

21 December 2020

RDL Realisation PLC (the "Company")

Publication of Delisting Circular and Notice of General Meeting

Further to the announcement on 25 November 2020, the Company has today published a circular (the "Circular") in connection with its proposal to cancel the listing of the Company's ordinary shares from the premium segment of the Official List of the Financial Conduct Authority and from trading on the Main Market of the London Stock Exchange plc ("Share De-listing"). The Circular contains a notice convening an Extraordinary General Meeting ("General Meeting") of the Company to be held on 12 January 2021 at 10:00am.

The text of the Chairman's letter and the expected timetable of principal events, extracted from the Circular, are set out below.

A copy of the Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and on the Company's website: <https://rdlrealisationplc.co.uk/>.

Terms used and not defined in this announcement bear the meaning given to them in the Circular published today.

1. INTRODUCTION

I am writing to provide you with details of the General Meeting which will be held at 10:00am on 12 January 2021.

This document sets out the details of, and seeks your approval of, the proposal to cancel the listing of the Shares to the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities. It is anticipated that the effective date of the Share Delisting will be 10 February 2021.

Under the Listing Rules, the Share Delisting requires the Company to obtain the prior approval for such cancellation at a general meeting of the Company by Shareholders representing not less than 75 per cent. of the votes attaching to the Shares voted on the resolution (also referred to herein as a "**special resolution**").

Further details of the Share Delisting and the Delisting Resolution which will be put to Shareholders at the General Meeting, are set out below.

2. BACKGROUND TO AND REASONS FOR THE SHARE DELISTING

The Company is a public company limited by shares incorporated in England and Wales, registered as an investment company under section 833 of the Companies Act 2006 and approved by HMRC as an investment trust in accordance section 1158 of the CTA 2010 and the Investment Trust Regulations 2011. As an investment trust, the Company is not regulated as a collective investment scheme by the FCA. The Company's Shares were admitted to the Official List on 1 May 2015. Its

issued share capital comprises ordinary shares, which are traded on the London Stock Exchange's premium segment of the Main Market.

On 16 November 2018, Shareholders approved a change to the Company's investment objective and policy to facilitate a managed wind-down of the Company and a realisation of its assets over time, in order to best serve the interests of the Company's Shareholders.

Since September 2018, when the Company commenced the orderly realisation of its investment portfolio, it has realised certain of its investments and paid dividends to its Shareholders totalling 710p per Share. In addition, the Company declared a dividend of 16p per Share on 10 December 2020 which is payable on 15 January 2021.

The Company's investment portfolio now comprises:

Platform	Balance
International SME Lending	\$ 549,825
SME/ CRE Loans	\$ 4,105,475
Real Estate Loans	\$ 7,797,108
Vehicle Services Contract	\$ 235,000
Equipment Loans	\$ 34,044
Total	\$12,721,452

In addition, as at 18 December 2020, the Company held cash balances of \$7,017,794.

Whilst the full impact of the COVID-19 pandemic is yet to be known by businesses worldwide, it has increased the credit risk associated with the Company's remaining underlying platform loans. As a result, the risk that Company's assets may not be realised at their fair market value, or at any value, has increased. The loans at the highest risk of realisation are those provided to the SME platforms, which contain many small businesses that are reliant on consumer spending for food and retail. The Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**") passed in the US is providing meaningful support to this economic demographic, but the lasting impact of this Government stimulus is yet to be proven. Further, financial reporting has been disrupted making it difficult to assess the financial health of these borrowers. The International SME Lending portfolio is made up of venture loans to small tech-oriented companies. Repayment of these loans is heavily reliant on capital raising and new equity investment support. The capital markets in Canada have also been disrupted making it difficult to assess the viability of these borrowers. There are also delays in the court system which might prevent or delay collections from Real Estate Loans. Accordingly, there is a high degree of uncertainty about the timing of collecting the balance of the portfolio.

In recent years, the Directors have explored various options regarding the realisation of the Company's Portfolio, with the objective of the Directors being to place the Company into liquidation following a divestment of the Company's holdings. This outcome would also have resulted in the cancellation of the admission of the Shares to listing on the Official List and to trading on the Main Market, upon the commencement of the liquidation of the Company.

Having analysed the existing portfolio, the Directors are of the view that the remaining loan assets will be realised and currently anticipate that the highest returns for shareholders will be achieved by holding the outstanding loans until such time as they are repaid or enforcement proceedings have taken place. In this context, the Directors are of the opinion that it is most cost effective, and therefore in the best interests of the Company and its Shareholders, for the realisation of the Company's holdings to be achieved by the Company's Directors, rather than by the Company's current AIFM, International Fund Management Limited, or a liquidator. Accordingly, as previously announced on 25 November 2020, the Directors propose to terminate the appointment of International Fund Management Limited as the Company's AIFM and to register the Company with the FCA as a small registered UK AIFM with effect from 24 February 2021.

In the context of minimising the ongoing running costs of the Company, the Directors have considered whether it remains in the best interests of the Company, and its Shareholders, for the listing of the Shares on the Official List and the trading of the Shares on the Main Market to continue.

