(Registered No. 09510201)

RDL REALISATION PLC
(Formerly RANGER DIRECT LENDING FUND PLC)

Annual Report

For the year ended 31 December 2018

CONTENTS

OVERVIEW

About RDL Realisation Plc

RDL Realisation Plc ("RDL" or the "Company"), formerly Ranger Direct Lending Fund PLC, which changed its name on 26 February 2019, was incorporated and registered in England and Wales on 25 March 2015. This annual report for the year ended 31 December 2018 (the "Annual Report") includes the results of RDL Fund Trust (the "Trust") and RDLZ Realisation plc ("RDLZ") formerly Ranger Direct Lending ZDP PLC, which changed its name on 26 February 2019, in respect of which further details are set out below.

The Company commenced operations on 1 May 2015 following its admission of GBP 0.01 each Ordinary Shares (the "Ordinary Shares") to the London Stock Exchange Premium segment of the Main Market (the "Admission"). The Company has carried on business as an Investment Trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

On 11 June 2018, the Company announced that it would move to realise its assets and proceed with a managed wind-down process in order to best serve the interests of the Company's Shareholders. The Company's Investment Management Agreement ("IMA") with Ranger Alternative Management II, LP ("Ranger") was terminated with effect from 12 February 2019.

The Executive Directors of the Company are managing the orderly realisation of the Company's assets. The Company has appointed International Fund Management Limited ("IFM") as its replacement Alternative Investment Fund Manager with effect from 12 February 2019. Following the appointment of IFM, the Executive Directors of the Company have continued to retain responsibility for the portfolio management. The Executive Directors' Report can be found on pages 10 to 17. Other administrative functions are contracted to external service providers. However, the Directors retain responsibility for exercising overall control and supervision of the external service providers. The Company has no employees.

The Trust

The Company holds a number of its debt instrument investments through the Trust. On establishment of the Trust, the Company was the depositor, managing holder and sole beneficiary of the Trust. The Trust is a Delaware trust established on 22 April 2015 pursuant to a declaration of trust and trust agreement entered into between the Company as depositor and managing holder and Delaware Trust Company (a Delaware state-chartered trust company). Under the terms of the declaration of trust and trust agreement that was entered into on establishment of the Trust, the Company is the sole beneficiary of the Trust and also has administrative powers in respect of the Trust's assets.

The Trust has no separate legal personality and is wholly transparent for UK tax purposes.

RDLZ

On 23 June 2016, the Company incorporated RDLZ, a public limited company incorporated under the laws of England and Wales, as a wholly-owned subsidiary. On 1 August 2016, RDLZ was 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 ("ZDP Shares") were admitted to trading on the London Stock Exchange's Main Market for listed securities. The proceeds from the issuance of the ZDP Shares were on-lent to the Company by way of an intercompany loan agreement (the "Loan Agreement"). The Company also granted RDLZ an undertaking (the "Undertaking") to (among other things) subscribe for such number of ordinary shares in the capital of RDLZ as may be necessary or to otherwise ensure that RDLZ has sufficient assets to satisfy its obligations to the ZDP Shareholders and pay any operational costs incurred by RDLZ.

RDLZ raised GBP 30 million and GBP 24 million on 1 August 2016 and 4 November 2016 respectively, through the issue of ZDP Shares.

The Company, the Trust and RDLZ are collectively referred to in this report as the "Group".

FORWARD-LOOKING STATEMENTS

This report includes statements that are, or may be considered, "forward-looking statements". The 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 statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

OBJECTIVE AND INVESTMENT POLICY

Investment Objective

The Company will be managed, either by a third party non-EEA investment manager or internally by the Company's Board of Directors, with the intention of realising all remaining assets in the portfolio in a prudent manner consistent with the principles of good investment management, with a view to returning cash to its Shareholders in an orderly manner and meeting the obligations of the Company to RDLZ in respect of the ZDP Shares or purchasing ZDP Shares to reduce those obligations in advance of the final date for payments on the ZDP Shares.

Investment Policy

The Company will pursue its new Investment Objective by effecting a managed wind-down with a view to realising all of the investments in a manner that achieves a balance between maximising the value received from investments and making timely returns to Shareholders. The Company may sell its investments either to co-investors in the relevant investment or to third parties, but in all cases with the objective of achieving the best available price in a reasonable time scale.

As part of the realisation process, the Company may also exchange existing debt instruments issued by any direct lending platform for equity securities in such direct lending platform where, in the reasonable opinion of the Board, the Company is unlikely to be able to otherwise realise such debt instruments or will only be able to realise them at a material discount to the outstanding principal balance of that debt instrument.

The following investment restrictions will apply to the Company:

The Company will cease to make any new investments or to undertake capital expenditure except, with the prior written consent of the Board and where:

- the investment is a follow-on investment made in connection with an existing investment made in order to comply with the Company's pre-existing obligations; or

- failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Company; or

- the investment is considered necessary by the Board to protect or enhance the value of any existing investments or to facilitate orderly disposals.

Any cash received by the Company as part of the realisation process prior to its distribution to Shareholders will be held by the Company as cash on deposit and/or as cash equivalents.

The Company will not undertake new borrowing other than for short-term working capital purposes. RDLZ, the Company's subsidiary, has ZDP Shares in issue which are repayable on 31 July 2021. In order to facilitate the Company's realisation strategy, the Company will be permitted to purchase ZDP Shares at the discretion of the Board.

Performance Summary

Key Performance Indicators

The Company's Key Performance Indicators ("KPIs") are described in the Analysis of KPIs and Investment Restrictions on page 23.

PERFORMANCE SUMMARY

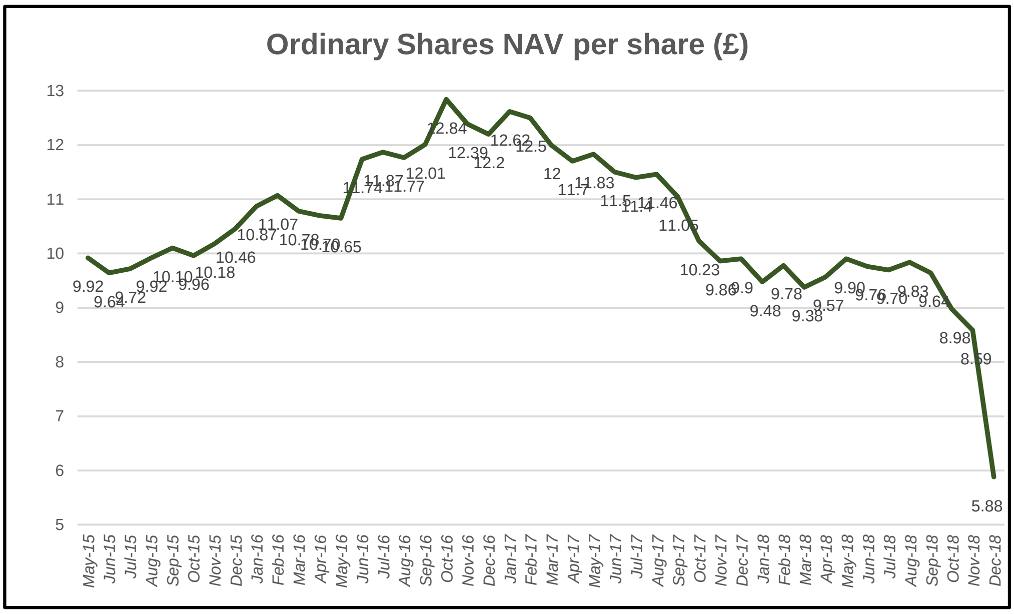
Highlights	*Ordinary Shares*	
	31 Dec 2018	*31 Dec 2017*
Net Asset Value[1] (Cum Loss/Income) per share	**GBP 5.88[3]/USD 7.49**	GBP 9.90[3]/USD 13.38
Net Asset Value[2] (Ex Loss/Income) per share	**GBP 7.62[3]/USD 9.71**	GBP 10.19[3]/USD 13.79
Total dividends per share	**288.21 pence**	101.76 pence
Share Price[4]	**GBP 6.70[3]/USD 8.41**	GBP 7.19[3]/USD 9.72

The Company's market capitalisation as at 31 December 2018 was USD 137,686,929 (GBP 108,023,638 based on a Share Price of GBP 6.70 and based on 16,122,931 outstanding Ordinary Shares).

The Group's total comprehensive loss for the year ended 31 December 2018 amounted to USD 35,046,160 (31 December 2017: USD 6,614,025 loss).

Further details of the Group's performance for the year are included in the Executive Directors' Report on pages 10 to 17, which includes a review of the progress of the asset realisation, impact of applicable regulations and adherence to investment restrictions.

NAV per share since inception



Ongoing Charges Information [5]

	2018	*2017*
Annualised ongoing changes [6]	***2.97%***	*2.07%*
Performance fee [7]	***0.00%***	*0.01%*
Annualised ongoing charges plus performance fee	***2.97%***	*2.08%*

[1] Net Asset Value ("NAV") (cum income) includes all current year income, less the value of any dividends paid in respect of the period together with the value of the dividends which have been declared and marked ex-dividend but not yet paid, see page 61.
[2] Net Asset Value (ex income) is the Net Asset Value cum/income excluding net current year income.
[3] Translated at USD to GBP foreign exchange rate of 1.2746 (2017: 1.3524).
[4] Share price taken from Bloomberg Professional.
[5] Ongoing charges are set out as a percentage of annualised ongoing charge over average reported Net Asset Value.
[6] Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future. The annualised ongoing charge is calculated using the Association of Investment Companies recommended methodology.
[7] Performance fee is calculated based on the terms of the Investment Management Agreement. Further information is provided in note 17 of the Notes to the Consolidated Financial Statements.

PERFORMANCE SUMMARY (continued)

Investment Positions

Below is a list of the Company's investments as at 31 December 2018.

(Shown as aggregate Debt Investments acquired from individual Direct Lending Platform)

Investment/Direct Lending Platform	Country	Principal Activity	31 Dec 2018 **NAV**	**% of NAV**
SME Loans Platform	United States	Loans/advances to small/medium size businesses	40,446,802	33.45%
Vehicle Services Contract Platform	United States	Vehicle service contract financing	39,375,565	32.56%
Real Estate Loans Platform	United States	Bridge loans to real estate developers	36,836,583	30.46%
International MCA Platform*	United Kingdom	Loans/advances to small/medium size businesses	20,999,389	17.37%
International MCA Platform*	Australia	Loans/advances to small/medium size businesses	17,008,569	14.07%
SME Credit Line Platform (Princeton)	United States	Credit lines to finance companies	15,000,000	12.41%
International SME Lending Platform	Canada	Loans to businesses with government grants	4,974,099	4.11%
Equipment Financing	United States	Equipment Financing	669,641	0.55%
Consumer, improving credit	United States	Consumer, improving credit	299,655	0.25%
Factoring	United States	Factoring	175,477	0.15%
MCA Platform	United States	Loans/advances to small/medium size businesses	21,296	0.02%
Consumer Loans Platform	United States	Loans to consumers with improving credit	7,587	0.01%
Crowdnetic	Cayman Islands	Equity Investment	300,000	0.25%
			176,114,663	145.65%

* The International MCA Platform was refinanced and realised at approximately USD 38 million post year-end.

CHAIRMAN'S STATEMENT

2018 was another disappointing and difficult year for the Company. Adjusted for capital returns and dividends the NAV return was -6.41% in USD terms. After three years of dismal performance and as a result of Shareholder pressure, there were wholesale Board changes immediately prior to and following the Annual General Meeting on 19 June 2018 (the "AGM"). The Company's Shareholders endorsed the wind-down of the Company in accordance with the procedures adopted by the Company. These actions were ratified at the General Meeting held on 16 November 2018, at which the investment policy and investment objective were formally amended to pursue a wind-down of RDL. Following these developments, the RDL share price rose by 11.7% in GBP terms during the year. Late in 2018, the external investment manager Ranger Alternative Management II, LP ("Ranger") based in Dallas (USA) gave notice of its intent to terminate their contract on 12 February 2019. This was prior to the expiry of the 12 months' notice which had been previously delivered to Ranger under the terms of the investment management agreement between Ranger and the Company (the "IMA"). The Company has appointed IFM as its replacement Alternative Investment Fund Manager ("AIFM") and with effect from 26 February 2019, the Company has changed its name to RDL Realisation Plc.

Following the appointment of IFM, the Executive Directors of the Company continue performing the functions they have been carrying out. In particular, any investment or divestment decisions relating to the Company's portfolio will not be implemented without prior Board approval. In preparation for these changes, and as announced on 15 January 2019, the Company's Executive Board has been strengthened with the appointment of Joe Kenary who is a senior credit executive based in the US. Dominik Dolenec and Brett Miller continue to act as Executive Chairman and Executive Director of the Company, respectively. Since the year end, Nick Paris has been appointed to the Board as a Non-Independent Non-Executive Director.

Wind-down and Capital Returns

Since the AGM on 19 June 2018, the Company has returned 264p per share in the form of dividend payments. This amounts to approximately 29% of the published NAV as of 30 June 2018.

The new investment strategy seeks to maximise risk-adjusted IRRs to our Shareholders. To this end, the Company had adopted a three-pronged approach to winding down its portfolio of 12 platforms. The first category consisted of portfolios that could be sold outright. Having run a sale process, only three portfolios and a small equity position could be exited in this way without accepting a material discount. The second category consisted of two sizeable positions where the Company was the sole platform capital provider. One was successfully refinanced at par in December 2018. The second recently entered a forbearance agreement in light of its many contractual breaches and is now working with the Company on a plan to return the capital. The third category consisted of portfolios that are best run off. We are working to ensure that the overwhelming majority of this category will be repaid by late 2019. However, there can be no guarantee that the Company will be successful in accomplishing this objective. Some residual positions will only be liquidated once various bankruptcy proceedings are completed, with Princeton being the most notable, and it is expected that these will take longer.

The Company's subsidiary RDLZ has issued Zero Dividend Preference Shares ("ZDPs") that require the Company to meet a 2.75x asset cover ratio after any capital distribution, save for dividends required to maintain the Investment Trust status. The ZDP Shares mature on 31 July 2021 and accrue an annualised return of 5% per year. In light of the wind-down, the Company has been in active discussions with ZDP Shareholders about an early retirement of their instruments. This would allow the Company to then return all excess cash to the Company's Shareholders. To date, the Company has bought back almost 14% of the originally issued ZDP Shares.

Portfolio Performance

Aside from the widely publicised Princeton bankruptcy, the new Board was disappointed to discover that a number of other platform exposures were not monitored or managed in what the new Board would consider a prudent manner by Ranger. This was the case in at least two lending platforms which are among the largest positions in the Fund. In both cases, in our opinion, many established practices in the lending industry were not followed, such as diligent monitoring, appropriate cash controls, detailed, frequent and timely reporting and the retention of back-up servicers. Certain legal agreements required by the loan documentation and agreed to by borrowers, for example cash control agreements, were also not implemented and enforced, and this may have been to the detriment of the Company's Shareholders. The new Board is endeavouring to rectify many of these deficiencies and preserve capital.

CHAIRMAN’S STATEMENT (continued)

Portfolio Performance (continued)
A detailed analysis of the Company's portfolio is provided in the Executive Directors’ Report.

Princeton
The Company announced on 7 November 2018 that a Chapter 11 Trustee had been appointed in relation to the bankruptcy proceedings of Princeton Alternative Income Fund, LP and its former general partner Princeton Alternative Funding, LLC (together, "Princeton"). This is a major milestone in the recovery of our Princeton investment. Since that time the Company has continued to actively engage with the Trustee and its other advisers in connection with its investment in Princeton.

Based on the information provided to date by the Trustee (which the Company has not been able to independently validate or verify), the Company is currently estimating a potential recovery of approximately USD 15 million from the Princeton bankruptcy. The net asset value published by the Company as at 30 November 2018 attributed a value of approximately USD 28.5 million to the Company's investment in Princeton. Princeton is now carried at USD 15m in the audited accounts.

The Company emphasises that this remains an unverified estimate and is subject to a number of potential variables. In particular, the amount that the Company will recover will be dependent upon the final structure of the creditor and investor waterfall and distribution scheme and the actual net amount available for distribution. A final determination of these issues is not expected for a number of months and it is not possible to predict the precise structure of the distribution scheme which will be approved by the bankruptcy court. In addition, other factors that will impact the Company's ultimate recovery amount include (but are not limited to): the actual recoveries in respect of both performing and delinquent payday loans in the Princeton portfolio - currently these recovery rates are based on assumptions using historical sector benchmarks which may not prove to be accurate in respect of the actual portfolio performance; certain restricted cash balances in the Princeton portfolio may not be released to the Company; no valuation of potential litigation claims has currently been made; and other, unforeseen factors or information may subsequently occur or be discovered. As such, no reliance can be placed on the estimated potential recovery amount and it is likely that such estimate will change in the future as additional information is received from the Trustee.

The Company has been engaged in discussions with the Trustee regarding the content of a Chapter 11 Plan of Liquidation (the “Plan”) proposed by the Trustee. The Plan was filed on 19 April 2019 and provides for the prompt and orderly liquidation of fund assets by approved professionals and the pursuit of possible third-party litigation claims under the direction of a liquidating trustee to be appointed under the Plan. The Plan also contemplates the Company being treated in the same way as other Princeton investors. However, in light of the arbitration findings that have previously been announced by the Company, the Company has agreed with the Trustee that it will be paid USD 2.5 million out of the liquidation proceeds in priority to other investors. This amount will cover part of the costs of the legal proceedings that were incurred by the Company.

The disclosure and confirmation process in a Chapter 11 case after the filing of a plan typically requires a period of two to four months. The Company understands that the Trustee will be reaching out to investors to explain the Plan and respond to questions regarding its content, structure and implementation. The Company will continue to work closely with the Trustee and his professionals to complete this process.

Recently, Microbilt Corporation recruited an informal group of minority investors to support its alternative Chapter 11 plan, which is vague in structure and content. Among other things, the Microbilt plan leaves the fund in bankruptcy for an indeterminate period of time. The Company believes that the Microbilt plan is not in the best interest of the Company or other investors. The Company will support the Plan filed by the Chapter 11 Trustee and seek its confirmation before the Bankruptcy Court.

Operational Transition and Reporting Arrangements
The operational transition away from Ranger as external investment manager of the Company has now been completed. This involved considerable effort on our part as we implemented many of the operational practices and controls that we believe are normally expected from a credit fund manager responsible for third party capital. Moreover, in the transition, Ranger also was not fully cooperative with the Company’s requests and continues to withhold certain information related to the portfolio from the Company.

CHAIRMAN'S STATEMENT (continued)

Operational Transition and Reporting Arrangements continued

Late last year, the Company retained a senior credit professional and financial controller based in Dallas to assist with the day to day management of the Company's remaining credit portfolios. This professional reports directly to the Board. The Company has recently also retained the services of MCA Financial Group as the new accounting and servicing provider. They replace the functions previously provided by Ranger's accounting department. For the purposes of these accounts and going forward, the Company has engaged an independent third-party valuation agent for the purposes of assisting the Board in valuing the Company's portfolio.

Given the realisation process currently being undertaken, the Directors of the Company are of the view that it is appropriate to carry out half-yearly rather than monthly valuations with immediate effect, such calculations being carried out as at 30 June and 31 December in each year. The Company will announce its net asset value and net asset value per Ordinary Share as soon as practicable following each half year valuation date. The Company may undertake additional valuations in respect of part or all of the portfolio in connection with potential sales or material changes of circumstance of its investments to the extent it deems it appropriate to do so.

The Company will continue to comply with its obligations under the ZDP Share Undertaking and, in particular, will continue to calculate the cover in respect of ZDP Shares monthly using all applicable information relevant to that calculation, including items such as currency movements and disposals of investments which arise subsequent to any valuation.

Outlook

A great deal of effort has gone into prudently winding down the portfolio and transitioning the management away from Ranger and implementing the procedures and controls we believe are appropriate for the Company. Whilst much work still remains to be done, we are pleased with our team's efforts in spite of the challenges we have faced in the portfolio we have inherited.

In 2019, we hope to realise a substantial part of the remaining assets and return the proceeds to our Shareholders. We will also continue to streamline management and other administrative costs. With that in mind, we might also delist our Shares in the future.

It is our goal to maximize the return to Shareholders in a prudent and cost-effective manner.

Dominik Dolenec

Dominik Dolenec
Chairman

17 June 2019

EXECUTIVE DIRECTORS' REPORT

It has been a busy period since the new Board was appointed. As you know, immediately prior to the AGM on 19 June 2018, Christopher Waldron, Matthew Mulford and Scott Canon resigned. Dominik Dolenec, Greg Share and Brendan Hawthorne were appointed to the Board at the AGM. Brett Miller and Joe Kenary were subsequently appointed on 6 July 2018 and 4 December 2018 respectively. Nick Paris has, subsequent to the year end, been appointed to the Board. On 27 July 2018, Dominik Dolenec and Brett Miller assumed executive responsibilities as the scale of the task facing the new Board became apparent. Of the "old" Board only Jonathan Schneider remained for a period of continuity until he stepped down in November 2018. The Board would like to express their thanks to Mr Schneider for his assistance during this period of transition. In December 2018, the Board was further strengthened with the appointment of Joe Kenary, who subsequent to the year-end has also assumed an executive role. Since the year end, Nick Paris has been appointed to the Board as a Non-Independent Non-Executive Director. The Board is thus comprised of six Directors of whom three are executive and three are non-executive, although it should be noted that the non-executive Directors have been called on to assist in a much more active role than typically to be expected of a non-executive Director.

The new Board was entrusted by Shareholders with a mandate to realise assets and return capital to Shareholders. This new investment policy was set out in a circular to Shareholders and formally approved by Shareholders at a general meeting in November 2018 and can be found on page 4.

The Executive Directors have spent considerable time in the USA this year, reviewing the portfolio, meeting investee platforms, working with Ranger and transitioning away from Ranger as described in the Chairman's Statement. This work is ongoing and whilst considerable headway has been achieved there remains much to do. The implementation of the new investment policy has got off to a good start, some of the highlights of which are:

- In October 2018, the Company sold the current receivables held by it that were originated by the Consumer Receivables Platform (the "Receivables"), achieving a sales price of 96.5 per cent. of par for all Receivables held by the Company (in addition to all accrued but unpaid interest attributable to such Receivables) which at that time were either current or up to 30 days delinquent. The carrying value for the Receivables was USD 18,942,415 and the loss on sale was USD 658,539.
- Subsequent to the year end, in January 2019 the Company's exposure to the International MCA Platform was refinanced and our promissory notes paid off. We realised USD 38,007,954 (at carrying value) pursuant to this transaction, the entirety of which has been paid to the Company.
- The Company has continued to work with the Real Estate platform to offer individual performing loans to the platform's existing and new investors. The investment balance for this platform at 1 January 2018 was USD 71,848,345, of which the defaulted loans in recovery constituted USD 16,396,547. At the year end, we had sold or received payment of loans amounting to USD 66,254,440, leaving a net balance exposure to this platform of USD 36,836,583.
- Significant progress has been made in the Princeton litigation and bankruptcy procedure, and whilst the information forthcoming has not been good, we have significantly more clarity on the value of this investment compared to when we were appointed to the Board. However, much work remains to be done on this unfortunate investment.
- One smaller portfolio was disposed of at 77c on the dollar but a small premium to our carrying NAV due to some conservative default provisioning.
- The small equity interest was disposed of for USD 300,000, being the carrying value at the time.

As a result of the above actions the Company has returned 264p in cash to Shareholders by way of dividend. This amounts to approximately 27% of the published NAV as of 30 June 2018.

Whilst we are delighted with the above results achieved to date, and in particular the refinancing of the International MCA platform at par, we cannot be certain that we will achieve similar pricing for the remainder of the portfolio and Shareholders would be counselled to exercise caution in making any predictions based on these past results.

EXECUTIVE DIRECTORS' REPORT (continued)

Notwithstanding the above, Shareholders should take note that a mandate requiring the active sale or timed liquidation of portfolios presents an inherent risk which does not present itself with the run-off of a portfolio, in that such assets may not be realised at their fair value. Although the Company is not currently considering offers which fall materially below the values referred to on page 6, the inherent risk of attracting opportunistic buyers must be managed with the optionality to run down a short-term portfolio in order to ensure the realisation of appropriate value. It is also important for Shareholders to recognise that a material amount of the future value for the Company will be tied to current claims in litigation.

Transition arrangements

On 12 October 2018, Ranger informed the Board that it would terminate the IMA between it and the Company with effect from 12 February 2019 and the agreement was indeed terminated on that date. Shareholders are reminded that the Company had previously served a termination notice on Ranger with effect from 1 May 2019 to the extent the agreement has not already been terminated.

The Company has, since the year end, appointed IFM as its replacement Alternative Investment Fund Manager.

