Any such offer as is referred to in section 1.6.1 above must be stated to be, in the opinion of a financial advisor appointed by the Directors, fair and reasonable and in the interests of the members as a whole.
- 1.6.3 Notwithstanding the provisions of sections 1.1 and 1.4.1 above, in the event that at any general meeting(s) held on or prior to the ZDP Repayment Date (and before the passing of a Scheduled Winding-Up Resolution) there is proposed any resolution or resolutions recommended by the Directors and complying with the provisions of section 1.6.4 below to:
  - (a) sanction any form of arrangement for the transfer of all or part of the Company's assets to another entity; or
  - (b) effect any other arrangement by means of a reduction of capital, distribution in specie or any other lawful procedure or arrangement whatsoever whether or not involving the winding-up of the Company,

in either case such that the holders of the Ordinary Shares and the ZDP Shares shall receive not later than the ZDP Repayment Date an amount in cash estimated by the Directors to be not less than that to which the Directors estimate that such holders would respectively otherwise be entitled on a winding-up as a result of the passing of a Scheduled Winding-Up Resolution or on the ZDP Repayment Date (ignoring any option any of them may be given to elect to receive their entitlements otherwise than in cash pursuant to the arrangement), then such resolution shall be a “**ZDP Reconstruction Resolution**”.

1.6.4 Any ZDP Reconstruction Resolution must be stated to be, in the opinion of a financial advisor appointed by the Directors, fair and reasonable and in the interests of the members as a whole.

## 1.7 **Continuation Resolution**

1.7.1 The Loan Agreement and Undertaking entered into between the Company and RDLF will impose certain obligations on RDLF. Any breach by RDLF of such obligations will require the Directors to call a separate class meeting of the ZDP Shareholders within 25 Business Days of such breach coming to the attention of the Board to propose (as an ordinary class resolution) that, notwithstanding the breach of the Loan Agreement and/or the Undertaking (as the case may be) by RDLF, the Company continue in its current form and structure (a “**Continuation Resolution**”).

1.7.2 If a Continuation Resolution is not passed, then the Directors shall call a general meeting of the Company within 20 Business Days to propose a Winding-Up Resolution and, on the approval of such Winding-Up Resolution, ZDP Shareholders shall be entitled to a return of capital calculated in accordance with paragraph 1.3.1 above as at the date of winding-up and not, for the avoidance of doubt, to the Final Capital Entitlement.

## PART VIII

### PRINCIPAL BASES AND ASSUMPTIONS

Set out below are the principal bases and Assumptions used in calculating the illustrative financial statistics contained in this Prospectus. For the avoidance of doubt, the Assumptions have not been used in preparing the working capital statement set out in Part IX of this Prospectus.

There can be no guarantee that the Assumptions set out below will be realised. In particular, the amounts raised by the Initial Placing and the Placing Programme may differ from the assumed amounts; market gains or losses between 30 September 2016 and the date of Initial Admission will affect the amount of RDLF's assets at Initial Admission; costs will be incurred in investing the Gross Proceeds of the Initial Placing and the Placing Programme advanced to RDLF pursuant to the Loan Agreement; annual running expenses of the Group may exceed the previous levels; and exchange rate differences may prove material. Accordingly, no reliance should be placed on the illustrative financial statistics derived from the Assumptions set out below.

The Assumptions used are:

- (1) On 30 September 2016 RDLF had 14,848,650 Ordinary Shares in issue and gross assets of US\$274.3 million, net assets (cum-income) were US\$231.3 million and the NAV per RDLF Ordinary Share was £12.01 on a cum-income basis (or £11.88 when calculated on an ex-income basis).
- (2) In respect of statistics assuming that 25 million ZDP Shares at a Placing Price of £1.035 per ZDP Share are issued pursuant to the Initial Placing, Gross Proceeds amount to £25.875 million.
- (3) In respect of statistics assuming that 35 million ZDP Shares at a Placing Price of £1.035 per ZDP Share are issued pursuant to the Initial Placing, Gross Proceeds amount to £36.225 million.
- (4) No Subsequent Placings are made following the Initial Placing.
- (5) The total estimated costs of implementing the Initial Placing, Initial Admission and the establishment of the Placing Programme are £578,000 (including value added tax) and these costs will all be paid by RDLF.
- (6) No allowance is made for the costs of investing the Gross Proceeds.
- (7) RDLF's interest expense and investment income are excluded from the Final Cover ratio calculation.
- (8) No allowance is made for the annual running expenses of the Group (including in the calculation of the Cover or the Final Cover). The running expenses for the period from 10 April 2015 to 31 December 2015 (including irrecoverable value added tax thereon but excluding the priority profit share and interest) were approximately £1,276,337 based on exchange rates as at 31 December 2015) and the annual running expenses of the Group going forward are expected to be approximately US\$1.79 million without interest expense (£1.47 million) (based on exchange rates at the Latest Practicable Date).
- (9) The capital accrual of a ZDP Share is 5.0 per cent. per annum, and is deemed to accrue daily and compound annually from 1 August 2016 up to (but excluding) the ZDP Repayment Date. The Final Capital Entitlement of 127.63 pence per ZDP Share is payable on 31 July 2021.
- (10) The Final Cover assuming that 25 million ZDP Shares are issued pursuant to the Initial Placing is calculated as the ratio of the net assets of RDLF as at 30 September 2016, plus Gross Proceeds of £25.875 million plus the net proceeds of the First ZDP Placing to the sum of the assets required to pay the Final Capital Entitlement.
- (11) The Final Cover assuming that 35 million ZDP Shares are issued pursuant to the Initial Placing is calculated as the ratio of the net assets of RDLF as at 30 September 2016, plus Gross Proceeds of £36.225 million plus the net proceeds of the First ZDP Placing to the sum of the assets required to pay the Final Capital Entitlement.
- (12) The Hurdle Rate is calculated as the required annual growth rate of RDLF's net assets resulting in no Final Capital Entitlement being paid on the ZDP Repayment Date.
- (13) There are no changes to the number of ZDP Shares prior to the winding-up of the Company and the repayment of the ZDP Shares.

- (14) The investment returns, assets and liabilities, cash flows and principal accounting entries of RDLF are projected through the 4 years and 9 months to 31 July 2021.
- (15) No UK corporation tax on capital gains tax is payable by RDLF; no other changes occur in any relevant taxation law and practice; and the allocation of certain expenses to the capital reserve results in a notional transfer of tax relief from the revenue account to the capital reserve in accordance with the Association of Investment Companies' Statement of Recommended Practice.
- (16) There are no changes to generally accepted accounting practices relevant to RDLF or the Company.
- (17) No account has been taken of exchange rate differences. Save as expressly stated otherwise all figures and calculations in this Prospectus are based on an exchange rate of £0.770891 to US\$1 as at 30 September 2016.
- (18) RDLF has an indefinite life.

**PART IX**  
**FINANCIAL INFORMATION**

**1. HISTORICAL FINANCIAL INFORMATION IN RESPECT OF THE COMPANY**

The following pages set out the historical financial information for the Company for the period from incorporation on 23 June 2016 to 30 September 2016.

The historical financial information has been prepared in accordance with IFRS.

**Deloitte.**

Deloitte LLP  
2 New Street Square  
London, EC4A 3BZ

The Board of Directors  
on behalf of Ranger Direct Lending ZDP plc  
40 Dukes Place  
London  
EC3A 7NH

24 October 2016

Dear Sirs

**Ranger Direct Lending ZDP plc (the “Company”)**

We report on the financial information for the period from the date of incorporation to 30 September 2016 set out in Part IX of the prospectus dated 24 October 2016 of Ranger Direct Lending ZDP plc (the “Company”) (the “Prospectus”). This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 2 to the financial information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) and is given for the purpose of complying with that requirement and for no other purpose.

**Responsibilities**

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion on financial information**

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at 30 September 2016 and of its profits, cash flows and changes in equity for the period from 23 June 2016 to 30 September 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP  
*Chartered Accountants*

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**STATEMENT OF FINANCIAL POSITION****As at 30 September 2016**

	<i>Notes</i>	<i>30 Sept 2016 (GBP)</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Loans and receivables	3	29,768,651
Total non-current assets		<u>29,768,651</u>
<b>Current assets</b>		
Prepayments		3,517
Cash and cash equivalents	2	50,000
Total current assets		<u>53,517</u>
<b>TOTAL ASSETS</b>		<u>29,822,168</u>
<b>Non-current liabilities</b>		
Zero Dividend Preference Shares	4	29,647,989
Total non-current liabilities		<u>29,647,989</u>
<b>Current liabilities</b>		
Income tax liability	6	11,530
Accrued expenses and other liabilities		18,030
Total current liabilities		<u>29,560</u>
<b>TOTAL LIABILITIES</b>		<u>29,677,549</u>
<b>NET ASSETS</b>		<u>144,619</u>
<b>SHAREHOLDER'S EQUITY</b>		
<b>Capital and reserves</b>		
Called-up share capital	5	50,000
Capital contribution	3	305,152
Accumulated losses		(210,533)
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<u>144,619</u>

The accompanying notes are an integral part of this historical financial information.

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the period from 23 June 2016 to 30 September 2016**

	<i>Notes</i>	<i>23 Jun to 30 Sept 2016 (GBP)</i>
<b>Income</b>		
Investment income	3	96,747
		<u>96,747</u>
<b>Expenses</b>		
Administration expenses		26,030
Other operating expenses		13,064
		<u>39,094</u>
<b>Result from operating activities</b>		<u>57,653</u>
<b>Financing</b>		
Finance costs		256,656
		<u>256,656</u>
<b>Loss before tax</b>		(199,003)
Tax	6	(11,530)
		<u>(210,533)</u>
<b>Loss after tax and total comprehensive loss for the period</b>		<u><u>(210,533)</u></u>

The accompanying notes are an integral part of this historical financial information.

**Other comprehensive income**

There were no items of other comprehensive income in the current period therefore the loss for the period is also the total comprehensive loss for the period.

## STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

For the period from 23 June 2016 to 30 September 2016

	Notes	Called-up Share capital (GBP)	Capital contribution (GBP)	Accumulated losses (GBP)	Total (GBP)
Balance at 23 June 2016		–	–	–	–
Issue of ordinary shares	5	50,000	–	–	50,000
Capital contribution during the period	3	–	305,152	–	305,152
Loss after tax and total comprehensive income for the period		–	–	(210,533)	(210,533)
<b>Balance at 30 September 2016</b>		<u>50,000</u>	<u>305,152</u>	<u>(210,533)</u>	<u>144,619</u>

The accompanying notes are an integral part of this historical financial information.

## STATEMENT OF CASH FLOWS

For the period from 23 June 2016 to 30 September 2016

	23 Jun to 30 Sept 2016 Note	(GBP)
Loss before tax		(199,003)
Adjustments for:		
Expenses paid by the parent company		24,581
Investment income		(96,747)
Finance costs		256,656
<b>Operating cash flows before movements in working capital</b>		<b>(14,513)</b>
Increase in prepayments		(3,517)
Increase in accrued expenses and other liabilities		18,030
<b>Net cash flows used in operating activities</b>		<b>–</b>
<b>Financing activities</b>		
Proceeds on issue of Ordinary Shares	10	50,000
<b>Net cash flows from financing activities</b>		<b>50,000</b>
Net change in cash and cash equivalents		<b>50,000</b>
Cash and cash equivalents at the beginning of the period		–
<b>Cash and cash equivalents at the end of the period</b>		<b>50,000</b>

The proceeds arising from the zero dividend preference shares issued by the Company in the period (see note 4) were credited directly to RDLF under the intercompany loan agreement (see note 4) and as a result neither transaction gave rise to cash flows within the Company.

## **NOTES TO THE HISTORICAL FINANCIAL INFORMATION**

**For the period from 23 June 2016 to 30 September 2016**

### **NOTE 1 – GENERAL INFORMATION**

Ranger Direct Lending ZDP plc (“ZDP” or “the Company”) was incorporated and registered in England and Wales on 23 June 2016 as a wholly owned subsidiary of Ranger Direct Lending Fund plc (“Ranger”) and with a limited life of up to 30 July 2021, unless extended by the passing of a special resolution of the Company. On 1 August 2016, the Company was subsequently admitted to the standard segment of the Official List of the UK Listing Authority and its zero dividend preference shares of GBP 0.01 each (the “ZDP Shares”) were admitted to trading on the London Stock Exchange’s main market for listed securities.

### **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of accounting and preparation**

This historical financial information has been prepared in compliance with applicable International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) and has been prepared on a historical cost basis.

There are no new standards or amendments to standards effective for the periods presented that have a material impact on the Company.

#### **Going concern**

In order to be able to continue as a going concern, the Company relies on Ranger in its capacity: as the parent company; to repay the loan; and as counterparty to the Deed of Undertaking dated 25 July 2016 (the “Undertaking”) as disclosed in more detail in note 3. The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the historical financial information.

#### **Use of estimates, judgements and assumptions**

The following are areas of particular significance to the Company’s historical financial information and include the use of estimates and the application of judgement, which is fundamental to the preparation of this historical financial information. Actual results could differ from those estimates.

#### ***Critical judgements in applying the accounting policies – loans and borrowings at amortised cost***

The Company accounts for the Loan and Zero Dividend Preference Shares at amortised cost on the basis that they have fixed or determinable payments. The effective interest rate method has been applied in calculating the income and expense during the period.

#### **Functional and presentational currency**

The historical financial information is presented in Sterling Pounds (“GBP”), the currency of the primary economic environment in which the Company operates, the Company’s functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the reporting date.

#### **Financial Instruments at amortised cost – Loan and receivables and Zero Dividend Preference Shares**

These are initially recognised at cost, being the fair value of the consideration received or paid associated with the loan or borrowing net of direct issue costs. Loan and receivables and Zero Dividend Preference Shares are subsequently measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost by allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees

paid or received that form an integral part of the effective interest rate) through the expected life of the loan or borrowing to the net carrying amount on initial recognition.

Direct issue costs are amortised using the effective interest method and are added to the carrying amount of the Zero Dividend Preference Shares.

### **Impairment of assets**

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where objective evidence exists that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been negatively impacted.

### **Taxation**

The current tax payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the historical financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### **Organisation costs**

Organisation costs are expensed as incurred.

### **Capital contribution**

Capital contributions from the parent company are recognised by the Company to meet current and future obligations of the Company and are recognised directly in equity based on the value of expenses paid for by the parent company, in accordance with the Undertaking.

### **Investment income**

Investment income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Income for interest bearing financial instruments is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### **Segmental reporting**

The Directors perform regular reviews of the operating results of the Ranger group as a whole and make decisions using financial information at the group level. The Board of Directors is of the view that the Company is only engaged in one business segment.

### NOTE 3 – LOANS AND RECEIVABLES

	<i>30 Sept 2016 (GBP)</i>
Opening balance	–
Amount advanced to Ranger Direct Lending Fund plc	29,671,904
Investment income during the period	96,747
	<hr/>
Closing balance	<u>29,768,651</u>

#### Intercompany Loan Agreement

On 25 July 2016, the Company has entered into a Loan Agreement with its parent company. Pursuant to the Loan Agreement, the Company will immediately following the Admission of the ZDP Shares on 1 August 2016, lend the proceeds to its parent company which the latter will apply towards making investments in accordance with its investment policy and working capital purposes. The proceeds from the issue of the ZDP Shares, after the deduction of issue costs of GBP 608,667, amounted to GBP 29,671,904.

#### Deed of Undertaking

The Company also entered into a Deed of Undertaking (the “Undertaking”) on 25 July 2016 which granted the parent company an undertaking to (among other things) subscribe for such number of Ordinary Shares in the capital of the Company as may be necessary or to otherwise ensure that the Company has sufficient assets to pay the total amount repayable to the ZDP Shareholders and pay any operational costs incurred by the Company.

During the period, the parent company contributed GBP 305,152 to the Company.

### NOTE 4 – ZERO DIVIDEND PREFERENCE SHARES

	<i>30 Sept 2016 (GBP)</i>
Opening balance	–
Issuance of ZDP Shares	30,000,000
Issue costs	(608,667)
Amortisation of issue costs during the period	10,081
Accrued interest expense during the period	246,575
	<hr/>
Closing balance	<u>29,647,989</u>

Under the Company’s Articles of Association, the Directors are authorised to issue up to 55,000,000 ZDP Shares for a period of 5 years from 25 July 2016. On 1 August 2016, the Company issued 30,000,000 zero dividend preference shares at GBP 0.01 each (the “ZDP Shares”) at a placing price of GBP 1.00 each. The ZDP Shares will have a term of five years and a final capital entitlement of GBP 127.63 pence per ZDP share on 31 July 2021, being the ZDP Repayment Date. The total amount repayable on the ZDP repayment date is GBP 38,289,000.

The ZDP Shares do not carry the right to vote at general meetings of the Company, although they carry the right to vote as a class on certain proposals which would be likely to materially affect their position. Further ZDP Shares (or any shares or securities which rank in priority to or *pari passu* with the ZDP Shares) may be issued without the separate class approval of the ZDP Shareholders provided that the Directors determine that the ZDP Shares would have a Cover<sup>1</sup> of not less than 2.75 times immediately following such issue.

#### NOTE 5 – SHARE CAPITAL

##### AUTHORISED:

Limited number of Ordinary Shares	<u>10,000,000</u>
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##### ISSUED AND FULLY PAID:

	30 Sept 2016 (GBP)
50,000 Ordinary Shares at GBP 1.00 par value each	<u>50,000</u>

The Company's 50,000 Ordinary Shares were issued to its parent company on 23 June 2016.

It is not intended that any dividend will be paid to the holders of Ordinary Shares prior to the ZDP Repayment Date.

#### NOTE 6 – TAX

The company's tax charge for the period can be reconciled to the loss in the statement of comprehensive income as follows:

	23 Jun to 30 Sept 2016 (GBP)
Loss before tax on continuing operations	<u>(199,003)</u>
Tax effect at the UK corporation tax rate of 20%	(39,801)
Tax effect of expenses that are not deductible in determining taxable profit	<u>51,331</u>
Tax expense for the period	<u>11,530</u>

#### NOTE 7 – CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. The Company's capital is represented by the ordinary shares and capital contribution from the parent company. The Company entered into an Undertaking which granted the parent company an undertaking to (among other things) subscribe for such number of Ordinary Shares in the capital of the Company as may be necessary or to otherwise ensure that the Company has sufficient assets to pay the total amount repayable to the ZDP Shareholders and pay any operational costs incurred by the Company.

The Company is not subject to externally imposed capital requirements.

<sup>1</sup> Cover of the ZDP Shares shall represent a fraction where the numerator is equal to the Net Asset Value of RDLF and its Group on a consolidated basis adjusted to: (i) add back any liability to ZDP Shareholders; and (ii) deduct the estimated liquidation costs of the Company, and the denominator is equal to the amount which would be paid on the ZDP Shares as a class (and on all ZDP Shares ranking as to capital in priority thereto or *pari passu* therewith, save to the extent already taken into account in the calculation of the Net Asset Value) in a winding up of the Company on the ZDP Repayment Date.

## NOTE 8 – FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the oversight of the Company's risk management framework.

The objective of the Company is to provide the final capital entitlement of the ZDP Shares to the ZDP holders at the redemption date. Due to the Company's dependence on Ranger to repay the loan and provide contribution to meet the final capital entitlement of the ZDP holders, the risks faced by the Company are considered to be the same as for Ranger.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

All short-term financial instruments have been excluded from the following disclosures.

### Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Loan Agreement and the obligation of the parent company under the Undertaking to repay the final redemption amount to the ZDP holders. The parent company's credit risk is the risk of financial loss if a borrower fails to meet its contractual obligations. The Ranger group and its investment manager seek to mitigate the credit risk by actively monitoring the group's loan direct lending platform portfolio and the credit quality of the underlying borrowers. The group's investment strategy allows it to potentially reduce risk through investment diversification while also potentially achieving higher returns by investing in the best performing direct lending asset classes.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The most significant cash outflow consists of the payment of the final redemption amount to the ZDP holders at the redemption date of 31 July 2021. The Company's exposure to liquidity risk depends upon the parent company's ability to meet all current and future obligations of the Company. The Directors consider the support received under the Undertaking and the capital contributions received as sufficient.

The contractual undiscounted maturity profile of the Company's financial assets and liabilities is as follows:

	<i>30 Sept 2016 (GBP)</i>
<i>In more than one year but not more than five years:</i>	
Loan and receivables	<u>32,760,179</u>
Zero Dividend Preference Shares	<u>38,289,000</u>

### Interest rate risk

Interest rate risk occurs when there is a mismatch between the interest rates of the Company's assets and liabilities. The interest payable to the ZDP Shares is 3 per cent. higher than the interest receivable from the loan with the parent company.

The net exposure to interest risk is reduced as a result of the Undertaking by the parent company whereby at any time up to or immediately prior to the ZDP repayment date, the parent company will subscribe for such number of ordinary shares in the Company as is necessary to provide the Company (after taking into account the repayment of the loan) with sufficient funds to meet the repayment obligations in respect of the ZDP Shares.

The Loan Agreement and the ZDP Shares have fixed interest rates therefore the total returns until the maturity and redemption date are also fixed. Consequently, no interest rate sensitivity analysis is required to be disclosed in this historical financial information.

### Fair value estimation

The fair values of cash and cash equivalents, prepayments, and accrued expenses and other liabilities are estimated to be approximately equal to their carrying values due to their short-term nature. The fair value for the loan and receivables and Zero Dividend Preference Shares are disclosed in this note for disclosure purposes only under IFRS 13.

The Directors based the fair value of the Zero Dividend Preference Shares on the traded price of GBP 107.125 pence per share which was observed on the London Stock Exchange on 30 September 2016. The Loan Agreement and Undertaking expire on the same date as the ZDP repayment date. Due to the dependence on the parent company to repay the Loan and provide the support to meet the Company's obligation to the ZDP holders, the fair value of the Loan (including the amount receivable under the Undertaking) is estimated to be equal and opposite to the fair value of the Zero Dividend Preference Shares.

### Fair value hierarchy

IFRS 13 "Fair Value Measurement" ("IFRS 13") defines a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy under IFRS 13 are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets and liabilities at the valuation date;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the assets or liability either directly (as prices) or indirectly (derived from prices), including inputs from markets that are not considered to be active; and

Level 3: Inputs that are not based upon observable market data.

However, the determination of what constitutes "observable" requires significant judgement by the Directors. The Directors consider observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple independent sources that are actively involved in the relevant market.

The categorisation of a financial instrument within the hierarchy is based upon the pricing transparency of the financial instruments and does not necessarily correspond to the Company's perceived risk inherent in such financial instruments.

The Zero Dividend Preference Shares are classified within Level 1 of the fair value hierarchy on the basis that the fair value was derived from an observable traded price. The Loan and receivables is classified within Level 2 of the fair value hierarchy on the basis that the fair value of the Loan has been determined directly from the fair value of the Zero Dividend Preference Shares.