The costs of maintaining the Company's listed company status are increasingly disproportionate to the value of the Company's portfolio, and there are identifiable cost savings that can be achieved by the Share Delisting. Consequently, the Directors consider that maintaining the listing of the Shares is no longer in the best interests of the Company or its Shareholders.

Accordingly, the Directors have resolved to propose the Share Delisting at the General Meeting.

3. DETAILS OF THE SHARE DELISTING

3.1 Cost savings

The Board has focused on ongoing operational costs and considered whether it is still appropriate for the Company's Shares to be admitted to the Official List and trading on the Main Market. The Board has concluded that the Company would benefit from the passing of the Delisting Resolution to give effect to the Share Delisting due to the relatively significant ongoing annual costs associated with maintaining admission to the Official List and trading on the Main Market. The cash costs of maintaining the listing include fees paid to the Company's accountants, corporate broker, registrars and lawyers, annual fees paid to the London Stock Exchange and FCA, as well as costs relating to its AIC membership and the release of regulatory announcements. These costs have become increasingly significant in proportional terms as the value of the Company's portfolio diminishes. The Board also believes that the Company would benefit from the simpler administration and regulatory requirements following the Share Delisting which would be more appropriate to the Company's size. The Company expects to achieve costs savings as a result of no longer being subject to the provisions

of the listed company regime. It is estimated that the Company should achieve cost savings of approximately \$250,000 in the financial year following the Share Delisting.

3.2 Investment Objective

The Company's investment objective as an unlisted company will continue to be the realisation of the Company's assets in an orderly manner (that is, with a view to achieving a balance between returning cash to Shareholders promptly and maximising the exit value of its investments).

3.3 Shareholder Considerations

Shareholders should take into consideration, amongst other things, that following the Share Delisting: (a) there will be no public market for the Shares and the opportunity for Shareholders to realise their investment in the Company by selling their Shares will be limited to secondary market sales; (b) the corporate governance, regulatory and financial reporting regime which applies to companies whose shares are admitted to the Official List and to trading on the Main Market will no longer apply (more information on regulatory considerations can be found on page 9 below); and (c) there may be taxation consequences for Shareholders as a result of the Shares no longer being admitted to the Official List and to trading on the Main Market. Shareholders should consult their own professional advisers and seek their own advice in connection with the potential consequences of the Share Delisting, including any potential changes in the tax treatment of their holding of Shares.

Conditional upon the Delisting Resolution being approved at the General Meeting, the Company will apply to cancel the listing of the Shares on the Official List and their admission to trading on the Main Market. It is anticipated that the last day of dealings of the Shares on the Main Market will be 9 February 2021. Cancellation of the listing of the Shares on the Official List is expected to take effect at 8:00am on 10 February 2021, being not less than 20 Business Days from the passing of the Delisting Resolution as required by the Listing Rules.

3.4 Corporate Structure

It is intended that following the Share Delisting, the Company will continue to operate in accordance with the current Articles. However, the Company's corporate structure will remain under review and future proposals to amend the corporate constitution to arrangements more appropriate to an unlisted company which does not have its shares traded on the public markets may be proposed to Shareholders following the Share Delisting. Any future changes to the Articles (and also certain other general corporate matters affecting the Company in accordance with the Articles and the Companies Act 2006) will be subject to approval by Shareholders.

3.5 Governance

The Directors intend following the Share Delisting to operate the Company's corporate governance in substantially the same manner as at present.

3.6 Financial Reporting

The Company will continue to produce an annual report and accounts. On the basis that the Share Delisting, if approved by Shareholders, will take effect on 10 February 2021, then the annual report and accounts for the financial year ended 31 December 2020 will be published no later than 30 June 2021 and laid before the annual general meeting to be convened in 2021.

3.7 Regulatory

In conjunction with the Share Delisting, the Company has applied to register with the FCA as a small registered UK AIFM with effect from 24 February 2021. The Takeover Code will continue to apply for a period of ten years from the effective date of the Share Delisting.

However, following the Share Delisting:

- 3.7.1** the regulatory regime which applies solely to companies such as the Company with shares admitted to the listing category “Premium Listing (Closed Ended Investment Fund)” of the Official List, and to trading on the Main Market, will no longer apply to the Shares, as detailed below;
- 3.7.2** the Company will not be subject to the disciplinary controls of the Listing Rules, under which a closed-ended investment company listed on the premium segment of the Official List:
 - is required to appoint a 'sponsor' for the purposes of certain corporate transactions, such as when undertaking a significant transaction or capital raising. The responsibilities of the sponsor include providing assurance to the FCA when required that the responsibilities of the listed company have been met;
 - is required to obtain the prior approval of its shareholders to any material change to its published investment policy;
 - is required to seek shareholder approval for a broader range of transactions including related party transactions (related parties including the Directors);
 - there are stringent obligations with regard to a company's purchase of its own securities; and
 - there are specified structures and pricing limits in relation to further issues of securities;
- 3.7.3** certain institutional investor guidelines (such as those issued by the Investment Association, the Pensions and Lifetime Savings Association and the Pre-Emption Group), which give guidance on issues such as executive compensation and share-based remuneration, corporate governance, share capital management and the allotment and issue of shares on a pre-emptive

or non pre-emptive basis, will not apply to the Company as the Shares will not be admitted to the Official List or to trading on the Main Market; and

- 3.7.4** certain securities laws will no longer apply to the Company, for example, the Disclosure Guidance and Transparency Rules, including in relation to notification of significant shareholdings, and the Market Abuse Regulations.