Following the appointment of IFM, the Executive Directors of the Company will continue performing the functions they have been carrying out during the current management arrangements. In particular, any investment or divestment decisions relating to the Company's portfolio will not be implemented without prior Board approval. In preparation for these changes, and as announced on 15 January 2019, the Company's Executive Board has been strengthened with the appointment of Joe Kenary who is a senior credit executive based in the US. Dominik Dolenec and Brett Miller continue to act as Executive Chairman and Executive Director of the Company, respectively. The Company has also appointed a senior credit professional and a financial controller, both based in Dallas, USA, to assist with the management and realisation of the portfolio. A huge amount of time has been spent by the Executive Directors in the run up to 12 February 2019 to ensure a smooth transition of management responsibilities and to avert any disruption to the portfolio management role. It was also a considerable task transitioning over the accounting function to the new service provider. The difficulty of the task was compounded by Ranger, at the transition, withholding essential information that we assert is the property of the Company. Whilst much work still remains, we are satisfied with the significant progress the team has made since Ranger's termination. In spite of all the challenges, the bulk of the work has been done to plan and the Board are pleased with the new arrangements.

Investment Portfolio

In accordance with the Board's instructions, Ranger, in June 2018 discontinued making investments through normal course of business with the following exceptions:

- the investment is a follow-on investment made in connection with an existing Investment made in order to comply with the Company's pre-existing obligations; or
- failure to make the follow-on investment may result in a breach of contract or applicable law or regulation by the Company; or
- the investment is considered necessary by the Board to protect or enhance the value of any existing investments or to facilitate orderly disposals.

In accordance with the above, new investments after June 2018 were made to:

- Second SME Loans Platform for USD 5,412,606 in July 2018
- International LOC Partner for USD 510,169 in September 2018
- Real Estate Lending Partner for USD 300,000 in September 2018

At 31 December 2018, 91.3% of the portfolio was invested in secured Debt Instruments (including loans, cash advances, and receivables financing) to mainly SME borrowers, and 8.7% of the portfolio consisted of unsecured consumer loans. For this purpose, a secured Debt Instrument is defined by the Company as a payment obligation in which property, revenue (including receivables), or a payment guaranty has been pledged, mortgaged or sold to the Company as partial or full security with respect to such obligation.

EXECUTIVE DIRECTORS' REPORT (continued)

Investment Portfolio (continued)

In addition to investing in Debt Instruments, the Company was previously able to invest up to 10% of gross assets in the equity of Direct Lending Platforms and/or organisations serving the direct lending industry. As at 31 December 2018, one such equity investment had been made for USD 300,000 in June 2017. As mentioned above, this investment has been sold subsequent to the year end for USD 300,000.

Below is a brief summary of each investment platform / partner which provides:

- Net balance at 31 December 2018 (estimated fair value)
- Commentary summarising primary activity and expected disposition of the investments
- All amounts shown below are in USD

SME/CRE Loans Platform

Net Balance at 31 December 2017	Net Balance at 31 December 2018
51,414,447	40,446,802

Since June 2018, there has been a regular run-off of all performing investments. The Executive Directors are in weekly contact with this platform who are trying to assist in the sale of some investments to its other investors throughout 2019, and remaining investments will be run off.

Note: Included in the balance above is USD 4.5m which is an acquisition loan extended to the Second SME Loans Platform – see below.

Second SME Loans Platform

Net Balance at 31 December 2017	Net Balance at 31 December 2018
26,703,908	39,375,565

Due to the combination of the loss in volume from the reduced number of new vehicle service contracts generated by the platform and cash drain from losses at affiliated entities, the platform failed to make a series of mandatory pre-payments, and the platform has failed to meet the required loan to value requirements. These factors entitled the Company to declare an event of default pursuant to its Master Loan Agreement. The platform has recently found a new funding source for new vehicle service contracts going forward and is making payments under a revised repayment schedule. The Company has since the year end executed a Forbearance Agreement and Cash Control Agreement which will bring credit monitoring and cash controls to a standard customary for financing structures of this type.

The platform has engaged an investment banker to assist in the refinancing efforts and there are ongoing communications with prospective new lenders. The refinancing of the notes as a portfolio has been complicated by the fact that in May (prior to the appointment of the new board of Directors), the Company also extended a USD 4.5m enterprise value loan to this platform to finance an acquisition of a loss-making business and unlike the previous loan, there is no advance rate based on discrete collateral. This loan falls due in May 2019 and is reported in the balance of the SME/CRE Lending Platform. The investment balance secured by vehicle service contracts at 31 December 2018 was USD 44m. The Board continues to investigate why this loan was made. The LTV, which as at 31 December 2018 was 103% and at 31 March 2019 was 129%, representing a significant breach of the LTV requirement. As a result, taking into consideration the Duff & Phelps Report, the report of another independent third party, and internal credit analysis, an additional reserve of approximately USD 9m to reflect the estimated impairment to the loan value has been recognised as of 31 December 2018. The combined balance of the two loans at the VSC platform as 31 December 2018 was USD 48.5m. The total balance after the impairment charge is USD 39m. Restructuring efforts are continuing.

EXECUTIVE DIRECTORS' REPORT (continued)

Investment Portfolio (continued)

Real Estate Lending Partner

Net Balance at 31 December 2017	Net Balance at 31 December 2018
71,848,345	36,836,583

There has been a combination of sales of some investments with help of the platform and regular run-off of all performing investments, particularly during the latter part of the year. The platform will continue to assist with the sale of some investments to its other investors throughout 2019, and the remaining investments will be run-off.

Princeton Alternative Income Fund

Net Balance at 31 December 2017	Net Balance at 31 December 2018
29,321,483	15,000,000

Subsequent to the year end and as announced on 11 February 2019 the Company is currently estimating a potential recovery of approximately USD 15m from the Princeton bankruptcy. A Princeton further update is provided below.

Canadian SME Lending Platform

Net Balance at 31 December 2017	Net Balance at 31 December 2018
15,919,670	4,974,099

The ongoing review of the platform's operations unfortunately revealed that the platform had not been adequately servicing the loans sold to the Company. To prevent further deterioration of the Canadian SME Lending Platform portfolio, the former Investment Manager temporarily took over the servicing of these investments. These are now serviced directly by the Company. Using the information from the former Investment Manager's direct contact with the borrowers, the Company continued its servicing and re-structuring of payment obligations with individual borrowers whose loans were originated by the platform. These loans are venture loans to mainly small and early stage companies with underdeveloped profit profiles which bear certain risks common to venture lending. The remaining investments are expected to be run off in due course under a variety of collection efforts. Current collection efforts include litigation and realisation of collateral proceeds, restructured pay out terms with longer amortisation, and participation in royalty streams from future company sales to be applied to the outstanding loans.

Equipment Loans Platform

Net Balance at 31 December 2017	Net Balance at 31 December 2018
1,915,580	669,641

Since June 2018, there has been a regular run-off of all performing investments. The remaining investments are expected to be run-off.

EXECUTIVE DIRECTORS' REPORT continued

Investment Portfolio (continued)

Second Consumer Loans Platform

Net Balance at 31 December 2017	Net Balance at 31 December 2018
3,277,167	299,655

Since June 2018, there has been a regular run-off of all performing investments. Platform will try to assist in the sale of some or all remaining loans to its other investors in 2019, and remaining investments (if any) will be run-off.

Invoice Factoring Platform

Net Balance at 31 December 2017	Net Balance at 31 December 2018
1,811,185	175,477

Since June 2018, there has been a regular run-off of all performing investments. The remaining investments are expected to be run-off.

Third SME Loans Platform

Net Balance at 31 December 2017	Net Balance at 31 December 2018
3,853,550	21,296

Since June 2018, there has been a regular run-off of all performing investments. The remaining investments are expected to be run-off.

Consumer Loans Platform

Net Balance at 31 December 2017	Net Balance at 31 December 2018
37,789,106	7,587

From June to October 2018, there has been a regular run-off of all performing investments. In October, all performing loans were sold to a third party which left the non-performing loans to run-off.

EXECUTIVE DIRECTORS' REPORT (continued)

Independent valuation of the portfolio
Duff & Phelps, an independent valuation firm was engaged to perform valuation consulting services on the four largest platforms for the Company's portfolio. This excludes the investment in Princeton, owing to a lack of available information for this investment. The consulting services consisted of certain limited procedures that the Company identified and requested the independent valuation firm to perform.

A copy of the report from Duff & Phelps (the "DP Report") has now been delivered to the Board.

The Company is ultimately and solely responsible for determining fair value of the investments in good faith, and following its review of the report, the values at December 2018 were updated based on the Duff & Phelps valuation with the exception of the Vehicle Service Contract (VSC) platform. The VSC platform, including the holding company loan, was valued taking into consideration the DP Report, the report of another independent third party, and internal credit analysis. Based on a thorough review of the collateral at the VSC enterprise including the holding company loan, it indicates a substantial reduction in collateral security for RDL's outstanding principal amount due to a variety of factors. In order to accurately reflect the risk and the appropriate cost of capital for the portion of the loan that is not directly secured by collateral, the Company has applied a risk adjusted discount rate more appropriate for an unsecured loan, resulting in an impairment to the loan value.

Princeton Update
On 6 November 2018, the United States Bankruptcy Court for the District of New Jersey granted the Company's motion for the appointment of a Chapter 11 Trustee in the bankruptcy cases of Princeton and directed the United States Trustee to appoint a Chapter 11 Trustee. Among other things, the Court found that the existence of irreconcilable conflicts of interest between the Princeton fund and its insider management and the existence of an outstanding claim filed in the cases by the Securities and Exchange Commission required an independent Trustee to be appointed.

The United States Trustee appointed Matthew Cantor as chapter 11 Trustee and the Bankruptcy Court entered an order approving the appointment. Mr. Cantor, the Trustee, is an experienced financial professional and served as Chief Counsel for Lehman Brothers Holdings, Inc. Upon his appointment, the Trustee displaced current management and assumed control over Princeton and its assets. The Trustee has retained legal and financial professionals and is currently evaluating the fund assets and formulating a plan of liquidation. The Company and its legal counsel are working closely with the Trustee to formulate a plan of liquidation and effectuate an orderly recovery of our Shareholders' capital. It is hoped that in the coming months Princeton can exit bankruptcy under a liquidation plan with a liquidation trustee who will oversee distributions to investors and run off the remaining assets.

Subsequent to the year end and based on the information provided to date by the Trustee (which the Company has not been able to independently validate or verify), the Company announced on 11 February 2019 that it was currently estimating a potential recovery of approximately USD 15 million from the Princeton bankruptcy. Prior to this, it had attributed a value of approximately USD 28.5 million to the Company's investment in Princeton in calculating the NAV. Accordingly, the Company resolved to impair the carrying value of its investment in Princeton by a further USD 13.5 million.

The Company emphasises that this remains an unverified estimate and is subject to a number of potential variables, in particular the amount that the Company will recover will be dependent upon the final structure of the creditor and investor waterfall and distribution scheme and the actual net amount available for distribution. A final determination of these issues is not expected for a number of months and it is not possible to predict the precise structure of the distribution scheme which will be approved by the bankruptcy court. In addition, other factors that will impact the Company's ultimate recovery amount include (but are not limited to): the actual recoveries in respect of both performing and delinquent payday loans in the Princeton portfolio - currently these recovery rates are based on assumptions using historic sector benchmarks which may not prove to be accurate in respect of the actual portfolio performance; certain restricted cash balances in the Princeton portfolio may not be released to the Company; no valuation on potential litigation claims has currently been made; and other, unforeseen factors or information may subsequently occur or be discovered. As such, no reliance can be placed on the estimated potential recovery amount and it is likely that such estimate will change in the future as additional information is received from the Trustee.

EXECUTIVE DIRECTORS' REPORT (continued)

Princeton Update (continued)

As referenced in the Chairman's Statement, the Company has been engaged in active discussions with the Trustee regarding the content of a Chapter 11 Plan of Liquidation (the "Plan") proposed by the Trustee. The Plan was filed on 19 April 2019 and provides for the prompt and orderly liquidation of fund assets by approved professionals and the pursuit of possible third-party litigation claims under the direction of a liquidating trustee to be appointed under the Plan. The Plan also contemplates the Company being treated in the same way as other Princeton investors. However, in light of the arbitration findings that have previously been announced by the Company, the Company has agreed with the Trustee that it will be paid USD 2.5 million out of the liquidation proceeds in priority to other investors. This amount will cover part of the costs of the legal proceedings that were incurred by the Company.

Recently, Microbilt Corporation recruited an informal group of minority investors to support its alternative Chapter 11 plan, which is vague in structure and content. Among other things, the Microbilt plan leaves the fund in bankruptcy for an indeterminate period of time. The Company believes that the Microbilt plan is not in the best interest of the Company or other investors. The Company will support the Plan filed by the Chapter 11 Trustee and seek its confirmation before the Bankruptcy Court.

Sector Reporting

As at 31 December 2018, the portfolio (excluding cash and cash equivalents) was diversified across different sectors as follows:

	Allocation		
Sector	*31 Dec 2018*	*31 Dec 2017*	*Change*
Bridge loans to real estate developers	21%	26%	(19%)
Consumer, improving credit	0%	1%	(100%)
Credit lines to finance companies	9%	10%	(10%)
Equipment Financing	0%	1%	(100%)
Factoring	0%	1%	(100%)
Loans to businesses with government grants	3%	6%	(50%)
Loans to consumers with improving credit	0%	13%	(100%)
Loans/advances to small/medium size businesses	45%	33%	36%
Vehicle service contract financing	22%	8%	175%
Consumer Medical	0%	1%	(100%)
Total (excluding cash and cash equivalents)	100%	100%	

EXECUTIVE DIRECTORS' REPORT (continued)

ZDP Update

As of 14 December 2018, the Company held 7,278,193 Zero Dividend Preference Shares ("ZDP Shares") in RDLZ. The Board of the Company has passed a resolution to waive the Company's entitlement to the accrued principal on its ZDP holdings up to 14 December 2018. The calculation of the Cover has been adjusted to deduct 7,278,193 ZDP Shares held by RDL from the total outstanding ZDP Shares to determine the ZDP redemption amount due on 31 July 2021.

This has been reflected in the below calculation of the Estimated ZDP Cover [8].

Ticker	RDLZ
Shares in Issue	45,721,807
Accrued Capital Entitlement (IFRS 9)	£ 1.1184
Accrued Capital Entitlement (legal entitlement without issue cost)	£ 1.1260
Share Price	£ 1.16

As announced on 3 June 2019, a proposal to bring forward the winding up of RDLZ and amend the amounts payable in respect of the ZDP Shares has been proposed. Please see note 25 on page 97.

The Board would like to draw attention to the above Accrued Capital Entitlement calculated in accordance with the IFRS 9 accounting standard. The figure differs from the legal Accrued Capital Entitlement (also shown above) due to the amortisation of issuance costs of approximately £1.1m over the life of the ZDPs.

[8] Cover of the ZDP Shares shall represent a fraction where the numerator is equal to the Net Asset Value of RDL 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. The calculation of the Cover has been adjusted to deduct 7,278,193 ZDP Shares held by RDL from the total outstanding ZDP Shares to determine the ZDP redemption amount due on 31 July 2021.

GROUP STRATEGIC REPORT

Cautionary Statement

This Group Strategic Report has been prepared solely to provide information to Shareholders to assess how the Directors have performed their duty to promote the success of the Company. It has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the Company and its subsidiaries when viewed as a whole.

The Group Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Business Model

The Company is an Investment Trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

Following the Company's announcement on 11 June 2018 that it will move to realise its assets and proceed with the wind-down process, the Company's business model has changed from holding financial assets to collect their contractual cash flows to realising assets, in a prudent manner consistent with the principles of good investment management with a view to returning cash to its Shareholders in on orderly manner. As at 30 June 2018, the carrying value of the financial instruments reclassified from amortised cost to fair value through profit or loss was USD 248,386,018 (notes 3 and 4).

The Directors expect that the process of realisation will result in a transition to voluntary liquidation to preserve the Company's Investment Trust status. The timing of such move is uncertain as the Directors progress the orderly realisation of the portfolio as soon as practicable and with regard to cost efficiency, working capital requirements of the Company and the rights of the ZDP Shareholders.

The Board has formed three working committees to provide the necessary oversight of the Company's Investments.

The first committee, which comprises of Dominik Dolenec, Brendan Hawthorne, Joe Kenary and Brett Miller is responsible for the wind-down and realisation of the Company's existing portfolio (excluding Princeton) with the specific aim of maximising returns for Shareholders. The second committee, which comprises all Board members, has been tasked with management of the Princeton Proceedings and the strategic decisions associated with those proceedings.

The third committee was formed to consider proposals relating to retiring the ZDP Shares issued by the Company's subsidiary, RDLZ. Brendan Hawthorne and Joe Kenary as Directors of RDLZ are not members of this committee. Any final decisions regarding the approach to the investment portfolio and any other proposals to be put to Shareholders are decided by the Board as a whole.

IFM is now the Alternative Investment Fund Manager of the Company (following the termination of Ranger) and is subject to the AIFMD only to the limited extent applicable when a non-EEA Alternative Investment Fund Manager (an "AIFM") offers or markets an EEA Alternative Investment Fund (an "AIF") in the EEA. For the purposes of the AIFMD, the Company is the AIF and IFM is the AIFM.

Outsourced principal service providers include the following:

Function	*Provider*
Alternative Investment Fund Manager	International Fund Management Limited
English and US (as to Securities Law) Legal Adviser	Travers Smith LLP and Sidley Austin LLP
General Accounting and Administration	Sanne Fiduciary Services Limited
Accounting and Servicing	MCA Financial Group
Company Secretarial	Link Company Matters Limited
Company Registrar	Link Asset Services

GROUP STRATEGIC REPORT (continued)

Borrowing policy
As at 31 December 2018, the Company has a loan payable to RDLZ of USD 70,979,233 (2017: USD 73,835,016). In accordance with the Company's investment policy, the Company will not undertake new borrowing other than for short-term working capital purposes. However, in order to facilitate the Company's realisation strategy, the Company will be permitted to purchase RDLZ Shares at the discretion of the Board.

Principal Risks and Uncertainties
There are a number of potential risks and uncertainties which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historical results. The Board of Directors has overall responsibility for risk management and internal control within the context of achieving the Company's new investment objective. The Board agrees the strategy for the Company, approves the Company's risk appetite and monitors the risk profile of the Company.

The Company has a risk map which consists of the key risks and controls in place to mitigate those risks. The risk map, which is reassessed regularly by the Audit Committee, provides a basis for the Audit Committee and the Board to regularly monitor the effective operation of the controls and to update the matrix when new risks are identified. The Board's responsibility for conducting a robust assessment of the principal risks is embedded in the Company's risk map and stress testing. The Board, through delegation to the Audit Committee, undertakes this robust annual assessment and review of the principal risks facing the Company, together with a review of any new risks which may have arisen during the year.

The Company's investment management and administration functions have historically been outsourced to external service providers. In February 2019, Ranger's contract expired, and the Company appointed IFM as its AIFM working with the Board. In addition, the Company continues to rely on external service providers for a number of management and administrative functions. Any failure of any external service provider to carry out its obligations could have a materially detrimental impact on the effective operation, reporting and monitoring of the Company's financial position. This is likely to have an effect on the Company's ability to meet its new investment objective successfully. The Company receives and reviews internal control reports from its key external service providers on an annual basis and receives a third party independently reviewed control report on its Administrator and Registrar. The Audit Committee has reviewed and considered the guidance supplied by the Financial Reporting Council ("FRC") on Risk Management, Internal Control, and Related Finance and Business Reporting. Information regarding the Company's internal control and risk management procedures can be found in the Corporate Governance Statement on pages 34 to 39.

The Board will continue to keep the Company's system of risk management and internal control under review and will continue to ensure that the principal risks and challenges faced by the Group are fully understood and managed appropriately.

An overview of the principal risks and the main uncertainties that the Board considers to be currently faced by the Company are provided below, together with the mitigating actions being taken.

Risks arising due to Managed Wind-Down
In a Managed Wind-Down, the value of the Portfolio will be reduced and concentrated in fewer holdings, and the mix of asset exposure will be affected accordingly.

The Company might experience increased volatility in its Net Asset Value and/or its Share price as a result of possible changes to the Portfolio structure.

The Company's assets may not be realised at their fair market value, and it is possible that the Company may not be able to realise some assets at any value.

Sales commissions, liquidations cost, taxes and other costs associated with the realisation of the Company's assets will reduce the cash available for distribution to Shareholders.

Due to the time it would typically take to repatriate the proceeds from the sale of assets to the UK, it is expected that there could be potentially significant time lags between sales made by the Company and any subsequent returns of capital to Shareholders.

GROUP STRATEGIC REPORT (continued)

Risks arising due to Managed Wind-Down (continued)

The timing and ultimate amount of any returns will be impacted by the tax regimes of the countries in which the Company invests.

The liquidity profile of the Portfolio is such that Shareholders may have to wait a considerable period of time before receiving all of their distributions pursuant to the Managed Wind-Down. During that time, the concentration of the value of the Portfolio in fewer holdings will reduce diversification and the spread of risk. This may adversely affect the Portfolio's performance.

The maintenance of the Company as an ongoing listed vehicle will entail administrative, legal and listing costs, which will decrease the amount ultimately distributed to Shareholders. Although the Board intends to maintain the Company's listing for as long as the Directors believe it to be practicable during the Managed Wind-Down period, the Directors shall immediately notify the Financial Conduct Authority (“FCA”) and may seek suspension of the listing of the Shares pursuant to the requirements of the Listing Rules (which may include Shareholder approval prior to any suspension or de-listing) if the Company can no longer satisfy the continuing obligations for listing set out therein including, but not limited to, the requirements in respect of Shares held in "public hands" (as such phrase is defined in the Listing Rules) and in relation to spreading investment risk, and consequently the listing of the Shares may be suspended and/or cancelled. Once suspended and/or cancelled, the Shares would no longer be capable of being traded on the London Stock Exchange, which would materially reduce market liquidity in the Shares. The Company would also lose its "Investment Trust" tax status in the UK as a result of such suspension or cancellation which may impact on the returns to investors.

It should also be noted that there may be other matters or factors which affect the availability, amount or timing of receipt of the proceeds of realisation of some or all of the Company's investments. In particular, ongoing redemptions will decrease the size of the Company's assets, thereby increasing the impact of fixed costs incurred by the Company on the remaining assets. In determining the size of any distributions, the Directors will take into account the Company's ongoing running costs, however, should these costs be greater than expected or should cash receipts for the realisations of investments be less than expected, this will reduce the amount available for Shareholders in future distributions.

Declarations of dividends will be made at the Directors' sole discretion, as and when they deem that the Company has sufficient distributable reserves available to make a distribution and which complies with the undertakings made to RDLZ and the ZDP Holders. Shareholders, therefore, have little certainty as to whether or not the Company will make a declaration of dividend.

Mitigation

The Board have designated a number of its members as “Executive Directors” who are focused on addressing the risks associated with the Managed Wind-Down.

Legal and compliance risk

Laws applicable to Debt Instruments may govern the terms of such instruments and subject the Company to legal and regulatory examination or enforcement action.

Further, any proceeding brought by the federal or state regulatory authorities to any of the Direct Lending Platforms could result in cases against the Company itself and could affect whether the Debt Instruments are enforceable in accordance with their terms.

Mitigation

To manage this risk the Directors are regularly briefed by the Company’s legal counsel on legal and regulatory developments. Further, regulatory risk is a standing item at Board meetings.

GROUP STRATEGIC REPORT (continued)

Investment risk
The Group has substantial investments remaining in Debt Instruments and the major risks include market and credit risks.

On 22 December 2016, the Company announced the bankruptcy of Argon Credit, LLC (“Argon”) to which it has indirectly provided credit lines through its investment in Princeton.

On 7 November 2018, a chapter 11 Trustee was appointed in relation to the bankruptcy proceedings of Princeton Alternative Income Fund, LP and its former general partner Princeton Alternative Funding, LLC (together, "Princeton").

Based on the information provided to date by the Trustee (which the Company has not been able to independently validate or verify), the Company is currently estimating a potential recovery of approximately USD 15 million from the Princeton bankruptcy.

This remains an unverified estimate and is subject to a number of potential variables, in particular that the amount that the Company will recover will be dependent upon the final structure of the creditor and investor waterfall and distribution scheme and the actual net amount available for distribution.

Link to KPI
Target Return

Mitigation
The number of investments held and sector diversity enable the Group to spread the risks with regard to market volatility, currency movements, revenue streams and credit exposure.

The Company has continued to actively engage with the Trustee and its other advisers in connection with its investment in Princeton.

Taxation risk
As an investment company, the Company needs to comply with sections 1158/1159 of the Corporation Tax Act 2010.