The following tables include the fair value hierarchy of the Company's financial assets and liabilities not measured at fair value but which fair value is disclosed as at 30 September 2016:

	<i>Level 1</i> <i>(GBP)</i>	<i>Level 2</i> <i>(GBP)</i>	<i>Level 3</i> <i>(GBP)</i>	<i>Total</i> <i>(GBP)</i>
Loan and receivables	–	32,137,500	–	32,137,500
Zero Dividend Preference Shares	32,137,500	–	–	32,137,500

**NOTE 9 – ULTIMATE CONTROLLING PARTIES**

The Company is wholly owned by Ranger Direct Lending Fund plc, a company incorporated and registered in England and Wales, and is therefore the immediate and ultimate controlling party.

**NOTE 10 – RELATED PARTIES**

On 25 July 2016, the Company entered into a Loan Agreement and Undertaking with its parent company which are disclosed in more detail in note 3.

The Directors received no remuneration for their services to the Company during the period.

**NOTE 11 – SUBSEQUENT EVENTS**

There are no subsequent events that require disclosure in this historical financial information.

## 2. FINANCIAL INFORMATION IN RESPECT OF RDLF

RDLF's first accounting reference date was 9 April 2015 and audited financial statements were published by RDLF on 11 November 2015 for the period from incorporation to this date (the "**Report**"). RDLF also prepared statutory financial statements for the Group for the period from the date of incorporation to 9 April 2015 which audited by Deloitte LLP whose report was unqualified and did not contain any statements under sub-sections 498(2) and 298(3) of the Act.

RDLF subsequently shortened its accounting reference period from 9 April 2016 to 31 December 2015. Accordingly, RDLF has produced audited financial statements for the period from 10 April 2015 to 31 December 2015 (the "**Annual Report**") and an unaudited interim report in respect of the period from 1 January 2016 to 30 June 2016 (the "**Interim Report**").

### Financial information incorporated by reference

#### Part A – Audited financial statements for the period 25 March 2015 to 9 April 2015

On 6 November 2015, RDLF gave notice to the registrar of companies to change its accounting reference date to 9 April 2015. RDLF shortened the first accounting period of RDLF to cover the period from RDLF's incorporation on 25 March 2015 to 9 April 2015. The Report comprises RDLF's audited accounts for its first accounting period and, as such, constituted audited accounts for the purpose of declaring RDLF's quarterly dividends in order to satisfy the requirements of the Act relating to the declaration of dividends.

The Report has been prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRIC**") of the IASB (together "**IFRS**") as adopted by the European Union, the requirements of the Act applicable to companies reporting under IFRS, and the Listing Rules. The Report has been audited by Deloitte LLP (the "**Auditor**") who has issued an unqualified audit report under section 495 of the Act, which did not contain any reference to any matters required pursuant to section 495(4)(b).

Selected financial information from the Report set out in the paragraph headed "*Information Incorporated by reference*" below is incorporated into this Prospectus by reference. Information in the Report that is not incorporated by reference is either not relevant to investors or covered elsewhere in this Prospectus.

#### **Selected financial information**

RDLF did not trade during the period to which the Report relates and key audited figures that summarise RDLF's financial condition in respect of the period from 25 March 2015 to 9 April 2015 which have been extracted without material adjustment from the Report are set out in the table below:

	9 April 2015 USD
<b>Current assets</b>	
Receivables	74,500
<b>TOTAL ASSETS</b>	<u>74,500</u>
<b>Capital and reserves</b>	
Called up share capital	74,500
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>74,500</u>

### **Information Incorporated by reference**

The information set out below and relating to RDLF is incorporated by reference and is available online at [www.rangerdirectlending.com](http://www.rangerdirectlending.com) and [www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm) and is also available for inspection at the address referred to in paragraph 13 of Part IX of this document.

<i>Information Incorporated by reference</i>	<i>Page references in the Report</i>
Strategic Report	2-7
Governance Report	8-14
Audit Committee Report	15-17
Directors Report	18-24
Statement of Directors' Responsibilities in Respect of the Financial Statements	25
Independent Auditor's Report to the Members of Ranger Direct Lending Fund plc	26-29
Statement of Financial Position	30-33
Shareholder Information	34-37
Company Information	38

## Part B – Audited financial statements for the period 10 April 2015 to 31 December 2015

On 3 December 2015, RDLF gave notice to the registrar of companies to shorten its second accounting period from ending on 9 April 2016 to instead end on 31 December 2015. Accordingly, the Annual Report comprises the Group's consolidated audited accounts for its second accounting period. It is intended that, going forward, the accounting reference date of the Group, including the Company, will be 31 December.

The Annual Report has been prepared in accordance IFRS as adopted by the European Union, the requirements of the Act applicable to companies reporting under IFRS, and the Listing Rules. The Annual Report has been audited by the Auditor who has issued an unqualified audit report under section 495 of the Act, which did not contain any reference to any matters required pursuant to section 495(4)(b).

Selected financial information from the Annual Report set out in the paragraph headed “*Information Incorporated by reference*” below is incorporated into this Prospectus by reference. Information in the Annual Report that is not incorporated by reference is either not relevant to investors or covered elsewhere in this Prospectus.

### Selected financial information

Key figures that summarise the Group's financial condition in respect of the period from 10 April 2015 to 31 December 2015 which have been extracted without material adjustment from the Report are set out in the table below:

	31 December 2015 Group (USD)	9 April 2015 Group (USD)	31 December 2015 Group (USD)	9 April 2015 Group (USD)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss	52,723,467	–	–	–
Loans held at amortised cost	130,572,462	–	576,248	–
Investment in subsidiary	–	–	195,780,355	–
	<u>183,295,929</u>	<u>–</u>	<u>196,356,603</u>	<u>–</u>
<b>Current assets</b>				
Amounts owed by subsidiary undertaking	–	–	7,766,089	–
Direct lending platforms	3,337,949	–	–	–
Prepayments and other receivables	110,742	74,500	109,518	74,500
Cash and cash equivalents	45,325,934	–	27,148,037	–
Total current assets	<u>48,774,625</u>	<u>74,500</u>	<u>35,023,644</u>	<u>74,500</u>
<b>TOTAL ASSETS</b>	<u>232,070,554</u>	<u>74,500</u>	<u>231,380,247</u>	<u>74,500</u>
<b>Current liabilities</b>				
Funds payable to direct lending platforms	254,840	–	–	–
Accrued expenses and other liabilities	2,971,250	–	2,535,783	–
Total current liabilities	<u>3,226,090</u>	<u>–</u>	<u>2,535,783</u>	<u>–</u>
<b>NET ASSETS</b>	<u>228,844,464</u>	<u>74,500</u>	<u>228,844,464</u>	<u>74,500</u>
<b>SHAREHOLDERS' EQUITY</b>				
<b>Capital and reserves</b>				
Share capital	228,201	74,500	228,201	74,500
Share premium account	20,989,992	–	20,989,992	–
Other reserves	204,225,570	–	204,225,570	–
Revenue reserves	1,710,176	–	1,710,268	–
Realised capital profits	2,573,965	–	2,573,965	–
Unrealised capital losses	(883,440)	–	(883,532)	–
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>228,844,464</u>	<u>74,500</u>	<u>228,844,464</u>	<u>74,500</u>
NAV per RDLF Ordinary Share	<u>15.41</u>	<u>0.02</u>	<u>15.41</u>	<u>0.02</u>

### **Information Incorporated by reference**

The information set out below and relating to the Group is incorporated by reference and is available online at [www.rangerdirectlending.com](http://www.rangerdirectlending.com) and [www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm) and is also available for inspection at the address referred to in paragraph 5 of Part XI of this document.

<i>Nature of information</i>	<i>Page references in the Annual Report</i>
Overview and Investment Strategy	3-7
Chairman's Statement	8
Investment Manager's Report	9-10
Group Strategic Report	6
Audit Committee Report	28-3-
Director's Remuneration Report	31-35
Director's Report	36-42
Statement of Directors' Responsibilities	43
Independent Auditor's Report	44-50
Consolidated and Company Statements of Financial Position	51
Consolidated and Company Statements of Comprehensive Income	52-53
Consolidated and Company Statements of Changes in Shareholders' Equity	54-55
Consolidated and Company Statements of Cash Flows	56
Notes to the Consolidated Financial Statements	57-74
Alternative Investment Fund Managers Directive Disclosures (Unaudited)	75-76
Company Information	77

## Part C – Unaudited half-yearly financial statements for the period from 1 January 2016 to 30 June 2016

RDLF has prepared unaudited half-yearly financial statements in respect of the period from 1 January 2016 to 30 June 2016 (the “**Interim Report**”).

The Interim Report has been prepared in accordance with International Accounting Standards 34 “Interim Financial Reporting” as adopted by the European Union and, as required by the Disclosure Guidance and Transparency Rules, applying the accounting policies and presentation that were applied in the preparation of the December 2015 Report. The Interim Report has been reviewed by the Auditor in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, Review of Interim Financial Information Performed by Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. The Interim Report has not been audited.

Selected financial information from the Interim Report set out in the paragraph headed “*Information Incorporated by reference*” below is incorporated into this Prospectus by reference. Information in the Interim Report that is not incorporated by reference is either not relevant to investors or covered elsewhere in this Prospectus.

### Selected financial information

Key figures that summarise the Group’s financial condition in respect of the period from 1 January 2016 to 30 June 2016 which have been extracted without material adjustment from the Interim Report are set out in the table below:

	<i>(Unaudited)</i> 30 June 2016	<i>(Unaudited)</i> 30 June 2015
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	55,640,028	10,123,750
Loans held at amortised cost	168,460,525	29,319,895
	<u>224,100,553</u>	<u>39,443,645</u>
<b>Current assets</b>		
Derivative assets	745,919	–
Cash and cash equivalents	8,934,034	160,297,886
Funds receivable from direct lending platforms	1,123,194	5,096,889
Other current assets and prepaid expenses	676,654	201,150
	<u>11,479,801</u>	<u>165,595,925</u>
<b>TOTAL ASSETS</b>	USD <u>235,580,354</u>	<u>205,039,570</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	228,201	207,819
Share premium account	20,989,992	204,225,570
Other reserves	204,225,570	183,606
Revenue reserves	3,893,437	–
Realised capital profits	2,487,638	–
Unrealised capital profits	(526,579)	–
	<u>231,298,259</u>	<u>204,616,995</u>
<b>TOTAL SHAREHOLDERS’ EQUITY</b>	<u>231,298,259</u>	<u>204,616,995</u>
<b>Current liabilities</b>		
Derivative liabilities	193,875	–
Funds payable to direct lending platforms	1,006,900	227,425
Accrued expenses and other liabilities	3,081,320	195,150
	<u>4,282,100</u>	<u>422,575</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	USD <u>231,298,259</u>	<u>205,039,570</u>
NAV per Ordinary Share (in GBP Sterling)	£ 11.74	9.64
NAV per Ordinary Share (in USD)	USD 15.58	15.16

### **Operating and financial review**

The Interim Report (which is incorporated in this document by reference) 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 Company's investment activity and portfolio exposure; and changes in its financial condition for that period.

<i>Nature of information</i>	<i>Page no(s)</i>
Investment Manager's Report	3-5
Strategy and Investment Objectives	3
Risks and Uncertainties	6
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidation Statement of Comprehensive Income	13-14
Condensed Consolidation Statement of Changes in Equity	15-16
Condensed Consolidation Statement of Cash Flows	17

### **Information incorporated by reference**

The information set out below and relating to the Company is incorporated by reference and is available online at [www.rangerdirectlending.com](http://www.rangerdirectlending.com) and [www.morningstar.co.uk/uk/nsm](http://www.morningstar.co.uk/uk/nsm) and is also available for inspection at the address referred to in paragraph 5 of Part XI of this document.

<i>Information incorporated by reference</i>	<i>Page references in the Interim Report</i>
Chairman's Report	2
Investment Manager's Report	3-5
Director's Responsibility Statement	6-9
Interim Management Report	3-5
Independent Review Report	10-11
Condensed Consolidated Statement of Financial Position	12
Condensed Consolidation Statement of Comprehensive Income	13-14
Condensed Consolidation Statement of Changes in Equity	15-16
Condensed Consolidation Statement of Cash Flows	17
Condensed Consolidated Statement of Financial Statements	18-27
Company Information	28

The Interim Report is unaudited and has been prepared in accordance with IFRS and the Statement of Recommended Practice, issued by the Association of Investment Companies in January 2009.

## **3. WORKING CAPITAL**

### **Working Capital of the Company**

The Company is of the opinion that the Company has sufficient working capital for its present requirements that is for at least the next 12 months from the date of the Prospectus.

### **Working Capital of the Group**

RDLF is of the opinion that the Group has sufficient working capital for its present requirements that is for at least the next 12 months from the date of the Prospectus.

#### 4. CAPITALISATION AND INDEBTEDNESS

As at the date of this document, the issued and fully paid share capital of the Company is £30,050,000 represented by 30 million ZDP Shares and 50,000 Ordinary Shares. At the date of this document, the Company has zero cash and has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness.

The following table, sourced from the Company's historical financial information, shows the Company's capitalisation as at 30 September 2016:

	<i>30 September 2016 GBP</i>
Called up share capital	50,000
Capital contribution	305,152

The following table shows the Company's net indebtedness as at 30 September 2016.

	<i>30 September 2016 GBP</i>
A. Cash	–
B. Cash equivalent	50,000
C. Securities	–
D. Liquidity (A+B+C)	50,000
E. Current financial receivables	–
F. Current bank debt	–
G. Current portion of non-current debt	–
H. Other current financial debt	–
I. Current financial debt (F+G+H)	–
J. Net-current financial indebtedness (I-E-D)	50,000
K. Non-current bank loans	–
L. Bonds issued	–
M. Other non-current loans	29,647,989
N. Non-current financial indebtedness (K+L+M)	29,647,989
O. Net financial indebtedness (J+N)	29,597,989
P. Other current liabilities	29,560

#### 5. NO SIGNIFICANT CHANGE

##### **No Significant Change in respect of the Company**

- (a) There has been no significant change in the financial or trading position of the Company since 30 September 2016, being the date to which the latest reported on financial statements of the Company have been prepared.

##### **No Significant Change in respect of the Group**

- (b) Save as set out in paragraph 5(c) and 5(d) below, there has been no significant change in the financial or trading position of the Group since 30 June 2016, being the date to which the Interim Report was prepared.
- (c) On 1 August 2016, the Company issued 30 million ZDP Shares pursuant to the First ZDP Placing, the net proceeds of which were loaned to RDLF pursuant to the Loan Agreement.
- (d) On 10 August 2016 RDLF declared that it would pay an interim dividend of 26.78p on the RDLF Ordinary Shares, payable on 16 September 2016 to holders of RDLF Ordinary Shares on the register on 19 August 2016.

## PART X

### UK TAXATION

#### Introduction

This section of the Prospectus summarises certain UK tax consequences of investing in the Company as a Shareholder. These summaries are based upon the law and practice in force in the UK as at the date of this Prospectus. The tax treatment applicable to each prospective Shareholder will depend on their particular circumstances and may differ from the summary below. Prospective Shareholders should also note that such law and practice may change as a result of legislative, judicial and administrative actions, which may have retrospective effect.

**The summaries provide general guidance only and are not intended to provide a comprehensive guide to the taxation of the Company or any of its Shareholders. There may be other tax consequences of an investment in the Company and all prospective Investors, in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisors on the potential tax consequences of subscribing for, purchasing, holding or disposing of any ZDP Shares under the laws of their country and/or state of citizenship, domicile or residence, and should not rely on the summary provided in this Prospectus to determine their own particular tax position. The tax treatment of an investment in the Company will depend on the individual circumstances of each Shareholder and may be subject to future change. Nothing in this Prospectus should be taken as providing personal tax advice and neither the Company nor any of its officers, directors, employees, agents or advisors can take any responsibility in this regard.**

The following paragraphs summarise certain UK tax consequences for Shareholders. It is intended as a general guide only and is not intended to be comprehensive. It does not refer to UK inheritance tax – should a Shareholder be concerned about any potential UK inheritance tax implications in relation to their holding of ZDP Shares, they should consult their own independent tax advice. Unless otherwise stated, the following summary does not address:

- Shareholders who hold their ZDP Shares in the Company in connection with a trade, profession or vocation;
- Shareholders who have (or are deemed to have) acquired their ZDP Shares in connection with an office or employment or who play a role in investment management for the Fund;
- Shareholders who hold their ZDP Shares as part of a hedging transaction;
- Shareholders subject to special tax rules such as insurance companies, investment trusts, charities, dealers in securities, broker-dealers or persons connected with the Company; or
- Shareholders who hold their ZDP Shares otherwise than as absolute beneficial owners, such as Trustees.

Unless expressly stated, Shareholders are assumed to be resident and domiciled in the UK for UK tax purposes.

#### The Company

The Company will not be required to withhold UK tax at source when paying the Final Capital Entitlement to Shareholders.

#### Taxation of Dividends

The ZDP Shares carry no right to receive dividends. Accordingly, the UK rules on the taxation of dividends should not be relevant to a holding of ZDP Shares.

## **Taxation of chargeable gains**

### ***UK Individual Shareholders***

Individual Shareholders will generally be subject to capital gains tax in respect of any gain arising on a disposal, or deemed disposal, of their ZDP Shares (on the sale of the ZDP Shares to a third party or the disposal of the ZDP shares on a winding up). Each such individual has an annual exemption, such that capital gains tax is only chargeable on gains arising from all sources during the tax year in excess of this figure.

The annual exemption for individuals for the 2016-2017 tax year is £11,100. Subject to available reliefs and allowances, gains arising on a disposal of ZDP Shares to an individual shareholder will be taxed at the rate of 10 per cent., except to the extent that the gain, when it is added to the shareholder's other taxable income and gains in the relevant tax year, exceeds the upper limit of the income tax rate band (£32,001 for the 2016-2017 tax year), in which case it will be taxed at the rate of 20 per cent. No indexation allowance will be available to individual Shareholders.

UK resident individual Shareholders should note that proceeds (over and above the amount originally subscribed for the ZDP Shares) received on a redemption or repurchase of the ZDP Shares by the Company other than in the course of a winding up of the Company would fall to be treated as a distribution to Shareholders. Such a distribution may be chargeable to income tax.

### ***UK Corporate Shareholders***

A gain on the disposal or deemed disposal of ZDP Shares (such as on the sale of the ZDP Shares to third parties or where the ZDP Capital Entitlement is received pursuant to a winding up) by a shareholder within the charge to UK corporation tax will form part of the shareholder's profits chargeable to UK corporation tax (the rate of which is currently 20 per cent., but it is anticipated that this rate will be reduced to 19 per cent. from 1 April 2017, and to 17 per cent. from April 2020). Indexation allowance may be available to reduce the amount of chargeable gain that is subject to UK corporation tax but cannot create or increase an allowable loss.

UK resident corporate Shareholders should note that proceeds (over and above the amount originally subscribed for the ZDP Shares) received on a redemption or repurchase of the ZDP Shares by the Company other than in the course of a winding up of the Company would fall to be treated as a distribution to Shareholders. Such a distribution may potentially be taxable as income, but may qualify to be treated as exempt under Part 9A of the Corporation Tax Act 2009 if the Shareholder falls within an exempt class.

### ***Non-UK Shareholders***

Subject to the paragraph below (dealing with temporary non-residents) Shareholders who are not resident in the UK for UK tax purposes will not generally be subject to UK tax on chargeable gains, unless they carry on a trade, profession or vocation in the UK through a branch or agency or (in the case of a company) permanent establishment and the ZDP Shares disposed of are used or held for the purposes of that branch, agency or permanent establishment. However, Shareholders who are not resident in the UK may be subject to charges to foreign taxation depending on their personal circumstances.

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

### ***Disguised interest rules***

The statements above relating to the taxation of Shareholders assume that the "disguised interest" rules contained in Chapter 2A of Part 4 of the Income Tax (Trading and Other Income) Act 2005 and Chapter 2A (Disguised interest) and 6A (Shares Accounted for as Liabilities) of Part 6 to the Corporation Tax Act 2009 do not apply. Were these provisions to apply, amounts received by Shareholders in relation to a disposal of their ZDP Shares could be subject to tax as income, rather than as capital.

The disguised interest provisions can apply where there are arrangements relating to shares which would produce a return which is "economically equivalent to interest", one of the requirements for which is that

there must be no “practical likelihood” that the return will cease to be produced. In principle, the disguised interest rules are capable of applying to zero dividend preference shares. Whilst HMRC’s published guidance confirms that an investment portfolio genuinely exposed to investment risk is unlikely to be caught by these rules, there is no guarantee that HMRC’s guidance would apply in these circumstances. The investment policy of RDLF is set out in full in Part I of this Prospectus.

### **SIPPS and SSASs**

Shares in a UK company should be eligible for inclusion in a UK self-invested pension plan (a “**SIPP**”) or a UK small self-administered scheme (a “**SSAS**”), subject to the terms of, and the discretion of the trustees (or, where applicable, the providers) of, the SIPP or the SASS as the case may be.

### **ISAs**

The ZDP Shares should qualify as investments which are eligible for inclusion in an ISA.

### **Stamp duty and stamp duty reserve tax**

Neither UK stamp duty nor stamp duty reserve tax (“**SDRT**”) should arise on the issue of the ZDP Shares.

Transfers on sale of ZDP Shares outside of CREST will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer, rounded up to the nearest £5. The purchaser normally pays the stamp duty.

However, where the consideration for the transfer is £1,000 or less (and the instrument of transfer is certified that the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000) no stamp duty will be payable.

An agreement to transfer ZDP Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of ZDP Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. Such SDRT will generally be collected through the CREST system. Deposits of ZDP Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

The above statements are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person, including market makers, brokers and dealers may not be liable to stamp duty or SDRT and others (including persons connected with depositary arrangements and clearance services), may be liable at a higher rate of 1.5 per cent., or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

### **Financial Transactions Tax**

Certain countries within the EU (“**FTT jurisdictions**”) propose to introduce a financial transaction tax (“**FTT**”) on certain financial transactions which have a requisite connection with an FTT jurisdiction. A financial transaction (as defined under the draft directive) will be connected with an FTT jurisdiction where one party is established (or deemed to be established) in an FTT jurisdiction. One of the factors that may be taken into account is where the transaction is of a financial instrument issued in an FTT jurisdiction. As at the date of this Prospectus, many of the details relating to the FTT are still being discussed, and the end of June deadline which was previously stated has already passed. The UK is currently not an FTT Jurisdiction.

## PART XI

### ADDITIONAL INFORMATION

#### 1. Additional Information on the Company

##### 1.1 Information on the Company

The Company was incorporated and registered in England and Wales on 23 June 2016 with registered number 10247619 as a public company limited by shares with the name Ranger Direct Lending ZDP plc. The Company is not authorised or regulated as a collective investment scheme by the FCA.

Although the Company is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules, potential investors should note that, as a company which is admitted to the standard segment of the Official List pursuant to Chapter 14 of the Listing Rules, the Company is not subject to the ongoing requirements applicable to premium-listed companies under the Listing Rules. Full details of the consequences of a standard listing are set out in the section of this Prospectus entitled "Consequences of a Standard Listing".