4. INVESTMENT TRUST STATUS

Following the Share Delisting, the Company will cease to be treated as an investment trust with effect from the accounting period commencing on 1 January 2021.

As a result of no longer being an investment trust the Company will continue to be liable to UK corporation tax (at a current rate of 19%) on its profits after deducting allowable expenses. Any gain on the realisation of the investment portfolio above its value on 31 December 2020 will also be subject to UK corporation tax.

The Company will not be able to pay interest distributions out of income or gains arising after 1 January 2021. Apart from any final distribution out of the 2020 accounting period (which may be paid as an interest distribution) all future distributions will be paid as dividends. This may increase profits subject to corporation tax as such distributions will no longer be available for offset against taxable income.

5. GENERAL MEETING

The Directors are convening the General Meeting to attend to the Delisting Resolution.

The notice convening the General Meeting is set out in Part II of this circular. You may appoint a proxy online via www.signalshares.com or, if you hold your shares in CREST, you may appoint a proxy via the CREST system. Alternatively, enclosed separately are the paper Forms of Proxy for you to use in connection with your votes at the forthcoming General Meeting.

If the Delisting Resolution is passed, the Board proposes to make an application to the FCA for the Share Delisting. If the requisite percentage of Shareholders does not approve the Delisting Resolution, the Shares will continue to be admitted to the premium segment of the Official List and to trading on the Main Market.

6. ACTIONS TO BE TAKEN BY SHAREHOLDERS

The General Meeting will be held at 10:00am on 12 January 2021 to approve the Delisting Resolution referred to in paragraph 3 above.

The Delisting Resolution will be proposed as a special resolution; this means that more than 75 per cent. of the votes cast must be in favour for the resolution to be passed.

All Shareholders are entitled to vote at the General Meeting. In accordance with the Articles, all Shareholders present by proxy shall upon a show of hands have one vote and upon a poll shall have

one vote in respect of each share held. The Board continues to monitor the ongoing COVID-19 restrictions. As at the date of this letter, there are still significant restrictions on attendance at public gatherings and the UK Government advice is to stay at home as much as possible and limit contact with other people. In the light of these circumstances and in accordance with the Corporate Insolvency and Governance Act 2020, the Board, having taken advice from its advisers, have reluctantly resolved that Shareholders will not be permitted to attend the General Meeting on health and safety grounds. The Board will ensure that a quorum of two Shareholders are present at the General Meeting to allow it to take place and for the proxy votes to be exercised.

The Notice of the General Meeting is set out at the end of this document. The Company is relying on its existing authority to convene the General Meeting on 14 clear days' notice to hold the General Meeting on 12 January 2021.

Shareholders are asked to submit their proxy vote electronically via the Registrar's website by visiting www.signalshares.com. For an electronic proxy to be valid, the appointment must be received by the Registrar by no later than 10:00am on 8 January 2021. Shareholders who hold their shares electronically may submit their votes through CREST. Alternatively, Shareholders may complete and return the Form of Proxy enclosed with this document, together with any power of attorney or other authority under which they are signed or a notarially certified or office copy thereof, in accordance with the instructions printed thereon to Link Group, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF so as to be received as soon as possible and in any event by no later than 10:00am on 8 January 2021. Shareholders are requested to vote electronically, submit their votes through CREST or complete and return a Form of Proxy

Shareholders are invited to participate in the General Meeting by submitting any questions in advance. Any specific questions on the business of the General Meeting can be submitted (with details of the shareholding) by no later than 48 hours prior to the meeting (or any adjournment thereof) by email to RDL@linkgroup.co.uk.

7. RECOMMENDATIONS

The Board considers that the Delisting Resolution to be proposed at the General Meeting is in the best interests of the Shareholders as a whole. Accordingly, the Board unanimously recommends that all Shareholders vote **IN FAVOUR OF** the Delisting Resolution at the General Meeting.

Yours faithfully

Brendan Hawthorne
Non-Executive Chairman

EXPECTED GENERAL MEETING TIMETABLE

Date of this Circular	21 December 2020
Latest time and date for receipt of Forms of Proxy	8 January 2021 at 10:00am
General Meeting	12 January 2021 at 10:00am
Last day of dealing in Shares*	9 February 2021
Delisting*	10 February 2021 at 8:00am

*These timings are estimated timings assuming the Delisting Resolution is passed.

References to times in this document are to London times unless otherwise stated. Any changes to the expected timetable will be notified by the Company through a Regulatory Information Service.

For further information, please contact:

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Secretary

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