Link to KPI
Total dividends for the year

Mitigation
The Administrator prepares quarterly management accounts which allow the Board to assess the Company’s compliance with Investment Trust conditions. Further, contractual arrangements with third party external service providers are in place, to ensure compliance with tax and regulatory requirements.

Cyber security risk
The Company relies on services provided by its external service providers and is therefore dependent on the effective operation of their systems in place. Likewise, the Company is dependent on the Direct Lending Platforms’ ability to effectively manage vulnerabilities to technological failure and cyber-attacks.

Any weakness in their information security could result in a disruption to the dealing procedures, accounting and payment process.

Mitigation
The Company performs a due diligence review before entering into contracts with any external service provider and also prior to investing in a Debt Instrument. Subsequently, the Company receives a controls performance report such as ISAE 3402 report on key service providers which is subject to the Audit Committee’s review.

GROUP STRATEGIC REPORT (continued)

Brexit risk
The Company has also considered Brexit's current and potential impact on the Company. The majority of the Group's portfolio is denominated in USD and the Company has entered into derivative contracts to manage the exposure to foreign currency on existing assets. Therefore, the Board has concluded that this event does not represent a principal risk to the Company.

Viability Statement
Given the change in Investment Policy and in accordance with the AIC Code, the Directors have assessed the prospects of the Company over its expected realisation timeframe, taking into account the final repayment date of the RDLZ Shares in 2021.

The Company has sufficient liquidity to redeem the ZDP Shareholders at any time.

The Directors also considered the requirement in the Articles of Association (the "Articles") to put a proposal for the continuance of the Company at the AGM in 2020 and have reviewed the potential impact that this may have on the Company's viability.

In their assessment of the viability of the Company, the Directors have considered each of the principal risks and uncertainties above. The Directors have also reviewed the Company's income and expenditure projections and the fact the Company's investments (including those held through the Trust) do not comprise readily realisable securities which can be sold to meet funding requirements if necessary. The Company maintains a risk register for its stress test to identify, monitor and control risk concentration.

The Company has processes for monitoring operating costs, share price discount, compliance with the investment objective and policy, asset allocation, the portfolio risk profile, counterparty exposure, liquidity risk, financial controls and stress-testing based assessment of the Company's prospects.

The Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the Managed Wind-Down period. The Directors note that the Company has sufficient liquidity to repay the ZDP Holders from existing cash reserves without any recourse to further leverage, further details are shown in note 25 to the consolidated financial statements.

Going Concern
As announced on 6 July 2018 and disclosed within the Chairman's Statement on pages 7 to 9, the Board established three new committees that aim to quickly and efficiently wind down the Company. These committees focus on the Princeton proceedings and the associated strategic decisions and the Managed Wind-Down and realisation of the Company's existing portfolio (excluding Princeton) with the specific aim of maximising returns for Shareholders.

The Board are in the process of disposing of the Company's assets in an orderly manner and returning Shareholders' capital to them and fully intend to adequately reimburse the ZDP Shareholders by the end of July 2021, or earlier if an agreement is reached with the ZDP Shareholders.

Given these developments and the intention to wind down the Company, the use of the going concern basis in preparing the financial statements of the Group is not considered to be appropriate. As such the financial statements have been prepared on a basis other than that of a going concern, under which assets are measured at their net realisable value. There were no adjustments made to the carrying values of the assets and liabilities of the Group as a result of this change in the basis of preparation, because the Directors consider the carrying value of assets to approximate their net realisable value.

No provision has been made for the costs of winding up the Company as these will be charged to the income statement on an accruals basis as they are incurred or as the Company becomes obligated to make such payments in the future.

The Directors believe that the Company and Group have adequate resources to continue in operational existence until the anticipated liquidation of the Company. The Board will ensure that sufficient liquidity is held back at all times to ensure all liabilities, including those to ZDP Shareholders are at all times adequately covered.

GROUP STRATEGIC REPORT (continued)

Performance

The table below provides monthly performance information:

Ordinary Shares

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
% NAV	2017	0.87%	0.66%	0.74%	0.60%	0.58%	0.54%	0.41%	0.42%	0.22%	(8.32%)	0.20%	0.48%	(2.95%)
	2018	**0.43%**	**0.31%**	**0.01%**	**0.17%**	**(0.07%)**	**(0.14%)**	**(0.19%)**	**0.13%**	**0.15%**	**(0.26%)**	**(4.36%)**	**(15.71%)**	**(17.00%)**

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Return on Share Price	2017	(0.19%)	1.61%	3.27%	(17.90%)	(5.46%)	(4.61%)	(0.58%)	(5.84%)	4.96%	(4.23%)	(5.91%)	(0.76%)	(31.85%)
	2018	**(5.70%)**	**(3.95%)**	**(0.82%)**	**10.64%**	**(0.87%)**	**0.76%**	**(2.50%)**	**(0.51%)**	**0.52%**	**2.05%**	**(13.82%)**	**(3.79%)**	**(6.82%)**

C Shares

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
% NAV	2017	0.31%	0.46%	-	-	-	-	-	-	-	-	-	-	0.77%
	2018	**-**	**-**	-	-	-	-	-	-	-	-	-	-	**-**

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Return on Share Price	2017	**2.05%**	-	-	-	-	-	-	-	-	-	-	-	2.05%
	2018	**-**	**-**	-	-	-	-	-	-	-	-	-	-	**-**

Premium/Discount

The Board monitors the price of the Company's Ordinary Shares in relation to their NAV and the premium/discount at which the shares trade. The following table shows the premium/discount through the year:

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Premium/ (discount) to NAV at end of each month	**2017**	(12.83%)	(11.00%)	(7.95%)	(22.48%)	(27.47%)	(28.82%)	(28.63%)	(33.16%)	(27.26%)	(24.72%)	(26.51%)	(27.34%)
	2018	**(24.67%)**	**(33.97%)**	**(29.55%)**	**(19.43%)**	**(24.69%)**	**(22.04%)**	**(24.32%)**	**(26.74%)**	**(23.63%)**	**(12.80%)**	**(25.17%)**	**(11.79%)**

Analysis of Key Performance Indicators and Investment Restrictions

The Company's new investment policy calls for an orderly wind-down of the Company's investments with the aim of maximising risk-adjusted IRRs to Shareholders. New investments are restricted only to existing exposures and are subject to a number of pre-conditions.

Indicator	*Criteria*	*As at 31 Dec 2018*
Target Return [8]	12% to 13% unlevered annual net returns to the Company on loan investments	Targeted net annualised returns (after Princeton-Argon impairment) are 10% to 11% to the Company before fund expenses, management and performance fees.
Total dividends for the year	At least 85% of Net Profit	Interim dividends of 85% of Net Profit

[8] This includes return on investments including provision for loan losses but excluding expenses and Investment Manager fees

GROUP STRATEGIC REPORT (continued)

Environmental, Human Rights, Employee, Social and Community Issues

The Company has no employees and the Board consists of Non-Executive and Executive Directors. As an Investment Trust, the Company's own direct environmental impact is minimal, and it has no direct impact on the community and as a result does not maintain specific policies in relation to these matters.

The Company falls outside the scope of the Modern Slavery Act 2015 as it does not meet the turnover requirements under that act. The Company operates by outsourcing significant parts of its operations to reputable professional companies, who are required to comply with all relevant laws and regulations and take account of social, environmental, ethical and human rights factors, where appropriate.

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying investment portfolio.

In carrying out the realisation of the portfolio, the Company aims to conduct itself responsibly and ethically.

Board Diversity

The Board consists entirely of male Directors. A description of the Company's Board diversity is set out in the Directors' Report on pages 27 to 33.

Non-Financial Information Statement

The Board has considered the requirements of the non-financial information statement in accordance with section 414CB of the Companies Act 2006 and do not consider them to be relevant to the Company, it being an Investment Trust with no employees and minimal environmental impact, with the exception of a description of the principal risks and description of the business model. These can be found on pages 18 to 22.

The Group Strategic Report was approved by the Board of Directors on 17 June 2019 and signed on its behalf by:

Dominik Dolenec

Dominik Dolenec
Chairman

GOVERNANCE

Directors

Biographies of the Directors are set out below and demonstrate the relevant range of skills and experience each brings to the Board to execute an orderly wind-down of the Company that maximises Shareholder value.

The Directors of the Company as at 31 December 2018 and the date of this report unless otherwise noted, are as follows:

Dominik Dolenec, Non-Independent Executive Chairman
Mr. Dolenec was appointed at the Company's Annual General Meeting held on 19 June 2018 and was further appointed by the Board as Executive Chairman of the Company on 26 July 2018. Dominik is Managing Partner and Founder of Emona Capital LLP, a London-based investment firm focusing on special situation investments. He has over 20 years of international investment and advisory experience, including complex restructurings, turnarounds, financings and other corporate events.

Mr. Dolenec was appointed to the Audit Committee and the Remuneration and Nomination Committee on 5 July 2018.

Brendan Hawthorne, Independent Non-Executive Director
Mr. Hawthorne was appointed at the Company's Annual General Meeting held on 19 June 2018. Brendan has more than 20 years' experience as a specialist in financial investigations and asset recovery. He has extensive multi-jurisdictional experience including acting as an independent Director of substantial onshore and offshore investment funds. He is a Chartered Accountant and Certified Fraud Examiner. His forensic accounting, asset recovery and litigation experience will be especially helpful in supervising the Princeton assets and recovery process.

Mr Hawthorne was appointed to the Audit Committee and the Remuneration and Nomination Committee on 5 July 2018.

Brett Miller, Non-Independent Executive Director
Mr. Miller was appointed on 6 July 2018 and was further appointed by the Board as an Executive Director on 26 July 2018. Brett currently serves as a Non-Executive Director of a number of listed investment companies and previously served as an executive director of Damille Investments Ltd and Damille Investments II Ltd (both closed end funds listed on the specialist funds segment of the London Stock Exchange). He has considerable experience in corporate finance, corporate governance issues, corporate restructurings and optimising financial capital structures, and has been instrumental in a number of fund realisations in recent years for closed end funds listed on the London Stock Exchange and AIM.

Mr. Miller was appointed to the Remuneration and Nomination Committee on 6 July 2018.

Gregory (Greg) Share, Independent Non-Executive Director
Mr. Share was appointed at the Company's Annual General Meeting held on 19 June 2018. He is Managing Partner and Co-Founder of Ambina Partners, LLC, an investment firm focused on investing in software and financial services companies. Greg also has over 20 years of private equity experience in the U.S. and Europe, which included leadership positions at Moelis Capital Partners LLC, Fortress Investment Group LLC and Madison Dearborn Partners, LLC where he focused on the software and financial services sectors.

Mr. Share was appointed to the Remuneration and Nomination Committee on 5 July 2018 and the Audit Committee on 2 April 2019.

Joseph (Joe) Kenary, Non-Independent Executive Director
Mr. Kenary was appointed as Non-Independent Executive Director on 4 December 2018 and was further appointed by the Board as an Executive Director on 15 January 2019. He graduated from Harvard College in 1986 and also holds an MBA from UCLA Anderson School of Management. Joe began his career in private equity investing and subsequently developed significant direct lending experience as the first employee of Capitalsource Inc., a commercial finance business that evolved to become a publicly traded commercial bank with assets in excess of USD 10 billion. He was also a senior executive of Alliance Partners, a US based asset manager and commercial lender that specialised in the acquisition and management of commercial loans for community banks.

GOVERNANCE (continued)

Directors (continued)

Nick Paris, Non-Independent Non-Executive Director
Mr. Paris was appointed as Non-Independent Non-Executive Director on 20 May 2019. Nick is a Fellow of the Institute of Chartered Accountants in England and Wales, a Member of the Chartered Alternative Investment Analysts Association and a Fellow of the Chartered Institute for Securities & Investment. He has more than 30 years' experience in closed end funds. In his career he has developed significant expertise in analysing, launching and investing in such funds and he has acted as an independent non-executive Director of a number of stock exchange listed funds. He is currently a portfolio manager within the LIM Advisors Group which as at the date of this report, owns approximately 25% of the Company's outstanding shares making it the largest Shareholder in the Company.

DIRECTORS' REPORT

The Directors are pleased to present their report and the audited consolidated financial statements of the Group and Company for the year ended 31 December 2018.

In accordance with the Listing Rules and the Disclosure Guidance and Transparency Rules, the Directors' Report and the Corporate Governance Statement on pages 34 to 39 should be read in conjunction with one another, and the Strategic Report. As permitted, some of the matters normally included in the Directors' Report have instead been included in the Group Strategic Report (pages 18 to 24) as the Board considers them to be of strategic importance.

Directors
The Directors in office as at 31 December 2018 and at the date of this Report and the dates of their appointment are shown on pages 25 to 26. Further details regarding the retirement, selection and appointment of Directors, including the Company's position on diversity can be found on page 24.

The rules concerning the appointment and replacement of Directors are set out in the Company's Articles of Association (the "Articles"). There are no agreements between the Company and its Directors concerning any compensation for their loss of office. The Articles themselves may be amended by special resolution of the Shareholders.

During the year, no Director had a material interest in a contract to which the Company was a party (other than their own letter of appointment), requiring disclosure under the Companies Act 2006, with the exception of K Scott Canon and Dominik Dolenec. Please see page 31 for further details.

As at the date of this report, none of the Directors held any Ordinary Shares in the capital of the Company.

Current Share Capital
As at 31 December 2018 and as at the date of this Report, the Company had 16,122,931 Ordinary Shares of GBP 0.01 each in issue, all of which are admitted to the official list maintained by the Financial Conduct Authority and admitted to trading on the London Stock Exchange. No shares were held in treasury during the year or at the year end. During the year, there were no purchases of Ordinary Shares made by the Company.

The rights attaching to the Company's Ordinary Shares are set out in the Company's Articles. Further details are shown in note 10 to the consolidated financial statements.

The Shareholders granted the Directors the following authorities at the Annual General Meeting of the Company held on 18 June 2018 until the forthcoming Annual General Meeting of the Company:

- authority to allot equity securities up to an aggregate nominal value of GBP 16,122.93, being approximately 10% of the Company's issued share capital, on a non-pre-emptive basis; and
- authority to make market purchases of up to 2,416,827 Ordinary Shares, representing 14.99% of the Company's issued share capital.

Resolutions to renew the above authorities in respect of the allotment (and associated pre-emption approvals) and buyback of Ordinary Shares will be sought at the 2019 AGM on 12 July 2019.

DIRECTORS' REPORT (continued)

Substantial Shareholdings
In 2018, the Company had been informed of the following notifiable interests of 3% or more in the Company's voting rights in accordance with Disclosure Guidance and Transparency Rule 5.1.2:

Shareholder	*Number of Ordinary Shares*	*Percentage holding*
LIM Asia Special Situations Master Fund Limited and LIM Asia Multi-Strategy Fund Inc.	3,905,679	24.22
Oaktree Capital Management	2,992,000	18.56
Invesco Limited	2,417,825	14.99
City Financial Investment Company Ltd	787,885	4.89
Artemis Investment Management LLP	666,881	4.14
Almitas Capital LLC	520,635	3.23

The following changes have been notified to the Company between 31 December 2018 and the date of this report:

Shareholder	*Number of Ordinary Shares*	*Percentage holding*
LIM Asia Special Situations Master Fund Limited and LIM Asia Multi-Strategy Fund Inc. (3 January 2019)	4,155,679	25.77
Oaktree Capital Management (1 May 2019)	3,102,674	19.24
Invesco Limited (16 January 2019)	1,887,566	11.70
Almitas Capital LLC (17 January 2019)	970,635	6.02
Garraway Capital Management LLP (28 March 2019)	996,161	6.18
City Financial Investment Company Ltd (28 March 2019)	0	0

The Bank of Montreal and Aviva plc and its subsidiaries reduced their shareholdings below the 3% threshold on 3 April 2018 and 23 February 2018 respectively.

Share Issues and dis-application of pre-emption rights
At the AGM held on 19 June 2018, the Directors were granted the authority to allot Ordinary Shares up to an aggregate nominal amount of £16,123 representing approximately 10% of the issued Ordinary Share Capital as at 16 May 2018 for cash on a non-pre-emptive basis. No Ordinary Shares have been issued during the year under this authority.

This authority is due to expire at the Company's Annual General Meeting to be held on 12 July 2019. Proposals for the renewal of these authorities will be proposed at this meeting and if approved by Shareholders will be in place until the following Annual General Meeting in 2020. Details will be contained in the notice of Annual General Meeting.

Purchase of Own Shares
At the AGM held on 19 June 2018, the Directors were granted the authority to buy back up to 2,416,827 Ordinary Shares, being 14.99% of the Company's issued share capital. No Ordinary Shares have been brought back under this authority.

This authority is due to expire at the Company's Annual General Meeting to be held on 12 July 2019. Proposals for the renewal of the authority will be proposed at this meeting. Details will be contained in the notice of Annual General Meeting.

The authorities to allot new Ordinary Shares, dis-apply pre-emption rights and for the Company to purchase its Ordinary Shares will only be used if the Directors believe it is in the best interests of the Company.

No Shareholders were given management fee rebates during the year (2017: three Shareholders). The Board are committed to ensuring that all Shareholders are treated fairly.

DIRECTORS' REPORT (continued)

Transfer of Shares
The Company's Ordinary Shares are freely transferable. Under the Company's Articles, all transfers of shares may be effected in any form acceptable to the Board.

The Board may refuse to register any transfer of shares which are not fully paid unless such discretion may prevent dealings in the shares of that class from taking place on an open and proper basis. The Board may also refuse to register any transfer of shares unless:

- the instrument of transfer is in respect of only one class of share;
- the transfer is not in favour of more than four persons jointly; and
- when submitted for registration, the transfer is accompanied by the relevant share certificates and such other evidence as the Board may reasonably require.

There are no agreements between holders of securities regarding their transfer known to the Company and no agreements which the Company is party to that might affect its control following a successful takeover bid.

If the Board refuse to register a transfer of shares, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.

Restrictions on Voting
A member is not entitled to vote unless all calls due from that member have been paid. In addition a member is also not entitled to attend or vote at meetings of the Company in respect of any Ordinary Shares held in relation to which such member or any other person appearing to be interested in such shares has been duly served with a notice after failure to provide the Company with information concerning the interest in those shares required to be provided under section 793 of the Companies Act 2006. No Ordinary Shares carry any special rights with regard to the control of the Company and there are no restrictions on voting rights for either share class.

Dividends
The declaration of interim dividends can be made at the Directors' sole discretion, as and when they deem that the Company has sufficient distributable reserves available to make a distribution, however, the Board does not intend to make quarterly dividends, other than when required to maintain its investment trust status.

For the year ended 31 December 2018, the Company declared dividends of 85.00% (2017: 91.83%) of its earned distributable income.

Dividend Policy
As advised to Shareholders in the Company's circular dated 29 October 2018, the Board does not intend to make quarterly dividends and will instead make payments by way of ad-hoc special dividends, where appropriate, during the course of the managed wind-down process so that the Company is able to return available cash to Shareholders as soon as reasonably practicable after cash becomes available in the portfolio whilst ensuring compliance with its obligations to RDLZ and the ZDP Shareholders.

Interest Distributions
In accordance with Regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15% of its profit (as calculated for UK tax purposes) in respect of an accounting period.

Financial Risk Management
The principal financial risks and the Company's policies for managing these risks are set out in note 18 to the financial statements.

Charitable and Political Donation
No political or charitable donations were made during the year (2017: none).

DIRECTORS' REPORT (continued)

Branches outside the UK
The Company's registered office is at 6th Floor, 65 Gresham Street, London EC2V 7NQ and neither the Company nor RDLZ has established any branches outside the UK.

Board of Directors' Independence and Conflict of Interest
The Company's procedures for dealing with conflicts of interest are set out in the Articles. These provide that the Directors may authorise any actual or potential conflict of interest that may arise, with or without imposing any conditions that they consider appropriate on the Director. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and in such circumstances they are not counted in the quorum. A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any interest in the business to be discussed before the start of each Board meeting. The Board are satisfied that the procedures in place are adequate.

Board of Directors' Indemnity
The Company has entered into contractual indemnities with each of the Directors pursuant to the Company's Articles and these remain in force. Alongside these indemnities, the Company also provides Directors' and Officers' liability insurance cover for each Director.

Compensation for Loss of Office
The Company does not have arrangements with any Director that would provide compensation for loss of office or resulting from a takeover.

Corporate Governance
The Corporate Governance Statement on pages 34 to 39 forms part of the Report of the Directors.

Disclosure of Information to the Auditor
Each of the persons who is a Director at the date of approval of this Report confirms that:
(a) so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
(b) he has taken all reasonable steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to ensure that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor
Deloitte LLP have confirmed their willingness to continue in office as auditor in accordance with Section 489 of the Companies Act 2006. The Company is satisfied that Deloitte LLP is independent and there are adequate safeguards in place to safeguard its objectivity. Resolutions for its reappointment as the Company's auditor and for the audit committee to determine its remuneration will be proposed at the forthcoming AGM.

Related Party Transactions
Details of related party transactions are given in note 16 to the consolidated financial statements.

DIRECTORS' REPORT (continued)

Requirements of Listing Rule 9.8.4
These disclosures are made in respect of the financial period to which this annual report relates.

A statement of the amount of interest capitalised by the Company during the period under review with an indication of the amount and treatment of any related tax relief	The Company has not capitalised any interest in the year under review.
Any information required in relation to the publication of unaudited financial information	Not applicable
Details of any long-term incentive schemes	A new incentive bonus scheme was introduced for the Company's Board following Shareholder approval on 16 November 2018. Please refer to the Directors' Remuneration Report on pages 43 to 48.
Details of any arrangements under which a Director of the Company has waived or agreed to waive any emoluments from the Company	Mr Canon, who served as a Director until 18 June 2018, waived his remuneration. Please refer to the Directors' Remuneration Report on pages 43 to 48. Mr Hawthorne has agreed to waive his participation in the Company's bonus scheme.
Details of any pre-emptive issues of equity not for cash	Not applicable
Details of parent participation in a placing by a listed subsidiary	Not applicable
Details of any contract of significance with the Company in which a Director is or was materially interested	Mr Canon, who served as a Director until 18 June 2018, was interested in the Investment Management Agreement. A summary of the principal terms of the Investment Management Agreement are set out in note 17 to the consolidated financial statements.
Details of any contract of significance between the Company (or one of its subsidiaries) and a controlling Shareholder	Not applicable
Details of waiver of dividends by a Shareholder	Not applicable
Board statement in respect of relationship agreement with the controlling Shareholder	Not applicable

DIRECTORS' REPORT (continued)

Annual General Meeting
The Annual General Meeting of the Company will be held on 12 July 2019 and the Company will send to Shareholders a Notice of Annual General Meeting, alongside this Annual Report, and within the required notice period.

Copies of the Director's letters of appointment will be available for Shareholders' review 15 minutes prior to and during the Annual General Meeting.

Significant Agreements
The Company is not party to any significant agreements which take effect after or terminate upon a change of control of the Company, nor has the Company entered into any agreements with its Directors to provide for compensation for loss of office as a result of a takeover bid.

Closed-ended Investment Company
The Company is a closed-ended investment company. As a closed-ended investment company there are no redemption rights for Shareholders.

Alternative Investment Fund Managers Directive ("AIFMD")
The Company is categorised as an externally managed EEA domiciled Alternative Investment Fund ("AIF") for the purposes of the AIFMD.

Since IFM is a non-EEA Alternative Fund Manager ("AIFM"), it is only subject to the AIFMD to the limited extent that it markets an EEA AIF in the EEA. Accordingly, it is only required to make certain financial and non-financial disclosures and, in particular, is not required to comply with Article 9(7) of the AIFMD which relates to maintenance of professional indemnity insurance or additional capital to cover professional liability risks.

Future Developments
In 2019, the Board will continue to realise remaining assets and return the proceeds to its Shareholders. It will also continue to streamline management and other administrative costs. With this in mind, the Board may delist the Company's Ordinary Shares in the future.

Post Balance Sheet Events
As announced on 11 January 2019, the International MCA Platform was refinanced and paid off such promissory notes as were issued by the Company pursuant to the terms of the Company's Master Loan Agreement. As of 11 January 2019, the effective date of the refinancing and payoff, the outstanding obligations of the International MCA Platform, including principal, interest and reimbursable expenses, amounted to approximately USD 38 million the entirety of which has been paid to the Company (at par).

As announced on 11 February 2019, the Board agreed to impair the carrying value of its investment in Princeton by USD 13.5m and is currently estimating a potential recovery of approximately USD 15 million from the Princeton bankruptcy.

The Company's IMA with Ranger was terminated with effect from 12 February 2019. The Company has appointed IFM as its replacement Alternative Investment Fund Manager with effect from 12 February 2019.