The principal legislation under which the Company operates and under which the ZDP Shares are issued is the Companies Act.

The Company does not have any subsidiaries.

On 23 June 2016, the Company was granted a certificate under section 761 of the Companies Act entitling it to commence business and exercise its borrowing powers.

The registered office of the Company is at 40 Dukes Place, London EC3A 7NH and the telephone number of the Company is +44 (0) 207 954 9584.

The Company's registrars are Capita Asset Services. They will be responsible for maintaining the register of members of the Company.

##### 1.2 Share capital of the Company

On incorporation, the issued share capital of the Company was 50,000 Ordinary Shares of a nominal value of £1.00 each which were subscribed by RDLF and were fully paid up.

On 1 August 2016, the Company issued 30 million ZDP Shares pursuant to the First ZDP Placing. Accordingly, the issued share capital of the Company as at the date of this Prospectus is as follows:

	<i>Nominal value (£)</i>	<i>Number</i>
Ordinary Shares	£50,000	50,000
ZDP Shares	£300,000	30,000,000

All Shares in issue are fully paid up.

Subject to applicable law and the other provisions of the Articles, the Articles authorise the Directors to issue up to 55 million ZDP Shares and 10 million Ordinary Shares for a period of five years from the date of incorporation of the Company. As at the date of this Prospectus, the Company has authority to issue a further 25 million ZDP Shares and 9,500,000 Ordinary Shares. A notice to convene a general meeting of the Company on 1 November 2016 has been served. At this meeting an ordinary resolution will be proposed to substitute the Directors' current authority to allot Ordinary Shares and ZDP Shares with a new authority to issue up to 75 million ZDP Shares and 9,500,000 Ordinary Shares. RDLF is the only shareholder entitled to vote at the general meeting and, as a result, such authority to issue up to 75 million ZDP Shares and 9,500,000 Ordinary Shares will be granted prior to the issue and allotment of ZDP Shares pursuant to the Initial Placing. There are no provisions which apply a right of pre-emption in respect of the ZDP Shares.

Subject to the resolution described above being passed, the Directors have absolute authority to allot the ZDP Shares subscribed for pursuant to the Initial Placing and the Placing Programme under the Articles and are expected to resolve to do so shortly prior to Initial Admission and each Programme Admission.

No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

The ZDP Shares will be listed on the standard segment of the Official List and will be traded on the main market of the London Stock Exchange. The ZDP Shares are not listed or traded on, and no application has been or is being made for the admission of the ZDP Shares to listing or trading on, any other stock exchange or securities market.

The ZDP Shares are in registered form and, from the relevant admission of ZDP Shares pursuant to the Initial Placing and/or the Placing Programme, will be capable of being held in uncertificated form and title to such ZDP Shares may be transferred by means of a relevant system (as defined in the Regulations). Where the ZDP Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 21 days of the completion of the registration process or transfer, as the case may be, of the ZDP Shares. Where ZDP Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 46 of this Prospectus, maintains a register of Shareholders holding their Shares in CREST.

ZDP Shares are being issued pursuant to the Initial Placing at a price of £1.035 per ZDP Share. The issue price of the ZDP Shares issued pursuant to the Placing Programme will be determined by the Directors and Liberum by reference to the prevailing NAV per ZDP Share and a premium to cover the costs of the relevant Subsequent Placing and having regard to prevailing market conditions. No expenses are being charged to any subscriber or purchaser.

Each new ZDP Share will rank *pari passu* in all respects with each other ZDP Share issued in the same tranche and will have the same rights (including voting and rights on a return of capital) and restrictions as each existing other ZDP Share issued in the same tranche, as set out in the Articles. The ZDP Shares will be denominated in Sterling.

### 1.3 **The Company's Articles of Association**

The Articles contain provisions, *inter alia*, to the following effect:

#### 1.3.1 *Limited life*

The Company has a limited life and, unless a ZDP Recommended Resolution or a ZDP Reconstruction Resolution has previously been approved in accordance with the Articles or the Directors have previously been released from their obligations by the passing of a special resolution of the Company in general meeting and by the passing of a special resolution at a class meeting of ZDP Shareholders, the Company will be placed into voluntary liquidation following a general meeting of the Company which the Directors shall be required to convene on 31 July 2021 for the purposes of passing a Scheduled Winding-Up Resolution.

A general meeting:

- (a) may be called by the Directors at any time prior to the ZDP Repayment Date for the purposes of proposing a Scheduled Winding-Up Resolution where, notwithstanding the fact that the Company will be placed into voluntary liquidation prior to the ZDP Repayment Date, the Directors are of the reasonable opinion that the ZDP Shareholders will be entitled to receive the full the Final Capital Entitlement upon such winding-up of the Company; or
- (b) shall be called by the Directors for the purposes of proposing a Winding-Up Resolution in circumstances where a Continuation Resolution has not been approved as described in paragraph 1.3.11 below.

### 1.3.2 *Voting rights*

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of members for whom he is proxy) shall have one vote on a show of hands. On a poll every member present in person or by proxy or by representative (in the case of a corporate member) shall have one vote for each Share of which he is the holder, proxy or representative. On a poll, a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes in the same way.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A shareholder is not entitled to vote unless all calls due from him have been paid.

A shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice), is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from RDLF has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

### 1.3.3 *ZDP Voting Rights*

The ZDP Shareholders shall have a right to receive notice of general meetings of the Company for information purposes, but shall have no right to attend or vote at any such meeting of the Company. For the avoidance of doubt:

- (a) any resolution to alter, modify or abrogate the special rights or privileges attached to the ZDP Shares shall require separate class consent (by special resolution) at a class meeting of ZDP Shareholders; and
- (b) any ZDP Recommended Resolution or ZDP Reconstruction Resolution shall only be approved by Ordinary Shareholders provided they have first been approved at a class meeting of ZDP Shareholders (by special class resolution) in accordance with the following paragraph.

Notwithstanding any other provision of the Articles, on any vote on a ZDP Recommended Resolution or ZDP Reconstruction Resolution each holder of ZDP Shares present in person or by proxy shall, on a poll, have such number of votes in respect of each ZDP Share held by him (including fractions of a vote) that the aggregate number of votes cast in favour of the resolution is four times the aggregate number of votes cast against the resolution and each member present in person or by proxy and entitled to vote who votes against such resolution shall on a poll have one vote for each ZDP Share held by him; provided that, if any term of any offer or arrangement referred to in paragraphs 1.3.10(a) or 1.3.10(c) below (as the case may be) shall (as regards any one or more members) have been breached in any material respect of which the chairman of the relevant meeting has written notice prior to the commencement of such meeting then, notwithstanding anything in the Articles to the contrary, each member shall, at any such meeting at which such Shareholder is present in person or by proxy, and entitled to vote, on a poll have one vote for every such ZDP Share held by him. Any vote on any ZDP Reconstruction Resolution or ZDP Recommended Resolution shall be by means of a poll.

### 1.3.4 *General meetings*

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. Subject to any shortened notice period permitted in accordance with the Companies Act, not less than

14 days' written notice must be given for all other general meetings. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting and (iv) any intention to propose a resolution as a special resolution. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each Director can attend and speak at any general meeting.

#### 1.3.5 *Dividends*

The Company shall not without the previous sanction of a special resolution of the ZDP Shareholders passed at a separate meeting of such holders convened and held in accordance with the provisions of the Articles pass any resolution which authorises the Directors to pay a dividend out of the Company's capital reserve. Subject to the Companies Act and the Articles, the Company may by ordinary resolution declare a dividend to be paid to the members according to their respective rights and interests, but no dividend may exceed the amount recommended by the Board.

The ZDP Shares carry no right to receive dividends or other distributions out of revenue or any other profits of the Company.

#### 1.3.6 *Return of capital*

On a return of capital, on a winding up or otherwise, the assets of the Company available for distribution to members in accordance with the Companies Act shall be applied as follows: (i) first, there shall be paid to holders of the ZDP Shares an amount equal to the initial capital entitlement of 100 pence as increased at such rate as accrues daily and compounds annually to give an entitlement to 127.63 pence at 31 July 2021, the first such increase to be deemed to have occurred on 1 August 2016 and the last to occur on 30 July 2021; and (ii) secondly, there shall be paid to the holders of the Ordinary Shares the balance of the assets of the Company available for distribution in accordance with the Companies Act and the Articles.

#### 1.3.7 *Transfer of shares*

Both the Ordinary Shares and the ZDP Shares are in registered form.

The Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as "Participating Securities". Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate ("**Certificated Shares**") the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of shares, all or any of which are not fully paid.

The Board may also refuse to register a transfer unless:

- (a) in the case of a Certificated Share, the duly stamped instrument of transfer (if required) is lodged at the registered office of RDLF or at some other place as the Board may appoint

accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;

- (b) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and
- (c) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph (i) below) unless the shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register;

- (a) transfer in connection with a *bona fide* sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;
- (b) a transfer pursuant to the acceptance of an offer made to all the Company's shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or
- (c) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded.

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA or the US Code; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the Securities Act and/or the Exchange Act and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the Exchange Act; (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under any Information Reporting Regime, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation imposed under such Information Reporting Regime (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation), then the Board may declare the Shareholder in question a "Non-Qualified Holder" and the Board may require that any shares held by such Shareholder ("**Prohibited Shares**") shall (unless the Shareholder concerned satisfies the Board that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net proceeds to the former holder.

#### 1.3.8 *Variation of rights*

Subject to the Companies Act and without prejudice and subject to paragraphs 1.3.3 and 1.3.9, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied modified or abrogated (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate class meeting of such holders. The quorum at any

such class meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

#### 1.3.9 Variation of the rights of ZDP Shares

The Company shall not without the previous sanction of a special resolution of the holders of the ZDP Shares passed at a separate meeting of such holders convened and held in accordance with the provisions of the Articles:

- (a) issue any further Shares or rights to subscribe or convert any securities into Shares or reclassify issued share capital into Shares of a particular class where, in each case, such Shares rank, or would on issue, conversion or reclassification rank, as to capital in priority to or *pari passu* with the ZDP Shares, save that the Company may, subject to the provisions of the Articles, issue such further Shares, rights or securities provided that the Company Directors shall have calculated and the auditors of the Company shall have reported to the Company Directors on such calculations within 60 days prior to the proposed issue or reclassification 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 Cover of not less than 2.75 times. For this purpose, the "Cover" of the ZDP Shares shall represent a fraction where the numerator is equal to the Net Asset Value of RDLF and its Group on a consolidated basis adjusted to: (i) add back any liability to ZDP Shareholders; and (ii) deduct the estimated liquidation costs of the Company, and the denominator is equal to the amount which would be paid on the ZDP Shares as a class (and on all ZDP Shares ranking as to capital in priority thereto or *pari passu* therewith, save to the extent already taken into account in the calculation of the Net Asset Value) in a winding up of the Company on the ZDP Repayment Date. In calculating such Cover, the Company Directors shall:
  - (i) use the most recent monthly Net Asset Value published by RDLF by way of RIS;
  - (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 to which such Net Asset Value relates;
  - (iii) adjust the last published Net Asset Value of RDLF by adding the minimum gross 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 capital entitlements of the ZDP Shares already in issue at that time and the capital entitlements of the new shares or securities or rights to be issued as aforesaid; and
  - (vi) make such other adjustments as they consider appropriate; or
- (b) pass any resolution, other than any ZDP Recommended Resolution or ZDP Reconstruction Resolution, releasing the Company Directors from their obligation to convene a general meeting at which a Scheduled Winding-Up Resolution is to be proposed or otherwise vary the effect of paragraph 1.3.10 below; or
- (c) pass a resolution to reduce the capital of the Company (including undistributable reserves and uncalled capital) in any manner, or any resolution authorising the Company Directors to purchase Shares in the Company, other than a Scheduled Winding-Up Resolution a

ZDP Reconstruction Resolution, ZDP Recommended Resolution or any of the equivalent resolutions in respect of ZDP Shares; or

- (d) pass any resolution which authorises the Company Directors to pay a dividend out of the Company's capital reserve; or
- (e) pass any resolution authorising or permitting any borrowings of the Company other than as described in paragraph 1.3.16 below; or
- (f) make any variation to the terms of the Loan Agreement or the Undertaking which, at the time of such amendment, could reasonably be considered to be materially prejudicial to the interests of the ZDP Shareholders; or
- (g) permit or ratify any waiver or grant any consent under the terms of the Loan Agreement or the Undertaking relating to any change in the investment policy of RDLF which, at the time of such amendment, would in the reasonable opinion of the Directors be materially prejudicial to the interests of the holders of ZDP Shares; or
- (h) pass any Winding-Up Resolution other than a Winding-Up Resolution tabled following a Continuation Vote not being approved.

Notwithstanding anything to the contrary in the Articles, one of the rights attaching to the Ordinary Shares and ZDP Shares shall be that the passing and implementation of any Scheduled Winding-Up Resolution, ZDP Reconstruction Resolution or ZDP Recommended Resolution shall be in accordance with the rights attached to the Ordinary Shares and ZDP Shares, with the result that neither the passing nor the implementation of any such resolution shall be treated as varying, modifying or abrogating such rights and so that the consent or sanction of any such class of Shares as a separate class shall not be required thereto.

#### 1.3.10 *ZDP Recommended Resolutions and ZDP Reconstruction Resolutions*

- (a) Notwithstanding the provisions of the Articles described in paragraphs 1.3.1 and 1.3.3 above, if all the holders of the ZDP Shares receive an offer (whether by the Company or any other person, including any proposals for a reduction or cancellation of capital, capitalisation issue, share purchase or repurchase and/or redemption of Shares of the relevant class or any Shares issued in substitution therefor) recommended by the Directors and complying with the provisions of paragraph 1.3.10(b) below which becomes or is declared unconditional on or prior to the ZDP Repayment Date (and before the passing of a Scheduled Winding-Up Resolution), under which such holders (or holders other than the offeror and/or persons acting in concert with the offeror) would receive not later than the ZDP Repayment Date an amount in cash equal to not less than the amount to which such holders would otherwise have been entitled on the winding-up of the Company as a result of the passing of a Scheduled Winding-Up Resolution (ignoring any option any ZDP Shareholders may be given to elect to receive alternative consideration pursuant to the offer), then such offer shall be a "**ZDP Recommended Resolution**".
- (b) Any such offer as is referred to in paragraph 1.3.10(a) above must be stated to be, in the opinion of a financial advisor appointed by the Directors, fair and reasonable and in the interests of the members as a whole.
- (c) Notwithstanding the provisions of paragraphs 1.3.1 and 1.3.3 above, in the event that at any general meeting(s) held on or prior to the ZDP Repayment Date (and before the passing of a Scheduled Winding-Up Resolution) there is proposed any resolution or resolutions recommended by the Directors and complying with the provisions of section 1.3.10(d) below to:
  - (i) sanction any form of arrangement for the transfer of all or part of the Company's assets to another entity; or
  - (ii) effect any other arrangement by means of a reduction of capital, distribution in specie or any other lawful procedure or arrangement whatsoever whether or not involving the winding-up of the Company,

in either case such that the holders of the Ordinary Shares and the ZDP Shares shall receive not later than the ZDP Repayment Date an amount in cash estimated by the Directors to be not less than that to which the Directors estimate that such holders would respectively otherwise be entitled on a winding-up as a result of the passing of a Scheduled Winding-Up Resolution or on the ZDP Repayment Date (ignoring any option any of them may be given to elect to receive their entitlements otherwise than in cash pursuant to the arrangement), then such resolution shall be a “**ZDP Reconstruction Resolution**”.

- (d) Any ZDP Reconstruction Resolution must be stated to be, in the opinion of a financial advisor appointed by the Directors, fair and reasonable and in the interests of the members as a whole.

#### 1.3.11 *Continuation Resolution*

- (a) The Loan Agreement and Undertaking entered into between the Company and RDLF will impose certain obligations on RDLF. Any breach by RDLF of such obligations will require the Directors to call a separate class meeting of the ZDP Shareholders within 25 Business Days of such breach coming to the attention of the Board to propose (as an ordinary class resolution) that, notwithstanding the breach of the Loan Agreement or the Undertaking (as the case may be) by RDLF, the Company continue in its current form and structure (a “**Continuation Resolution**”).
- (b) If a Continuation Resolution is not passed, then the Directors shall call a general meeting of the Company within 20 Business Days to propose a Winding-Up Resolution and, on the approval of such Winding-Up Resolution, ZDP Shareholders shall be entitled to a return of capital calculated in accordance with paragraph 1.3.6 above as at the date of winding-up and not, for the avoidance of doubt, to the Final Capital Entitlement.

#### 1.3.12 *Share capital and changes in capital*

Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are, at the option of the Company or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the shares are allotted).

Subject to the provisions of the Articles and the Companies Act and save as set out below, the power of the Company to offer, allot and issue any new shares in the Company and any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. The resolution may determine that, as between the holders of shares resulting from the sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

#### 1.3.13 *Disclosure of interests in shares*

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which RDLF may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a “disenfranchisement notice”). The disenfranchisement notice will state that the identified shares no longer give the shareholder any right to attend or vote at a shareholders’ meeting or to exercise any other right in relation to shareholders’ meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

#### 1.3.14 *Non-UK shareholders*

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

#### 1.3.15 *Untraced shareholders*

Subject to various notice requirements, the Company may sell any of a shareholder's shares in the Company if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares and the Company has received no communication from such shareholder.

#### 1.3.16 *Borrowing powers*

The Board is not permitted to incur any borrowings on behalf of the Company other than:

- (a) money owed by the Company or its subsidiaries to any other member of the Group;
- (b) any currency hedging arrangements entered into by the Company or its subsidiaries; or
- (c) borrowings incurred in connection with the payment of the Final Capital Entitlement.

This restriction may be varied by an alteration to the Articles which would require a special resolution of the shareholders.

#### 1.3.17 *Directors*

Subject to the Companies Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board's normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of material interests other than those indicated below) 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 to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;

- (b) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;
- (d) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- (e) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and
- (f) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which RDLF is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

The Directors shall not be entitled to receive any remuneration from the Company in respect of their appointment as a director of the Company. However, any hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of Company shall be repaid by RDLF pursuant to the Undertaking. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Board has no power to approve the provision of benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

The Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected. Any non-executive Director who has held office for nine years or more or who is not independent from the Investment Manager is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two nor more than ten in number.

### 1.3.18 *Redemption*

Neither the Ordinary Shares, nor the ZDP Shares are redeemable.

### 1.3.19 *Electronic communication*

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

The above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described in paragraph 5.1 below.

## 1.4 **Information on the Directors**

Details of the names of companies and partnerships (excluding directorships of RDLF and the Company) of which the Directors are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Prospectus:

<i>Name</i>	<i>Current directorships/ partnerships</i>	<i>Past directorships/ partnerships</i>
Christopher Waldron	GBD Limited DW Catalyst Fund Limited Lancaster Investment Services Limited JZ Capital Partners Limited MMIP PCC Limited Fair Oaks Income Fund (GP) Limited Crystal Amber Fund Limited Vela Fund Limited UK Mortgages Limited Mediterra Private Equity Limited	Omnium Investments PCC Limited Edmond de Rothschild Holdings (CI) Limited Edmond de Rothschild Asset Management(CI) Limited Edmond de Rothschild (CI) Limited Prosperity Quest II GP Limited Prosperity Quest II Unlisted Limited
Jonathan Schneider	JMS Capital Limited IWOCA Limited Worldwide Royalties Investments Limited	AFB Limited Talon Metals, Inc Red Rose Limited Taurus Gold Limited
Matthew Mulford	N/A	N/A

None of the Directors:

- 1.4.1 has any convictions in relation to fraudulent offences for at least the previous five years; or
- 1.4.2 has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation for at least the previous five years; or
- 1.4.3 has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

## 1.5 **Directors' and others' interests**

The Directors currently have no interests in the share capital of the Company and immediately following Initial Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

The voting rights of the Company's Shareholders are the same in respect of each Share of the relevant class held in the share capital of the Company.

As at the date of this Prospectus and save for the RDLF which holds (and will, immediately following Initial Admission hold) 100 per cent. of the voting rights in the Company, the Company is not aware of any other person who currently holds (or will, immediately following Admission, hold) three per cent. or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules of the FCA).

As a result of its holding of the entire issued ordinary share capital of the Company, RDLF directly controls the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

The Directors are in addition to RDLF and the Company, directors/partners of the companies listed in paragraph 1.4 of this Part XI. The Articles contain provisions whereby a Director shall not vote *inter alia* in respect of any matter in which he has, directly or indirectly, any material interest. Save, in relation to the directorships listed in paragraph 1.4 of this Part XI, there are no potential conflicts of Interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

### 1.6 **Directors' Appointments**

Each of the Directors of the Company were appointed with effect from incorporation and they are each required to retire pursuant to the Articles. No service contracts have been entered into between any of the Directors and the Company. The Directors are not entitled to any remuneration in respect of their appointment as directors of the Company. The annual fees received by each of the Directors as a result of their appointment as RDLF Directors are set out in paragraph 2.6 of this Part XI below.

### 1.7 **Employees of the Company**

The Company does not have any employees.

### 1.8 **Material contracts and Related Party transactions**

The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material to the Company or have been entered into by the Company at any time and contain a provision under which the Company has any obligation or entitlement which is material to the Company at the date of this Prospectus:

#### 1.8.1 *The Loan Agreement*

The Company (as lender) and RDLF (as borrower) entered into the Loan Agreement on 25 July 2016 and amended the Loan Agreement by side letter dated 24 October 2016.

Pursuant to the Loan Agreement, the Company, immediately following First ZDP Admission, lent RDLF the gross proceeds of the First ZDP Placing which RDLF is required to apply towards making investments in accordance with its investment policy and working capital purposes.

The parties have agreed that, immediately following any further admission of ZDP Shares, the Company shall lend RDLF the gross proceeds received as payment for such ZDP Shares, and RDLF shall apply such proceeds towards making investments in accordance with its investment policy and working capital purposes.

The gross proceeds of the First ZDP Placing were paid directly to RDLF by Liberum following First ZDP Admission, and will be paid directly to RDLF any subsequent admission of ZDP Shares pursuant to the Initial Placing or any Subsequent Placing. Liberum was permitted to deduct from such gross proceeds the commission, costs and expenses which were payable to Liberum in connection with the First ZDP Placing pursuant to the First ZDP Placing Agreement. Liberum will be permitted to deduct from the Gross Proceeds, the commission, costs and expenses which are payable to Liberum in connection to such admission, however, the amount advanced to RDLF shall still be deemed to be an amount equal to the relevant Gross Proceeds.

The Loan Agreement provides that interest will accrue on the Loan at a rate of 2 per cent. per annum compounded on each anniversary of First ZDP Admission and will be rolled up and paid to the Company along with the principal amount of the Loan which shall be repayable by RDLF on the date falling three business days before the ZDP Repayment Date, provided that the Loan shall become repayable by RDLF immediately upon a Winding-Up Resolution being passed (other than a Solvent Winding-Up for the purposes of amalgamation or reorganisation, a ZDP Recommended Resolution or ZDP Reconstruction Resolution).

#### 1.8.2 Undertaking

The Company (as beneficiary) and RDLF (as grantor) also entered into the Undertaking on 25 July 2016. Pursuant to the Undertaking, to the extent the Final Capital Entitlement multiplied by the number of outstanding ZDP Shares as at the ZDP Repayment Date (or, if earlier, the accrued capital entitlement following the date on which a Winding-Up Resolution is approved) exceeds the aggregate proceeds due from RDLF to the Company pursuant to the Loan Agreement as at the ZDP Repayment Date (the “**Additional Funding Requirement**”), RDLF shall: (i) subscribe an amount equal to or greater than the Additional Funding Requirement for shares in the Company (the “**Additional Shares**”); or (ii) make a capital contribution or gift or otherwise pay an amount equal to or greater than (where rounding is required) the Additional Funding Requirement. Where applicable, the Additional Shares shall be Ordinary Shares or such other class of shares in the Company as agreed between RDLF and the Company.

In addition, pursuant to the Undertaking, RDLF has undertaken to the Company that, for so long as the ZDP Shares are in issue, RDLF will not:

- (a) issue (or procure the issue of) any further RDLF Shares or Group Shares or rights to subscribe for further RDLF Shares or Group Shares or securities convertible into RDLF Shares or Group Shares or reclassify any issued share capital of RDLF or the Group into RDLF Shares or Group Shares of a particular class where, in each case, such shares rank, or would on issue, conversion or reclassification rank, as to capital in priority to or *pari passu* with RDLF's payment obligations under the Loan Agreement or the Undertaking, save that RDLF may, subject to the provisions of the RDLF Articles, issue (or procure the issue of) any such further RDLF Shares, Group Shares, rights or securities provided the RDLF Directors shall have calculated and the auditors of RDLF shall have reported to the RDLF Directors on such calculations within 60 days prior to the proposed issue or reclassification that, were the further shares to be issued or the shares to be reclassified or rights of subscription or conversion to be issued immediately exercised at the date of the report, the ZDP Shares in issue immediately thereafter would have a Cover of not less than 2.75 times. Further, this restriction shall not apply to the issuance of Group Shares in connection with the establishment by RDLF of any directly or indirectly owned subsidiary undertaking established for the purposes of holding investments made in accordance with RDLF's investment policy;
- (b) except with the previous sanction of an ordinary resolution of the ZDP Shareholders passed at a separate class meeting, or as required from time to time by the UK Listing Authority or any other relevant legal or regulatory requirement, from the date of Admission, amend the investment policy of RDLF in such a manner that would, in the reasonable opinion of the Directors, be materially prejudicial to the interests of the holders of ZDP Shares;
- (c) incur Bank Borrowings if, following such borrowing, its aggregate Bank Borrowings would thereby exceed an amount equal to the sum of:
  - (i) \$46,627,120.60 (£35,362,008.30) (being 20 per cent. of the Net Asset Value attributable to the RDLF Ordinary Shares in issue as at 1 August 2016 (using the US Dollar Sterling exchange rate as at that date)); plus
  - (ii) an amount equal to 50 per cent. of the net proceeds of any issue of RDLF C Shares or ordinary shares completed by RDLF on or after 2 August 2016,

provided that this restriction shall not apply to any Bank Borrowings incurred for the purpose of repaying the Loan or satisfying the Additional Funding Requirement<sup>3</sup>;

- (d) make any distribution of capital or income, provided that any such distribution will be permitted where (i) it is required to maintain RDLF's status as an Investment Trust; or (ii) the ZDP Shares would have a Cover of not less than 2.75 times immediately after the distribution has been made;
- (e) purchase any of its own shares out of capital reserves if such purchase would result in the ZDP Shares having a Cover of less than 2.75 times immediately after the purchase has been made; or
- (f) implement any reduction of capital which would result in the ZDP Shares having a Cover of less than 2.75 times immediately after such reduction of capital.

In addition, the Undertaking provides that RDLF shall:

- (a) remain the holder of all of the Ordinary Shares issued by the Company from time to time in issue;
- (b) meet, or fund through the subscription of further Ordinary Shares, all establishment and ongoing operating costs and expenses of the Company which are properly and reasonably incurred;
- (c) notify the Company without delay if:
  - (i) RDLF becomes aware of any breach of the terms of the Loan Agreement or the Undertaking;
  - (ii) RDLF reasonably considers that it will not (or there is a reasonable likelihood that RDLF may not) on the ZDP Repayment Date be able to (1) meet its repayment obligations under the Loan Agreement in full, or (2) subscribe for Additional Shares or otherwise satisfy the Additional Funding Requirement;
- (d) vote in favour of any Scheduled Winding-Up Resolution;
- (e) in the event that a Continuation Resolution is proposed to the ZDP Shareholders and is not passed, vote in favour of any Winding-Up Resolution proposed to the members of the Company at a meeting called within 20 Business Days of such Continuation Resolution not having been passed; and
- (f) calculate the Cover as soon as practicable following the finalisation of the Group's monthly valuations and, in any event, at least once each calendar month and shall notify the Directors without delay in the event that the Cover shall at any time be less than 2.75 times.

The Undertaking also provides that, except with the previous sanction of an ordinary resolution of the ZDP Shareholders passed at a separate general meeting or as required from time to time by the UK Listing Authority or any other relevant legal or regulatory requirement, from the date of allotment and issue of the ZDP Shares, RDLF and the Company shall ensure that the board of directors of the Company as constituted from time to time comprises only individuals who are directors of RDLF.

### 1.8.3 *Placing Agreement*

A Placing Agreement dated 24 October 2016 entered into between the Company, RDLF and Liberum pursuant to which, subject to certain conditions, Liberum has agreed to use its reasonable endeavours to procure purchasers for the ZDP Shares to be issued pursuant to the Initial Placing and the Placing Programme.

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<sup>3</sup> By a side letter dated 24 October 2016, RDLF and the Company have further agreed that the permitted amount of Bank Borrowings under the Undertaking is reduced by the aggregate gross proceeds of any issue of ZDP Shares effected after the date of this Prospectus.

The Placing Agreement is conditional on, among other things, Initial Admission occurring by 8.00 a.m. on 4 November 2016 (or such later date, being not later than 30 November 2016, as the Company and Liberum may agree).

In the event that any of the conditions in the Placing Agreement are not met, Liberum shall, amongst other things, not be under any obligation to complete the Initial Placing, the Company shall withdraw its application for Initial Admission (making such announcement as reasonably required by Liberum) and appropriate arrangements for the return of issue monies received shall be made.

In consideration for their services under the Placing Agreement, Liberum will receive a customary placing commission calculated by reference to the Gross Issue Proceeds, together with reimbursement for all out-of-pocket expenses incurred by it in connection with the Initial Placing and the Placing Programme.

The Company and RDLF have, in the Placing Agreement, given certain customary warranties and have agreed to provide customary indemnities to Liberum.

#### 1.8.4 *First ZDP Placing Agreement*

A placing agreement dated 26 July 2016 entered into between the Company, RDLF and Liberum pursuant to which, subject to certain conditions, Liberum agreed to use its reasonable endeavours to procure purchasers for the ZDP Shares to be issued pursuant to the Placing.

In consideration for its services under the placing agreement, Liberum received a customary placing commission calculated by reference to the gross issue proceeds of the First ZDP Placing, together with reimbursement for all out-of-pocket expenses incurred by it in connection with the First ZDP Placing.

The Company and RDLF gave certain customary warranties and agreed to provide customary indemnities to Liberum.

#### 1.8.5 *Company Secretary Agreement*

An agreement dated 25 July 2016 between the Company and Capita Registrars Limited whereby the Company Secretary is appointed to act as company secretary of the Company.

Under the terms of the Company Secretarial Agreement, the Company procured the payment to the Company Secretary of an initial set-up fee of £5,000 and procures the payment of an annual fee of £15,000 (plus VAT). The Company Secretary is also entitled to be reimbursed for all out-of-pocket costs, expenses and charges reasonably and properly incurred and documented on behalf of the Company.

The Company Secretarial Agreement shall continue in force for an initial period of one year (the “**Initial Period**”). At the expiry of the Initial Period, the agreement shall automatically renew for successive periods of 12 months, unless or until terminated by either party, either in accordance with the agreement (for example, in the case of a material breach of agreement or of the insolvency of a party, whereby the agreement may be terminated immediately upon notice), or;

- (a) at the end of the Initial Period, provided written notice is given to the other party at least three months prior to the end of the Initial Period; or
- (b) at the end of any successive 12 month period, provided written notice is given to the other party at least three months prior to the end of such successive 12 month period.

The maximum aggregate liability of the Company Secretary under the Company Secretarial Agreement for any damage or other loss howsoever caused arising out of or in connection with the agreement or the provision of the services under the agreement is limited to the lesser of £500,000 or an amount equal to 5 times the annual fee payable to the Company Secretary under the agreement. The limit of liability shall be calculated in accordance with the fee payable

in force and agreed at such time as an event happened to give rise to a claim, and not at the date such event is discovered.

The Company Secretarial Agreement contains customary indemnities given by the Company in favour of the Company Secretary.

The Company Secretarial Agreement is governed by the laws of England and Wales.

#### 1.8.6 *Administration Agreement*

An agreement dated 25 July 2016 between the Company and the Administrator whereby the Administrator is appointed to act as administrator of the Company.

Under the terms of the Accounting and Administration Services Agreement, the Company procured the payment to the Administrator of an initial set-up fee of £3,500 and procures the payment of an annual fee of £40,000. The Administrator will, in addition, be entitled to recover third party expenses and disbursements from RDLF.

The Accounting and Administration Services Agreement may be terminated by either party on three months' written notice and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied.

The maximum aggregate liability of the Administrator under the Accounting and Administration Services Agreement in connection with the provision of the services under the agreement will be limited in aggregate to (i) in respect of any period when the available fees payable to the Administrator are equal to or less than £100,000, £1 million; or (ii) in respect of any period when the annual fees payable to the Administrator are greater than £100,000 an amount equal to ten times the annual fee payable to the Administrator in the year in which the cause of action occurs up to a maximum of £3 million.

The Accounting and Administration Agreement contains customary indemnities from the Company in favour of the Administrator and is governed by the laws of England and Wales.

#### 1.8.7 *Registrar Agreement*

An agreement dated 25 July 2016 between the Company and the Registrar whereby the Registrar is appointed to act as registrar of the Company. The Registrar is entitled to be paid an annual fee based on activity, subject to an annual minimum charge of £2,500. The Registrar is entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred and documented on behalf of the Company.

The Registrar Agreement shall continue in force for an initial period of one year (the "**Initial Period**"). At the expiry of the Initial Period, the agreement shall automatically renew for successive periods of 12 months, unless or until terminated by either party, either in accordance with the agreement (for example, in the case of a material breach of agreement or of the insolvency of a party, whereby the agreement may be terminated immediately upon notice), or:

- (a) at the end of the Initial Period, provided written notice is given to the other party at least three months prior to the end of the Initial Period; or
- (b) at the end of any successive 12 month period, provided written notice is given to the other party at least three months prior to the end of such successive 12 month period.

The maximum aggregate liability of the Registrar under the Registrar Agreement for any damage or other loss howsoever caused arising out of or in connection with the agreement or the provision of the services under the agreement is limited to the lesser of £500,000 or an amount equal to 5 times the annual fee payable to the Registrar under the agreement. The limit of liability shall be calculated in accordance with the fee payable in force and agreed at such time as an event happened to give rise to a claim, and not at the date such event is discovered.

The Registrar Agreement contains customary indemnities from the Company in favour of the Registrar.

The Registrar Agreement is governed by the laws of England.

Except with respect to the Loan Agreement and the Undertaking, both of which have been entered into between the Company and RDLF, the Company has not been a party to any related party transaction since its incorporation.

## 1.9 **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period commencing 12 months before the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

## 2. **Additional information on RDLF**

### 2.1 **Information on RDLF**

RDLF was incorporated and registered in England and Wales on 25 March 2015 with registered number 9510201 as a public company limited by shares with the name Ranger Direct Lending Fund plc. RDLF is not authorised or regulated as a collective investment scheme by the FCA. However, it is subject to the Listing Rules and the Disclosure Guidance and Transparency Rules. The principal legislation under which RDLF operates is the Companies Act.

Other than the Company, RDLF does not have any subsidiaries. It is also the sole beneficiary of Ranger Direct Lending Fund Trust. Ranger Direct Lending Fund Trust was established on 22 April 2015 as a Delaware trust pursuant to a declaration of trust and trust agreement entered into between RDLF as depositor and managing holder and Delaware Trust Company (a Delaware state chartered trust company) as the Delaware trustee.

Under the terms of the declaration of trust and trust agreement, RDLF has administrative powers in respect of the trust's assets (for example, to undertake investment activities on its behalf). RDLF holds certain of its US investments through Ranger Direct Lending Fund Trust.

On 1 April 2015, RDLF was granted a certificate under section 761 of the Companies Act entitling it to commence business and exercise its borrowing powers.

RDLF has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.

The registered office of RDLF is at 40 Dukes Place, London EC3A 7NH and the telephone number of RDLF is +44 (0) 207 204 1601.

### 2.2 **Share capital of RDLF**

On incorporation, the issued share capital of RDLF was one RDLF Ordinary Share of a nominal value of £0.01 and 50,000 Management Shares of a nominal value of £1.00 each which were subscribed by the Investment Manager.

On 1 May 2015, RDLF issued 13,499,999 RDLF Ordinary Shares pursuant to the First Issue (in addition to the one RDLF Ordinary Share already in issue) and the Management Shares were redeemed by RDLF at par value out of the proceeds of the First Issue.

On 16 December 2015, RDLF issued a further 1,348,650 RDLF Ordinary Shares pursuant to the Tap Placing. Accordingly, the issued share capital of RDLF as at the date of this Prospectus:

	<i>Nominal value (£)</i>	<i>Number</i>
Ordinary Shares	148,486.50	14,848,650

All of the RDLF Ordinary Shares in issue are fully paid up. No share or loan capital of RDLF is under option or agreed conditionally or unconditionally to be put under option.

By ordinary and special resolutions passed at the general meeting of RDLF on 2 April 2015 (in respect of (iii) and (iv)) and 24 May 2016 (in respect of (i), (ii) and (v)) it was resolved:

- (i) the RDLF Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of RDLF to allot RDLF Ordinary Shares up to an aggregate nominal amount of £14,848.65 or, if less, 10 per cent. of the current aggregate nominal value of the issued share capital of RDLF, such authority to expire at the conclusion of the next annual general meeting of RDLF, save that RDLF may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of RDLF Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;
- (ii) the RDLF Directors were empowered (pursuant to sections 570 and 573 of the Companies Act) to allot RDLF Ordinary Shares and to sell Ordinary Shares from treasury for cash pursuant to the authority referred to in paragraph 2.2(i) above as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to expire at the conclusion of the next annual general meeting of RDLF, save that RDLF may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted or sold from treasury after the expiry of such power, and the RDLF Directors may allot or sell from treasury equity securities in pursuance of such an offer or agreement as if such power had not expired;
- (iii) the RDLF Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of RDLF to allot 20 million RDLF C Shares, such authority to expire at the conclusion of the fourth annual general meeting of RDLF, save that RDLF may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of RDLF C Shares in pursuance of such an offer or agreement as if such authority had not expired;
- (iv) the RDLF Directors were empowered (pursuant to section 570 of the Companies Act) to allot RDLF C Shares for cash pursuant to the authority referred to in paragraph 2(e)(v) above as if section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the fourth annual general meeting of RDLF, save that RDLF may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power, and the Directors may allot equity securities in pursuance of such an offer or an agreement as if such power had not expired; and
- (v) to authorise RDLF generally and unconditionally for the purpose of section 701 of the Companies Act to make market purchases (as defined in section 693 of the Companies Act) of RDLF Ordinary Shares on such terms and in such manner as the Directors may from time to time determine, provided that:
  - (a) the maximum number of RDLF Ordinary Shares authorised to be purchased under the authority is 2,225,813 RDLF Ordinary Shares, being 14.99 per cent. of the currently allotted and fully paid up share capital of RDLF;
  - (b) the minimum price (exclusive of expenses) which may be paid for such RDLF Ordinary Shares is 1 pence per share, being the nominal amount thereof;
  - (c) the maximum price (exclusive of expenses) which may be paid for such RDLF Ordinary Shares is an amount equal to the higher of (i) five per cent. above the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the price stipulated by Article 5(1) of the Buyback and Stabilisation Regulations;
  - (d) the authority will (unless previously renewed or revoked) expire on the earlier of the end of the next annual general meeting of RDLF and the date which is 18 months after the date on which the resolution was passed;

- (e) RDLF may make a contract to purchase its own RDLF Ordinary Shares under the authority conferred by the resolution prior to the expiry of the authority, and such contract will or may be executed wholly or partly after the expiry of the authority, and RDLF may make a purchase of its own Ordinary Shares in pursuance of any such contract; and
- (f) RDLF Ordinary Shares purchased pursuant to the authority conferred by this resolution shall be either: (i) cancelled immediately upon completion of the purchase; or (ii) be held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act.

### 2.3 **RDLF's Articles of Association**

The Articles contain provisions, *inter alia*, to the following effect:

#### 2.3.1 *Voting rights*

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of members for whom he is proxy) shall have one vote on a show of hands. On a poll every member present in person or by proxy or by representative (in the case of a corporate member) shall have one vote for each RDLF Share of which he is the holder, proxy or representative. On a poll, a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes in the same way.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A shareholder is not entitled to vote unless all calls due from him have been paid.

A shareholder is also not entitled to attend or vote at meetings of RDLF in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice), is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from RDLF has not been complied with or until RDLF has withdrawn the disenfranchisement notice, whichever is the earlier.

#### 2.3.2 *General meetings*

RDLF must hold an annual general meeting each year in addition to any other general meetings held in the year. The RDLF Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting and (iv) any intention to propose a resolution as a special resolution. All members who are entitled to receive notice under the RDLF Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each RDLF Director can attend and speak at any general meeting.

#### 2.3.3 *Dividends*

Subject to the Companies Act, RDLF may, by ordinary resolution, declare dividends to be paid to members of RDLF according to their rights and interests in the profits of RDLF available for distribution, but no dividend shall be declared in excess of the amount recommended by the RDLF Board. Subject to the Companies Act, the RDLF Board may from time to time pay to the shareholders of RDLF such interim dividends as appear to the RDLF Board to be justified

by the profits available for distribution and the position of RDLF, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid up (other than in advance of calls) on the Shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to RDLF.

The RDLF Board may, if authorised by an ordinary resolution, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the RDLF Directors so resolve, be forfeited and cease to remain owing by RDLF.

The RDLF Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class (calculated exclusive of treasury shares) after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 3(a) above.

#### 2.3.4 *Return of capital*

On a voluntary winding-up of RDLF the liquidator may, with the sanction of a special resolution of RDLF and subject to the Companies Act and the Insolvency Act 1986 (as amended), divide amongst the shareholders of RDLF in specie the whole or any part of the assets of RDLF, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine. Any such division shall be in accordance with the existing rights of members.

#### 2.3.5 *RDLF Ordinary Shares, RDLF C Shares, Deferred Shares and Management Shares*

The Articles permit the RDLF Directors to issue RDLF Ordinary Shares, RDLF C Shares, Deferred Shares and Management Shares on the following terms. Defined terms used in this paragraph are set out at the end of the paragraph.

- (a) The holders of the RDLF Ordinary Shares, the RDLF C Shares, the Deferred Shares and the Management Shares shall, subject to the provisions of the RDLF Articles, have the following rights to be paid dividends: (a) the Deferred Shares (to the extent that any are in issue) shall entitle the holders thereof to a non-cumulative dividend at a fixed rate of one per cent. of the nominal amount thereof (the “**Deferred Dividend**”) on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph (g) below (the “**Relevant Conversion Date**”) and on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of RDLF. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of members of RDLF as holders of Deferred Shares on that date, It should be noted that given the proposed repurchase of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares; (b) the holders of any tranche of RDLF C Shares shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the RDLF C Shares of that tranche and from Income received and accrued which is attributable to the RDLF C Shares of that tranche; (c) the Existing Ordinary Shares shall confer the right to dividends declared in accordance with the RDLF Articles; (d) the Management Shares shall entitle the holders thereof to receive a fixed annual dividend equal to 0.01 per cent.

of the nominal amount of each of the Management Shares, payable on demand and in priority to the payment of a dividend to the holders of any other class of share of RDLF but, for so long as there are shares of any other class in issue, the Management Shares do not confer any further right to participate in RDLF's profits; and (e) the RDLF Ordinary Shares into which any tranche of RDLF C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and (e) no dividend or other distribution shall be made or paid by RDLF on any of its shares (other than any Deferred Shares for the time being in issue) between the Calculation Date and the Conversion Date relating to a tranche of RDLF C Shares (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).

- (b) The holders of the RDLF Ordinary Shares, the RDLF C Shares, the Deferred Shares and the Management Shares shall, subject to the provisions of the RDLF Articles, have the following rights as to capital:
- (i) the surplus capital and assets of RDLF shall on a winding-up or on a return of capital (otherwise than on a purchase by RDLF of any of its shares) at a time when any tranche of RDLF C Shares are for the time being in issue and prior to the Conversion Date be applied amongst the holders of the Existing Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Existing Ordinary Shares, after having deducted therefrom: (i) first, an amount equivalent to (C-D) using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount shall be applied amongst the C shareholders *pro rata* according to the nominal capital paid up on their holdings of RDLF C Shares of the relevant tranche (ii) secondly, in paying to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon, and (iii) thirdly, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares one penny in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders; and
  - (ii) the surplus capital and assets of RDLF shall on a winding-up or on a return of capital (otherwise than on a purchase by RDLF of any of its shares) at a time when no RDLF C Shares of any tranche are for the time being in issue be applied as follows: (i) first, if there are Deferred Shares in issue, in paying to the deferred shareholders one pence in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders (ii) secondly, there will be paid to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon and (iii) thirdly, the surplus shall be divided amongst the holders of RDLF Ordinary *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.
- (c) As regards voting: (a) the holders of RDLF Ordinary Shares and any tranche of C Shares shall have the right to receive notice of and to attend and vote at any general meeting of RDLF. The voting rights of holders of RDLF C Shares will be the same as that applying to holders of Existing Ordinary Shares as set out in the Articles as if the RDLF C Shares and Existing Ordinary Shares were a single class; (b) for so long as there are shares of any other class of shares in issue, the holders of Management Shares shall have no right to receive notice of, or vote at, any general meeting of RDLF. If there are no shares of any other class of shares in issue, the holders of Management Shares shall be entitled to receive notice of, and vote at, any general meeting of RDLF; and (c) the Deferred Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of RDLF.
- (d) The following shall apply to the Deferred Shares: (a) the RDLF C Shares of any tranche shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the RDLF Ordinary Shares arising on Conversion) may be repurchased by RDLF in accordance with the terms set out in the Articles; (b) immediately upon Conversion, RDLF shall repurchase all of the Deferred Shares which arise as a result of Conversion for an aggregate consideration of one pence for every 1,000,000 Deferred Shares and the notice

referred to in paragraph (g)(b) below shall be deemed to constitute notice to each C Shareholder (and any person or persons having rights to acquire or acquiring RDLF C Shares on or after the Calculation Date) that the Deferred Shares shall be repurchased immediately upon Conversion for an aggregate consideration of one pence for each holding of 1,000,000 Deferred Shares. On repurchase, each Deferred Share shall be treated as cancelled in accordance with section 706 of the Act without further resolution or consent; and (c) RDLF shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the repurchase moneys in respect of such Deferred Shares.