As announced on 12 April 2019, following a thorough review of the collateral in respect of the loan facilities extended to the Vehicle Services Contract ("VSC") platform, which includes a loan to the holding company, the review indicated a substantial reduction in collateral security for the Company's outstanding principal amount due to a variety of factors. In order to accurately reflect the risk and the appropriate cost of capital for the portion of the loan that is not directly secured by collateral, the Company has applied a risk adjusted discount rate which is considered appropriate for an unsecured loan, resulting in an impairment to the loan value. As a result, an additional reserve of approximately USD 9 million to reflect the estimated impairment to the loan value has been recognised as at 31 December 2018. The combined balance of the two loans on the VSC platform as at 31 December 2018 was USD 48,484,720. The total fair value balance after the impairment charge is therefore USD 39,375,565. Restructuring efforts are continuing.

Nick Paris was appointed as a Director of the Company with effect from 20 May 2019.

DIRECTORS' REPORT (continued)

Post Balance Sheet Events (continued)

On 22 May 2019, the Directors approved the payment of a dividend of USD 21.71 cents (GBP 17.14 pence) per Ordinary Share at a total amount of USD 3,500,000. The dividend will be paid in July 2019 and charged from revenue reserves.

As announced by the Company on 3 June 2019, the ZDP Committee of the Company and the Board of RDLZ have finalised the terms of a proposal (the "Proposal") pursuant to which, subject to required approvals by holders of RDLZ's ZDP Shares (the "ZDP Shareholders"):

- the Company and the Board of RDLZ will take the steps necessary to place RDLZ into a members' voluntary winding up on the new ZDP Repayment Date, which will be 20 June 2019; and
- ZDP Shareholders will receive a Final Capital Entitlement of 121.8887 pence per ZDP Share (the "Revised Final Capital Entitlement").

The Proposal is conditional upon the approval by ZDP Shareholders of special resolutions at a class meeting. A circular (the "Circular") convening such a class meeting of ZDP Shareholders to be held on 20 June 2019 (the "ZDP Class Meeting") to consider, and if thought fit, approve the special resolutions required to implement the Proposal has been published and sent to the ZDP Shareholders.

The Company and the Board of RDLZ have received undertakings to vote in favour of the resolutions to be proposed at the ZDP Class Meeting from holders of approximately 64.5 per cent. of the total number of ZDP Shares in issue. The Company does not propose to vote the 7,278,193 ZDP Shares held by it in relation to the Proposal, representing approximately 13.7 per cent. of the total number of ZDP Shares in issue.

As a result of the above early repayment, the Group is expected to incur a realised loss on the ZDP Shares of $3 million.

This Report was approved by the Board of Directors on 17 June 2019.

Dominik Dolenec

On behalf of the Board
Dominik Dolenec
Chairman

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement forms part of the Directors' Report.

Statement of Compliance

The Listing Rules require that the Company must "comply or explain" against the UK Corporate Governance Code. In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report 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.

In applying the main principles set out in the UK Corporate Governance Code (the "UK Code"), the Directors have considered the principles and recommendations of the AIC Code published in July 2016 by reference to the AIC Guide (which is available at www.theaic.co.uk). The AIC Code, as explained in the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code) will provide better information to Shareholders.

The Board, with the assistance of the Company Secretary, will be undertaking a full review of its governance against the 2019 version of the AIC Code, published in February 2019, to reflect revision to the UK Corporate Governance Code made in July 2018, which applies to our financial year commencing 1 January 2019, and we will report further in due course.

The Directors recognise the value of the AIC Code and have taken appropriate measures to ensure that during the year, the Company has complied and continues to comply, so far as possible given that the Company is in a managed wind-down, with the AIC Code, except as set out below:

1. The Chairman is not independent. Mr Dolenec's appointment was requisitioned by Shareholders. He is deemed non-independent due to his connection with Oaktree. This was considered by the Board (with Mr. Dolenec abstaining), on 5 July 2018, The Board resolved that Mr. Dolenec's interest in the agreement between Emona Capital LLP and Oaktree be authorised for the purposes of section 175 of the Companies Act 2006 and Article 170.

2. A majority of the Board is not independent of executive management. This is due to the number of Directors that have had to take on executive responsibilities in 2018 due to the position of the Company and the oversight of its ongoing wind-down.

3. A Board evaluation has not been undertaken during the year given the relatively short history of the new Board. This will be reviewed in 2019. The Board has separately considered each Director's independence.

4. The Board has not stipulated a maximum term for any directorship, given the Company is in wind down.

5. In view of the size of the Company and that the Company is in a managed wind-down, the Directors have determined that, the Board does not warrant the appointment of a Senior Independent Director. The Board will keep this under review.

6. New Directors appointed within the period have not undertaken a formal induction process, however those Directors undertaking an executive function met with representatives of the former investment manager prior to their termination.

7. The Chairman is a member of the Audit Committee, notwithstanding that he is considered non-independent. The Board consider this to be appropriate given his experience.

8. Given that the Company is in a managed wind-down, which is being overseen by the Executive Directors and supported by external third-parties, the Board concluded that an internal audit function is not considered necessary. Details of the Company's outsourced principal service providers are detailed on page 18. This is reviewed annually.

CORPORATE GOVERNANCE STATEMENT (continued)

The Board and its Committees
Throughout 2018, the Board had delegated certain responsibilities to its Audit, Management Engagement and Remuneration and Nomination Committees. The roles and responsibilities of the Committees are set out in the appropriate terms of reference available on the Company's website, https://rdlrealisationplc.co.uk/documents.

The Board may also delegate certain functions to other parties. However, the Directors retain ultimate responsibility for exercising overall supervision of the portfolio and wind-down of the Company. Approval of the half-yearly report, announcements, dividends and the annual report are also reserved for the Board.

As reported on page 18, there are three Board committees to assist with the managed wind-down of the Company. The first committee, comprised of Dominik Dolenec, Brendan Hawthorne, Joe Kenary and Brett Miller is concerned with the Managed Wind-Down and realisation of the Company's existing portfolio (excluding Princeton) with the specific aim of maximising returns for stakeholders. This committee is also responsible for conducting an in-depth review of the Company's service providers and their contractual agreements as well as other corporate matters.

The second, the Princeton Committee comprises all Board members, except Nick Paris and oversees the recovery of the Princeton investment and associated litigation.

The ZDP Committee, the third committee, consists of Dominik Dolenec, Brett Miller and Gregory Share only. Since Brendan Hawthorne and Joe Kenary are Directors of RDLZ, they are not members of the ZDP Committee.

Audit Committee
The Company's Audit Committee, comprising of Brendan Hawthorne, Gregory Share and Dominik Dolenec, meets formally twice a year. Further to the resignation of Jonathan Schneider from the Board in November 2018. Brendan Hawthorne was appointed the chairman of the Audit Committee.

The Audit Committee:

(1) monitors the integrity of the financial reporting process;

(2) monitors the effectiveness of the Company's internal control and risk management systems;

(3) monitors the annual statutory audit process; and

(4) reviews and monitors the independence and objectivity of the Company's auditor in particular in relation to the auditor's provision of additional services to the Company.

The report from the Audit Committee is set out on pages 40 to 42.

Management Engagement Committee
This committee was chaired by Christopher Waldron until his resignation on 18 June 2018, Brendan Hawthorne subsequently chaired the committee subsequent to the year end, until Gregory Share was appointed Chairman of the Committee by the Board. The primary purpose of the Company's Management Engagement Committee, amongst other things, was the review of the actions and judgements of Ranger and also the terms of the Investment Management Agreement and continuing appointment of Ranger. Given the termination of Ranger as investment manager, the Management Engagement Committee is now solely responsible for the annual and ongoing review of the performance of the Company's key service providers, including its now AIFM, IFM.

The members of the Management Engagement Committee are Brendan Hawthorne and Gregory Share and this Committee sits alongside the working committee as detailed in the announcement to the market on 6 July 2018, which undertakes review of the Company's service providers.

The Management Engagement Committee met on six occasions during 2018. The committee met once post the year-end.

CORPORATE GOVERNANCE STATEMENT (continued)

Remuneration and Nomination Committee
The purpose of the Company's Remuneration and Nomination Committee, amongst other things, is to consider the framework and policy for the remuneration of the Directors pursuant to the Articles and to review the structure, size and composition of the Board. Please see the Remuneration Report on pages 43 to 48. Further to the resignation of Jonathan Schneider from the Board in November 2018, the committee was chaired by Brendan Hawthorne. Subsequent to the year-end, Gregory Share was appointed chairman of the committee.

Company Secretary
The Board has direct access to the services provided by the Company Secretary, Link Company Matters Limited, which is responsible for ensuring that the Board and Committee procedures are followed. The Company Secretary is also responsible for ensuring timely delivery of information and reports and that certain statutory obligations, such as compliance with the Companies Act 2006, the UKLA Listing Rules and Disclosure Guidance and Transparency Rules, are met. Further, the Company Secretary is responsible for advising the Board on all UK governance related matters.

Administrator
The Board appointed Sanne Fiduciary Services Limited ("Sanne") to provide day-to-day administration and accounting services to the Company. In its capacity as administrator, Sanne maintains accounting records and provides financial reports such as the monthly net asset value statements and the semi-annual and annual financial statements to the Board.

The Board of Directors
The Directors in office as at 31 December 2018 and the date of this Report are listed on pages 25 to 26.

Dominik Dolenec and Gregory Share were appointed at the AGM on 19 June 2018 by requisition of Oaktree Nominees, ("Oaktree") one of the Company's largest Shareholders as at the date of this report. Dominik Dolenec is a representative of Oaktree on the Board and has an advisory agreement in place with Oaktree. In March 2019, Gregory Share resigned from the board of a separate company managed by Oaktree. The Directors re-considered Gregory's independence and deem him to be an independent Non-Executive Director on the basis that he no longer has any links to Oaktree and holds no shares in the Company. Brendan Hawthorne was also appointed at the AGM on 19 June 2018 by requisition of LIM Asia Special Situations Master Fund Limited ("LIM"), although he has no connection with LIM and holds no shares in the Company and is thus an Independent Non-Executive Director.

Brett Miller and Joe Kenary were appointed by the Directors on 6 July 2018 and 4 December 2018 respectively. No external search consultancy nor open advertising was used in respect of these appointments. Brett Miller was recommended for appointment in consultation with one of the Company's largest Shareholders and was deemed independent at the time of his appointment. Following his appointment as an Executive Director, however, Brett Miller is no longer deemed to be independent. The Board as a whole undertook the recruitment for the appointment for Joe Kenary. Following a shortlisting of candidates by the Board, based on agreed key criteria, the Board conducted interviews of these candidates and Joe Kenary was selected as the preferred candidate based on his significant experience in credit and restructuring. Joe is also based in the US. The Board undertook this responsibility as opposed to the Remuneration and Nomination Committee to facilitate a timely process.

Nick Paris was appointed by the Directors on 20 May 2019 following a request from LIM, the Company's largest Shareholder as at the date of this report. No external search consultancy nor open advertising was used in respect of these appointment. The Remuneration and Nomination Committee considered the request from LIM and subsequently recommended the appointment of Nick to the Board for approval.

CORPORATE GOVERNANCE STATEMENT (continued)

The Board of Directors continued
Directors who also served in office during the year under review were as follows:
Jonathan Schneider (Independent) appointed on 2 April 2015, resigned on 12 November 2018
K. Scott Canon (Non-Independent) appointed on 25 March 2015, resigned on 19 June 2018
Christopher Waldron (Chairman) (Independent) appointed on 2 April 2015, resigned on 19 June 2018
Dr Matthew Mulford (Independent) appointed on 2 April 2015, resigned on 19 June 2018

As at the date of this report, the Board therefore consists of three Non-Executive Directors, two of whom are deemed independent by the Board and three Executive Directors. No one individual has unfettered powers of decisions made by the Board.

Letters of appointment and re-election of Directors
The terms and conditions of the appointment of the Directors are formalised in letters of appointment, copies of which are available on request from the Company Secretary. Directors are not entitled to any compensation for loss of office.

All Directors' appointments are subject to election by the Shareholders at the AGM following their appointment by the Board.

Any term renewal is subject to Board review and AGM re-election. The Company's Articles stipulate that all new Directors shall retire and offer themselves for re-appointment at the relevant AGM every three years. However, in line with good practice the Board has decided that all Directors will stand for re-election on an annual basis.

The Board believes that the Directors have the requisite skills, expertise and experience to lead the managed wind-down of the Company and demonstrate commitment to their role. The Board hereby recommends that Shareholders vote in favour of the proposed re-appointments.

In making any new appointment the Board will consider a number of factors, but principally the skills and experience that will be relevant to the managed wind down and that will complement the existing Board members.

Conflicts of Interest
The Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possible conflict, with the interests of the Company. There is in place a formal system for the Board to consider authorising such conflicts, whereby the Directors who have no interest in the matter decide whether to authorise the conflict and any conditions to be attached to such authorisations.

Chairman and Senior Independent Director
The Chairman, Dominik Dolenec is responsible for leadership of the Board and ensuring its effectiveness. The Chairman sets the Board's agenda and allows adequate time for discussion of all agenda items. Mr. Dolenec (through Emona Capital LLP) is party to an advisory agreement with Oaktree pursuant to which he is entitled to receive both (a) a fixed retainer fee and (b) a performance fee which is directly linked to the IRR on Oaktree's investment in the Company. With Mr. Dolenec abstaining, on 5 July 2018 the Board resolved that Mr. Dolenec's interest in the agreement between Emona Capital LLP and Oaktree be authorised for the purposes of section 175 of the Act and Article 170. The Board takes the view that the agreement further incentivises Mr. Dolenec to drive Shareholder value for the benefit of all Shareholders in the Company.

Following feedback from three of the Company's largest Shareholders, Dominik Dolenec was appointed as Chairman of the Company on 26 July 2018.

In view of the Company's size and ongoing Managed Wind-Down, the Board do not consider it necessary to appoint a Senior Independent Director. This will be kept under review.

CORPORATE GOVERNANCE STATEMENT (continued)

Board Meeting Attendance for the Year
The Board met regularly during the year with additional meetings and teleconferences arranged as necessary. During the year to 31 December 2018, the number of Board and Committee meetings attended by each Director is detailed below.

	Number of Meetings			
Directors	*Scheduled Quarterly Board*	*Audit Committee*	*Management Engagement Committee*	*Remuneration and Nomination Committee*
Dominik Dolenec*****	2/2	1/1	-	-
Brendan Hawthorne*****	2/2	2/2	-	-
Brett Miller****	2/2	-	-	-
Greg Share*****	2/2	-	-	-
Joe Kenary***	1/1	-	-	-
Christopher Waldron*	2/2	1/1	6/6	1/1
K Scott Canon*	2/2	-	-	-
Jonathan Schneider**	2/2	2/2	5/6	1/1
Dr Matthew Mulford*	2/2	1/1	5/6	1/1

* resigned on 19 June 2018
** resigned on 12 November 2018
*** appointed on 4 December 2018
**** appointed on 6 July 2018
*****appointed on 19 June 2018

Additional meetings were held during the year by those Directors available to attend in respect of strategic planning, investment portfolio reviews and dividend declarations.

Board's Performance Evaluation
The Directors are aware of the need to continually observe and improve performance and recognise this can be achieved through regular Board evaluation, which provides a valuable feedback system for improving Board effectiveness. However, given the relatively short history of the new Board, it was agreed that a Board evaluation was not required for 2018. Consideration will be given in 2019 as to whether a Board evaluation will take place.

Independence of Directors
In accordance with the AIC Code, the Board has reviewed the independent status of each of the Non-Executive Directors.

The Board considers Brendan Hawthorne to be an Independent Non-Executive Director given that he has no connection with any of the Company's Shareholders, holds no shares in the Company and has excluded himself from participating in the Company's bonus scheme.

Since the year end, the Board have agreed that Gregory Share is considered an Independent Non-Executive Director given that he no longer has a connection with Oaktree, one of the Company's largest Shareholders and holds no shares in the Company.

Nick Paris in considered non-independent due to his connection with LIM. All other Directors are considered non-independent due to their executive responsibilities.

CORPORATE GOVERNANCE STATEMENT (continued)

Relations with Shareholders
The Company encourages two-way communication with both its institutional and private investors and aims to respond quickly to queries raised. All Shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM, which will be circulated to all registered Shareholders with at least twenty-one days' notice of the AGM, sets out the business of the meeting and an explanation of each proposed resolution. Separate resolutions are proposed in respect of each substantive issue.

Shareholders are encouraged to attend the AGM and to participate in the proceedings. The Chairman of the Board and other members of the Board will be available to answer Shareholders' questions at the AGM. Proxy voting figures will be available to Shareholders at the AGM.

The Directors are available to enter into dialogue and correspondence with Shareholders regarding the progress of the managed wind down and performance of the Company.

Shareholders may contact the Board by email on info@rdlrealisationplc.co.uk or by post at its registered office address.

The Chairman is in regular communications with the Company's largest Shareholders. Other Directors, where appropriate, communicate with Shareholders and in the case of Nick Paris who is a Non-Executive Director, due to his association with the Company's largest Shareholders.

Voting at the 2018 AGM
Further to the 2018 AGM, at which the proposed appointment of Eric Long to the Board received a significant number of Shareholder votes against; therefore the resolution was not passed and he was not appointed to the Board.

Risk Management and Internal Control review
The Board, through the Audit Committee has considered the FRC guidance on risk management, internal control and related financial and business reporting. The Board is responsible for ensuring the maintenance of a robust system of internal control and risk management and for reviewing the effectiveness of the Company's overall internal control arrangements and processes following recommendations from the Audit Committee. Such systems are however designed to minimise the risk and not entirely eliminate risk; they can provide only reasonable and not absolute assurance against material misstatement or loss.

Further details on principal risks and internal control can be found in the Group Strategic Report on pages 18 to 24.

Board Diversity
At the end of the financial year, the Company had six male Directors. The Remuneration and Nomination Committee considered the current structure, size and composition of the Board taking into account the challenges and opportunities facing the Company. The Committee and the Board are committed to diversity at Board level and are supportive of increased gender diversity but recognise that it may not always be in the best interest of Shareholders to prioritise this above other factors. The policy of the Committee is to consider appointments to the Board of Directors in the context of the requirements of the business, its need to have a balanced and effective Board and succession planning. Gender and diversity are considered by the Committee and are taken into account when evaluating the skills, knowledge and experience desirable to fill each vacancy, but all appointments to the Board are made on merit. The Committee has not set any measurable objectives in respect of this policy.

On behalf of the Board

Dominik Dolenec

Dominik Dolenec
Chairman
17 June 2019

AUDIT COMMITTEE REPORT

(This Audit Committee Report forms part of the Corporate Governance Report)

Composition
Following the changes to the composition of the Board, the Audit Committee comprises of Brendan Hawthorne as Chairman, Dominik Dolenec and Gregory Share. The Committee is made up of the three independent Non-Executive Directors, who have relevant experience across the sector, and the Company's non-independent Executive Chairman. Brendan Hawthorne is a Chartered Accountant and Certified Fraud Examiner and has significant experience in accounting and corporate financial matters.

Responsibilities
The Audit Committee monitors the integrity of the consolidated financial statements of the Company including its annual and half-yearly reports. It is also responsible for making recommendations to the Board on both the appointment of the external auditor and monitoring the external auditor's effectiveness and independence. In addition, the Audit Committee shall advise the Board on whether, in its opinion, the Company's Annual Report and consolidated financial statements, taken as a whole, is fair, balanced and understandable.

The Audit Committee is aware of and is monitoring the changes to the AIC Code; the UK Corporate Governance Code and EU legislation relating to appointment of auditors, restrictions on the non-audit services provided by external auditors and the fees they receive. The Company has agreed a revised policy for non-audit services, which has been updated as required in line with statutory and regulatory requirements.

The key responsibilities and principal activities of the Audit Committee as identified in its terms of reference and other than as mentioned above are as follows:

- to monitor the integrity of the consolidated financial statements of the Company, including its annual and half-yearly reports and any other formal announcements relating to its financial performance, and to review significant financial reporting issues and judgements which they contain;
- to review and challenge where necessary the consistency or adoption of significant accounting policies both on a year on year basis and (as applicable) across the Company;
- to review the content of the Annual Report and consolidated financial statements and decide on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy;
- to assess annually the external auditor's independence and objectivity and the effectiveness of the audit process taking into account relevant UK law, professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services; and
- to arrange for periodic reviews of its own performance against KPIs and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary.

As the Company has no employees, the Company does not have a whistleblowing policy and procedure in place. Accordingly, the Audit Committee will review the whistleblowing procedures of its external service providers to ensure that the concerns of its staff may be raised in a confidential manner.

Based on its review, the Audit Committee is satisfied that representatives of the external service providers have sufficient whistleblowing procedures and no compliance and regulatory findings, or any breaches reported in the Board meetings during the year.

AUDIT COMMITTEE REPORT (continued)

Meetings
The Audit Committee meets formally at least twice a year at appropriate intervals in the financial reporting and audit cycle. Further meetings will take place should the Chairman of the Audit Committee or other members require. Only the Audit Committee members have the right to attend and vote at these meetings, however others may be invited on a regular basis, including the representative of the external auditors. A formal review of the auditors by the Committee was undertaken during the year, further details of which can be found on page 41.

Primary areas of judgement in relation to the Annual Report and consolidated financial statements
The Audit Committee has considered the significant judgements made in the Annual Report and consolidated financial statements and receives reports from the external service providers and the external auditor on those judgements. The Audit Committee pays particular attention to the matters it considers to be important by virtue of size, potential impact, complexity and level of judgement.

The principal activities undertaken by the Audit Committee for the year were as follows:

- reviewed the Company's Report for the financial year ended 31 December 2018 and the related results announcement and the Half-Yearly Report to 30 June 2018;
- reviewed and discussed with the auditor their findings from the audit of the financial year ended 31 December 2018 and the effectiveness of the external audit process; and
- reviewed the effectiveness of the risk management systems and internal controls of the Company and related reports from other third-party providers.

Auditor Review
The Audit Committee has met with the audit team and has assessed Deloitte LLP's performance.

The lead audit engagement partner is Garrath Marshall, who has been the lead partner since Deloitte LLP's appointment in April 2015. The Audit Committee received a report and supporting presentation from Deloitte LLP on its audit of the consolidated financial statements for the year. The Audit Committee considered and discussed the Annual Report, with special attention to the considerations included above and concluded that it is fair, balanced and understandable.

Audit Fees
An audit fee of USD 202,216 has been agreed in respect of the group audit for the financial year ended 31 December 2018 (2017: USD 156,881).

External Audit and Non-Audit Services
In accordance with the requirements of the AIC Code and recent changes to the EU regulatory framework, the Company will ensure that the external audit contract is put out to tender at least every 10 years from the appointment date of the current auditors. Therefore, an audit tender will be undertaken no later than April 2025.

Deloitte LLP presented the detailed audit plan to the Audit Committee on 11 November 2018 and held various discussions and presented a number of papers to the audit committee prior to the completion of the audit. The plan sets out the audit scope, the significant audit risks the Company faces, Deloitte LLP's position on audit independence, materiality (as described in the external auditor's report on pages 53 and 60), proposed timetable and audit fees. Following the completion of the 2018 audit, the Audit Committee reviewed Deloitte LLP's effectiveness by:

- discussing the overall risk-based audit process and the audit procedures taken to address the identified significant audit risks;
- considering feedback on the audit provided by the Administrator; and
- considering the experience, involvement of specialists and continuity of the audit team, including the audit partner.

AUDIT COMMITTEE REPORT (continued)

The Audit Committee has considered the significant risks identified by the audit team during the half-yearly review report and re-considered the applicability in the audit of the consolidated financial statements for the year. The feedback provided by the Administrator regarding the audit team's performance on the audit is positive. The Audit Committee acknowledged that the audit team, including the audit partner, comprised staff with appropriate levels of knowledge and experience of the Investment Trust sector. Accordingly, the Audit Committee has recommended to the Board that Deloitte LLP be re-appointed as Auditor at the forthcoming AGM. Deloitte LLP has confirmed its willingness to continue in office.

Certain non-audit services may be provided by the external auditor including those identified in note 7 of the consolidated financial statements, subject to the level of fees involved, which are not considered to impair the external auditor's independence or objectivity. The Audit Committee considered the safeguards in place to protect the external auditor's independence by taking into account Deloitte LLP's report to the Audit Committee that it had considered its independence in relation to the audit and confirmed to the Audit Committee that its objectivity has not been compromised. The Audit Committee agreed that the following services are prohibited from being provided by the external auditor: taxation services not directly relevant to the audit, bookkeeping, payroll administration services, management functions, executive recruiting and human resource services, broker-dealer services, expert services unrelated to their audit function, including legal, internal control, valuation and actuarial services. This list may also include any service the Audit Committee determines is not permissible.