- (e) Without prejudice to the generality of the RDLF Articles, for so long as any tranche of RDLF C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares as a class and to each tranche of the RDLF C Shares as a separate class that without the sanction or consent of such holders given in accordance with RDLF's Articles: (a) no alteration shall be made to the RDLF Articles; (b) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of RDLF other than the allotment or issue of further RDLF C Shares; and (c) no resolution of RDLF shall be passed to wind-up RDLF.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares and/or any tranche of RDLF C Shares, as described above, shall not be required in respect of: (a) the issue of further RDLF Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or (b) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Act) in accordance with sections 727 and 731 of the Act or the purchase or redemption of any shares by RDLF (whether or not such shares are to be held in treasury).

- (f) For so long as any tranche of RDLF C Shares are for the time being in issue, until Conversion of such tranche of RDLF C Shares and without prejudice to its obligations under applicable laws RDLF shall: (a) procure that RDLF's records, and bank and custody accounts shall be operated so that the assets attributable to the RDLF C Shares of that tranche can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, RDLF shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of RDLF for the assets attributable to the tranche of RDLF C Shares; (b) allocate to the assets attributable to the tranche of RDLF C Shares such proportion of the income, expenses and liabilities of RDLF incurred or accrued between the date on which RDLF first receives the Net Proceeds and the Calculation Date relating to such tranche of RDLF C Shares (both dates inclusive) as the RDLF Directors fairly consider to be attributable to that tranche of RDLF C Shares; and (c) give appropriate instructions to the Investment Manager to manage RDLF's assets so that such undertakings can be complied with by RDLF.
- (g) The RDLF C Shares of a particular tranche for the time being in issue shall be sub-divided and converted into RDLF Ordinary Shares and Deferred Shares on the Conversion Date in accordance with the following provisions of this paragraph (g):
  - (a) the RDLF Directors shall procure that within 10 Business Days of the Calculation Date the Conversion Ratio as at the Calculation Date and the numbers of RDLF Ordinary Shares and Deferred Shares to which each C Shareholder shall be entitled on Conversion shall be calculated. Such calculations shall become final and binding on RDLF and all holders of RDLF's shares and any other securities issued by RDLF which are convertible into RDLF's shares, subject to the proviso immediately after the definition of H below.

- (b) The RDLF Directors shall procure that, as soon as practicable following such confirmation and in any event within 10 Business Days of the Calculation Date, a notice is sent to each C shareholder advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C shareholder will be entitled on Conversion.
- (c) On conversion each RDLF C Share shall automatically subdivide into 10 conversion shares of one pence each and such conversion shares of one pence each shall automatically convert into such number of RDLF Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
  - (i) the aggregate number of RDLF Ordinary Shares into which the same number of conversion shares of one pence each are converted equals the number of RDLF C Shares in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole RDLF Ordinary Share).
  - (ii) each conversion share of one pence which does not so convert into an RDLF Ordinary Share shall convert into one Deferred Share.
- (d) The RDLF Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C shareholders *pro rata* according to their respective former holdings of RDLF C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any RDLF Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of RDLF).
- (e) Forthwith upon Conversion, the share certificates relating to the RDLF C Shares of the relevant tranche shall be cancelled and RDLF shall issue to each former C Shareholder new certificates in respect of the RDLF Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued.
- (f) The Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all RDLF Shareholders.

The following definitions are only relevant for the purpose of the foregoing:

“Calculation Date” means the earliest of the:

- (i) close of business on the date to be determined by the RDLF Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent. of the Net Proceeds (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested; or
- (ii) close of business on the date falling nine calendar months after the allotment of the RDLF C Shares or if such a date is not a Business Day the next following Business Day; or
- (iii) close of business on the day on which the RDLF Directors resolve that Force Majeure Circumstances have arisen or are imminent;

“Conversion” means conversion of any tranche of RDLF C Shares into RDLF Ordinary Shares and Deferred Shares in accordance with paragraph (g) above;

“Conversion Date” means the close of business on such Business Day as may be selected by the RDLF Directors falling not more than 10 Business Days after the Calculation Date;

“Conversion Ratio” means the ratio of the Net Asset Value per RDLF C Share of the relevant tranche to the Net Asset Value per RDLF Ordinary Share, which is calculated as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

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

$$B = \frac{F-C-G+D}{H}$$

and where:

C is the aggregate value of: (a) the value of the investments of RDLF attributable to the RDLF C Shares of the relevant tranche; and (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of RDLF attributable to the RDLF C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

D is the amount (to the extent not otherwise deducted from the assets attributable to the RDLF C Shares of the relevant tranche) which, in the Directors' opinion, fairly reflects the amount of the liabilities of RDLF attributable to the RDLF C Shares of the relevant tranche on the Calculation Date;

E is the number of the RDLF C Shares in issue on the Calculation Date;

F is the aggregate value of: (a) value of all the investments of RDLF; and (b) the amount which, in the RDLF Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of RDLF (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

G is the amount (to the extent not otherwise deducted in the calculation of F) which, in the RDLF Directors' opinion, fairly reflects the amount of the liabilities of RDLF on the Calculation Date; and

H is the number of RDLF Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury), provided always that the Directors shall make such adjustments to the value or amount of A and B as the Auditors shall report to be appropriate having regard among other things, to the assets of RDLF immediately prior to the date on which RDLF first receives the Net Proceeds relating to the C Shares of the relevant tranche and/or to the reasons for the issue of the RDLF C Shares of the relevant tranche.

"Deferred Shares" means deferred shares of one pence each in the capital of RDLF arising on Conversion;

"Existing Ordinary Shares" means the RDLF Ordinary Shares in issue immediately prior to Conversion;

"Force Majeure Circumstances" means in relation to any tranche of RDLF C Shares, (a) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the RDLF Directors, renders Conversion necessary or desirable; (b) the issue of any proceedings challenging, or seeking to challenge, the power of RDLF and/or its Directors to issue the RDLF C Shares of the relevant tranche with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (c) the giving of notice of any general meeting of RDLF at which a resolution is to be proposed to wind up RDLF, whichever shall happen earliest.

"Net Proceeds" means the net cash proceeds of the issue of the RDLF C Shares (after deduction of those commissions and expenses relating thereto and payable by RDLF);

References to ordinary shareholders, C shareholders and deferred shareholders should be construed as references to holders for the time being of RDLF Ordinary Shares, RDLF C Shares and Deferred Shares respectively.

References to the Auditors confirming any matter should be construed to mean confirmation of their opinion as to such matter whether qualified or not.

### 2.3.6 *Transfer of shares*

Both the RDLF C Shares and the Ordinary Shares are in registered form.

The RDLF Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as “Participating Securities”. Subject to such of the restrictions in the RDLF Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate (“**Certificated Shares**”) the transfer shall be made by an instrument of transfer in the usual form or in any other form which the RDLF Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the RDLF Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The RDLF Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of shares, all or any of which are not fully paid.

The RDLF Board may also refuse to register a transfer unless:

- (1) in the case of a Certificated Share, the duly stamped instrument of transfer (if required) is lodged at the registered office of RDLF or at some other place as the RDLF Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the RDLF Board may reasonably require;
- (2) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and
- (3) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the RDLF Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The RDLF Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph (l) below) unless the shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the RDLF Board shall not decline to register;

- (1) transfer in connection with a *bona fide* sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;
- (2) a transfer pursuant to the acceptance of an offer made to all RDLF’s shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or
- (3) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which RDLF’s shares are normally traded.

If at any time the holding or beneficial ownership of any shares in RDLF by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of RDLF to be treated as “plan assets” of any benefit plan investor under Section 3(42) of ERISA or the US Code; (ii) would or might result in RDLF and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of

1940 and/or the Securities Act and/or the Exchange Act and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause RDLF not to be considered a “Foreign Private Issuer” under the Exchange Act; (iv) may cause RDLF to be a “controlled foreign corporation” for the purpose of the US Code; or (v) may cause RDLF to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to RDLF such information and documentation as RDLF may have requested to enable RDLF to avoid or minimise such withholding tax or to comply with such reporting obligation), then the RDLF Board may declare the Shareholder in question a “Non-Qualified Holder” and the RDLF Board may require that any shares held by such Shareholder (“**Prohibited Shares**”) shall (unless the Shareholder concerned satisfies the Board that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which RDLF may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net proceeds to the former holder.

### 2.3.7 *Variation of rights*

Subject to the Companies Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not RDLF is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

### 2.3.8 *Share capital and changes in capital*

Subject to and in accordance with the provisions of the Companies Act, RDLF may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are, at the option of RDLF or a member liable, to be redeemed on such terms and in such manner as may be determined by the RDLF Board (such terms to be determined before the shares are allotted).

Subject to the provisions of the RDLF Articles and the Companies Act, the power of RDLF to offer, allot and issue any new shares in RDLF and any shares lawfully held by RDLF or on its behalf (such as shares held in treasury) shall be exercised by the RDLF Board at such time and for such consideration and upon such terms and conditions as the RDLF Board shall determine.

RDLF may by ordinary resolution alter its share capital in accordance with the Companies Act. The resolution may determine that, as between the holders of shares resulting from the subdivision, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

### 2.3.9 *Disclosure of interests in shares*

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which RDLF may decide to restrict the rights relating

to the relevant shares and send out a further notice to the holder (known as a “**disenfranchisement notice**”). The disenfranchisement notice will state that the identified shares no longer give the shareholder any right to attend or vote at a shareholders’ meeting or to exercise any other right in relation to shareholders’ meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, RDLF shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

#### 2.3.10 *Non-UK shareholders*

RDLF Shareholders with addresses outside the United Kingdom are not entitled to receive notices from RDLF unless they have given RDLF an address within the United Kingdom at which such notices shall be served.

#### 2.3.11 *Untraced shareholders*

Subject to various notice requirements, RDLF may sell any of a shareholder’s shares in RDLF if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares and RDLF has received no communication from such shareholder.

#### 2.3.12 *Borrowing powers*

The RDLF Board may exercise all the powers of RDLF to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of RDLF or any third party provided that the RDLF Board shall restrict the borrowings of RDLF, and exercise all powers of control exercisable by RDLF in relation to its subsidiaries, so as to secure (in relation to its subsidiaries so far as the Board is able) that the aggregate amount for the time being of all borrowings by RDLF shall not at any time without the previous sanction of an ordinary resolution of RDLF exceed an amount equal to 1000 times the adjusted capital and reserves of RDLF.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the shareholders.

#### 2.3.13 *Directors*

Subject to the Companies Act, and provided he has made the necessary disclosures, an RDLF Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with RDLF or in which RDLF is otherwise interested or a proposed transaction or arrangement with RDLF.

The RDLF Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of an RDLF Director under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of RDLF. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the RDLF Board’s normal procedures, any requirement about the quorum of the meeting is met without including the RDLF Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The RDLF Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, an RDLF Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, RDLF) or a duty which

conflicts or may conflict with the interests of RDLF. An RDLF Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

An RDLF Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (1) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, RDLF or any of its subsidiaries;
- (2) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of RDLF or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;
- (3) any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by RDLF or any of its subsidiaries;
- (4) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- (5) any arrangement for the benefit of employees of RDLF or any of its subsidiaries which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and
- (6) any proposal concerning any insurance which RDLF is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include RDLF Directors, provided that for that purpose "insurance" means only insurance against liability incurred by an RDLF Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which RDLF is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, RDLF Directors.

The RDLF Directors shall be paid such remuneration by way of fees for their services as may be determined by the RDLF Board, save that, unless otherwise approved by ordinary resolution of RDLF in general meeting, the aggregate amount of such fees of all Directors shall not exceed £250,000 per annum. The RDLF Directors shall also be entitled to be repaid by RDLF all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of RDLF. Any RDLF Director who by request of the RDLF Board performs special services or goes or resides abroad for any purposes of RDLF may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the RDLF Board may determine.

RDLF may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with RDLF or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The directors and officers of RDLF are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, RDLF may provide an RDLF Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to RDLF. RDLF may also provide an RDLF Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify an RDLF Director in connection with RDLF's activities as a trustee of a pension scheme.

The RDLF Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected. Any non-executive RDLF Director who has held office for nine years or more or who is not independent from the Investment Manager is subject to re-election annually. Any RDLF Director appointed by the RDLF Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of RDLF, the RDLF Directors (other than alternate Directors) shall not be less than 2 nor more than 10 in number.

#### 2.3.14 *Redemption*

Neither the RDLF C Shares, nor the RDLF Ordinary Shares are redeemable.

The Management Shares may be redeemed by RDLF at any time by notice in writing and upon tendering the amount of capital paid up thereon to the registered holder of such Management Shares. In such circumstances, the holder of Management Shares shall be bound to deliver any certificate which he may have representing such Management Shares and, upon redemption, the name of the holder of the Management Shares shall be removed from the Register and the Management Shares that have been redeemed shall be cancelled.

#### 2.3.15 *Electronic communication*

RDLF may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

The above is a summary only of certain provisions of the RDLF Articles, the full provisions of which are available for inspection as described in paragraph 15 below.

### 2.4 **Information on the RDLF Directors**

Details of the appointments and offices held by the RDLF Directors who are also Directors of the Company are set out in paragraph 1.4 of this Part XI above. In addition, Scott Canon is or has been a member of the administrative, management or supervisory body or partner at any time in the five years preceding the date of this Prospectus of the following entities:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
K Scott Canon	Ranger Capital Group	Green Mountain Energy Company

None of the RDLF Directors:

- (i) has any convictions in relation to fraudulent offences for at least the previous five years; or
- (ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation for at least the previous five years; or
- (iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

### 2.5 **RDLF Directors' and others' interests**

Christopher Waldron holds 500 RDLF Ordinary Shares, representing an interest of 0.003 per cent. in the voting rights of RDLF. No other RDLF Director currently holds any interests in the share capital of RDLF.

The voting rights of RDLF's Shareholders are the same in respect of each RDLF Share of the relevant class held in the share capital of RDLF.

As at the date of this Prospectus and save as set out below, RDLF is not aware of any person who currently holds three per cent. or more of the voting rights in RDLF as a shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules of the FCA).

<i>Name</i>	<i>Number of voting rights held</i>	<i>% voting rights</i>
Invesco Ltd	5,179,918	34.88
Bank of Montreal	1,881,662	12.67
Aviva plc and its subsidiaries	786,250	5.82
City Financial Investment Company Ltd	671,500	4.97
Artemis Investment Management LLP	611,150	4.53

RDLF is not aware of any person who, directly or indirectly owns or controls RDLF. RDLF is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of RDLF.

The RDLF Directors are in addition to RDLF and the Company, directors/partners of the companies listed in paragraphs 1.4 and 2.4 of this Part XI. The RDLF Articles contain provisions whereby an RDLF Director shall not vote *inter alia* in respect of any matter in which he has, directly or indirectly, any material interest. Save, in relation to the directorships listed in paragraphs 1.4 and 2.4 of this Part XI, there are no potential conflicts of Interest between any duties owed by the RDLF Directors to RDLF and their private interests and/or other duties.

## 2.6 **RDLF Directors' Appointments**

Under the terms of their appointments as non-executive RDLF Directors, the RDLF Directors (other than Scott Canon who has waived his entitlement to an annual fee) are entitled to the following annual fees:

<i>Position</i>	<i>Current annual fee</i>	<i>Annual fee following next equity fundraising</i>
Chairman	£23,750	£30,000
Chairman of the Audit Committee	£21,250	£27,250
Other Non-executive Directors	£18,750	£25,000

The RDLF Directors may elect to apply the cash amount equal to their annual fee to subscribe for or purchase RDLF Ordinary Shares. The RDLF Directors hold their office in accordance with the RDLF Articles and their appointment letters. No RDLF Director has a service contract with RDLF, nor are any such contracts proposed. The retirement, disqualification and removal provisions relating to the RDLF Directors (in their capacity as directors) are summarised in paragraph 2.3.13 of this Part XI.

## 2.7 **Employees of RDLF**

RDLF does not have any employees.

## 2.8 **Material contracts and Related Party transactions of RDLF**

Save for the contracts to which RDLF is a party which are set out in paragraph 1.8 of this Part XI, the following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by RDLF since its incorporation and which are or may be material to RDLF or have been entered into by RDLF at any time and contain a provision under which RDLF has any obligation or entitlement which is material to RDLF at the date of this Prospectus:

- 2.8.1 An agreement dated 10 April 2015 between RDLF and the Investment Manager whereby the Investment Manager is appointed to act as investment manager of RDLF. The Investment Manager has agreed to provide customary services of a discretionary investment manager that is also appointed as a non-EU AIFM to RDLF.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee together with reimbursement of all reasonable costs and expenses incurred by it in the performance of its duties. The Investment Manager is also entitled to a performance fee in certain circumstances, Details of the management fee and performance fee are set out in Part III of this Prospectus under the sub-heading "On-going expenses".

The Investment Management Agreement may be terminated by either party on 12 months' notice, such notice not to be served before the third anniversary of Admission, and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. RDLF has also agreed to indemnify the Investment Manager for losses that the Investment Manager may incur in the performance of its duties pursuant to the Investment Management Agreement or otherwise in connection with RDLF's activities that are not attributable to, *inter alia*, a material breach of the Investment Management Agreement by, or the negligence, fraud, wilful default or bad faith of, the Investment Manager.

- 2.8.2 An agreement dated 10 April 2015 between RDLF and the Administrator whereby the Administrator is appointed to act as administrator of RDLF. Under the terms of the RDLF Accounting and Administration Services Agreement, the Administrator will also provide certain valuation and tax reporting services.

Under the terms of the RDLF Accounting and Administration Services Agreement, the Administrator was entitled to an initial set-up fee of £30,000 and an annual fee in respect of the administration and accounting services it will provide of £15,000 plus an additional amount equal to 6 basis points of the NAV of RDLF in respect of the valuation, investor reporting and financial reporting services it will provide (subject to a minimum fee of £100,000). In addition, a further fee of £25,000 (plus a variable amount based on the number of reports) per annum will be payable in respect of the tax reporting services provided by the Administrator. The Administrator will, in addition, be entitled to recover third party expenses and disbursements.

The RDLF Accounting and Administration Services Agreement may be terminated by either party on three months' written notice and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied.

The maximum aggregate liability of the Administrator under the RDLF Accounting and Administration Services Agreement in connection with the provision of the services under the agreement will be limited in aggregate to (i) in respect of any period when the available fees payable to the Administrator are equal to or less than £100,000, £1 million; or (ii) in respect of any period when the annual fees payable to the Administrator are greater than £100,000 an amount equal to ten times the annual fee payable to the Administrator in the year in which the cause of action occurs up to a maximum of £3 million.

The RDLF Accounting and Administration Agreement contains customary indemnities from RDLF in favour of the Administrator and is governed by the laws of England and Wales.

- 2.8.3 An agreement dated 10 April 2015 between RDLF and Capita Registrars Limited whereby the Company Secretary is appointed to act as company secretary of RDLF.

The Company Secretary was paid an initial set-up fee of £7,500 and is also entitled to receive an annual fee of £50,000 (plus VAT). The Company Secretary shall also be entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred and documented on behalf of RDLF.

The RDLF Company Secretarial Agreement shall continue in force for an initial period of one year (the "**Initial Period**"). At the expiry of the Initial Period, the agreement shall automatically renew for successive periods of 12 months, unless or until terminated by either party, either in

accordance with the agreement (for example, in the case of a material breach of agreement or of the insolvency of a party, whereby the agreement may be terminated immediately upon notice), or;

- (a) at the end of the Initial Period, provided written notice is given to the other party at least three months prior to the end of the Initial Period; or
- (b) at the end of any successive 12 month period, provided written notice is given to the other party at least three months prior to the end of such successive 12 month period.

The maximum aggregate liability of the Company Secretary under RDLF Company Secretarial Agreement for any damage or other loss howsoever caused arising out of or in connection with the agreement or the provision of the services under the agreement will be limited to the lesser of £500,000 or an amount equal to 5 times the annual fee payable to the Company Secretary under the agreement. The limit of liability shall be calculated in accordance with the fee payable in force and agreed at such time as an event happened to give rise to a claim, and not at the date such event is discovered.

The RDLF Company Secretarial Agreement contains customary indemnities given by RDLF in favour of the Company Secretary.

The RDLF Company Secretarial Agreement is governed by the laws of England and Wales.

- 2.8.4 An agreement dated 10 April 2015 between RDLF and the Custodian whereby the Custodian is appointed to act as custodian of RDLF.

The Custodian will perform the customary services and it is permitted to delegate the performance of its obligations, including the safe keeping of assets, subject to certain conditions being satisfied.

The Custodian is entitled to be paid a fee of between US\$180 and US\$500 per annum per holding of securities in an entity (depending on the type of entity). In addition, the Custodian is entitled to account fees of up to US\$300 per account per annum (but subsequently will be up to US\$150 per account per annum) and shall also be entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred on behalf of RDLF.

The Custodian Agreement may be terminated by either party on 90 days' prior written notice. The Custodian Agreement contains customary indemnities given by RDLF in favour of the Custodian.

The Custodian Agreement is governed by the laws of the State of New York and the parties have agreed that any dispute arising out of the agreement shall be determined by arbitration which will be conducted before the Financial Industry Regulatory Authority Arbitration Facility.

- 2.8.5 An agreement dated 10 April 2015 between RDLF and the Registrar whereby the Registrar is appointed to act as registrar of RDLF. The Registrar is entitled to receive an annual registration fee from RDLF based on activity, subject to an annual minimum charge of £2,500. The Registrar is entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred and documented on behalf of RDLF.

The RDLF Registrar Agreement shall continue in force for an initial period of one year (the "**Initial Period**"). At the expiry of the Initial Period, the agreement shall automatically renew for successive periods of 12 months, unless or until terminated by either party, either in accordance with the agreement (for example, in the case of a material breach of agreement or of the insolvency of a party, whereby the agreement may be terminated immediately upon notice), or:

- (a) at the end of the Initial Period, provided written notice is given to the other party at least three months prior to the end of the Initial Period; or
- (b) at the end of any successive 12 month period, provided written notice is given to the other party at least three months prior to the end of such successive 12 month period.

The maximum aggregate liability of the Registrar under the RDLF Registrar Agreement for any damage or other loss howsoever caused arising out of or in connection with the agreement or the provision of the services under the agreement will be limited to the lesser of £500,000 or an amount equal to 5 times the annual fee payable to the Registrar under the agreement. The limit of liability shall be calculated in accordance with the fee payable in force and agreed at such time as an event happened to give rise to a claim, and not at the date such event is discovered.

The RDLF Registrar Agreement contains customary indemnities from RDLF in favour of the Registrar.

The RDLF Registrar Agreement is governed by the laws of England.

- 2.8.6 A Broker Agreement dated 10 April 2015 between RDLF and Liberum pursuant to which Liberum acts as corporate broker to RDLF. As part of the engagement, Liberum has agreed, amongst other things, to advise on and co-ordinate an investor liaison programme for RDLF, and to monitor and report to the Board where appropriate on the trading of the Ordinary Shares and the RDLF C Shares and significant movements in its share price.

The Broker Agreement may be terminated by either party on one month's notice provided that RDLF shall not serve any written notice prior to 1 August 2018 (being the second anniversary of First ZDP Admission).

RDLF has agreed to provide a customary indemnity to Liberum against all losses which Liberum may suffer or incur by reason of or arising out of or in connection with its engagement under the Broker Agreement.

The Broker Agreement is governed by and construed in accordance with the laws of England.

- 2.8.7 A placement agreement dated 4 December 2015 entered into between RDLF, the Investment Manager and Liberum pursuant to which Liberum agreed subject to certain conditions to procure places in respect of the Tap Placing. Each of RDLF and the Investment Manager gave certain customary warranties and agreed to provide certain customary indemnities to Liberum pursuant to this Agreement.

- 2.8.8 A placing agreement dated 16 November 2015 entered into by RDLF, the Investment Manager and Liberum pursuant to which, subject to certain conditions, Liberum agreed to act as sponsor in respect of a placing of RDLF C Shares.

RDLF and the Investment Manager gave certain customary warranties and have agreed to provide customary indemnities to Liberum in respect of this placing of RDLF C Shares.

- 2.8.9 Under a placing agreement dated 14 April 2015 between RDLF, the Investment Manager, Liberum, Sandler O'Neill and the RDLF Directors, Liberum agreed, as agent for RDLF, to use reasonable endeavours to procure subscribers for RDLF Ordinary Shares pursuant to the First Issue. RDLF, the Investment Manager and the RDLF Directors gave certain warranties and indemnities to Liberum under this placing agreement. Sandler O'Neill also agreed to use its reasonable endeavours to procure purchasers for Ordinary Shares to be issued pursuant to the First issue in the US by way of a private placement.

- 2.8.10 The intermediaries agreement dated 16 November 2015 entered into by RDLF, Liberum, the Intermediaries Offer Adviser and the Intermediaries who were appointed by RDLF prior to the date of the RDLF C Share prospectus pursuant to which the Intermediaries agreed that, in connection with the Intermediaries Offer, they would be acting as agent for their Underlying Applicants.

None of RDLF, the intermediaries Offer Adviser, Liberum or any of their respective representatives would have any liability to the Intermediaries for liabilities, costs or expenses incurred by the Intermediaries in connection with the Intermediaries Offer.

The Intermediaries Offer Adviser agreed to coordinate applications from the Intermediaries under the intermediaries Offer. Determination of the number of RDLF Shares offered was determined solely by RDLF (following consultation with Liberum and the Investment Manager).

The Intermediaries gave certain undertakings regarding their use of information in connection with the Intermediaries Offer. The Intermediaries also give undertakings regarding the form and content of written and oral communications with clients and other third parties and the Intermediaries also give representations and warranties which are relevant for the Intermediaries Offer, and indemnify RDLF, the Intermediaries Offer Adviser, Liberum and their respective representatives against any loss or claim arising out of any breach or alleged breach by them of the agreement or of any duties or obligations under FSMA or under any rules of the FCA or any applicable laws or as a result of any other act or omission by the Intermediary in connection with the subscription for and/or resale of RDLF Shares by the Intermediaries or any Underlying Applicant.

Under an intermediaries agreement dated 10 April 2015 between RDLF, Liberum, the Intermediaries Offer Adviser and the intermediaries appointed by RDLF prior to the date of publication of the prospectus published in connection with the First Issue, the Intermediaries Offer Adviser agreed to coordinate applications from intermediaries under the intermediaries offer in connection with the First Issue. The intermediaries gave certain undertakings regarding their use of information in connection with the intermediaries offer. The intermediaries also gave undertakings regarding the form and content of written and oral communications with clients and other third parties and representations and warranties and an indemnity in favour of RDLF, the Intermediaries Offer Adviser, Liberum and their respective representatives against any loss or claim arising out of any breach or alleged breach by them of the agreement or of any duties or obligations under FSMA or under any rules of the FCA or any applicable laws or as a result of any other act or omission by the intermediary in connection with the subscription for and/or resale of Ordinary Shares by the intermediaries or any underlying applicant.

- 2.8.11 A Platform Agreement (consisting of a loan purchase agreement and a services agreement) dated 13 April 2015 between Ranger Direct Lending Fund Trust, the Consumer Loans Platform and a New Jersey state chartered bank which originates the relevant Debt Instruments pursuant to which the state chartered bank has agreed to sell to Ranger Direct Lending Fund Trust whole unsecured consumer loans which meet the defined investment selection criteria. Ranger Direct Lending Fund Trust is required to pay a servicing fee (calculated by reference to the principal value of Debt Instruments being serviced) and a variable platform fee (calculated by reference to the cumulative net return on Debt Instruments acquired by Ranger Direct Lending Fund Trust) to the Consumer Loans Platform, monthly in arrears. In certain circumstances where the Consumer Loans Platform or the state chartered bank is in breach of the terms of the Platform Agreement in respect of a Debt Instrument sold to Ranger Direct Lending Fund Trust, it may be required to repurchase such Debt Instrument from Ranger Direct Lending Fund Trust. The Platform Agreement may be terminated upon the occurrence of certain events, including a written notice of a default which is not remedied within 10 working days of such notice. Each party has indemnified the other party against any losses arising out of the indemnifying party's breach of agreement. The Platform Agreement is governed by the laws of the State of New York.
- 2.8.12 A Platform Agreement (consisting of an investor syndication and management agreement) dated 13 April 2015 between Ranger Direct Lending Fund Trust and the Invoice Factoring Platform pursuant to which the Invoice Factoring Platform will use its reasonable endeavours to make available for investment by Ranger Direct Lending Fund Trust fractional invoice receivables which Ranger Direct Lending Fund Trust may, in its sole discretion, elect to purchase. A transaction fee is payable by Ranger Direct Lending Fund Trust in respect of each election to purchase and Ranger Direct Lending Fund Trust will also pay its *pro rata* share of the servicing expenses attributable to each Debt Instrument acquired. The Platform Agreement is governed by the laws of the State of Maryland.
- 2.8.13 A Platform Agreement (consisting of an equipment finance purchase agreement and a service agreement) dated 13 April 2015 between Ranger Direct Lending Fund Trust and the Equipment Loans Platform pursuant to which the Equipment Loans Platform will use its reasonable

endeavours to make available for investment by Ranger Direct Lending Fund Trust equipment finance agreements, which Ranger Direct Lending Fund Trust may in its sole discretion elect to purchase. The acquisition cost will include a spread and Ranger Direct Lending Fund Trust will pay a separate servicing fee (calculated by reference to the principal outstanding value of the Debt Instruments or, where there is a default under the Debt Instruments, the amount recovered) to the Equipment Loans Platform in respect of each of the Debt Instruments purchased by Ranger Direct Lending Fund Trust. In certain circumstances where the Equipment Loans Platform is in breach of the terms of the Platform Agreement in respect of a Debt Instrument sold to Ranger Direct Lending Fund Trust, it may be required to repurchase such Debt Instrument from RDLF. The term of the Platform Agreement will expire on the maturity of all the equipment finance agreements purchased by Ranger Direct Lending Fund Trust. Each party has indemnified the other party against any losses arising out of the indemnifying party's breach of the Agreement. The Platform Agreement is governed by the laws of the State of Delaware.

- 2.8.14 A Platform Agreement (consisting of a master purchase transaction and servicing agreement) dated 13 April 2015 between Ranger Direct Lending Fund Trust and the SME Loans Platform pursuant to which the SME Loans Platform will make available receivables-based business financing transactions (that fall within defined underwriting criteria), which Ranger Direct Lending Fund Trust shall have an option to purchase. Ranger Direct Lending Fund Trust is required to pay a spread on acquisition, a transaction fee, a platform fee and an underwriting fee (which will vary depending on the terms of the relevant Debt Instrument) in respect of each transaction made by Ranger Direct Lending Fund Trust. Servicing fees are also payable on sums collected by the SME Loans Platform on behalf of Ranger Direct Lending Fund Trust. Ranger Direct Lending Fund Trust and the SME Loans Platform may agree to charge the underwriting fee to the underlying customer. The Platform Agreement has an initial term of three years and shall automatically renew for an additional term of one year unless terminated by either party. The Platform Agreement may be terminated on 60 days' notice at the end of the term of the agreement, or on 30 days' notice in the event of breach. Each party has indemnified the other party against any losses arising out of the indemnifying party's breach of the agreement. The Platform Agreement is governed by the laws of the State of Delaware. For the purposes of clarity, the Debt Instruments referenced in this Prospectus in the context of the SME Loans Platform are receivables based business financing transactions.
- 2.8.15 A Platform Agreement dated 13 April 2015 between Ranger Direct Lending Fund Trust and the SME Credit Line Platform consisting of a subscription agreement pursuant to which Ranger Direct Lending Fund Trust may subscribe for shares in the SME Credit Line Platform. The SME Credit Line Platform is a business company incorporated in the British Virgin Islands which invests substantially all its assets in a limited partnership established under the laws of the State of Delaware (the "**Master Fund**"). The Master Fund's investment objective is to invest substantially all its assets in SME lines of credit. A management fee calculated by reference to Net Asset Value (and in certain circumstances an incentive allocation calculated by reference to profits over a high water mark) is payable to the investment manager of the SME Credit Line Platform. Shares in the SME Credit Line Platform may be transferred with consent. Ranger Direct Lending Fund Trust has agreed to indemnify the SME Credit Line Platform in respect of any losses incurred by the SME Credit Line Platform arising out of a breach of the Subscription Agreement by RDLF. The Platform Agreement is governed by the laws of the British Virgin Islands.
- 2.8.16 A Platform Agreement dated 13 April 2015 between Ranger Direct Lending Fund Trust and the Real Estate Loans Platform (consisting of a side letter, a subscription agreement and a guarantee from Shareholder's controlling existing) pursuant to which Ranger Direct Lending Fund Trust may subscribe for unsecured borrower performance linked notes issued by the Real Estate Loans Platform. A separate subscription agreement will be entered into by Ranger Direct Lending Fund Trust in respect of each series of notes it decides to acquire (each series of notes referencing a different underlying real estate loan Debt Instrument). A servicing fee (which will vary from investment to investment) may be payable by Ranger Direct Lending Fund Trust in respect of the notes purchased and the notes must be held to maturity. The Platform Agreement has an initial term of two years (and thereafter shall be able to be terminated by either party on 60 days' notice) and the term of each series of notes acquired by Ranger Direct

Lending Fund Trust will correspond to the relevant underlying real estate loan. The Real Estate Loans Platform may terminate a subscription early on the occurrence of certain events, including breach of the relevant subscription agreement by Ranger Direct Lending Fund Trust. Ranger Direct Lending Fund Trust has agreed to indemnify the Real Estate Loans Platform in respect of any losses incurred by the Real Estate Loans Platform arising out of a breach of the subscription agreement by Ranger Direct Lending Fund Trust. The Platform Agreement is governed by the laws of the State of Delaware.

- 2.8.17 An agreed form Platform Agreement between Ranger Direct Lending Fund Trust and a wholly owned subsidiary (the “**Subsidiary**”) of the MCA Platform (consisting of a whole loans participation agreement and a merchant cash advance participation agreement) pursuant to which the Subsidiary has agreed to sell to Ranger Direct Lending Fund Trust fractional interests in high yield SME loan and merchant cash advance Debt Instruments which meet the defined investment section criteria and which Ranger Direct Lending Fund Trust may, in its sole discretion, elect to purchase. The Platform Agreement will be executed when Ranger Direct Lending Fund Trust just co-invests in a Debt Instrument organised or issued by the Subsidiary. Ranger Direct Lending Fund Trust will be required to pay a servicing fee to the Subsidiary calculated by reference to the amount of capital committed by Ranger Direct Lending Fund Trust for the acquisition of interests in the Debt Instruments. The Platform Agreement may be terminated by either party on the occurrence of certain events, including a written notice of default which is not remedied within 10 days of such notice. Each party has indemnified the other party against any losses arising out of the indemnifying party’s breach of agreement. The Platform Agreement is governed by the laws of the State of California.
- 2.8.18 A loan referral services agreement dated 13 April 2015 between Ranger Direct Lending Fund Trust and an intermediary/loan broker (the “**Loan Broker**”) in relation to the MCA Platform (the “**Loan Referral Services Agreement**”). The Loan Broker has agreed to locate loan underwriters for Ranger Direct Lending Fund Trust and provide introductions to such underwriters. In consideration for its services, Ranger Direct Lending Fund Trust shall pay the Loan Broker a variable fee calculated by reference to the aggregate commitments in Debt Instruments it makes that are issued by Direct Lending Platforms that are introduced by the Loan Broker and the net returns Ranger Direct Lending Fund Trust receives in respect of such Debt Instruments. The Loan Referral Services Agreement is able to be terminated on 30 days written notice of either party provided that Ranger Direct Lending Fund Trust’s payment obligations as described above shall survive termination. Each party has indemnified the other party against any losses arising out of the indemnifying party’s breach of agreement. The Loan Referral Services Agreement is governed by the laws of the State of New York.
- 2.8.19 A Platform Agreement (consisting of a loan purchase agreement and a servicing agreement) dated 29 April 2015 between Ranger Direct Lending Fund Trust and the Second Consumer Loans Platform pursuant to which the Second Consumer Loans Platform has agreed to sell to Ranger Direct Lending Fund Trust whole unsecured consumer loans which meet the defined investment selection criteria. Ranger Direct Lending Fund Trust is required to pay a servicing fee (calculated by reference to the payments made by borrowers pursuant to the underlying Debt Instruments) to the Consumer Loans Platform. In certain circumstances where the Consumer Loans Platform is in breach of the terms of the Platform Agreement in respect of a Debt Instrument sold to Ranger Direct Lending Fund Trust, it may be required to repurchase such Debt Instrument from Ranger Direct Lending Fund Trust. The Platform Agreement is terminable on 90 days’ written notice served by either party. Each party has indemnified the other party against any losses arising out of the indemnifying party’s material breach of agreement. Save in certain defined circumstances, the Second Consumer Loans Platform’s liability under the servicing agreement is capped at the aggregate amount of fees paid to it pursuant to the terms of that agreement. The Platform Agreement is governed by the laws of the State of New York.
- 2.8.20 A Platform Agreement (consisting of a master loan and security agreement) dated 28 August 2015 between Ranger Direct Lending Fund Trust and the Vehicle Services Contract Platform pursuant to which Ranger Direct Lending Fund Trust provides finance (through one or more promissory notes) to the Vehicle Services Contract Platform in order for the Vehicle Services Contract Platform to acquire Debt Instruments that meet certain defined investment selection

criteria. The interest rate payable to Ranger Direct Lending Fund Trust under each promissory note is calculated by reference to the assessment of Debt Instruments underlying the relevant note and Ranger Direct Lending Fund Trust benefits from security over such Debt Instruments. In certain circumstances where the loan to value ratio of a promissory note falls below a defined threshold, the Vehicle Services Contract Platform shall be required to pay to Ranger Direct Lending Fund Trust such proportion of the outstanding principal under the promissory note as results in the loan to value ratio being equal to that defined threshold. The Vehicle Services Contract Platform shall be required to repay the outstanding principal in respect of the promissory notes in issue on the occurrence of certain events of default. Each party has indemnified the other party against any losses arising out of the indemnifying party's breach of agreement. The Platform Agreement is governed by the laws of the State of Delaware.

- 2.8.21 A Platform Agreement (consisting of a loan purchase agreement and a services agreement) dated 14 October 2015 between RDLF and the International SME Loans Platform pursuant to which the International SME Loans Platform has agreed to sell to RDLF whole SME loans which meet the defined underwriting criteria. RDLF is required to pay a servicing fee (calculated by reference to the principal value of Debt Instruments being serviced) to the International SME Loans Platform. In certain circumstances where the International SME Loans Platform is in breach of the terms of the Platform Agreement in respect of a Debt Instrument sold to RDLF, it may be required to repurchase such Debt Instrument from RDLF. The Platform Agreement is terminable on 90 days' written notice served by either party provided that the International SME Loans Platform may not terminate the Platform Agreement until it has offered a defined amount of Debt Instruments to RDLF. Each party has indemnified the other party against any losses arising out of the indemnifying party's breach of agreement. The Platform Agreement is governed by the laws of the Province of Ontario, Canada.
- 2.8.22 A Platform Agreement (consisting of a side letter) dated 13 November 2015 between Ranger Direct Lending Fund Trust and the Second Invoice Factoring Platform pursuant to which the Second Invoice Factoring Platform has agreed to provide certain additional information in respect of Debt Instruments that are available for acquisition as a syndicate investment through the Second invoice Factoring Platform's sales site, in certain circumstances where the Second Invoice Factoring Platform is in breach of the terms of the Platform Agreement in respect of a Debt Instrument that is participated in by Ranger Direct Lending Fund Trust, it may be required to repay the outstanding principal amount of the participation in such Debt Instrument to Ranger Direct Lending Fund Trust. Depending on the level of investment, Ranger Direct Lending Fund Trust pays servicing fees to the Second Invoice Factoring Platform in connection with syndicate Debt Instruments acquired pursuant to the Platform Agreement. The Platform Agreement is governed by the laws of the State of New York.
- 2.8.23 A Platform Agreement (consisting of a master loan agreement, corresponding promissory notes, a parent guarantees, a principal limited guarantee, English law debenture, and an intercreditor agreement), each dated 31 December 2015 between RDLF and the International MCA Platform, pursuant to which RDLF, plc provides finance (by acquiring MLSA Notes) to the International MCA Platform in order for the International MCA Platform to acquire Debt Instruments that meet certain defined underwriting criteria. RDLF secures each MLSA Note attributable to the master loan agreement with a discreet pool of underlying Debt Instruments issued by the International MCA Platform; and the interest rate payable to RDLF under each MLSA Note is fixed and due regardless of the performance of the underlying Debt Instruments securing such MLSA Note. In certain circumstances where the loan to value ratio of a MLSA Note falls below a defined threshold, the International MCA Platform shall be required to pay to RDLF such proportion of the outstanding principal under the MLSA Note as would result in the loan to value ratio being equal to that defined threshold. The International MCA Platform is required to repay the outstanding principal in respect of the MLSA Notes in issue on the occurrence of certain events of default. Each party has indemnified the other party against any losses arising out of the indemnifying party's breach of agreement. The Platform Agreement is governed by the laws of the United Kingdom and Wales.
- 2.8.24 A Platform Agreement (consisting of a purchase and sale agreement and a servicing agreement) dated 19 August 2016 between Ranger Direct Lending Fund Trust and the SME Loans and Business Cash Advance Platform pursuant to which the SME Loans and Business

Cash Advance Platform has agreed to sell whole business loans and receivables-based business financing transactions which meet certain defined underwriting criteria to Ranger Direct Lending Trust. Packages of such Debt Instruments will be offered to Ranger Direct Lending Trust periodically when an agreed threshold is met. Ranger Direct Lending Trust can then either elect to purchase the package, reject the package, or request that certain Debt Instruments are removed from the package before purchase (although the SME Loans and Business Cash Advance Platform is not obliged to agree to sell any amended package of Debt Instruments). In certain circumstances where the SME Loans and Business Cash Advance Platform is in breach of its representations and warranties in respect of any Debt Instrument sold to Ranger Direct Lending Fund, the SME Loans and Business Cash Advance Platform will be obliged to repurchase the Debt Instrument at the price originally paid by Ranger Direct Lending Fund in respect thereof (less any amounts already received by Ranger Direct Lending Fund pursuant to the Debt Instrument). In the event that Ranger Direct Lending Fund wishes to dispose of any Debt Instrument acquired from the SME Loans and Business Cash Advance Platform by selling it to certain of its competitors, the SME Loans and Business Cash Advance Platform will be entitled to a right of first refusal.

Ranger Direct Lending Trust is required to pay a monthly servicing fee, calculated as a percentage of the total amounts received by Ranger Direct Lending Trust each month to the SME Loans and Business Cash Advance Platform, along with any expenses incurred by the SME Loans and Business Cash Advance Platform (other than ordinary course overhead expenses). Each party to the Platform Agreement has indemnified the other in respect of any breach of its representations and warranties or otherwise of its obligations under the Platform Agreement and the liability of the SME Loans and Business Cash Advance Platform (and its respective officers, agents and affiliates) has been limited in certain circumstances.

The Platform Agreement is governed by the laws of the State of New York. The agreement has an initial term of twelve months and is terminable at will upon written notice served by either party.

- 2.8.25 A Platform Agreement (consisting of a master participation agreement, a negative pledge agreement, a payment guarantee, a purchase agreement, a servicing agreement and a principal limited guarantee) between *inter alia* Ranger Direct Lending Fund Trust and the Secured Consumer Platform dated 4 October 2016 pursuant to which Ranger Direct Lending Trust has agreed to acquire Notes which reference loans to consumers for elective procedures which have been purchased or originated by the Secured Consumer Platform in accordance with agreed underwriting criteria. The Secured Consumer Platform primarily purchases the loans which are referenced by the Notes from an affiliate (the "**Secured Consumer Platform Servicer**"), which provides direct financing to consumers and which has also agreed to service the underlying loans referenced by the Notes pursuant to a servicing agreement between the Secured Consumer Platform and the Secured Consumer Platform Servicer.

Each Note acquired by Ranger Direct Lending Trust pursuant to the Platform Agreement will represent a maximum of 70 per cent. of the total face value of the underlying loan portfolio to which the Note relates, with the remaining 30 per cent. interest being held by the Secured Consumer Platform on a subordinated basis. In addition, the Secured Consumer Platform is required to repurchase any Note which relates to an underperforming loan in certain circumstances (such as breach of warranty in respect of the relevant underlying loan). The Secured Consumer Platform has agreed to indemnify Ranger Direct Lending Trust in respect of any breach of its representations and warranties or otherwise of certain of its obligations under the Platform Agreement.

The performance by the Secured Consumer Platform and the Secured Consumer Platform Servicer of their respective obligations under the Platform Agreement are secured by: (i) a payment guarantee granted by the Secured Consumer Platform Servicer in favour of Ranger Direct Lending Trust; (ii) a negative pledge granted by the Secured Consumer Platform Servicer in favour of Ranger Direct Lending Trust; and (iii) a principal limited guarantee granted by the principal of the Secured Consumer Platform. In addition, the underlying loans which are referenced by the Notes may also be secured.

The Secured Consumer Platform Agreement has an initial term of five years, ending on 30 September 2021, although it may be terminated sooner by either party on 90 days' notice. It is governed by the laws of the State of Delaware (without regard to the conflict of laws principles thereof).