Independence and objectivity of the Auditor
Having considered the Auditor's independence in respect of the year ended 31 December 2018, the Audit Committee is satisfied with the Auditor's performance, objectivity and independence.

Internal Audit
The Audit Committee has determined that there is no need for an internal audit function given the size of the Company and in view that it is in a managed wind-down.

The Audit Committee Report was approved by the Board of Directors on 17 June 2019.

On behalf of the Board

Brendan Hawthorne
Chairman of the Audit Committee

DIRECTORS' REMUNERATION REPORT

Statement from the Chairman of the Remuneration and Nomination Committee
This Directors' Remuneration Report for the year ended 31 December 2018 has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ("Schedule 8"). In addition to the Remuneration and Nomination Committee Chairman's Annual Statement, this Report also comprises the Annual Report on Remuneration.

In principle, the Annual Report on Remuneration explains the payments made to the Directors during the year. The Annual Report on Remuneration, including this Annual Statement, is subject to an advisory vote at the Company's AGM. An ordinary resolution for this vote will be put to Shareholders at the forthcoming AGM. Any views expressed by Shareholders on the remuneration being paid to Directors will be taken into consideration by the Committee and the Board.

During the year ended 31 December 2018, the annual fees were set at the rate of £50,000 for each Director. In addition, the Executive Directors were paid £15,000 per month. Post year-end, this was increased to £22,500 per month with effect from 26 January 2019, this being the maximum level in accordance with the Remuneration Policy adopted by the Company on 16 November 2018. This increase was agreed as a result of the time commitment and level of work being undertaken by the Executive Directors.

In addition to the annual fees, the Directors are entitled to receive a bonus based on the returns received by the Company on its investments which will be subject to review by the Board if the circumstances of the Company change. The Board considers that a scheme which is based on the actual returns achieved by the Company will incentivise the Board and substantially align the interests of the Directors with those of the Company and its Shareholders. Brendan Hawthorne has excluded himself from participating in the bonus scheme. Further details on the bonus scheme can be found on page 50.

The Board may resolve to increase some or all of these fees in the future in the event that the Company becomes a small, internally managed Investment Trust for the purposes of the AIFM Directive following the end of Ranger's notice period as investment manager of the Company provided that such fees (including any fees payable to any employees recruited by the Company in such circumstances) would be less than the fees that would have been payable had the Investment Management Agreement with Ranger not been terminated.

During the year under review, the Board have assisted the Remuneration and Nomination Committee and have:

- revised the Remuneration Policy as outlined in the circular to Shareholders dated 29 October 2018; and
- reviewed the Board's composition to ensure it has an appropriate balance of skills, diversity, experience, knowledge and independence.

Post the year-end, the Remuneration and Nomination Committee met once to consider and recommend the appointment of Nick Paris to the Board.

Composition
The Remuneration and Nomination Committee is comprised of Gregory Share as Chairman, Dominik Dolenec, Brett Miller and Brendan Hawthorne.

The Board considers it appropriate for Dominik Dolenec and Brett Miller to be members of the Committee as they are not involved in determining their own fees.

Under the terms of their appointment, each of the Directors are required to retire by rotation and seek re-election at least every three years. However, as outlined in the Corporate Governance Report, in line with good practice the Board has decided that all Directors will stand for re-election on an annual basis. Each Director's appointment under their respective letter of appointment is terminable by either party (the Company or the Director) giving three months' written notice. Upon termination, Directors are not entitled to any compensation and shall only be entitled to such fees as may have been accrued to the date of termination. If the Board considers it appropriate to appoint a new Director, the new Director's remuneration will comply with the remuneration policy in force at the date of their appointment.

DIRECTORS' REMUNERATION REPORT (continued)

Composition (continued)
The Remuneration and Nomination Committee will have regard to the following principles when agreeing the components of a remuneration package upon the recruitment of a new Director:

- in order to facilitate the future success of the Company it is important that the Company is able to recruit Directors of the calibre required to deliver its strategic priorities. Although the Company operates in a highly competitive market for executive talent, the committee remains conscious of the need to avoid paying more than is necessary on recruitment;
- the committee will, so far as practical, seek to align the remuneration package for any incoming executive with the remuneration policy table set out below;
- on recruitment salaries will be set to take into account role and responsibilities. For interim positions a cash supplement may be paid rather than salary (for example a Non-Executive Director taking on an executive function on a short-term basis); and
- the maximum level of variable remuneration which may be granted is in line with the aggregate maximums set out in the policy table.

The Directors are each entitled to serve as Non-Executive Directors on the boards of other companies and to retain any earnings from such appointments.

Remuneration Policy

At the General Meeting held on 16 November 2018, the Shareholders approved the Remuneration Policy and it will remain in force until the Company is dissolved, or in the event the Company has not been dissolved by the time of the annual general meeting due to be held in June 2021, until June 2021, at which time a further policy will be proposed.

The Remuneration Policy seeks to align the interests of the Board with those of the Company and to incentivise the Directors to help the Company to achieve its investment objective. The approved policy is available for inspection by Shareholders in the circular dated 29 October 2018, a copy of which can be found on the Company's website at www.rdlrealisationplc.co.uk and is reproduced in full on pages 49 to 50.

Shareholder voting on Remuneration
At a General Meeting held on 16 November 2018, a resolution was passed by the Company to approve the Directors' Remuneration Policy. At the 2018 AGM held on 19 June 2018, an advisory resolution was proposed by the Company to approve the Directors' Remuneration Report for the year ended 31 December 2017. The votes cast by proxy at the 2018 General Meeting and 2018 Annual General Meeting were as follows:

	Number of votes for	%	Number of votes against	%	Votes Withheld
Approval of the Remuneration Policy	10,829,624	94.19	667,670	5.81	1,585
Approval of the Remuneration Report	12,424,593	93.95	231,280	1.75	569,340

This Remuneration Report will be subject to an advisory Shareholder vote at the AGM to be held on 12 July 2019.

Consideration of Shareholder views
The Company recently consulted Shareholders on Remuneration matters when a binding resolution to approve the existing Directors' Remuneration Policy was approved by Shareholders at a General meeting of the Company held on 16 November 2018.

DIRECTORS' REMUNERATION REPORT (continued)

Relative importance of Spend on Pay

The following table shows the audited remuneration of the Directors in relation to dividend distributions to Shareholders:

	1 Jan 2018 to 31 Dec 2018 (GBP)	**1 Jan 2018 to 31 Dec 2018 (USD)**	*1 Jan 2017 to 31 Dec 2017 (GBP)*	*1 Jan 2017 to 31 Dec 2017 (USD)*
Total Directors' remuneration	**362,169**	**472,095**	82,158	106,855
Total dividends in respect of the year	**46,467,742**	**59,921,119**	17,169,281	20,555,314

Directors' remuneration and Share interests

The total audited remuneration of the Directors for the year was as follows:

2018	*Non-Executive Directors'*	*Non-Executive Directors'*	*Executive Directors'*	*Executive Directors'*	*Total Remuneration*	*Total Remuneration*
	Fee	*Fee*	*Fee*	*Fee*	*Amount*	*Amount*
Director	*(GBP)*	*(USD)*	*(GBP)*	*(USD)*	*(GBP)*	*(USD)*
Dominik Dolenec	40,972	53,112	60,000	76,944	100,972	130,056
Brendan Hawthorne	24,024	30,978	-	-	24,024	30,978
Brett Miller	40,803	52,872	60,000	76,944	100,803	129,816
Gregory Share	24,024	30,977	-	-	24,024	30,977
Joe Kenary	3,699	4,714	-	-	3,699	4,714
Christopher Waldron	34,000	45,826	-	-	34,000	45,826
Dr Matthew Mulford	28,334	38,188	-	-	28,334	38,188
Jonathan Schneider	46,313	61,540	-	-	46,313	61,540
K Scott Canon	-	-	-	-	-	-
Total	**242,169**	**318,207**	**120,000**	**153,888**	**362,169**	**472,095**

2017	*Non-Executive Directors' Fee*	*Non-Executive Directors' Fee*	*Total Remuneration Amount*	*Total Remuneration Amount*
Director	*(GBP)*	*(USD)*	*(GBP)*	*(USD)*
Christopher Waldron*	29,969	38,976	29,969	38,976
Dr Matthew Mulford*	24,969	32,477	24,969	32,477
Jonathan Schneider**	27,220	35,402	27,220	35,402
K Scott Canon#	–	–	–	–
Total	**82,158**	**106,855**	**82,158**	**106,855**

Mr Canon, as a Non-Independent Director (until his resignation on 19 June 2018) had agreed to waive any entitlement to an annual fee in respect of his Directorship. Total amount reimbursed to Mr Canon as at 31st December 2018 was USD nil (2017: USD nil).
*Resigned on 19 June 2018
**Resigned on 12 November 2018

DIRECTORS' REMUNERATION REPORT (continued)

Statement of implementation of Remuneration Policy in respect of the financial year ended 31 December 2018 and financial year ending 31 December 2019

For the year ending 31 December 2018
Between 1 January 2018 and 15 November 2018, all matters relating to the Directors' remuneration had been decided in accordance with the prospectus of the Company published in relation to its IPO. Further to the approved remuneration policy at the Company's General Meeting held on 16 November 2018, all Directors were paid in accordance with the revised remuneration policy. In 2018, the Directors (other than Scott Canon who has waived his entitlement to an annual fee) were entitled to be paid a fee.

For the year ending 31 December 2019
The Remuneration and Nomination Committee will review Directors' fees during the financial year.

Directors' Remuneration and Share Interests
There are no pension arrangements in place for the Directors of the Company. Accordingly, there were no other items in the nature of remuneration, pension entitlements or incentive scheme arrangements which were paid or accrued to the Directors during the year.

Mr Waldron, until his resignation on 19 June 2018 had an interest in the Company in the form of 3,500 Ordinary Shares, representing 0.03% interest in the total voting rights as shown in the table below, until his resignation on 19 June 2018, Mr Canon indirectly owned 630 shares in the Company as a limited partner of Ranger Capital Company, which in turn is a limited partner of Ranger who owns 4,501 Ordinary Shares as at 31 December 2018. The current Directors do not have any interests in the Company's shares, nor is there any requirement under the Company's Articles of Association or letters of appointment for Directors to hold shares in the Company.

The interests of the Directors in the shares of the Company, as at 31 December 2018 and 2017 are as follows:

2018

Director	*Nature of Interest*	*Number of Ordinary Shares of GBP 0.01 each*
Dominik Dolenec	none	-
Brendan Hawthorne	none	-
Brett Miller	none	-
Gregory Share	none	-
Joe Kenary	None	-
Christopher Waldron*	Beneficial	3,500
Dr Matthew Mulford*	-	-
Jonathan Schneider *	-	-
K Scott Canon *	Indirect	630

*Up to their respective resignation dates

2017

Director	*Nature of Interest*	*Number of Ordinary Shares of GBP 0.01 each*
Christopher Waldron	Beneficial	3,500
Dr Matthew Mulford	-	-
Jonathan Schneider	-	-
K Scott Canon	Indirect	630

DIRECTORS' REMUNERATION REPORT (continued)

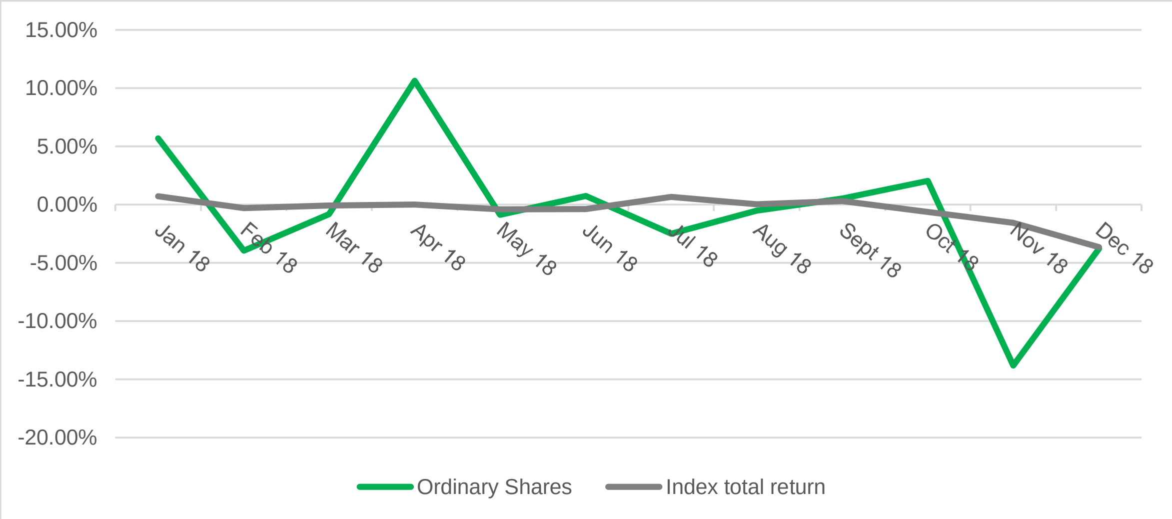
Directors' Remuneration and Share Interests (continued)
During the year no remuneration was received by any Director in a form other than cash. Furthermore, no payments were made for loss of office.

During the year, the following Directors, who served part way during the year, received the following additional fees in respect of additional work undertaken by these Directors in respect of the management review:

Christopher Waldron (resigned 19 June 2018)	£20,000
Jonathan Schneider (resigned 12 November 2018)	£18,167
Dr Matthew Mulford (resigned 19 June 2018)	£16,667

Expenses
The Directors are entitled to reimbursement of all reasonable and properly documents expenses directly incurred in the performance of their duties.

Performance
The following graph compares the Company's Ordinary Shares and C Shares total returns with the S&P/LSTA U.S. Leveraged Loan 100 Index ("Index") on a total return basis in US Dollar. The Index was selected for comparison purposes as it is the Company's benchmark used for investment performance monitoring.



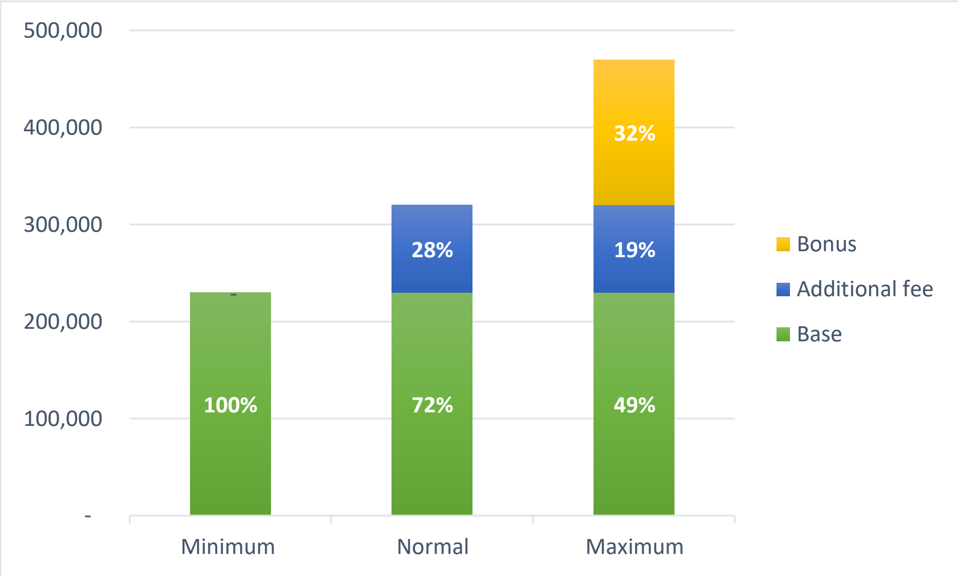
The Directors hold their office in accordance with the Articles and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The Directors have a letter of appointment. The letters of appointment contain no entitlements to termination payments or loss of office. On termination of appointment, a Director is only entitled to such fees as may be accrued to the date of termination.

The Company does not have any employees. As the Company has no employees, the process of consulting with employees on the setting of the Remuneration Policy is not relevant.

DIRECTORS' REMUNERATION REPORT (continued)

Executive Directors

The following chart illustrates the application of the remuneration components under the new policy reflecting the maximum possible remuneration based on performance outcomes:



This is based on the following assumptions:

- the maximum shows the total remuneration receivable for maximum performance under the bonus incentive scheme
- the below threshold is based on fixed pay only which includes salary (there are no pension allowances or taxable benefits); and
- the performance measures relate to a one-year period.

The Directors' Remuneration Report was approved by the Board of Directors on 17 June 2019 and signed on its behalf by the Remuneration and Nomination Committee Chairman:

Gregory Share
Chairman of the Remuneration and Nomination Committee

REMUNERATION POLICY

Position	Annual Fee Level	Purpose	Operation	Opportunity	Recovery of sums/withholding of payments
Chairman	£50,000	To reflect competitive market rates for each role, and the commitment and contribution expected from each Director.	The Chairman and other Non-Executive Directors receive a basic fee for their respective roles, which is increased for any additional services required of them (e.g. performing an executive role). All fees are payable in cash, but Directors may elect to apply the cash amount of their fee to subscribe for or purchase Ordinary Shares.	Basic annual fees may be reviewed annually, provided at all times the total fees payable to Directors are paid in accordance with this New Remuneration Policy. Executive fees are fixed at £15,000 per month until 26 January 2019. Thereafter, the Board may increase (subject to a monthly cap of £22,500), decrease or reduce these executive fees to zero having regard to Directors' expected ongoing time commitment.	As described in the Directors' bonus scheme.
Chairman of the Audit Committee	£50,000				
Non-Executive Director	£50,000				
Executive Director	Variable				

In all cases, the Board may resolve to increase the level of fees payable to Directors in the event that the Company becomes a small, internally managed Investment Trust for the purposes of the AIFM Directive, provided that such fees (including any fees payable to any employees recruited by the Company in such circumstances) would be less than the fees that would have been payable had the existing Investment Management Agreement not been terminated. Any fees paid to any employees recruited in such circumstances would also be consistent with market rates for similar investment management activities.

In addition to the annual fees described above, the Directors are entitled to receive a bonus based on the returns received by the Company on its Investments which will be subject to review by the Board if the circumstances of the Company change. The Board considers that a scheme which is based on the actual returns achieved by the Company will incentivise the Board and substantially align the interests of the Directors with those of the Company and its Shareholders.

REMUNERATION POLICY (continued)

The base bonus pool for Directors is £250,000 and the pool available will be calculated based on the returns achieved by the Company using the Microsoft Excel XIRR function. Accordingly, if the XIRR is:

- less than 5 per cent. no bonus will be payable;
- greater than or equal to 5 per cent. but less than 10 per cent., the base bonus pool of £250,000 will be payable to the Directors;
- greater than or equal to 10 per cent. but less than 15 per cent., two times the base bonus pool (that is £500,000) will be payable to the Directors; and
- greater than or equal to 15 per cent., three times the base bonus pool (that is, £750,000) will be payable to the Directors.

It is intended that the incentive bonus pool will be divided equally between the Directors, subject to the discretion of the Board.

The XIRR will be calculated using with reference to a share price of 800p (being the Company's share price as of the date of the Annual General Meeting held on the 19 June 2018) and converted into USD using an exchange rate of 1.3178 (being the exchange rate quoted by Intercontinental Exchange on that date). All distributions and cash flows to Shareholders will be exchanged into USD at corresponding historic exchange rates published by Intercontinental Exchange.

Once 80 per cent. of the Company's Gross Assets (as per the June 2018 monthly NAV report) have been realised or written off, the Directors will calculate the projected XIRR likely to be achieved once all of the Investments have been realised or written off. Based on that forecasted XIRR, the Board will be entitled to be paid half of the bonus pool applicable at that forecasted XIRR.

Immediately prior to the dissolution of the Company, or when substantially all of the Investments of the Company have otherwise been returned to Shareholders, the Directors will be entitled to receive the second half of the bonus pool. At the time of the second bonus payment, if the actual realised XIRR is in excess of the XIRR band in respect of which the original bonus payment was made, the Directors will be entitled to receive a catch-up payment. If however, the actual XIRR is less than the XIRR band in respect of which the original bonus payment was made, the Company will be entitled to claw back any excess payment which was received by the Board.

The Directors shall not be entitled to any other fixed or variable remuneration (save as set out above). The Directors may elect to apply the cash amount equal to their annual fee to subscribe for or purchase Ordinary Shares. The Directors hold their office in accordance with the Articles and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The retirement, disqualification and removal provisions relating to the Directors (in their capacity as Directors) are summarised in paragraph 3(m) of Part VII of the Company’s prospectus dated 14 April 2015 issued in connection with the IPO.

Reimbursement of costs and expenses

The Directors shall also be entitled to be repaid by the Company 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 the Company (including any business class airfares for transatlantic travel). 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 Company shall consider whether it would be reasonable to pay Directors any additional fees or bonuses as a result of Directors undertaking additional work outside the ordinary scope of their duties (such as work required due to any material corporate action or fund raising).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and financial statements in accordance with United Kingdom applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these financial statements, the Directors are required to:

- properly select and apply accounting policies consistently;
- make judgement and estimates which are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business. As explained in note 2 to the financial statements, the Directors do not believe the going concern basis to be appropriate for the preparation of the financial statements of the Group and accordingly the financial statements of the Group have not been prepared on a going concern basis. No provision has been made for the costs of winding up the Company as these will be charged to the income statement on an accruals basis as they are incurred or as the Company becomes obligated to make such payments in the future.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with relevant laws and regulations, and for ensuring that the Annual Report includes information required by the Disclosure and Transparency Rules of the UK Listing Authority.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's and Stock Exchange websites. Legislation in the UK governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

Responsibility statement

We, the Directors listed on pages 25 to 26, being the persons responsible, hereby confirm to the best of our knowledge that:

- the financial statements, have been prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial positions and profit or loss of the Group and the Company; and
- the Group Strategic Report and the Executive Director's Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties the Company faces.

The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's and Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 17 June 2019 and is signed on behalf of the Board.

Dominik Dolenec

Dominik Dolenec
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RDL REALISATION PLC (FORMERLY RANGER DIRECT LENDING FUND PLC)

Report on the audit of the financial statements

Qualified opinion

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report:

- **the financial statements of RDL Realisation Plc (formerly known as Ranger Direct Lending Fund Plc) give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's and the parent company's loss for the year then ended;**
- **the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;**
- **the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and**
- **the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.**

We have audited the financial statements which comprise:

- the consolidated and parent company statements of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for qualified opinion

1. Limitation of scope in respect of the investment in Princeton

As described on page 8 the directors have been unable to provide us with sufficient appropriate audit evidence in relation to the investment in Princeton recorded at a value of $15.0 million. We were unable to obtain sufficient appropriate audit evidence regarding this investment by using other audit procedures. The audit report was qualified in the 2 previous years in respect of the same matter.

Princeton filed for bankruptcy in the USA in March 2018. On November 7, 2018, the United States Bankruptcy Court for the District of New Jersey granted the Company's motion for the appointment of a chapter 11 Trustee in the bankruptcy cases of Princeton and directed the United States Trustee to appoint a chapter 11 Trustee. Further information is provided in the Chairman's Statement on page 8.

2. Disagreement in respect of the estimation of fair value of non-current loan investments held at fair value through profit or loss

The balance of non-current loan investments (financial assets held through profit or loss) was $122.8m (excluding the Princeton equity investment which was held at a valuation of $15.0m).

In estimating the fair value of a number of these investments, management used valuation reports provided by an external expert and made adjustments to the valuations where they considered this to be appropriate.

In order to assess the fair values of these investments, we used internal valuation specialists to form an independent estimation of the fair values based on cash flow forecasts provided by management, discounted at an appropriate rate. In our opinion, the fair value of these investments should be increased by $1.8m and the loss for the year and the unrealised capital losses should be decreased by $1.8m. This misstatement is the net effect of valuation differences identified over several investments; the absolute values of the individual differences ranged up to $1.4m.

We reported to the Audit Committee that there is a weakness in internal control relating to the valuation of loan investments, as, in our opinion, management's estimation was not sufficiently precise in several instances to identify a material misstatement.

Basis of qualified opinion (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of non-current loan assets held as investments at fair value through profit and loss; and • Valuation of investment in the Princeton fund (see the basis for qualified opinion section above).
Materiality	The materiality that we used in the current year was \$1.2 million (2017: \$2.1 million) which was determined on the basis of 1% of net assets.
Scoping	We performed a full scope audit on 2 (2017: 2) components as identified in the prior year. Together, this accounts for 100% (2017: 100%) of the Group's income and 100% (2017: 100%) of the Group's loss before tax.
Significant changes in our approach	Following the announcement in June 2018 that the Company would move to realise its assets and proceed with a wind down process, the group reclassified its loan investments from financial assets held at amortised cost to financial assets held at fair value through profit or loss. As a result, we removed one of our key audit matters, being valuation of investments held at amortised cost. In addition, given the reduction in factoring income in the year, we no longer considered accuracy of factoring income to be a key audit matter. We also identified an additional key audit matter relating to the estimation of fair value of non-current loan investments held at fair value through profit or loss (see the basis for qualified opinion section above).

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 19-22 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 19 that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 22 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

We are also required to report whether the directors' statement relating to going concern and the prospects of the group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Apart from the two matters described in the Basis for qualified opinion section above, we have not determined any other matters to be key audit matters.

Our application of materiality

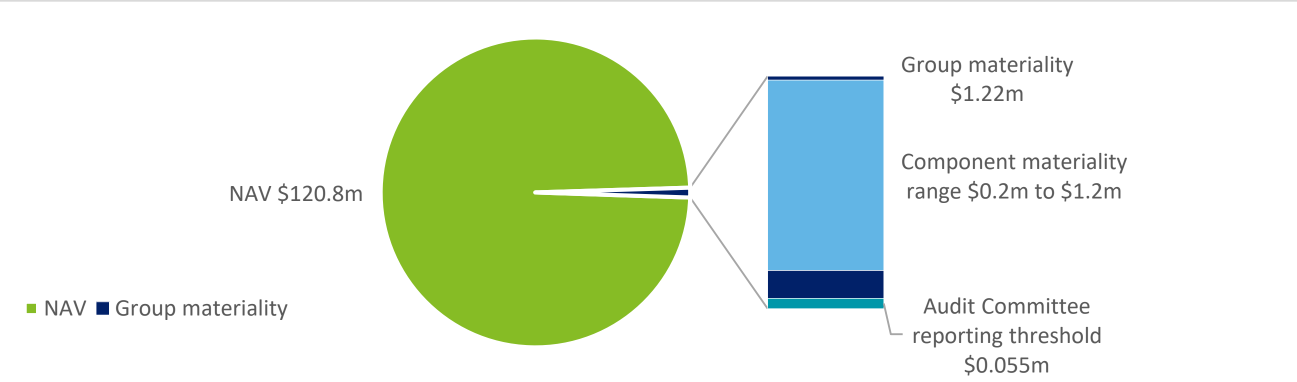
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Our application of materiality (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$1,221,000 (2017: $2,157,000)	$1,209,000 (2017: $2,135,000)
Basis for determining materiality	1% of net asset value (NAV)	1% of NAV, capped at 99% of group materiality
Rationale for the benchmark applied	Group and parent company financial statements: As the investment objective of the Group is primarily to achieve a net return from investments during the orderly wind down of the Group, we consider the net assets of the Group to be a key performance indicator for shareholders. Partner judgement was applied in the determination of an appropriate percentage. The materiality was significantly reduced during the year due to the net asset value reduction linked to the wind down strategy mentioned above.	



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $55k (2017: $107k) for the group and $50k (2017: $106k) for the parent company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

For the purposes of scoping our group audit, we determined two key audit components:

1. RDL Realisation Plc, the parent company which includes financial information relating to RDL Fund Trust Trust which is used to hold a number of the group's investments; and

2. RDLZ Realisation Plc, a subsidiary of RDL Realisation Plc that was incorporated to raise funds for the wider group to realise its investment objectives. For this we performed separate risk assessment procedures based on the component's activities.

These components account for all of the operations and net assets as represented within the group financial statements. A full scope audit has been performed for both components directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

As described in the basis for qualified opinion section of our report, our audit opinion is qualified in relation to the valuation of investments.

This is also not disclosed in the Executive Directors' report or the Strategic report and accordingly we have concluded that the other information is materially misstated for the same reason.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's responsibilities for the audit of the financial statements (continued)

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of the Alternative Investment Fund Manager, the Company Secretary, external legal counsel, the administrator and the Audit Committee, including obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team and involving relevant internal specialists, including tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the valuation of investments at fair value through profit or loss.
- obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the group. The key laws and regulations we considered in this context included the UK Companies Act, the Listing Rules and the Investment Trust regime within the meaning of Chapter 4 of part 24 of the Corporation Tax Act 2010.

Audit response to risks identified

As a result of performing the above, we identified valuation of investments held at fair value through profit or loss as a key audit matter. In addressing the potential risk of fraud in this area, we reviewed and challenged the valuation reports provided by the directors' expert in estimating the fair value of the loan investments, agreed material inputs to underlying supporting documentation and challenged the other valuation adjustments made by management.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of the Alternative Investment Fund Manager, the Company Secretary, external legal counsel, the administrator and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Statement pursuant to section 837(4) of the Companies Act 2006

Respective responsibilities of directors and the auditor

In addition to their responsibilities described above, the directors are also responsible for considering whether the group, subsequent to the balance sheet date, has sufficient distributable profits to make a distribution at the time the distribution is made.

Our responsibility is to report whether, in our opinion, the subject matter of our qualification of our auditor's report on the group financial statements for the year ended 31 December 2017 is material for determining, by reference to those financial statements, whether distributions proposed by the company are permitted under section 830, section 831 and section 832 of the Companies Act 2006. We are not required to form an opinion on whether the company has sufficient distributable reserves to make the distribution proposed at the time the distribution is made.

Opinion on proposed distributions

In our opinion the subject matter of the above qualification is not material for determining by reference to these financial statements whether any distributions of not more than $60,000,000 in aggregate as may be proposed by the company (being an amount with sufficient headroom for the Company to pay dividends over the next 12 months) are permitted under section 830, section 831 and section 832 of the Companies Act 2006.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit except for the effects of the matters discussed in the basis of qualified opinion section of our report:

- the information given in the strategic report and the executive directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Except for the effects of the matters described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the executive directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the board of directors in April 2015 to audit the financial statements for the period ending 9 April 2015 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 financial periods covering the periods ending 9 April 2015 to 31 December 2018.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Garrath Marshall, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
17 June 2019

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	*2018*	*2017*	*2018*	*2017*
ASSETS		*Group*		*Company*	
Non-current assets		*(USD)*		*(USD)*	
Financial assets at fair value through profit or loss	3	**137,806,709**	29,621,483	**4,974,099**	300,000
Loans held at amortised cost	4	**-**	250,993,296	**-**	50,793,341
Deferred tax asset	12	**-**	80,669	**-**	80,669
Investment in subsidiaries	6	**-**	-	**195,784,147**	195,780,355
Total non–current assets		**137,806,709**	**280,695,448**	**200,758,246**	**246,954,365**
Current assets					
Financial assets at fair value through profit or loss	3	**38,307,954**	-	**38,307,954**	-
Derivative assets	13	**412,297**	1,110,329	**412,297**	1,110,329
Amounts owed by subsidiary undertakings	16	**-**	-	**6,434,803**	44,712,526
Receivable from broker		**5,825,498**	-	**5,825,498**	-
Advances to/funds receivable from direct lending platforms	5	**908,917**	3,782,916	**-**	-
Prepayments and other receivables		**790,379**	192,635	**790,382**	101,488
Cash and cash equivalents	15	**35,634,844**	9,699,799	**20,809,196**	1,304,277
Total current assets		**81,879,889**	**14,785,679**	**72,580,130**	**47,228,620**
TOTAL ASSETS		**219,686,598**	**295,481,127**	**273,338,376**	**294,182,985**
Non-current liabilities					
Zero dividend preference shares	9	**65,180,787**	76,222,019	**-**	-
Amounts due to subsidiary undertaking	16	**-**	-	**126,059,851**	73,835,016
Total non-current liabilities		**65,180,787**	**76,222,019**	**126,059,851**	**73,835,016**
Current liabilities					
Accrued expenses and other liabilities	8	**32,154,477**	2,619,586	**30,825,243**	1,335,155
Income tax liability		**1,508,612**	290,496	**1,270,363**	-
Derivative liabilities	13	**6,101**	545,126	**6,101**	545,126
Total current liabilities		**33,669,190**	**3,455,208**	**32,101,707**	**1,880,281**
TOTAL LIABILITIES		**98,849,977**	**79,677,227**	**158,161,558**	**75,715,297**
NET ASSETS		**120,836,621**	**215,803,900**	**115,176,818**	**218,467,688**
SHAREHOLDERS' EQUITY					
Capital and reserves					
Share capital	10	**427,300**	427,300	**427,300**	427,300
Share premium account	10	**40,346,947**	40,346,947	**40,346,947**	40,346,947
Other reserves	10	**156,922,734**	204,225,570	**156,922,734**	204,225,570
Revenue reserves		**1,421,278**	4,484,858	**8,737,669**	8,647,515
Realised capital profits		**(76,365,105)**	(30,035,108)	**(72,020,922)**	(36,982,537)
Unrealised capital losses		**(2,475,418)**	(3,480,486)	**(19,236,910)**	1,802,893
Foreign currency translation reserves		**558,885**	(165,181)	**-**	-
TOTAL SHAREHOLDERS' EQUITY		**120,836,621**	**215,803,900**	**115,176,818**	**218,467,688**
NAV per Ordinary Share		**7.49**	13.38	**7.14**	13.55

The accompanying notes on pages 68 to 97 are an integral part of these financial statements.

The financial statements for the year ended 31 December 2018 of RDL Realisation Plc, a public company limited by shares and incorporated in England and Wales with registered number 09510201, were approved and authorised for issue by the Board of Directors on 17 June 2019.

Dominik Dolenec

Signed on behalf of the Board of Directors:, **Dominik Dolenec,** *Chairman*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	1 Jan to 31 Dec 18			1 Jan to 31 Dec 17		
		Revenue	Capital	Total	Revenue	Capital	Total
Income		(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
Investment income		**22,647,763**	**-**	**22,647,763**	26,511,977	-	**26,511,977**
Gain on revaluation of derivative contracts		**-**	**203,869**	**203,869**	-	2,184,162	**2,184,162**
Other income		**4,844,030**	**-**	**4,844,030**	8,213,322	-	**8,213,322**
Bank interest income		**3,765**	**-**	**3,765**	115	-	**115**
		27,495,558	**203,869**	**27,699,427**	**34,725,414**	**2,184,162**	**36,909,576**
Operating expenditure							
Net loss on financial assets at fair value through profit or loss	3	**-**	**15,830,398**	**15,830,398**	-	12,558,687	**12,558,687**
Foreign exchange loss		**-**	**1,677,065**	**1,677,065**	-	2,591,408	**2,591,408**
Investment Manager Performance Fees	16,17	**-**	**-**	**-**	(1,822)	15,585	**13,763**
Investment Management Fees	16,17	**2,675,643**	**-**	**2,675,643**	3,054,733	-	**3,054,733**
Service and premium fees		**1,980,905**	**-**	**1,980,905**	2,964,697	-	**2,964,697**
Provision for / (Reversal of) default	7	**-**	**1,002,222**	**1,002,222**	-	3,073,240	**3,073,240**
Realised loss on financial assets through profit or loss		**-**	**19,199,453**	**19,199,453**			
Loans written off	4, 7	**-**	**7,091,372**	**7,091,372**	-	10,730,543	**10,730,543**
Company secretarial, administration and registrar fees		**421,019**	**-**	**421,019**	494,475	-	**494,475**
Finance costs	9	**3,934,484**	**-**	**3,934,484**	3,604,530	-	**3,604,530**
Other expenses	20	**8,056,722**	**-**	**8,056,722**	4,107,794	-	**4,107,794**
		17,068,773	**44,800,510**	**61,869,283**	14,224,407	28,969,463	**43,193,870**
Profit/(loss) before tax		**10,426,785**	**(44,596,641)**	**(34,169,856)**	**20,501,007**	**(26,785,301)**	**(6,284,294)**
Taxation	12	**(872,082)**	**(728,288)**	**(1,600,370)**	**(571,923)**	**419,751**	**(152,172)**
Profit/(loss) after tax		**9,554,703**	**(45,324,929)**	**(35,770,226)**	**19,929,084**	**(26,365,550)**	**(6,436,466)**
Basic Earnings Per Ordinary Share - USD	14	**0.60**	**(2.81)**	**(2.21)**	1.25	(1.66)	**(0.40)**
Basic Earnings Per Ordinary Share - GBP	14	**0.47**	**(2.21)**	**(1.74)**	0.93	(1.23)	**(0.30)**
Diluted Earnings Per Ordinary Share - USD	14	**0.60**	**(2.81)**	**(2.21)**	1.24	(1.64)	**0.40)**
Diluted Earnings Per Ordinary Share - GBP	14	**0.47**	**(2.21)**	**(1.74)**	0.91	(1.21)	**(0.30)**
Profit/(loss) for the year		**9,554,703**	**(45,324,929)**	**(35,770,226)**	**19,929,084**	**(26,365,550)**	**(6,436,466)**
(Other comprehensive income: items that may be reclassified subsequently to profit and loss:							
Exchange differences on translation of net assets of subsidiary		**-**	**-**	**724,066**	-	-	(177,559)
Total comprehensive (loss)/ income for the year/period		**9,554,703**	**(45,324,929)**	**(35,046,160)**	**19,929,084**	**(26,365,550)**	**(6,614,025)**

The accompanying notes on pages 68 to 97 are an integral part of these financial statements. The total column of this Statement of Comprehensive Income was prepared in accordance with International Financial Reporting Standards ("IFRS"). The supplementary revenue and capital columns are both prepared under the guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations.

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	1 Jan to 31 Dec 18			1 Jan to 31 Dec 17		
		Revenue	Capital	Total	Revenue	Capital	Total
Income		(USD)	(USD)	(USD)	(USD)	(USD)	(USD)
Investment income		**6,416,459**	**-**	**6,416,459**	4,988,423	-	**4,988,423**
Gain on revaluation of derivative contracts		**-**	**203,869**	**203,869**	-	2,184,162	**2,184,162**
Dividend and other income		**3,347**	**-**	**3,347**	75	-	**75**
Bank interest income		**419**	**-**	**419**	39	-	**39**
		6,420,225	**203,869**	**6,624,094**	**4,988,537**	**2,184,162**	**7,172,699**
Operating expenditure							
Net loss on financial assets at fair value through profit or loss		**-**	**8,299,062**	**8,299,062**	-	-	-
Investment Manager Performance Fees	16,17	**-**	**-**	**-**	(1,822)	15,585	**13,763**
Investment Management Fees	16,17	**2,675,643**	**-**	**2,675,643**	3,054,733	-	**3,054,733**
Foreign exchange loss		**-**	**1,233,184**	**1,233,184**	-	2,624,171	**2,624,171**
Service and premium fees		**143,674**	**-**	**143,674**	105,036	-	**105,036**
Provision for default		**-**	**68,311**	**68,311**	-	155,552	**155,552**
Realised loss on financial assets through profit or loss		**-**	**1,827,807**	**1,827,807**	-	-	**-**
Loans written-off		**-**	**1,145,493**	**1,145,493**			
Company secretarial, administration and registrar fees		**320,414**	**-**	**320,414**	389,478	-	**389,478**
Impairment loss on investment in subsidiaries	6	**-**	**11,077,198**	**11,077,198**	-	225,717	**225,717**
Finance costs		**1,451,834**	**-**	**1,451,834**	1,393,469	-	**1,393,469**
Other expenses		**2,549,269**	**119,945**	**2,669,214**	1,071,800	-	**1,071,800**
		7,140,834	**23,771,000**	**30,911,834**	**6,012,694**	**3,021,025**	**9,033,719**
Operating loss		**(720,609)**	**(23,567,131)**	**(24,287,740)**	**(1,024,157)**	**(836,863)**	**(1,861,020)**
Income from shares in group undertaking		**14,051,791**	**(31,782,770)**	**(17,730,979)**	23,903,821	(26,206,917)	**(2,303,096)**
Profit/(loss) before tax		**13,331,182**	**(55,349,901)**	**(42,018,719)**	**22,879,664**	**(27,043,780)**	**(4,164,116)**
Taxation		**(622,745)**	**(728,287)**	**(1,351,032)**	**(339,084)**	**419,753**	**80,669**
Profit/(loss) after tax and total comprehensive income/(loss) for the year		**12,708,437**	**(56,078,188)**	**(43,369,751)**	**22,540,580**	**(26,624,027)**	**(4,083,447)**
Basic Earnings Per Ordinary Share - USD	14	**0.79**	**(3.48)**	**(2.69)**	1.42	(1.67)	**(0.25)**
Basic Earnings Per Ordinary Share - GBP	14	**0.62**	**(2.73)**	**(2.11)**	1.05	(1.24)	**(0.19)**
Diluted Earnings Per Ordinary Share - USD	14	**0.79**	**(3.48)**	**(2.69)**	1.40	(1.65)	**(0.25)**
Diluted Earnings Per Ordinary Share - GBP	14	**0.62**	**(2.73)**	**(2.11)**	1.03	(1.22)	**0.19**

The accompanying notes on pages 68 to 97 are an integral part of these financial statements.

The total column of this Statement of Comprehensive Income was prepared in accordance with International Financial Reporting Standards ("IFRS"). The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations.

Other comprehensive income
There were no items of other comprehensive income in the current year or prior year.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 2018

	Notes	*Share Capital*	*Share Premium*	*Other Reserves*	*Realised Capital Profits*	*Unrealised Capital Profits/ (Losses)*	*Revenue Reserves*	*Foreign currency translation reserves*	*Total*
Balance at 1 January 2017		427,300	40,346,947	204,225,570	(6,682,162)	(388,953)	5,077,791	12,378	**243,018,871**
Dividends	11	-	-	-	(78,929)	-	(20,476,385)	-	**(20,555,314)**
Reclassification of capital losses		-	-	-	(388,953)	388,953	-	-	**-**
Tax relating to capital contribution		-	-	-	-	-	(45,632)	-	**(45,632)**
Profit/(loss) for the year		-	-	-	(22,885,064)	(3,480,486)	19,929,084	-	**(6,436,466)**
Other comprehensive income/(loss) for the year		-	-	-	-	-	-	(177,559)	**(177,559)**
Balance at 31 December 2017		**427,300**	**40,346,947**	**204,225,570**	**(30,035,108)**	**(3,480,486)**	**4,484,858**	**(165,181)**	**215,803,900**
Balance at 1 January 2018		**427,300**	**40,346,947**	**204,225,570**	**(30,035,108)**	**(3,480,486)**	**4,484,858**	**(165,181)**	**215,803,900**
Dividends	11	**-**	**-**	**(47,302,836)**	**-**	**-**	**(12,618,283)**	**-**	**(59,921,119)**
Reclassification of capital losses		**-**	**-**	**-**	**(3,480,486)**	**3,480,486**	**-**	**-**	**-**
(Loss)/profit for the year		**-**	**-**	**-**	**(42,849,511)**	**(2,475,418)**	**9,554,703**	**-**	**(35,770,226)**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**-**	**724,066**	**724,066**
Balance at 31 December 2018		**427,300**	**40,346,947**	**156,922,734**	**(76,365,105)**	**(2,475,418)**	**1,421,278**	**558,885**	**120,836,621**

The accompanying notes on pages 68 to 97 are an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share Capital (USD)	Share Premium (USD)	Other Reserves (USD)	Realised Capital Profits (USD)	Unrealised Capital Profits/ (Losses) (USD)	Revenue Reserves (USD)	Total (USD)
Balance at 1 January 2017		427,300	40,346,947	204,225,570	(6,952,782)	(1,523,906)	6,583,320	**243,106,449**
Dividends	11	-	-	-	(78,929)	-	(20,476,385)	**(20,555,314)**
Reclassification of capital losses		-	-	-	(1,523,906)	1,523,906	-	**-**
Total comprehensive income/(loss) for the year		-	-	-	(28,426,920)	1,802,893	22,540,580	**(4,083,447)**
Balance at 31 December 2017		**427,300**	**40,346,947**	**204,225,570**	**(36,982,537)**	**1,802,893**	**8,647,515**	**218,467,688**
Balance at 1 January 2018		**427,300**	**40,346,947**	**204,225,570**	**(36,982,537)**	**1,802,893**	**8,647,515**	**218,467,688**
Dividends	11	**-**	**-**	**(47,302,836)**	**-**	**-**	**(12,816,283)**	**(59,921,119)**
Reclassification of capital losses		**-**	**-**	**-**	**1,802,893**	**(1,802,893)**	**-**	**-**
Total comprehensive income/(loss) for the year		**-**	**-**	**-**	**(36,841,278)**	**(19,236,910)**	**12,708,437**	**(43,369,751)**
Balance at 31 December 2018		**427,300**	**40,346,947**	**156,922,734**	**(72,020,922)**	**(19,236,910)**	**8,737,669**	**115,176,818**

The accompanying notes on pages 68 to 97 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 2018

	Notes	*1 Jan to 31 Dec 2018 (USD)*	*1 Jan to 31 Dec 2017 (USD)*
Loss for the year		**(35,770,226)**	(6,436,466)
Adjustments for:			
Provision for income tax expense		**1,600,370**	152,172
Tax paid		**(280,094)**	(58,163)
Benefit for deferred taxes	12	**-**	(80,669)
Net loss on financial assets at fair value through profit or loss		**11,714,842**	12,558,687
Impairment		**13,534,657**	-
Interest impairment		**465,284**	-
Investment income		**(22,647,763)**	(26,511,977)
Interest expense on ZDP Shares	9	**3,770,242**	3,486,353
Amortisation of transaction fees – net		**23,209**	253,554
Amortisation of issue costs	9	**164,242**	118,177
Foreign exchange loss		**971,835**	2,610,088
Gain on revaluation of derivative financial instruments		**(203,869)**	(2,184,162)
Loans written off	4,7	**7,091,372**	10,730,543
Provision for/(reversal of) default		**(719,736)**	3,638,263
Operating cash flows before movements in working capital		**(20,285,635)**	**(1,723,599)**
(Increase) / decrease in other current assets and prepaid expenses		**(6,423,242)**	765,817
Increase / (decrease) in accrued expenses and other liabilities		**29,534,891**	(1,080,483)
Decrease / (increase) in funds receivable from direct lending platforms – net		**2,873,999**	(2,782,353)
Net cash flows generated by/(used in) operating activities		**5,700,013**	**(4,820,619)**
Investing activities			
Acquisition of financial assets at fair value through profit or loss	3	**(6,222,775)**	(300,000)
Acquisition of loans	4	**(91,163,256)**	(220,006,567)
Principal repayments	4	**85,852,639**	199,083,681
Proceeds from partial redemption of financial assets at fair value through profit or loss	3	**68,349,705**	4,767,069
Investment income received		**24,076,643**	24,780,203
Net settlement on derivative positions		**362,877**	1,047,170
Net cash flows used in investing activities		**81,255,833**	**9,371,556**
Financing activities			
Dividends paid	11	**(59,921,119)**	(20,555,314)
Net cash flows (used in)/from financing activities		**(59,921,119)**	**(20,555,314)**
Net change in cash and cash equivalents		**27,034,727**	(16,004,377)
Effect of foreign exchange		**(1,099,682)**	883,796
Cash and cash equivalents at the beginning of the year		**9,699,799**	24,820,380
Cash and cash equivalents at the end of the year	15	**35,634,844**	**9,699,799**

The accompanying notes on pages 68 to 97 are an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 2018

	Notes	1 Jan to 31 Dec 2018 (USD)	1 Jan to 31 Dec 2017 (USD)
Loss for the year		**(43,369,751)**	(4,083,447)
Adjustments for:			
Dividend income/income from shares in group undertaking		**17,730,980**	2,303,096
Investment income		**(6,416,459)**	(4,988,423)
Foreign exchange loss		**1,229,392**	2,396,785
Impairment loss on investment in subsidiaries	6	**11,077,198**	225,717
Benefit for deferred taxes	12	**-**	(80,669)
Net loss on financial assets at fair value through profit or loss		**8,299,062**	-
Realised loss on financial asset at fair value through profit or loss		**3,028,981**	
Interest expense on loan with subsidiary undertaking		**1,451,834**	1,393,469
(Gain) / loss on revaluation of derivative contracts		**(203,869)**	(2,184,162)
Provision for income tax expense		**1,351,032**	-
Provision for default	4,7	**68,311**	155,552
Operating cash flows before movements in working capital		**(5,753,289)**	**(4,862,082)**
(Increase) / decrease in other current assets and prepaid expenses		**(6,514,392)**	32,857
Increase in amounts owed by subsidiary undertaking		**(1,200,000)**	(13,227,729)
Increase / (decrease) in accrued expenses and other liabilities		**29,490,087**	(1,726,337)
Net cash flows generated by / (used in) operating activities		**16,022,406**	**(19,783,291)**
Investing activities			
Acquisition of loans	4	**-**	(16,473,130)
Acquisition of financial assets at fair value through profit or loss	4	**(7,706,752)**	(300,000)
Principal repayments	4	**1,276,943**	5,280,919
Investments in subsidiary undertaking	6	**(10,804,162)**	(225,717)
Investment income received		**4,756,408**	4,099,890
Dividend income received		**76,618,000**	31,922,326
Net settlement on derivative positions		**362,877**	1,047,168
Net cash flows from investing activities		**64,503,314**	**25,351,456**
Financing activities			
Dividends paid	11	**(59,921,119)**	(20,555,314)
Net cash flows used in financing activities		**(59,921,119)**	**(20,555,314)**
Net change in cash and cash equivalents		**20,604,601**	(14,987,149)
Effect of foreign exchange		**(1,099,682)**	883,796
Cash and cash equivalents at the beginning of the year		**1,304,277**	15,407,630
Cash and cash equivalents at the end of the year	15	**20,809,196**	**1,304,277**

The accompanying notes on pages 68 to 97 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

The Company was incorporated and registered in England and Wales on 25 March 2015 and commenced operations on 1 May 2015 following its admission to the London Stock Exchange Main Market. The registered office of the Company is 6th Floor, 65 Gresham Street, London EC2V 7NQ.