Except as disclosed in paragraph 1.8 of this Part XI above, and with respect to the appointment letters entered into between RDLF and each RDLF Director and the Investment Management Agreement, RDLF has not been a party to any related party transaction since its incorporation.

## 2.9 **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which RDLF is aware) during the period commencing 12 months before the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of RDLF.

## 3. **Mandatory bids and compulsory acquisition rules**

### 3.1 **Mandatory bid**

The City Code on Takeovers and Mergers applies to both the Company and RDLF. Under Rule 9 of the City Code, if:

- 3.1.1 a person acquires an interest in shares in the Company or RDLF which (in either case), when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company or RDLF (as the case may be); or
- 3.1.2 a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company or RDLF acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested in either the Company or RDLF, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company or RDLF (as the case may be) at a price not less than the highest price paid for any interests in the ZDP Shares or the RDLF Ordinary Shares by the acquiror or its concert parties during the previous 12 months.

Prior to the Tap Placing RDLF announced that, should Invesco Asset Management Limited ("Invesco") opt to participate in the Tap Placing, it would result in Invesco holding more than 30 per cent. of the aggregate voting rights in RDLF, thereby triggering Rule 9 of the City Code. Accordingly, the Tap Placing was made conditional upon Invesco receiving a waiver from the requirement under Rule 9 for it to make a mandatory offer to the holders of all of the ordinary shares in RDLF. The waiver was duly granted and following admission of the Ordinary Shares pursuant to the Tap Placing Invesco became interested in 5,179,918 Ordinary Shares, representing 34.9 per cent. of RDLF's issued share capital immediately following the Tap Placing.

### 3.2 **Compulsory acquisition**

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company or RDLF (as the case may be), which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

#### **4. General**

- 4.1 The total costs (including fees and commissions) (exclusive of recoverable VAT) payable by the Company in connection with the Initial Placing, Initial Admission and establishment of the Placing Programme are estimated to amount to up to £578,000 assuming 35 million ZDP Shares are issued pursuant to the Initial Placing. The estimated net cash proceeds accruing to the Company from the Initial Placing and the Placing Programme are £25,000,000 (assuming 25 million ZDP Shares are issued pursuant to the Initial Placing and the Placing Programme and RDLF pays the total costs incurred in connection with the Initial Placing, Initial Admission and the establishment of the Placing Programme). Under the Initial Placing and the Placing Programme, on the basis that 25 million ZDP Shares are issued, the net assets of the Company would increase by approximately £25 million immediately after the final Programme Admission under the Placing Programme. Following completion of each placing under the Initial Placing and the Placing Programme, the relevant gross proceeds will be advanced to RDLF pursuant to the Loan Agreement.
- 4.2 None of the ZDP Shares available under the Initial Placing and the Placing Programme are being underwritten.
- 4.3 The Initial Placing and the Placing Programme of the ZDP Shares in the UK is being carried out on behalf of the Company by Liberum which is authorised and regulated in the United Kingdom by the Financial Conduct Authority.
- 4.4 The Investment Manager may be a promoter of the Company. Save as disclosed in paragraph 2.8.1 above no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- 4.5 Each of the Investment Manager and Liberum has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. The telephone number of the Investment Manager is + 1 214 871 5200.
- 4.6 Deloitte LLP, a member firm of the Institute of Chartered Accountants in England and Wales, of New Street Square, London EC4A 3BZ, the reporting accountants of the Company, has consented to the inclusion of its report set out in paragraph 1 of Part IX in the form and context in which it is included.
- 4.7 The Investment Manager accepts responsibility for the information in Part II of this Prospectus under the headings “Investment Structures for US Direct Lending Platforms” (on pages 61 to 64 of this Prospectus) and “Current Direct Lending Platform access and pipeline” (on pages 65 to 73 of this Prospectus). The Investment Manager has taken all reasonable care to ensure that the information contained in Part II of this Prospectus under the headings “Investment structures for US Direct Lending Platforms” and “Current Direct Lending Platform Access and Pipeline” is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.
- 4.8 Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 4.9 The Company has no existing interests in real property and has no tangible fixed assets which are material to its business.
- 4.10 The expected aggregate market value of the ZDP Shares will be at least £700,000.

## **5. Documents available for inspection**

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL up to and including 23 October 2017:

### **5.1 Documents in respect of the Company**

- the statement of capital of the Company and the Articles;
- the letters of consent referred to in paragraph 4.5 above; and
- this Prospectus.

### **5.2 Documents in respect of RDLF**

- the statement of capital of RDLF and the RDLF Articles;
- the letters of appointment referred to in this Part XI;
- the Report referred to in Part IX of the Prospectus;
- the Annual Report referred to in Part IX of the Prospectus; and
- the Interim Report referred to in Part IX of the Prospectus.

This Prospectus is dated 24 October 2016.

## PART XII

### TERMS AND CONDITIONS OF THE INITIAL PLACING AND THE PLACING PROGRAMME

#### 1. Introduction

Each investor which confirms its agreement to Liberum, to subscribe for ZDP Shares under the Initial Placing and/or any Subsequent Placing (as applicable) (for the purposes of this Part XII, a “**Placee**”) will be bound by these terms and conditions and will be deemed to have accepted them.

To the extent that additional placing agents and bookrunners are appointed by the Company to procure Placees pursuant to the Placing Programme, references to Liberum in this Part XII shall be read as a reference to the relevant placing agent and bookrunner.

Each of the Company and/or Liberum, as applicable, may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (for the purposes of this Part XII, a “**Placing Letter**”). The terms of this Part XII will, where applicable, be deemed to be incorporated into that Placing Letter.

#### 2. Agreement to subscribe for ZDP Shares

Conditional on, amongst other things: (i) Initial Admission occurring and becoming effective by 8.00 a.m. on or prior to 4 November 2016 (or such later time and/or date, not being later than 8.00 a.m. on 30 November 2016, as the Company and Liberum may agree) or the relevant Programme Admission occurring in respect of any Subsequent Placing not later than 8.00 a.m. on such date as may be agreed between the Company, the Investment Manager and Liberum prior to the closing of any Subsequent Placing, not being later than 23 October 2017; (ii) in the case of any issue under a Subsequent Placing, to the extent required by the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company; (iii) the Placing Agreement becoming otherwise unconditional in all respects (other than in respect of any condition regarding Initial Admission or any Subsequent Admission (as the case may be)) in relation to the relevant issue and not having been terminated in accordance with its terms on or before 8.00 a.m. on the date of the Initial Admission or the relevant Programme Admission, as applicable; and (iii) Liberum confirming to the Placees their allocation of ZDP Shares, as applicable, a Placee agrees to become a member of the Company and agrees to subscribe for those ZDP Shares allocated to it by Liberum at the Placing Price or the applicable Placing Programme Price (as the case may be). To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Multiple applications or suspected multiple applications on behalf of a single investor are liable to be rejected.

Fractions of Shares will not be issued.

#### 3. Payment for ZDP Shares

Each Placee undertakes to pay in full the Placing Price or the Placing Programme Price, as applicable, for the ZDP Shares issued to such Placee in the manner and by the time directed by Liberum, as applicable. In the event of any failure by a Placee to pay as so directed and/or by the time required by Liberum, as applicable, the relevant Placee shall be deemed hereby to have irrevocably and unconditionally appointed Liberum, or any nominee of Liberum as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the ZDP Shares in respect of which payment shall not have been made as directed, and to indemnify Liberum 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 ZDP Shares shall not release the relevant Placee from the obligation to make such payment for relevant ZDP Shares to the extent that Liberum or its nominee has failed to sell such 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, is equal to or exceeds the Placing Price or the applicable Placing Programme Price.

#### 4. Representations, Warranties and Undertakings

- 4.1 By agreeing to subscribe for ZDP Shares, each Placee which enters into a commitment to subscribe for ZDP Shares (for the purposes of this Part XII, a **"Placing Commitment"**) will (for itself and for any person(s) procured by it to subscribe for ZDP Shares and any nominee(s) for any such person(s)) be deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Investment Manager, the Registrar and Liberum, that:
- 4.1.1 in agreeing to subscribe for ZDP Shares under the Initial Placing and/or any Subsequent Placing, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to Initial Admission or the relevant Programme Admission (as applicable) and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Ordinary Shares, the ZDP Shares or the Initial Placing and/or any Subsequent Placing. It agrees that none of the Company, the Investment Manager, the Registrar or Liberum, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have against any such persons in respect of any other information or representation;
  - 4.1.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for ZDP Shares under the Initial Placing and/or any Subsequent Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Investment Manager, the Registrar or Liberum, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Initial Placing and/or any Subsequent Placing;
  - 4.1.3 it has carefully read and understands this Prospectus (and any supplementary prospectus issued by the Company prior to Initial Admission or the relevant Programme Admission (as applicable)) in its entirety and acknowledges that it is acquiring ZDP Shares on the terms and subject to the conditions set out in this Part XII and, as applicable, in the contract note or placing confirmation, as applicable, referred to in paragraph 4.1.11 of this Part XII (for the purposes of this Part XII, the **"Contract Note"** or the **"Placing Confirmation"**) and the Placing Letter (if any) and the Articles as in force at the date of Initial Admission or the relevant Programme Admission (as applicable);
  - 4.1.4 it has not relied on Liberum, or any person affiliated with Liberum in connection with any investigation of the accuracy of any information contained in this Prospectus or any supplementary prospectus issued by the Company;
  - 4.1.5 the content of this Prospectus and any supplementary prospectus issued by the Company is exclusively the responsibility of the Company and its Directors and neither Liberum, the Investment Manager, the Registrar, nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus and any such supplementary prospectus issued by the Company or any information previously published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Initial Placing and/or any Subsequent Placing based on any information, representation or statement contained in this Prospectus or any supplementary prospectus issued by the Company or otherwise;
  - 4.1.6 no person is authorised in connection with the Initial Placing and/or any Subsequent Placing to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company prior to the date of Initial Admission or the relevant Programme Admission and, if given or made, any information or representation must not be relied upon as having been authorised by Liberum, the Company, the Investment Manager or the Registrar;
  - 4.1.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;

- 4.1.8 the price per ZDP Share is fixed at the Placing Price or the Placing Programme Price as applicable and is payable to Liberum on behalf of the Company in accordance with the terms of this Part XII and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);
- 4.1.9 it has the funds available to pay in full for the ZDP Shares for which it has agreed to subscribe pursuant to its Placing Commitment and that it will pay the total subscription in accordance with the terms set out in this Part XII and, as applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;
- 4.1.10 its commitment to acquire ZDP Shares under the Initial Placing and/or any Subsequent Placing will be agreed orally with Liberum as agent for the Company and that a Contract Note or Placing confirmation will be issued by Liberum as soon as possible thereafter. That oral confirmation will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Liberum to subscribe for the number of ZDP Shares allocated to it and comprising its Placing Commitment at the Placing Price or the relevant Placing Programme Price (as applicable) on the terms and conditions set out in this Part XII and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of Initial Admission or the relevant Programme Admission (as applicable). Except with the consent of Liberum such oral commitment will not be capable of variation or revocation after the time at which it is made;
- 4.1.11 its allocation of ZDP Shares under the Initial Placing and/or any Subsequent Placing (as applicable) will be evidenced by Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of ZDP Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such ZDP Shares; and (iii) settlement instructions to pay Liberum as agent for the Company. The terms of this Part XII will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.1.12 settlement of transactions in the ZDP Shares following Initial Admission or the relevant Programme Admission (as applicable) will take place in CREST but Liberum reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
- 4.1.13 none of the ZDP Shares have been or will be registered under the laws of any member state of the EEA (other than the United Kingdom), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing would breach any applicable law. Accordingly, the ZDP Shares may not be offered, sold, issued or delivered, directly or indirectly, within any member state of the EEA (other than the United Kingdom), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Initial Placing and/or any Subsequent Placing would breach any applicable law unless an exemption from any registration requirement is available;
- 4.1.14 it: (i) is entitled to subscribe for the ZDP Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for ZDP Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.1.15 if it is within the United Kingdom, it is a person who falls within: (i) Articles 19(1) or 19(5) (Investment Professionals); or (ii) Articles 49(2)(A) to (D) (high net worth companies, unincorporated associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the ZDP Shares may otherwise lawfully be offered whether under such Order or otherwise, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the ZDP Shares may be lawfully offered under that other jurisdiction's laws and regulations;

- 4.1.16 if it is a resident in a member state of the EEA (a “**Member State**”), it is a “qualified investor” within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive and otherwise permitted to be marketed to in accordance with the provisions of the AIFM Directive as implemented in the relevant Member State in which it is located;
- 4.1.17 in the case of any ZDP Shares acquired by a Placee as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive: (i) the ZDP Shares acquired by it in the Initial Placing and/or any Subsequent Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Liberum has been given to the offer or resale; or (ii) where ZDP Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those ZDP Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.1.18 if it is outside the United Kingdom, neither this Prospectus (and any supplementary prospectus issued by the Company) nor any other offering, marketing or other material in connection with the Initial Placing and/or any Subsequent Placing or the ZDP Shares (for the purposes of this Part XII, each a “Placing Document”) constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is procuring to subscribe for ZDP Shares pursuant to the Initial Placing and/or any Subsequent Placing unless, in the relevant territory, such offer, invitation, promotion or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and 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;
- 4.1.19 (i) the ZDP Shares have not been and will not be registered under the Securities Act and are being offered only in “offshore transactions” to non-US persons as defined in and pursuant to Regulation S and that it is purchasing the ZDP Shares outside the United States in compliance with such regulations; (ii) the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act and the ZDP Shares may only be transferred under circumstances which will not result in the Company being required to register under the Investment Company Act; and (iii) that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the ZDP Shares in offshore transactions in compliance with Regulation S (which includes, for the avoidance of doubt, any *bona fide* sale on the London Stock Exchange’s main market for listed securities) or in transactions that are exempt from registration under the Securities Act and to purchasers, transferees or acquirors that are reasonably believed to be QIBs and QPs;
- 4.1.20 it does not have a registered address in, and is not a citizen, resident or national of Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction in which it is unlawful to make or accept an offer of the ZDP Shares and it is not acting on a non-discretionary basis for any such person;
- 4.1.21 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 investor’s agreement to subscribe for ZDP Shares under the Initial Placing and/or any Subsequent Placing and will not be any such person on the date that such subscription is accepted;
- 4.1.22 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the ZDP Shares only in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and you acknowledge and agree that no Placing Document is being issued by Liberum, in its capacity as an authorised person under section 21 of FSMA and they may not therefore be subject to the controls which would apply if they were made or approved as financial promotion by an authorised person;

- 4.1.23 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the in, from or otherwise involving, the United Kingdom;
- 4.1.24 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 4.1.25 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and will not distribute, forward, transfer or otherwise transmit any supplementary prospectus issued by the Company) or any other Placing Document to any persons within the United States or to any US Person, nor will it do any of the foregoing;
- 4.1.26 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the ZDP Shares or possession of this Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.1.27 neither Liberum, nor any of its affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing and/or any Subsequent Placing or providing any advice in relation to the Initial Placing and/or any Subsequent Placing and participation in the Initial Placing and/or any Subsequent Placing is on the basis that it is not and will not be a client of Liberum and that Liberum has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Initial Placing and/or any Subsequent Placing nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained or incorporated into any Contract Note, Placing Confirmation or Placing Letter;
- 4.1.28 that, save in the event of fraud on the part of Liberum, none of Liberum, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding Company, nor any of its respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Liberum' role as sponsor, financial adviser, bookrunner or placing agent or otherwise in connection with the Initial Placing and/or any Subsequent Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.1.29 that where it is subscribing for ZDP Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the ZDP Shares for each such account; (ii) to make on each such account's behalf the undertakings, acknowledgements, representations, warranties and agreements set out in this Prospectus and any supplementary prospectus issued by the Company; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and Liberum. It agrees that the provision of this paragraph shall survive any resale of the ZDP Shares by or on behalf of any such account;
- 4.1.30 it irrevocably appoints any Director and any director of Liberum 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 ZDP Shares comprising its Placing Commitment, in the event of its own failure to do so;
- 4.1.31 if the Initial Placing and/or any Subsequent Placing does not proceed or the conditions to the Initial Placing or any Subsequent Placing (as the case may be) under the Placing Agreement are not satisfied or the ZDP Shares for which valid application are received and accepted are not admitted to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever then none of, Liberum, the Company or Investment Manager 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;

- 4.1.32 in connection with its participation in the Initial Placing and/or any Subsequent Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (for the purposes of this Part XII, together the "Money Laundering Regulations") and that its application for ZDP Shares under the Initial Placing and/or any Subsequent Placing is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied for ZDP Shares. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering 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); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Regulations;
- 4.1.33 due to anti-money laundering requirements, Liberum may require proof of identity and verification of the source of the payment before the application for ZDP Shares under the Initial Placing and/or any Subsequent Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Liberum may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will hold harmless and indemnify Liberum against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- 4.1.34 it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Money Laundering Regulations;
- 4.1.35 any personal data provided by it to the Company or Registrar will be stored both on the Registrar's computer system and manually. Such personal data is used by the Registrar to maintain the Company's register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more other countries when: (a) effecting the payment of dividends and other distributions to Shareholders; and (b) filing returns of Shareholders and their respective transactions in ZDP Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used. By becoming registered as a holder of ZDP Shares a person becomes a data subject (as defined in the Data Protection Act 1998) and is deemed to have consented to the processing by the Company or the Registrar of any personal data relating to them in the manner described above.
- 4.1.36 Liberum is entitled to exercise any of their rights under the Placing Agreement (including, without limitation, rights of termination) or any other right in its absolute discretion without any liability whatsoever to them;
- 4.1.37 the representations, undertakings and warranties contained in this Part XII and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any), are irrevocable. It acknowledges that Liberum and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings and it agrees that if any of the representations or warranties or undertakings made or deemed to have been made by its subscription of the ZDP Shares under the Initial Placing and/or any Subsequent Placing are no longer accurate, it shall promptly notify Liberum and the Company;
- 4.1.38 where it or any person acting on behalf of it is dealing with Liberum any money held in an account with Liberum 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 Liberum to segregate such money, as that money will be held by Liberum under a banking relationship and not as trustee;
- 4.1.39 any of its clients, whether or not identified to Liberum will remain its sole responsibility and will not become clients of Liberum for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.1.40 the allocation of ZDP Shares in respect of the Initial Placing and/or any Subsequent Placing shall be determined by Liberum in its absolute discretion (in consultation with the Company

and the Investment Manager) and that Liberum may scale down any Placing Commitment on such basis as they may determine (which may not be the same for each Placee);

- 4.1.41 time shall be of the essence as regards its obligations to settle payment for the ZDP Shares subscribed under the Initial Placing and/or any Subsequent Placing and to comply with its other obligations under the Initial Placing and/or any Subsequent Placing;
- 4.1.42 it authorises Liberum to deduct from the total amount subscribed under the Initial Placing and/or any Subsequent Placing, as applicable, the aggregation commission (if any) (calculated at the rate agreed with the Placee) payable on the number of ZDP Shares allocated under the Initial Placing and/or any Subsequent Placing;
- 4.1.43 in the event that a supplementary prospectus is required to be produced pursuant to section 87G FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) FSMA, such Placee will immediately re-subscribe for the ZDP Shares previously comprising its Placing Commitment; and
- 4.1.44 the commitment to subscribe for ZDP Shares on the terms set out in this Part XII and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of the Initial Placing and/or any Subsequent Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Initial Placing and/or any Subsequent Placing.

The Company, the Investment Manager, the Registrar and Liberum will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings and acknowledgements. You agree to indemnify and hold each of the Company, the Investment Manager, the Registrar, Liberum and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements in this Part XII.

## **5. Purchase and Transfer Restrictions concerning US Securities Laws**

- 5.1 By participating in the Initial Placing and/or any Subsequent Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for ZDP Shares and any nominee(s) for any such person(s)) be further deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Investment Manager, the Registrar, Liberum that:
  - 5.1.1 (i) the ZDP Shares have not been and will not be registered under the Securities Act and are being offered only in "offshore transactions" to non-US persons as defined in and pursuant to Regulation S and that it is purchasing the ZDP Shares outside the United States in compliance with such regulations; (ii) the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act and the ZDP Shares may only be transferred to persons reasonably believed to be QIBs and QPs under circumstances which will not result in the Company being required to register under the Investment Company Act and (iii) that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the ZDP Shares in offshore transactions in compliance with Regulation S (which includes, for the avoidance of doubt, any *bona fide* sale on the London Stock Exchange's main market for listed securities) or to persons reasonably believed to be QIBs and QPs in transactions that are exempt from registration under the Securities Act and do not require the Company to register under the Investment Company Act.
  - 5.1.2 it acknowledges that the Company has put in place transfer and offering restrictions with respect to persons located in the United States and US-persons (as defined in Regulation S) to ensure that the Company will not be required to register as an investment company;
  - 5.1.3 it will not be entitled to the benefits of the Investment Company Act;
  - 5.1.4 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the 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 the United States Employee Retirement Income Security Act of 1974 as amended (for the purposes of this Part XII, "**ERISA**") that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the United States Internal Revenue Code of 1986, as

amended (for the purposes of this Part XII, 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 a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Internal Revenue Code, its purchase, holding, and disposition of the ZDP Shares must not constitute or result in a non-exempt violation of any such substantially similar law; and

- 5.1.5 the Company and Liberum and reserve the right to make inquiries of any holder of the 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 the Company that holding by such person will not violate or require registration under the US securities laws to transfer such ZDP Shares or interests in accordance with the Articles (as amended from time to time).

## **6. Supply and Disclosure of Information**

If Liberum, the Registrar or the Company or any of their agents request any information about a Placee’s agreement to subscribe for ZDP Shares under the Initial Placing and/or any Subsequent Placing, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

## **7. Miscellaneous**

The rights and remedies of Liberum, the Registrar, the Investment Manager and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Initial Placing and any Subsequent Placing will be sent at the Placee’s risk. They may be sent by post to such Placee at an address notified by such Placee to Liberum.

Each Placee agrees to be bound by the Articles (as amended from time to time) once the ZDP Shares, as applicable, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or any Subsequent Placing, have been acquired by the Placee. The contract to subscribe for ZDP Shares under the Initial Placing and/or any Subsequent Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Liberum, the Company, the Investment Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for ZDP Shares under the Initial Placing and/or any Subsequent Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

Liberum and the Company expressly reserve the right to modify the Initial Placing and/or any Subsequent Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. The Initial Placing and/or any Subsequent Placing are subject to the satisfaction of the conditions contained in the Placing Agreement and to the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part XI of this Prospectus.

## DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context requires otherwise:

<b>“Accounting and Administration Services Agreement”</b>	the accounting and administration services agreement between the Company and the Administrator, a summary of which is set out in paragraph 1.8.6 of Part XI of this Prospectus
<b>“Additional IGA”</b>	the intergovernmental agreements entered into between the UK and other jurisdiction which are on similar terms to the IGA
<b>“Administrator”</b>	Sanne Fiduciary Services Limited
<b>“AIC Code”</b>	the AIC Code of Corporate Governance, as amended from time to time
<b>“AIC Guide”</b>	the AIC Corporate Governance Guide for Investment Companies, as amended from time to time
<b>“AIC”</b>	the Association of Investment Companies
<b>“AIF”</b>	an Alternative Investment Fund, as defined in the AIFM Directive
<b>“AIFM Directive”</b>	the EU Directive on Alternative Investment Fund Managers
<b>“AIFM”</b>	an Alternative Investment Fund Manager, as defined in the AIFM Directive
<b>“Annual Report”</b>	the audited financial statements for the period from 10 April 2015 to 31 December 2015 as published by RDLF on 11 April 2016
<b>“Articles”</b>	the articles of association of the Company, from time to time
<b>“Assumptions”</b>	the assumptions set out in Part VIII of this Prospectus
<b>“Bank Borrowings”</b>	any money borrowed by the Group from a financial lending institution for the purposes of making investments or the working capital requirements of the Group and which, for the avoidance of doubt excludes: <ul style="list-style-type: none"><li>(i) the gross proceeds of the placing of ZDP Shares;</li><li>(ii) any facilities incurred by the Group for the purpose of currency hedging; and</li><li>(iii) any facilities incurred in connection with the payment of the Final Capital Entitlement</li></ul>
<b>“Benefit Plan Investor”</b>	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of the ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the Internal Revenue Code (including an individual retirement account), (ii) an entity whose underlying assets include “plan assets” by reason of a plan’s investment in the entity, or (iii) any “benefit plan investor” as otherwise defined in section 3(42) of ERISA or regulations promulgated by the US Department of Labor
<b>“Board”</b>	the directors of the Company whose names are set out on page 46 of this Prospectus

<b>“Broker Agreement”</b>	the broker agreement between RDLF and Liberum, a summary of which is set out in paragraph 2.8.6 of Part XI of this Prospectus
<b>“Business Day”</b>	a day on which the London Stock Exchange and banks in England and Wales are normally open for business
<b>“Calculation Date”</b>	the earliest of the: <ul style="list-style-type: none"> <li>(i) close of business on the date to be determined by the Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent. of the net proceeds of the issue of any tranche of RDLF C Shares (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested; or</li> <li>(ii) close of business on the date falling nine calendar months after the allotment of the RDLF C Shares or if such a date is not a Business Day the next following Business Day; or</li> <li>(iii) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent</li> </ul>
<b>“Certificated Shares”</b>	Shares represented by a certificate
<b>“CFPB”</b>	the US Consumer Financial Protection Bureau
<b>“Companies Act”</b>	the Companies Act 2006, as amended from time to time
<b>“Company Secretarial Agreement”</b>	the company secretarial agreement between the Company and Capita Registrars Limited appointing the Company Secretary as the Company’s secretary, a summary of which is set out in paragraph 1.8.5 of Part XI of this Prospectus
<b>“Company Secretary”</b>	Capita Company Secretarial Services Limited
<b>“Company”</b>	Ranger Direct Lending ZDP plc
<b>“Consumer Loans Platform”</b>	the consumer loans Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part II of this Prospectus
<b>“Continuation Resolution”</b>	has the meaning given to it in paragraph 1.7 of Part VII of this Prospectus
<b>“Conversion”</b>	the conversion of any tranche of RDLF C Shares issued by RDLF into RDLF Ordinary Shares and Deferred Shares in accordance with the RDLF Articles
<b>“Conversion Date”</b>	the date on which Conversion will occur, being close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date
<b>“Conversion Ratio”</b>	the ratio of the Net Asset Value per RDLF C Share of the relevant tranche to the Net Asset Value per RDLF Ordinary Share, calculated in accordance with the RDLF Articles
<b>“Cover”</b>	has the meaning given to it in paragraph 1.6.1 of Part VII of this Prospectus
<b>“CREST Account”</b>	an account in the name of the relevant holder in CREST

<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
<b>“Crown Dependencies”</b>	each of the Isle of Man, Guernsey and Jersey
<b>“CTA”</b>	Corporation Tax Act 2010
<b>“Custodian Agreement”</b>	the custodian agreement between RDLF, and the Custodian, a summary of which is set out in paragraph 2.8.4 of Part XI of this Prospectus
<b>“DAC”</b>	the EU Directive in Administration Cooperation (in relation to the field of taxation)
<b>“Debt instrument”</b>	means a debt obligation which will include (without limitation) a loan, invoice receivables and asset financing arrangements
<b>“Deferred Dividend”</b>	the non-cumulative dividend payable to the holders of a particular tranche of Deferred Shares on the date which is six months after the Relevant Conversion Date at a fixed rate of one per cent. of the nominal amount such Deferred Shares
<b>“Deferred Shares”</b>	deferred shares of one pence each in the capital of RDLF arising on Conversion and having the rights and being subject to the restrictions set out in the Articles
<b>“Direct Lending Company Equity”</b>	means listed or unlisted securities issued by a Direct Lending Platform, a Direct Lending Platform’s controlling entity or other organisations serving the direct lending industry, which relate to the equity value or revenue of that entity and is not, for the avoidance of doubt, a security issued for the purpose of providing an exposure to Debt Instruments
<b>“Direct Lending Platform”</b>	a business that serves as an originator and for distributor of Debt Instruments and which is not a traditional retail or investment bank
<b>“Directors”</b>	the directors of the Company whose names are set out on page 46 of this Prospectus
<b>“DOJ”</b>	the US Department of Justice
<b>“DGTRs” or “Disclosure Guidance and Transparency Rules”</b>	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA
<b>“EEA”</b>	the states which comprise the European Economic Area
<b>“EIR”</b>	the effective interest rate of a Debt Instrument as described in more detail in the section entitled “Net Asset Value publication and calculation” in Part III of this Prospectus
<b>“Eligibility Date”</b>	31 December in each year
<b>“Equipment Loans Platform”</b>	the equipment loans Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part II of this Prospectus
<b>“ERISA”</b>	the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder

<b>“Euroclear”</b>	Euroclear UK and Ireland Limited, the operator of CREST
<b>“Exchange Act”</b>	the US Securities Exchange Act of 1934, as amended from time to time
<b>“FAA”</b>	the US Federal Arbitration Act
<b>“FATCA”</b>	the US Foreign Account Tax Compliance Act of 2010
<b>“FCA”</b>	the Financial Conduct Authority
<b>“FFI”</b>	a foreign financial institution for the purposes of FATCA
<b>“Final Capital Entitlement”</b>	127.63 pence per ZDP Share
<b>“Final Cover”</b>	the ratio calculated in accordance with paragraph 8 of Part VII of this Prospectus
<b>“First Admission”</b>	the admission of the RDLF Ordinary Shares issued pursuant to the First Issue of the Official List and to trading on the main market of the Loan Stock Exchange which became effective in accordance with the Listing Rules and the LSE Admission Standards on 1 May 2015
<b>“First Issue”</b>	the issue of 13,499,999 RDLF Ordinary Shares (in addition to the one RDLF Ordinary Share already in issue) pursuant to a placing and intermediaries offer on 1 May 2015
<b>“First ZDP Admission”</b>	the admission of the ZDP Shares issued pursuant to the First ZDP Placing to the Official List and to trading on the main market of the Loan Stock Exchange which became effective in accordance with the Listing Rules and the LSE Admission Standards on 1 August 2016
<b>“First ZDP Placing”</b>	the issue of 30,000,000 ZDP Shares by the Company pursuant to a placing on 1 August 2016
<b>“First ZDP Placing Agreement”</b>	the placing agreement between the Company, RDLF and Liberum, as described in paragraph 1.8.4 of Part XI of this Prospectus
<b>“Fraudulent Activity”</b>	the fraud, misrepresentation, or omission of a borrower or Direct Lending Platform in connection with the issue or origination of a Debt Instrument
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended from time to time
<b>“FTC”</b>	the US Federal Trade Commission
<b>“FTT”</b>	the financial transactions tax proposed by the European Commission
<b>“Governance Code”</b>	the UK Corporate Governance Code dated September 2014, as amended from time to time
<b>“Gross Assets”</b>	the aggregate value of the total assets of the Company or RDLF (as the context requires)
<b>“Gross Proceeds”</b>	the aggregate value of the ZDP Shares issued under the Initial Placing and/or the Placing Programme (as the context requires) at the Placing Price or the Placing Programme Price (as applicable)
<b>“Group”</b>	RDLF and its subsidiaries and subsidiary undertakings from time to time, including the Company

<b>“Group Shares”</b>	transferable securities issued by any member of the Group (other than the Company)
<b>“HMRC”</b>	HM Revenue and Customs
<b>“Hurdle Rate”</b>	the minimum rate of return per annum at which the Final Capital Entitlement is paid in full
<b>“ISAB”</b>	the International Accounting Standards Board
<b>“IFRIC”</b>	the International Financial Reporting Interpretations Committee
<b>“IFRS”</b>	International Financial Reporting Standards, as adopted by the European Union, as amended from time to time
<b>“IGA”</b>	the intergovernmental agreement entered into between the UK and the US in connection to FATCA
<b>“Information Reporting Regimes”</b>	the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act, as enacted in Sections 1471-1474 of the Code (or any amended or successor version thereof), US Department of Treasury Regulations and any similar or related legislation (whether of the US or any other jurisdiction and, for the avoidance of doubt, including the Common Standard on Reporting and Due Diligence for Financial Account Information published by the OECD and the EU Directive on administrative cooperation in the field of taxation (2011/16/EC)), together with any regulations, forms, instructions or other guidance issued thereunder (now or in the future) and any intergovernmental agreement or other similar agreement between the US and one or more other governments or tax authorities (including but not limited to the intergovernmental agreement between the UK and US) that is entered into in order to facilitate compliance with, or otherwise relates to, any of the preceding, together with any regulations, forms, instructions or other guidance issued (now or in the future) by any government or tax authority in a jurisdiction other than the United States in relation to any such intergovernmental agreement or similar agreement
<b>“Initial Admission”</b>	the admission of the ZDP Shares issued pursuant to the Initial Placing to the Official List and to trading on the Main Market of the London Stock Exchange becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards
<b>“Initial Placing”</b>	the conditional placing by Liberum on behalf of RDLF of ZDP Shares at the Placing Price pursuant to the Placing Agreement
<b>“Interim Report”</b>	the unaudited half-yearly financial statements of RDLF for the period from 1 January 2016 to 30 June 2016
<b>“Intermediaries”</b>	the intermediaries appointed by RDLF in connection with the intermediaries offer of RDLF Ordinary Shares in connection with the First Issue and the intermediaries offer of RDLF C Shares
<b>“Intermediaries Offer”</b>	the offer of RDLF Ordinary Shares in connection with the First Issue and the offer of RDLF C Shares in each case by the Intermediaries
<b>“Intermediaries Offer Adviser”</b>	Scott Harris UK Ltd
<b>“Internal Revenue Code”</b>	the US Internal Revenue Code of 1986, as amended from time to time

<b>“International SME Lending Platform”</b>	the international SME Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part II of this Prospectus
<b>“Investment Advisers Act”</b>	the US Investment Advisers Act of 1940, as amended from time to time
<b>“Investment Company Act” or “ICA”</b>	the US Investment Company Act of 1940, as amended from time to time
<b>“Investment Management Agreement”</b>	the investment management agreement between RDLF and the Investment Manager, a summary of which is set out in paragraph 2.8.1 of Part XI of this Prospectus
<b>“Investment Manager”</b>	Ranger Alternative Management II, LP
<b>“Investment Trust Regulations”</b>	the Investment Trust (Approved Company) (Tax) Regulations 2011
<b>“Investment Trust”</b>	A company which carries on its business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010 and in accordance with the Investment Trust Regulations
<b>“Invoice Factoring Platform”</b>	the invoice factoring Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part II of this Prospectus
<b>“IRS”</b>	the US Internal Revenue Service
<b>“Latest Practicable Date”</b>	8.00 p.m. (London time) on 19 October 2016, being the latest practicable date prior to the date of this Prospectus for ascertaining certain information contained herein
<b>“Liberum”</b>	Liberum Capital Limited
<b>“Listing Rules”</b>	the Listing Rules made by the FCA under Part VI of the FSMA, as amended from time to time
<b>“Loan”</b>	the loans advanced and to be advanced to RDLF by the Company pursuant to the Loan Agreement
<b>“Loan Agreement”</b>	the loan agreement entered into between the Company (as lender) and RDLF (as borrower) dated 25 July 2016, and amended by side letter dated 24 October 2016, as more particularly described in paragraph 1.8.1 of Part XI of this Prospectus
<b>“Loan Broker”</b>	the intermediary/loan broker with which RDLF has entered into the Loan Referral Services Agreement in relation to the MCA Platform
<b>“Loan Referral Services Agreement”</b>	has the meaning given to it in paragraph 2.8.18 of Part XI of this Prospectus
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Management Fee”</b>	the fee payable by RDLF to the Investment Manager, as described in Part III of this Prospectus
<b>“Management Shares”</b>	redeemable management shares of £1.00 each in the capital of RDLF
<b>“Market Abuse Regulation”</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse

<b>“Master Fund”</b>	the limited partnership established under the laws of the State of Delaware in which the SME Credit Line Platform invests substantially all its assets
<b>“MCA Platform”</b>	the merchant cash advances Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part II of this Prospectus
<b>“MLSA”</b>	a master loan and security agreement as described in more detail in the section entitled “investment structures for US Direct Lending Platforms” in Part II of this Prospectus
<b>“MLSA Note”</b>	a fixed rate note which is referenced to an MLSA as described in more detail in the section entitled “Investment structures for US Direct Lending Platforms” in Part II of this Prospectus
<b>“Money Laundering Regulations”</b>	the Money Laundering Regulations 2007
<b>“Net Asset Value” or “NAV”</b>	the net asset value of the Company or RDLF, excluding income, calculated in accordance with the valuation policies of the Company or RDLF from time to time as appropriate (as the context requires)
<b>“Net Proceeds”</b>	the net proceeds attributable to ZDP Shares issued pursuant to the Initial Placing and/or the Placing Programme (as the context requires)
<b>“Non-Qualified Holder”</b>	a non-qualified holder of Shares as more particularly described in paragraphs 1.3.7 and 2.3.6 of Part XI of the Prospectus
<b>“Notes”</b>	has the meaning given to it under the heading “Investment Structure and Regulatory Considerations” in Part II of this Prospectus
<b>“Official List”</b>	the Official List of the UK Listing Authority
<b>“Ordinary Shares”</b>	ordinary shares (issued and to be issued) of £1.00 each in the share capital of the Company
<b>“Placee”</b>	a person subscribing for ZDP Shares under the Initial Placing and/or and Subsequent Placing
<b>“Placing Agreement”</b>	the Placing Agreement between the Company, RDLF and Liberum, as described in paragraph 1.8.3 of Part XI of this Prospectus
<b>“Placing Price”</b>	£1.035 per ZDP Share
<b>“Placing Programme Price”</b>	the price of ZDP Shares issued pursuant to the Placing Programme, determined in accordance with Part VI of this Prospectus
<b>“Plan Asset Regulations”</b>	the US Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA
<b>“Platform Agreements”</b>	the agreements between RDLF and various Direct Lending Platforms as summarised in paragraphs 2.8.11 to 2.8.25 (inclusive) of Part XI of this Prospectus
<b>“Programme Admission”</b>	any admission of ZDP Shares issued pursuant to the Placing Programme to the Official List and to trading on the Main Market of the London Stock Exchange becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards
<b>“Prohibited Shares”</b>	Shares held by a Non-Qualified Holder

<b>“Prospectus Rules”</b>	the Prospectus Rules made by the FCA under Part VI of the FSMA
<b>“Prospectus”</b>	this Prospectus
<b>“QIBs”</b>	qualified institutional buyers (as defined in Rule 144A under the Securities Act)
<b>“Qualifying Investors”</b>	investors who are selected by the Investment Manager (in its sole discretion) as significant investors and whose application for Ordinary Shares is not made by a financial intermediary
<b>“QPs”</b>	qualified purchasers (as defined in section 2(a)(51) of the Investment Company Act)
<b>“Ranger Capital Group”</b>	Ranger Capital Holdings, LP
<b>“Ranger Direct Lending Fund Trust”</b>	Ranger Direct Lending Fund Trust, a Delaware Trust established on 22 April 2015 pursuant to a declaration of trust and trust agreement made between RDLF (as depositor and managing holder) and Delaware Trust Company (as Delaware Trustee) of which RDLF is the sole beneficiary
<b>“Ranger Speciality Income Fund”</b>	Ranger Speciality Income Fund, Ltd, an open-ended fund managed by the Investment Manager
<b>“RDLF”</b>	Ranger Direct Lending Fund plc
<b>“RDLF Accounting and Administration Services Agreement”</b>	the accounting and administration services agreement between RDLF and the Administrator, a summary of which is set out in paragraph 2.8.2 of Part XI of this Prospectus
<b>“RDLF Articles”</b>	the articles of association of RDLF, from time to time
<b>“RDLF Board”</b>	the directors of RDLF whose names are set out on page 46 of this Prospectus
<b>“RDLF C Shares”</b>	RDLF C shares of ten pence each in the capital of RDLF issued as “RDLF C Shares” and having the rights and being subject to the restrictions set out in the RDLF Articles, which will convert into Ordinary Shares as set out in the RDLF Articles
<b>“RDLF Company Secretarial Agreement”</b>	the company secretarial agreement between RDLF and the Capita Registrars Limited, a summary of which is set out in paragraph 2.8.3 of Part XI of this Prospectus
<b>“RDLF Directors”</b>	the directors of RDLF whose names are set out on page 46 of this Prospectus
<b>“RDLF Ordinary Shares”</b>	ordinary shares (issued and to be issued) of 1 pence each in the share capital of RDLF
<b>“RDLF Registrar Agreement”</b>	the registrar agreement between RDLF and the Registrar, a summary of which is set out in paragraph 2.8.5 of Part XI of this Prospectus
<b>“RDLF Shareholder”</b>	a holder of RDLF Shares in RDLF
<b>“RDLF Shares”</b>	transferable securities issued by RDLF, including RDLF Ordinary Shares and RDLF C Shares

<b>“Real Estate Loans Platform”</b>	the real estate loans Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part I of this Prospectus
<b>“Redemption Yield”</b>	in respect of a ZDP Share, the annually compounded rate of interest at which the total discounted values of future payments of capital equate to its actual or assumed value at the date of calculation
<b>“Report”</b>	the audited financial statements for the period from 25 March 2015 to 9 April 2015 as published by RDLF on 11 November 2015
<b>“Registrar Agreement”</b>	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 1.8.7 of Part XI of this Prospectus
<b>“Registrar”</b>	Capita Registrars Limited (trading as registrar under the name of “Capita Asset Services”)
<b>“Regulation S”</b>	means Regulation S under the Securities Act
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
<b>“Regulatory Information Service”</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA
<b>“Relevant Conversion Date”</b>	the Conversion Date on which a particular tranche of Deferred Shares were created in accordance with the Articles
<b>“Reporting FI”</b>	a reporting financial institution for the purposes of the FATCA
<b>“RIS announcement”</b>	means an announcement by a Regulatory Information Service
<b>“Sandler O’Neill”</b>	Sandler O’Neill & Partners, LP
<b>“Scheduled Winding-Up Resolution”</b>	a special resolution to wind-up the Company which is proposed to the members in general meeting on 31 July 2021 as described in paragraph 1.1.1 of Part VII of this Prospectus, or any other special resolution to wind-up the Company which is proposed to the members in general meeting in accordance with the Articles and as described in paragraph 1.1.2(a) of Part VI of this Prospectus
<b>“SDRT”</b>	UK stamp duty reserve tax
<b>“Second Invoice Factoring Platform”</b>	the second Invoice factoring Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part I of this Prospectus
<b>“Secured Consumer Platform”</b>	the secured consumer loans Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part XI of this Prospectus
<b>“Secured Consumer Platform Servicer”</b>	an affiliate of the Secured Consumer Platform, whose services are described in more detail in paragraph 2 of Part XI of this Prospectus
<b>“Securities Act”</b>	the US Securities Act of 1933, as amended
<b>“Shareholder”</b>	a holder of Shares in the Company
<b>“Shares”</b>	transferable securities issued by the Company, including Ordinary Shares and ZDP Shares

<b>“Similar Law”</b>	any US federal, state, local or foreign law that is similar to provision 406 of ERISA or section 4975 of the Internal Revenue Code
<b>“SME Credit Line Platform”</b>	the SME credit line Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part I of this Prospectus
<b>“SME Loans and Business Cash Advance Platform”</b>	the SME loan and business cash advance Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part II of this Prospectus
<b>“SME Loans Platform”</b>	the SME loans Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part II of this Prospectus
<b>“SME”</b>	a small or medium enterprise
<b>“SPV”</b>	special purpose vehicle
<b>“Subsequent Placing”</b>	a placing of ZDP Shares at the applicable Placing Programme Price pursuant to the Placing Programme, as described in this Prospectus
<b>“Subsidiary”</b>	a wholly owned subsidiary of the MCA Platform
<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers
<b>“Tap Placing”</b>	the issue of 1,348,650 RDLF Ordinary Shares pursuant to a placing on 16 December 2015
<b>“Treasury Regulations”</b>	the US Department of Treasury Regulations
<b>“TruSight Technology”</b>	the Investment Manger’s credit analysis system
<b>“UDAAP”</b>	unfair, deceptive or abusive acts and practices for the purposes of US law and regulation
<b>“UK Listing Authority”</b>	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK/US Double Tax Treaty”</b>	the 2001 USA-UK Double Taxation Convention, as amended by the 2002 Protocol
<b>“Underlying Applicants”</b>	investors who wish to acquire RDLF Ordinary Shares under the Intermediaries Offer
<b>“Undertaking”</b>	the undertaking made by RDLF in favour of the Company dated 25 July 2016, as more particularly described in paragraph 1.8.2 of Part XI of this Prospectus
<b>“US Person”</b>	a “US Person” as defined in Regulation S of the Securities Act
<b>“US Tax Code”</b>	the US Internal Revenue Code of 1986, as amended
<b>“US” or “United States”</b>	the United States of America (including the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction
<b>“US\$”</b>	US dollars

<b>“VAT”</b>	UK Value Added Tax
<b>“Vehicle Services Contract Platform”</b>	the vehicle services contract Direct Lending Platform described in more detail in the section entitled “Current Direct Lending Platform access and pipeline” in Part II of this Prospectus
<b>“Winding-Up Resolution”</b>	any special resolution to wind-up the Company which is not a Scheduled Winding-Up Resolution
<b>“ZDP Recommended Resolution”</b>	has the meaning given to it in paragraph 1.6.1 of Part VII of this Prospectus
<b>“ZDP Reconstruction Resolution”</b>	has the meaning given to it in paragraph 1.6.3 of Part VII of this Prospectus
<b>“ZDP Repayment Date”</b>	31 July 2021
<b>“ZDP Shareholder”</b>	a holder of ZDP Shares in the Company
<b>“ZDP Shares”</b>	zero dividend preference shares of £0.01 each in the capital of the Company and having the rights and being subject to the restrictions set out in the Articles