The consolidated financial statements ("financial statements") include the results of the Trust and RDLZ. The Company will be managed, either by a third party non-EEA investment manager or internally, by the Company's Board of Directors with the intention of realising all remaining assets in the portfolio, in a prudent manner consistent with the principles of good investment management with a view to returning cash to its Shareholders in an orderly manner and meeting the obligations of the Company to RDLZ in respect of the ZDP Shares or purchasing ZDP Shares to reduce those obligations in advance of the final date for payments on the ZDP Shares.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of accounting and preparation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). The financial statements were also prepared in accordance with the Statement of Recommended Practice ("SORP") for Investment Trusts issued by the AIC (as issued in November 2014 and updated in January 2017), where this guidance is consistent with IFRS.

Basis of measurement and consolidation

The financial statements have been prepared on a historical cost basis as modified for the revaluation of certain financial assets. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Trust and RDLZ are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Going concern and Viability statements

As announced on 6 July 2018 and disclosed within the Directors' Report on page 18, the Board has established two committees that both aim to quickly and efficiently wind down the Company. These committees are focusing on the Princeton proceedings and the associated strategic decisions and the wind-down and realisation of the Company's existing portfolio (excluding Princeton) with the specific aim of maximising returns for stakeholders.

Plans are still currently being formulated by the Board, but the intention is to dispose of the Company's assets in an orderly manner and return Shareholders' capital to them and adequately reimburse the ZDP Shareholders by the end of July 2021, further details are shown in note 25 to the consolidated financial statements.

Given these developments and the intention to wind down the Company, the use of the going concern basis in preparing the financial statements of the Group is not appropriate. As such the financial statements have been prepared on a basis other than that of a going concern, which require assets to be measured at their net realisable value. There were no adjustments made to the carrying values of the assets and liabilities of the Group as a result of this change on the basis of preparation, because the Directors' consider the carrying value of assets to approximate the net realisable value.

No provision has been made for the costs of winding up the Company as these will be charged to the income statement on an accruals basis as they are incurred or as the Company becomes obligated to make such payments in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Going concern and Viability statement (continued)

The Directors believe that the Company and Group have adequate resources to continue in operational existence until the anticipated liquidation of the Company. The Board will ensure that sufficient liquidity is held back at all times to ensure all liabilities, including those to ZDP Shareholders are at all times adequately covered.

The Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the Managed Wind-Down period. The Directors note that the Company has sufficient liquidity to repay the ZDP Holders from existing cash reserves without any recourse to further leverage.

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") not yet adopted

In the Directors' opinion, all non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position or disclosures of the Group and consequently have neither been adopted nor listed.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i – Classification – Financial assets

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income ("FVOCI") and Fair Value through Profit or Loss ("FVTPL"). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Following the Company's announcement on 11 June 2018 that the Company will move to realise its assets and proceed with the wind-down process, the Company's business model has changed from holding financial assets to collect their contractual cash flows to realising assets, in a prudent manner consistent with the principles of good investment management with a view to returning cash to its Shareholders in an orderly manner. In accordance with IFRS 9, the reclassification occurs on the first day of the first reporting period following the change in business model. As the company prepared interim accounts with a period ending 30 June 2018, the loans held at amortised cost were reclassified to FVTPL on the 01 July 2018. No gain or loss was recognised upon reclassification, as the directors considered the amortised cost value to approximate fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 Financial Instruments (continued)

ii – Impairment - Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12 month ECL: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

Under IFRS 9, the Group has to classify all financial instruments in scope for impairment into 3 Stages – stage 1, stage 2 or 3, depending on the change in credit quality since initial recognition.

Investments in equity instruments and financial assets at FVTPL are out of scope of the impairment requirement.

Stage 1

This includes loans where there is no significant increase in credit risk since initial recognition or loans that have low credit risk on reporting date. For loans in stage 1, interest is accrued on the gross carrying amount of the loans and a 12-month expected credit loss ("ECL") is factored in the profit and loss ("P&L") calculations.

Stage 2

This consists of loans with significant increase in credit risk since initial recognition but not credit impaired. Interest for loans in stage 2 is accrued on the gross carrying amount, however, a lifetime ECL is factored into the profit and loss calculations.

Stage 3

Includes loans which demonstrate evidence of impairment on the reporting date. Interest is accrued on the net carrying amount of the loans and a lifetime ECL is factored into the profit and loss calculations.

For short-term receivables and cash and cash equivalents, the ECL model is not likely to result in a material change of the balance due to their short-term nature therefore the Group will apply the simplified approach for contracts that have a maturity of one year or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 Financial Instruments (continued)

iii – Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in the OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

The Group has not designated any financial liabilities at FVTPL and it has no current intention to do so.

Use of estimates, judgements and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The following are areas of particular significance to the Group's financial statements and include the use of estimates and the application of judgement.

Key source of estimation uncertainty – fair value of financial assets at fair value through profit or loss

The determination of fair values based on available market data requires significant credit judgement by the Group.

Management has applied certain estimated potential impairments to these financial instruments as of 31 December, 2018. For the material financial instrument positions at 31 December 2018, a combination of factors was taken into consideration.

In addition to the credit judgement of management related to the reserves for potential impairment, third party valuations and analysis were also employed for the material financial instruments for comparison and consideration. For these third-party valuations, a weighted average IRR for each platform was used. Included in the discount analysis by third parties were increased discount rates for individual non-performing loans. Such valuations considered actual and market default rate comparisons for the discount rate. The key estimation uncertainty is considered to be the discount rate applied to the Vehicle Services Contract platform, further details are shown in note 18 to the consolidated financial statements.

Functional and presentation currency

The financial statements are presented in US Dollars ("USD"), 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. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets held at fair value through profit or loss

The Group's financial assets consist of loans at fair value through profit or loss, equity investments in funds and an investment in a Cayman SPV. The Group designated its investment as financial assets at fair value through profit or loss in accordance with International Reporting Standards 9: Financial Instruments ("IFRS 9 "), as the fund is managed and its performance is evaluated on a fair value basis and the Group now holds the investments with the intention to sell rather than to collect contractual cash flows.

Purchases and sales of financial assets are recognised on the trade date, the date which the Group commits to purchase or sell the assets and are derecognised when the rights to receive cash flows from the financial assets have expired or the Group has transferred substantially all risks and rewards of ownership. Financial instruments are initially recognised at fair value, and transaction costs for financial assets carried at fair value through profit or loss are expensed. Gains and losses arising from changes in the fair value of the Group's financial instruments are included in the Statement of Comprehensive Income in the period which they arise.

Financial liabilities at amortised cost – Zero Dividend Preference Shares

These are initially recognised at cost, being the fair value of the consideration received associated with the borrowing net of direct issue costs. Zero Dividend Preference Shares are subsequently measured at amortised cost using the effective interest method. Direct issue costs are amortised using the effective interest method and are added to the carrying amount of the Zero Dividend Preference Shares.

Derivative financial instruments

Derivative financial instruments, including short-term forward currency and swap contracts are classified as held at fair value through profit or loss, and are classified in current assets or current liabilities in the statement of financial position. Derivatives are entered into to reduce the exposure on the foreign currency loans. Changes in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income as a capital item. The Group's derivatives are not used for speculative purposes and hedge accounting is not applied.

Taxation

Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains. The Company has taken advantage of modified UK tax treatment in respect of its qualifying interest income for an accounting period and has chosen to designate as an "interest distribution" all or part of any amount it distributes to the Shareholders as dividends, to the extent that it has qualifying interest income for the accounting period. As such, the Company is able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period. It is expected that the Company will have material amounts of qualifying interest income and therefore may decide to designate some or all of the dividends payable as interest distributions.

The current tax payable is based on the taxable profit for the year. 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 years 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 financial statements 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

Investment and other income

Investment income and other income are recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Income for all 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.

Dividend income

Dividend income from investments is recognised when the Shareholders' rights to receive payment have been established.

Dividends payable

Dividends payable on ordinary shares are recognised in the Statement of Changes in Equity when approved by the Directors in respect of interim dividends and by the Shareholders if declared as a final dividend by the Directors at the AGM. As advised to Shareholders in the Company's circular dated 29 October 2018, the Board does not intend to make quarterly dividends and will instead make payments by way of ad-hoc special dividends, where appropriate, during the course of the managed wind-down process so that the Company is able to return available cash to Shareholders as soon as reasonably practicable after cash becomes available in the portfolio whilst ensuring compliance with its obligations to RDLZ and ZDP Shareholders.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with original maturities of three months or less.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Directors perform regular reviews of the operating results of the Group and make decisions using financial information at the Group level only. Accordingly, the Directors believe that the Group has only one reportable operating segment.

The Directors are responsible for ensuring that the Group carries out business activities in line with the transaction documents. They may delegate some or all of the day-to-day management of the business, including the decisions to purchase and sell securities, to other parties both internal and external to the Group. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors, therefore the Directors retain full responsibility as to the major allocation decisions of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings per share

The Company presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary Shareholders by the weighted average number of ordinary shares outstanding during the period. The diluted EPS is the same as the Basic EPS as there is currently no arrangement which could have a dilutive effect on the Company’s ordinary shares.

Share capital and share premium

Ordinary Shares are not redeemable and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Expenses (including finance costs)

Expenses are accounted for on an accruals basis and are recognised in the Statement of Comprehensive Income. Investment management fee is 100% allocated to revenue. Except for provision of default and performance fee associated with financial assets at fair value through profit or loss, which are allocated into capital and revenue in accordance with SORP, all other expenses are charged through revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial assets at fair value through profit or loss represents all its loan investments and investments in Princeton and in Crowdnetic.

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*	*31 Dec 18 (Company) USD*	*31 Dec 17 (Company) USD*
Opening fair value	**29,621,483**	46,647,239	**300,000**	-
Transfer in from Loans held at amortised cost arising from reclassification on 1 July 2018	**248,386,018**	-	**54,673,978**	-
Purchases	**6,222,775**	300,000	**510,168**	300,000
Redemptions	**(68,349,705)**	(4,767,069)	**(790,841)**	-
Loss on financial assets through profit or loss	**(39,765,908)**	-	**(11,411,252)**	-
Net gain	**-**	-	-	-
- net (loss) / gain allocation	**-**	4,424,451	**-**	-
- Argon impairment allocation	**-**	(16,983,138)	**-**	-
Closing balance	**176,114,663**	29,621,483	**43,282,053**	300,000

The financial assets amounting to USD 38,307,954 represents assets sold subsequent to the year-end and therefore, are classified as current assets. The remaining assets are classified as non-current.

Following the Company's announcement on 11 June 2018, that it will move to realise its assets and proceed with the wind-down process, the Company's business model has changed from holding financial assets to collect their contractual cash flows to realising assets, in a prudent manner consistent with the principles of good investment management with a view to returning cash to its Shareholders in on orderly manner. Consequently, all loans which were previously held at amortised cost have been reclassified as at fair value through profit or loss.

Fair value estimation

Please refer to the Executive Directors' Report for Princeton update, the Audit Committee Report and note 18 for the valuation of financial assets at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

4. LOANS HELD AT AMORTISED COST

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*	*31 Dec 18 (Company) USD*	*31 Dec 17 (Company) USD*
Opening balance	**250,993,296**	240,015,255	**50,793,341**	35,757,090
Purchases	**91,163,256**	220,006,567	**7,706,752**	16,473,130
Principal repayments	**(85,852,639)**	(199,083,681)	**(1,276,943)**	(5,280,919)
Amortisation of transaction fees	**(23,209)**	(253,554)	**-**	-
Accrued interest	**643,065**	1,731,774	**855,865**	888,532
Interest impaired	**-**	-	**(218,854)**	-
Loans written-off	**(7,091,372)**	(10,730,543)	**(1,145,493)**	-
Effect of foreign exchange	**(2,166,115)**	2,945,741	**(2,055,538)**	3,111,060
	247,666,282	254,631,559	**54,659,130**	50,948,893
(Provision for) / utilisation of default allowance - net	**719,736**	(3,638,263)	**14,848**	(155,552)
Transfer out to financial assets at fair value through profit or loss arising from reclassification on 1 July 2018	**(248,386,018)**	-	**(54,673,978)**	-
Closing balance	**-**	**250,993,296**	**-**	**50,793,341**

Following the Company's announcement on 11 June 2018, that it will move to realise its assets and proceed with the wind-down process, the Company's business model has changed from holding financial assets to collect their contractual cash flows to realising assets, in a prudent manner consistent with the principles of good investment management with a view to returning cash to its Shareholders in on orderly manner. Consequently, all loans which were previously held at amortised cost have been reclassified as at fair value through profit or loss.

In 2017, the Group's loans were accounted for using the effective interest method. The carrying value of such instruments includes assumptions that are based on market conditions existing at each statement of financial position date. Such assumptions include application of default rate and identification of effective interest rate taking into account the credit standing of each borrower as assessed by each direct lending platform. At 31 December 2017, the Directors estimate that the carrying value approximates the fair value.

The main factor considered by the Board in determining whether or not the amounts due are impaired is if the underlying borrowers' source of income has decreased or is unlikely to continue. The following table shows the age of the receivables which are considered to be at risk of default:

	30 Jun 18 (Group) USD	*31 Dec 17 (Group) USD*
Up to 3 months	**9,430,065**	9,710,030
3 to 6 months	**32,713,966**	4,415,793
Over 6 months	**-**	18,485,476
	42,144,031	32,611,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

4. LOANS HELD AT AMORTISED COST (continued)

The movement in the provision for allowance for loan losses is as follows:

	30 Jun 18	*31 Dec 17*
	(Group)	*(Group)*
	USD	*USD*
Balance at the beginning of the year	**4,299,102**	660,839
Provision for the period/year	**6,371,636**	14,368,806
Amount written-off during the period/year	**(7,091,372)**	(10,730,543)
Balance at end of the period/year	**3,579,366**	4,299,102

5. ADVANCES TO/FUNDS RECEIVABLE FROM DIRECT LENDING PLATFORMS

	31 Dec 18	*31 Dec 17*	*31 Dec 18*	*31 Dec 17*
	(Group)	*(Group)*	*(Company)*	*(Company)*
	USD	*USD*	*USD*	*USD*
Other direct lending platforms	**908,917**	3,782,916	-	-
	908,917	3,782,916	-	-

6. INVESTMENT IN SUBSIDIARIES

Investment in RDLZ	*31 Dec 18 (Company) USD*	*31 Dec 17 (Company) USD*
Balance at the beginning of the year	**-**	-
Investment made during the year	**11,077,198**	225,717
Amount written-off during the year	**(11,077,198)**	(225,717)
Balance at end of the year	**-**	-

Investment in RDL Trust	*31 Dec 18 (Company) USD*	*31 Dec 17 (Company) USD*
Balance at the beginning of the year	**195,780,355**	195,780,355
Additions during the year	**3,792**	-
Balance at end of the year	**195,784,147**	195,780,355

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

6. INVESTMENT IN SUBSIDIARIES (continued)

Subsidiary name	Effective ownership %	County of Incorporation and Place of Business	Principal activity
RDL Fund Trust	100%	USA	Invests in a portfolio of Debt Instruments through Direct Lending Platforms
RDLZ Realisation Plc	100%	United Kingdom	Issuance of Zero Dividend Preference Shares

In the Company's statement of comprehensive income, an impairment loss of USD 11,077,198 (2017: USD 225,717) was recognised relating to the Company's investment in RDLZ, in respect of expenses paid on behalf of RDLZ for USD 662,066 and in relation to the Company's investment on RDLZ's Preference Shares amounting to USD 10,804,162, the repayment of which was waived during the year. The Company's investment in RDLZ was fully impaired due to RDLZ's Shareholders' deficit position as at reporting date.

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*	*31 Dec 18 (Company) USD*	*31 Dec 17 (Company) USD*
Provision for/(Reversal of) default	**1,002,222**	3,073,240	**-**	155,552
Revaluation loss on financial assets through profit or loss	**(39,765,908)**	-	**(14,848)**	
Loans written-off	**7,091,372**	10,730,543	**-**	-
Foreign exchange loss/(gain) – net	**1,667,065**	2,591,408	**-**	-
	(29,995,249)	16,395,191	**(14,848)**	155,552

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*
Audit fees for annual financial statements:		
- RDL	**165,739**	129,880
- RDLZ	**36,477**	26,801
Additional audit fees in respect of audit for the year ended 31 December 2016	**-**	69,321
Agreed-Upon procedure for C Share conversion	**-**	6,196
Fee for review of half-yearly financial reporting – RDL	**30,494**	18,887
	232,710	251,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*	*31 Dec 18 (Company) USD*	*31 Dec 17 (Company) USD*
Performance fees payable – note 17	**-**	-	**-**	-
Investment Management fees payable - note 17	**639,005**	853,887	**639,005**	853,887
Withholding tax payable	**-**	-	**-**	-
Dividend payable	**29,797,917**		**29,797,917**	
Other payables	**1,717,555**	1,765,699	**388,320**	481,268
Legal fee payable	**137,540**	103,213	**23,208**	103,213
Interest received in advance	**228,037**	186,880	**-**	-
Service and premium fee payable	**439,471**	491,907	**-**	111,234
Audit fee payable	**184,988**	156,900	**152,689**	123,144
Administration fee payable	**82,429**	114,541	**57,128**	93,578
Registrar fee and Secretary fee payable	**10,625**	23,550	**7,966**	20,397
Payable to London Stock Exchange	**3,606**	-	**-**	-
Directors' fees payable (note 16)	**128,577**	27,809	**128,577**	27,809
Other payables	**502,282**	660,899	**18,753**	1,893
	32,154,477	2,619,586	**30,825,243**	1,335,155

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

9. ZERO DIVIDEND PREFERENCE SHARES

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*
Opening balance	**76,222,019**	66,096,829
Amortisation of issue costs during the year	**371,437**	296,551
Amortisation of premium during the year	**(207,195)**	(178,374)
Interest expense during the year	**3,770,242**	3,486,353
Purchased by Company	**(10,415,132)**	-
Effect of foreign exchange	**(4,560,584)**	6,520,660
Closing balance	**65,180,787**	**76,222,019**

Under RDLZ's Articles of Association, the Directors are authorised to issue up to 55 million Zero Dividend Preference shares ("ZDP Shares") for a period of five years from 25 July 2016. RDLZ issued 53 million ZDP Shares at GBP 0.01 each (the "ZDP Shares") in 2016. On 1 November 2016, RDLZ passed a resolution to authorise Directors to issue up to 75 million ZDP Shares, such authority to expire on 26 July 2021, unless revoked sooner or varied by the Company in general meeting. 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 67,643,900.

As part of the Board's assets realisation process and in meeting the obligations of the Company to RDLZ, it has purchased ZDP Shares to reduce those obligations in advance of the final date for repayments on the ZDP Shares. As at 14 December 2018, the Company held 7,278,193 ZDP Shares. The Board of the Company has passed a resolution to waive the Company's entitlement to the acquired principal and accrued interest on its ZDP holdings up to 14 December 2018.

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 of not less than 2.75 times immediately following such issue. The Cover for ZDP Shares as at 31 December 2018 is 2.46 times (2017: 3.19 times).

Further details are shown in note 25 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

10. SHARE CAPITAL AND SHARE PREMIUM

The table below shows the total issued share capital as at 31 December 2018 and 31 December 2017.

Ordinary Shares

	Nominal value GBP	*Nominal value USD*	*Number of shares Number*
Ordinary Shares	309,591	427,300	16,122,931

The IPO of 13,500,000 Ordinary Shares on 1 May 2015 was priced at GBP 10 each resulting in a share premium amount of USD 204,225,570 (GBP 132,665,694) net of direct issue costs. Shareholder's approval was given on 2 April 2015 for the Company's share premium account to be cancelled immediately after admission and this permission was confirmed by court order on 1 July 2015.

On 16 December 2015, the Company issued a total of 1,348,650 new Ordinary Shares at GBP 10.45 per share resulting in a share premium amount of USD 20,989,992 (GBP 13,889,694) net of direct issue costs of USD 287,555 pursuant to a tap issue.

C Shares
On 16 December 2016, the Company issued 1,611,041 C Shares pursuant to the Open Offer and Initial Placing at an issue price of GBP 10 per C Share each resulting in a share premium amount of USD 19,356,955 (GBP 15,666,299) net of direct issue costs. The Company's C Shares were subsequently converted into 1,274,281 Ordinary Shares on 6 April 2017, following full investment of the net proceeds of the issue of the C Shares in accordance with the Company's investment policy.

Rights attaching to the shares
The holders of the C shares and Ordinary Shares are only entitled to receive, and to participate in, any dividends declared in relation to the relevant class of shares that they hold.

The holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account any net assets attributable to the C shares.

The Ordinary Shares and C Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.

On a winding-up or a return of capital by the Company, if there are C shares in issue, the net assets of the Company attributable to the C shares shall be divided pro rata among the holders of the C shares. For so long as C shares are in issue, and without prejudice to the Company's obligations under the Act, the assets attributable to the C shares shall, at all times, be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the C shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

10. SHARE CAPITAL AND SHARE PREMIUM (continued)

Voting Rights

Subject to any rights or restrictions attached to any shares, on a show of hands every Shareholder present in person has one vote and every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote, and on a poll every Shareholder (whether present in person or by proxy) has one vote for every share of which he is the holder. A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No Shareholder shall be entitled to vote at any general meeting or at any separate general meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid.

Variation of Rights and Distribution on Winding Up

If at any time, the share capital of the Company is divided into different classes of shares, the rights attached to any class may, unless otherwise provided by the terms of issue of the Shares of that Class, be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of not less than three-quarters in nominal value amount of the issued shares of the affected class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class (but not otherwise).

At every such separate general meeting the necessary quorum, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third in nominal amount of the issued shares of the class in question, and at an adjourned meeting one person holding shares of the class in questions or his proxy; any holder of shares of the class in question present in person or by proxy may demand a poll and the holder of shares of the class in question shall, on a poll, have one vote in respect of every share of such class held by him. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

The Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Company will be proposed at the AGM of the Company to be held in 2020 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward within three months after the date of the resolution to the effect that the Company be wound up, liquidated, reorganised or unitised. If the Company is wound up, the liquidator may divide among the Shareholders in specie the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders.

There was no movement in shares or no shares converted during the year (2017: 1,274,281 shares converted).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

11. DIVIDENDS

Set out below is the total dividend paid in respect of the financial year:

	Per share pence	*1 Jan to 31 Dec 2018 USD*	*1 Jan to 31 Dec 2017 USD*
Ordinary Shares dividends declared and paid:			
Interim dividends in 2017 (in respect of 30 Sept 2017 results)	21.70	-	4,586,363
Interim dividends in 2017 (in respect of 30 Jun 2017 results)	24.62	-	5,158,963
Interim dividends in 2017 (in respect of 31 Mar 2017 results)	26.93	-	5,534,376
Interim dividends in 2017 (in respect of 31 Dec 2016 results)	28.51	-	5,275,612
Special dividends on 21 December 2018	145	**29,645,959**	-
Special dividends on 24 October 2018	85	**17,656,877**	-
Interim dividends in 2018 (in respect of 30 Jun 2018 results)	14.28	**3,018,181**	-
Interim dividends in 2018 (in respect of 31 Mar 2018 results)	19.79	**4,180,676**	-
Interim dividends in 2018 (in respect of 31 Dec 2017 results)	24.14	**5,419,426**	-
Total dividends paid during the year		**59,921,119**	**20,555,314**

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of dividends, in order to maintain its investment trust status.

As advised to Shareholders in the Company's circular dated 29 October 2018, the Board does not intend to make quarterly dividends and will instead make payments by way of ad-hoc special dividends, where appropriate, during the course of the managed wind-down process so that the Company is able to return available cash to Shareholders as soon as reasonably practicable after cash becomes available in the portfolio whilst ensuring compliance with its obligations to RDLZ and ZDP Shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

12. TAXATION

In May 2015, the Company received confirmation from HM Revenue & Customs as an approved Investment Trust in the UK for accounting periods commencing on or after 1 May 2015, subject to the Company continuing to meet the eligibility conditions at Section 1158 Corporation Tax Act 2010 and the ongoing requirements for approved Investment Trust companies in Chapter 3 of Part 2 Investment Trust (Approved Company) Tax Regulations 2011 (Statutory Instrument 2011/2999). The Company intends to retain this approval and self-assesses compliance with the relevant conditions and requirements.

As an Investment Trust, the Company is exempt from UK corporation tax on its chargeable gains. The Company's revenue income from loans is taxable in the hands of the Company however, to the extent that interest distributions are paid to Shareholders, the Company may treat that amount as deductible from its taxable profits.

	31 Dec 18 Revenue USD	*31 Dec 18 Capital USD*	**31 Dec 18 Total USD**
Corporation tax:			
Current year	**791,413**	**728,288**	**1,519,701**
Deferred tax expense	**80,669**	**-**	**80,669**
Tax expense for the year	**872,082**	**728,288**	**1,600,370**

	31 Dec 17 Revenue USD	*31 Dec 17 Capital USD*	**31 Dec 17 Total USD**
Corporation tax:			
Current year	652,592	(419,751)	**232,841**
Deferred tax	(80,669)	-	**(80,669)**
Tax expense for the year	**571,923**	**(419,751)**	**152,172**

	31 Dec 18	*31 Dec 17*
Reconciliation of deferred tax asset:	*USD*	*USD*
Balance at the beginning of the year	**80,669**	-
Increase in DTA, due to change in tax rate	**9,491**	-
(Decrease)/increase in DTA during the year	**(90,160)**	80,669
Balance at end of the year	**-**	**80,669**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

12. TAXATION (continued)

The tax reconciliation is as follows:

	31 Dec 18 Revenue USD	*31 Dec 18 Capital USD*	**31 Dec 18 Total USD**
Profit/(loss) before tax	10,426,785	(44,596,641)	**(34,169,856)**
Tax at the standard UK corporation tax rate of 19%	1,981,089	(8,473,362)	**(6,429,273)**
Effects of:			
– Non-deductible expenses	763,277	818,446	**1,581,723**
– Interest distributions	(1,981,858)	-	**(1,981,858)**
– Loss brought forward	(80,669)	-	**(80,669)**
- Difference in tax rate	(9,491)	-	**(9,491)**
– Marginal relief	90,160	(90,160)	**-**
– Foreign exchange difference on consolidation	28,905	-	**28,905**
– Non-taxable fair value adjustments	-	8,473,364	**8,473,364**
– Deferred tax credit	-	-	**-**
Tax expense	791,413	728,288	**1,519,701**

	31 Dec 17 Revenue USD	*31 Dec 17 Capital USD*	**31 Dec 17 Total USD**
Profit/(loss) before tax	20,501,007	(26,785,301)	**(6,284,294)**
Tax at the standard UK corporation tax rate of 19.25%	3,946,444	(5,156,170)	**(1,209,726)**
Effects of:			
– Non-deductible expenses	693,871	2,065,630	**2,759,501**
– Interest distributions	(3,984,582)	-	**(3,984,582)**
– Loss brought forward	(419,753)	-	**(419,753)**
– Marginal relief	419,753	(419,753)	**-**
– Foreign exchange difference on consolidation	(3,141)	-	**(3,141)**
– Non-taxable fair value adjustments	-	3,090,542	**3,090,542**
– Deferred tax credit	(80,669)	-	**(80,669)**
Tax expense	571,923	(419,751)	**152,172**

As at 31 December 2018, income tax charge of USD 1,519,700 (2017: USD 152,172) was provided for in respect of the net profits of the Company for the year. This amount will be payable within the subsequent year subject to any potential adjustment as a result of further distributions. The Board has taken into account the Group's and Company's financial obligations and it is the intention of the Board to distribute interest distributions in the foreseeable future.

As of 31 December 2018, the Company had recognised a deferred tax asset of USD nil (2017: USD 80,669).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

13. DERIVATIVE FINANCIAL INSTRUMENTS

	31 Dec 18 (Group and Company) USD	*31 Dec 17 (Group and Company) USD*
Derivative assets	**412,297**	1,110,329
Derivative liabilities	**(6,101)**	(545,126)
	406,196	565,203

	Notional Amount	*31 Dec 18 (Group and Company) USD*	*31 Dec 17 (Group and Company) USD*
Derivative assets/(liabilities)			-
Forward foreign currency contracts	87,449	**87,449**	(157,109)
Forward currency swap contracts	58,571,135	**318,747**	722,312
	58,658,584	**406,196**	565,203

The Company has entered into various swap and forward contracts to manage exposure to foreign currency on existing assets. The notional amounts provided in the table above reflect the aggregate of individual derivative positions on a gross basis.

14. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per Ordinary Share is based on the profit after tax and on 16,122,931 Ordinary Shares, being the weighted average number of ordinary shares in issue throughout the year. (31 December 2017: 15,910,551 Ordinary Shares for basic earnings per share and 16,122,931 Ordinary Shares for diluted earnings per share).

15. CASH AND CASH EQUIVALENTS

The components of the Group's cash and cash equivalents are:

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*	*31 Dec 18 (Company) USD*	*31 Dec 17 (Company) USD*
Cash at bank	**35,571,114**	9,632,179	**20,745,466**	1,236,657
Cash equivalents	**63,730**	67,620	**63,730**	67,620
	35,634,844	9,699,799	**20,809,196**	1,304,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

16. RELATED PARTIES

Transactions between the Group and its related parties are disclosed below.

The Directors, who are the key management personnel of the Group, are remunerated per annum as follows:

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*
Chairman	**130,056**	38,976
Other directors	**342,039**	67,879
	472,095	106,855

As at 31 December 2018, USD 128,577 (2017: USD 27,809) was accrued for Directors' remuneration.

Mr Waldron, until his resignation on 19 June 2018, had an interest in the Company, in the form of 3,500 Ordinary Shares representing 0.02% interest in the total voting rights (2017: 500 Ordinary Shares and 583 C Shares, representing 0.0066% interest in the total voting rights). Mr Canon, until his resignation on 19 June 2018, indirectly owned 630 shares, as a limited partner of Ranger Capital Company, representing 0.03% in the voting rights of the Company. The remaining Directors do not have any interests in the Company's shares. None of the Directors hold any share options nor are any receivables due or payable to them under any long term incentive plan.

The Company has not made any contribution, to any Directors' pension scheme and no retirement benefits are otherwise accruing to any of the Directors under any defined benefit or monthly purchase scheme for which the Company is liable. There have been no changes to the aforementioned holding between 31 December 2018 and the date of this report.

The Group does not have any employees.

The Board has delegated responsibility for day-to-day management of the loans held by Direct Lending Platforms to Ranger (until 12 February 2019). Under the terms of the Investment Management Agreement, Ranger was entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. Total investment management fees for the year amounted to USD 2,675,643 (31 December 2017: USD 3,054,733). As at 31 December 2018, the Investment Management fees payable were USD 639,005 (31 December 2017: USD 853,887).

During the year, Ranger received a reimbursement amount of USD 209,812 for expenses (31 December 2017: USD 94,466). Performance fee for the year amounted to USD nil (31 December 2017: USD 13,763). As at 31 December 2018, performance fee payable was USD nil (31 December 2017: USD nil).

As at 31 December 2018, Ranger held 4,500 Ordinary Shares representing 0.03% of the total interest in voting rights of the Company (31 December 2017: 0.03%).

The Company entered into a Trust Agreement with the Trust on 22 April 2015. The Company, being the sole unitholder, has sole discretion to declare distributions from the Trust. As at 31 December 2018, amounts owed by undertaking relating to the Trust's net income was USD 6,434,803 (2017: USD 44,712,526).

The Company incorporated RDLZ on 23 June 2016 as a public limited company with limited life and granted an undertaking to (among other things) subscribe for such number of ordinary shares in the capital of RDLZ as may be necessary or to otherwise ensure that RDLZ has sufficient assets to satisfy its obligations to the ZDP Shareholders and pay any operational costs incurred by RDLZ. During the year, the Company paid RDLZ's expenses amounting to USD 416,971 (2017: USD 225,717 representing RDLZ's expenses and Share issue costs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2018

16. RELATED PARTIES (continued)

On 25 July 2016, the Company entered into a Loan Agreement with the RDLZ. Pursuant to the Loan Agreement, RDLZ immediately following the admission of its ZDP Shares, on-lent the proceeds to the Company which the latter have applied towards making investments in accordance with its investment policy and working capital purposes.

The amounts payable to RDLZ that is eliminated upon consolidation are USD 71,212,412 and payable to the Trust is USD 54,847,439 (2017: USD 73,835,016 payable to RDL and USD nil payable to the Trust).

During the year, the Company purchased a total of 7,278,193 ZDP Shares, to which its rights to interest income and accrued capital entitlement have been waived.

17. FEES AND EXPENSES

Management fee

The management fees were payable monthly in arrears and is at the rate of 1/12 of 1.0% per month of NAV (the "Management Fee"). For the period from Admission until the date on which 80% of the Net Proceeds have been invested or committed for investment, directly or indirectly, in Debt Instruments or Direct Lending Company Equity, the value attributable to any assets of the Group other than Debt Instruments or in investments in Direct Lending Company Equity held for investment purposes (including any cash) will be excluded from the calculation of Net Asset Value for the purposes of determining the Management Fee.

Ranger may have charged a fee based on a percentage of gross assets (such percentage not to exceed 1.0% and provided that the aggregate Management Fee payable by the Group shall not exceed an amount equal to 1.0% of the gross assets of the Company or its group in aggregate (as applicable)) to any entity which is within the Company's group (including the Company), provided that such entity employs leverage for the purpose of its investment policy or strategy.

Performance fee

Ranger was also entitled to a performance fee calculated by reference to the movements in the Adjusted NAV since the end of the Calculation Period (as defined below) in respect of which a performance fee was last earned or Admission if no performance fee has yet been earned (the Adjusted NAV at such earlier date being the "High Water Mark").

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

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 the period commencing on Admission and ending on 31 December 2015 and 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 the Company enters into liquidation, and provided further that 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.

In the event that C shares are in issue, the Investment Manager shall be entitled to a performance fee in respect of the net assets referable to the C shares on the same basis as summarised above. A Calculation Period shall be deemed to end on the date of their conversion into Ordinary Shares.

The Management fee and Performance fee payable to the Investment Manager were calculated and paid in US Dollars.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

17. FEES AND EXPENSES (continued)

Termination Arrangements

The IMA was terminated on 12 February 2019. Accordingly, the Executive Board will manage the activities of the Company and the wind-down process. On the same day, IFM replaced the Investment Manager as the Alternative Investment Fund Manager.

18. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company has an established management process to identify the principal risks that it faces as a business. The risk management process relies on the Board of Directors' assessment of the risk likelihood and impact and also developing and monitoring appropriate controls. The table below sets out the key financial risks and examples of relevant controls and mitigating factors. The Board considers these to be the most significant risks faced by the Company that may impact the achievement of the Company's investment objectives. They do not comprise all of the risks associated with the Company's strategy and are not set out in priority order.

Currency risk	**Key controls and mitigating factors**
The risk that exchange rate volatility may have an adverse impact to the Company's financial position and result.	The Investment Manager monitors the Company's exposure to foreign currencies on a monthly basis and reports to the Board at each board meeting. The Board of Directors measure the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and total return of a movement in the exchange rate to which the Company's assets, liabilities, income and expenses are exposed. The Company has entered into derivative contracts to mitigate the effect of the currency risk (see note 13). The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The currency risk of the Group's monetary financial assets and (liabilities) was:

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*
United States Dollars	**125,763,235**	244,174,487
Great British Pounds	**(26,624,529)**	(56,629,319)
Canadian Dollars	**3,506,705**	12,153,250
Australian Dollars	**18,191,210**	16,105,482
	120,836,621	215,803,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

18. FINANCIAL RISK MANAGEMENT (continued)

Currency risk continued

Sensitivity analysis

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*
Great British Pounds	**(1,331,226)**	(2,831,466)
Canadian Dollars	**175,335**	607,663
Australian Dollars	**909,561**	805,274
Effect on Revenue return after taxation	**(246,330)**	(1,418,529)

A 5% weakening of USD against the above currencies would have resulted in an equal and opposite effect on the above amounts, on the basis that all other variables remain constant. The Group's exposure has been calculated as at the year end and may not be representative of the period as a whole.

It is assumed that all exchange rates move by +/- 5% against US Dollar.

This percentage is deemed reasonable based on the average market volatility in exchange rates during the period. The sensitivity analysis is based on the Group's foreign currency financial assets and financial liabilities held at the Statement of Financial Position date.

Funding and liquidity risk	Key controls and mitigating factors
The risk of being unable to continue to fund the Company's lending operation on an ongoing basis.	The Company finances its operations mainly from the issuance of Ordinary Shares and C Shares. There are no redemption rights for the Shareholders since the Company is closed-ended investment company. The ZDP Shares should have a minimum Cover[11] of 2.75 times. The Administrator calculates the Cover each calendar month and reviewed by the Board of Directors. In managing the Company's financial assets, the Board of Directors ensure that the Company holds at all times a portfolio of assets to enable the Company to discharge its payment obligations. The Group does not have any overdraft or other borrowing facilities.

Maturity of financial assets and liabilities

The maturity profile of the Group's financial assets and liabilities is as follows:

	31 Dec 18 Financial Assets USD	*31 Dec 18 Financial Liabilities USD*	*31 Dec 17 Financial Assets USD*	*31 Dec 17 Financial Liabilities USD*
Within one year	**86,853,988**	**33,669,190**	14,785,679	3,455,208
In more than one year but not more than five years	**132,832,610**	**65,180,787**	280,695,448	76,222,019
	219,686,598	**98,849,977**	295,481,127	79,677,227

[11] Cover represents a fraction where the numerator is equal to the NAV of the Group on a consolidated basis adjusted to: (i) add back any liability to ZDP Shareholders; and (ii) deduct the estimated liquidation costs of the RDLZ, and the denominator is equal to the amount which would be paid on the ZDP Shares as a class and (ii) deduct the ZDP Shares held by the Company from the outstanding ZDP Shares to determine the ZDP redemption amount due in July 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

18. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk	Key controls and mitigating factors
The Company is exposed to interest rate risk due to fluctuations in the prevailing market rates.	In the event that interest rate movements lower the level of income receivable on loan portfolios or cash deposits the dividend required to be paid by the Company to the Shareholders will also be reduced. Interest rate risk is monitored by the Board. The Company may also invest in other investment funds that employ leverage with the aim of enhancing returns to investors.

IFRS 7 requires disclosure of a sensitivity analysis for each type of market risk to which the entity is exposed at the reporting date, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date.

The sensitivity to a reasonably possible 50 bps decrease/increase in the interest rates, with all other variables held constant, would have decreased/increased the Group's returns after tax by the following:

	31 Dec 18	*31 Dec 17*
	USD	*USD*
Effect on Revenue return	**202,891**	204,370

The above changes are considered by the Directors to be reasonable given the observation of prevailing market conditions in the period. The average effective interest income rate during the year is 9.5% (31 December 2017: 13.3%).

Credit and counterparty risk	Key controls and mitigating factors
Credit risk is the risk of financial loss to the Group if the borrower fails to meet its contractual obligations. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.	The Group seeks to mitigate the credit risk by actively monitoring the Group's loan direct lending platform portfolio and the underlying credit quality of the borrowers. Further, cash is held at banks that are considered to be reputable and high quality. Cash balances are spread across a range of banks to reduce concentration risk.

The maximum exposure to credit risk was as follows:

	31 Dec 18	*31 Dec 17*
	(Group)	*(Group)*
	USD	*USD*
Financial assets at fair value through profit or loss	**176,114,663**	29,621,483
Loan principal amount	**-**	246,905,891
Accrued interest	**-**	4,087,405
Derivative assets	**412,297**	1,110,329
Advances to/funds receivable from direct lending platforms	**908,917**	3,782,916
Prepayments and other receivables	**790,379**	192,635
Receivable from broker	**5,825,498**	-
Cash and cash equivalents	**35,634,844**	9,699,799
	219,686,598	295,400,458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

18. FINANCIAL RISK MANAGEMENT (continued)

Credit and counterparty risk continued

The majority of the Group's cash and cash equivalents is with Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated. As at 31 December 2018, Bank of America, N.A. has a long-term deposit credit rating of A+ (2017: A+) from Standard & Poor's and Merrill Lynch, Pierce, Fenner & Smith Incorporated has a long-term senior credit rating of A+ (2017: A+) from Standard & Poor's. Given this rating, the Directors do not expect this counterparty to fail to meet its obligations.

Fair value of groups of financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value as at 31 December 2018. The following table gives information about how the fair values of the material financial assets are determined, in particular the valuation techniques and inputs used.

Loan platform	Valuation technique	Significant unobservable input	Relationship and sensitivity of unobservable inputs to fair value
Vehicle Services Contract Platform	Three different DCF models were run for Ensurety. We broke out the secured/in-formula portion of the loan (Going Concern), the under-collateralised portion of the loan (Junior Portion), and the Driven Solutions loan for different DCF/FV analysis. Each of the components of Ensurety loans have different risk profiles due to the timing of the potential collection or the uncertainty associated with collection, therefore we used different discount rates for each.	Discount rate determined by reference to Going Concern portion of the loan, ranging from 9.95% to 13.95%. Discount rate determined by reference to Junior portion of the loan, ranging from 23.0% to 43.0%.	The higher the discount rate, the lower the fair value. If the discount rate was 2 per cent higher/lower while all other variables were held constant, the carrying amount for the Going Concern portion of the loan would decrease/increase by USD 545,000 approximately. If the discount rate was 10 per cent higher/lower while all other variables were held constant, the carrying amount for the Junior portion of the loan would decrease/increase by USD 1,545,000 approximately.
SME Loans Platform	In estimating the fair value of certain platform loans receivable, RDL used market-observable data to the extent it is available. RDL engaged third party qualified valuers to perform the valuation. Management and the Board worked closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.	Discount rate determined by reference to SME Platform loan, ranging from 14.6% to 18.6%.	If the discount rate was 2 per cent higher/lower while all other variables were held constant, the carrying amount for the SME Platform loan would decrease/increase by USD 562,000 approximately.
Real Estate Loans Platform	Each of the major platform positions were valued by a third party using the DCF method. Different discount rates were used for each platform and in some cases, a different discount rate was applied to that portion of a loan deemed to be impaired. The higher the discount rate, the lower the fair value. Certain additional valuation adjustments were made by management to take into account the uncertainty of the performance of the underlying loans in the platforms.	Discount rate determined by reference to Real Estate Platform loan, ranging from 8.7% to 12.7%.	If the discount rate was 2 per cent higher/lower while all other variables were held constant, the carrying amount for the Real Estate Platform loan would decrease/increase by USD 152,000 approximately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

18. FINANCIAL RISK MANAGEMENT (continued)

Fair value hierarchy

The fair values of the financial assets held at fair value through profit and loss were derived from:

a) Loan Investments – A valuation report by a third party valuer or proceeds received from sale post year-end or amount estimated to be recoverable by the Board;
b) Princeton – estimated potential recovery from the investment; and
c) Crowdnetic – cash proceeds from sale post year-end.

The fair values of the derivative financial instruments have been provided to the Directors by the counterparty, BNP Paribas S.A. and RBC Capital Markets., on whom the Directors rely as expert providers of such valuations.

The fair values of cash and cash equivalents, funds receivable from/payable to Direct Lending Platforms, prepayments and other receivables, and accrued expenses and other liabilities are estimated to be approximately equal to their carrying values due to their short-term nature.

The Directors based the fair value of the ZDP Shares disclosed below on the traded price of GBP 1.16 per share which was observed on the London Stock Exchange on 29 December 2018 (2017: GBP 1.019 per share which was observed on the London Stock Exchange on 29 December 2017) being the last observable traded price before period-end. The fair value for the ZDP Shares of GBP 61,480,000 or USD 78,362,408 (based on an exchange rate of 1.2746) is disclosed in this note for disclosure purposes only under IFRS 13.

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.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. The main input parameters for this model are the default rate (the value rises when the default rate is lower, and decreases when the default rate is higher), the interest rate (the value rises when the interest rate is higher, and drops when the interest rate is lower), and the discount rate (the value rises when the discount rate is lower, and drops when discount rate is higher). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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 Group's perceived risk inherent in such financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

18. FINANCIAL RISK MANAGEMENT (continued)

Fair value hierarchy continued

The following tables include the fair value hierarchy of the Group's financial assets and liabilities designated at fair value through profit or loss:

31 Dec 18	*Level 1 (USD)*	*Level 2 (USD)*	*Level 3 (USD)*	*Total (USD)*
Financial assets	**-**	**38,720,251**	**137,806,709**	**176,526,960**
Financial liabilities	**-**	**6,101**	**-**	**6,101**

31 Dec 17	*Level 1 (USD)*	*Level 2 (USD)*	*Level 3 (USD)*	*Total (USD)*
Financial assets	-	1,110,329	29,621,483	30,731,812
Financial liabilities	-	545,126	-	545,126

A reconciliation of financial instruments in Level 3 is set out below:

	31-Dec-18 (Group) USD	*31-Dec-17 (Group) USD*
Opening balance	**29,621,483**	46,647,239
Purchases / Additions	**6,222,775**	300,000
Disposals / Redemptions	**(68,349,705)**	(4,767,069)
Transfer out of Level 3	**(38,307,954)**	-
Transfer into Level 3	**248,386,018**	-
Loss on financial assets	**(39,765,908)**	(12,558,687)
Closing balance	**137,806,709**	29,621,483

The ZDP 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.

19. OTHER INCOME

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*
Factor income	**4,054,443**	7,203,352
Fee income	**715,365**	850,102
Late fee income	**72,970**	158,541
Other income	**1,252**	1,327
	4,844,030	8,213,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

20. OTHER EXPENSES

	31 Dec 18 (Group) USD	*31 Dec 17 (Group) USD*
Legal fees	**5,089,097**	3,043,960
Auditors' remuneration	**189,368**	271,828
Amortisation of origination fee	**28,351**	253,554
Director fees	**557,147**	121,827
Regulatory fees	**61,035**	35,400
Consultancy fees	**670,518**	34,323
Other expenses	**1,461,206**	346,902
	8,056,722	4,107,794

21. OPERATING SEGMENTS

Geographical information

The Group is managed as a single asset management business, being the investment of the Group's capital in financial assets comprising Debt Instruments and loans originated by Direct Lending Platforms.

The chief operating decision maker is the Board of Directors. Under IFRS 8 the Group is required to disclose the geographical location of revenue and amounts of non-current assets other than financial instruments.

Revenues

The Group's revenues are currently generated from United States of America ("USA"), United Kingdom ("UK") and Canada. The total investment income generated from USA, UK and Canada amounted to USD 16,266,025, USD 4,637,666 and USD 1,744,072, respectively (2017: USA, UK and Canada amounted to USD 21,528,260, USD 3,606,532 and USD 1,377,185 respectively).

Non-current assets

The Group does not have non-current assets other than the financial assets at fair value through profit or loss.

22. CAPITAL MANAGEMENT

The Company's capital is represented by the Ordinary Shares, C Shares, share premium account and retained earnings. The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objective.

The Company is subject to externally imposed capital requirements in relation to its statutory requirement relating to interest/dividend distributions to Shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

22. CAPITAL MANAGEMENT (continued)

Leverage

During 2016, the Company incorporated RDLZ which issued ZDP Shares for trading on the London Stock Exchange's main market for listed securities. The proceeds from the issuance of the ZDP Shares were on-lent to the Company by way of an intercompany loan agreement.

The Company's leverage limit under its Prospectus is 1.5. The Company has not breached this limit anytime during the year, nor has the Company made any changes to this maximum limit. The Company's borrowing policy does not grant the Company any right to reuse collateral.

Liquidity

As a closed ended investment company in which Shareholders have no right of redemption, there are no assets of the Company which are subject to special arrangements due to their illiquid nature, nor have any new arrangements been implemented for managing the liquidity of the Company.

23. COMMITMENTS

As at 31 December 2018, the Company had no outstanding commitments (2017: none).

24. ULTIMATE CONTROLLING PARTY

It is the opinion of the Directors that there is no ultimate controlling party.

25. SUBSEQUENT EVENTS

The Company's Investment Management Agreement ("IMA") with Ranger Alternative Management II, LP ("Ranger") was terminated with effect from 12 February 2019. The Company has appointed IFM as its replacement Alternative Investment Fund Manager with effect from 12 February 2019.

As announced on 11 January 2019, the International MCA Platform was refinanced and paid off such promissory notes as were issued by the Company pursuant to the terms of the Company's Master Loan Agreement. As of 11 January 2019, the effective date of the refinancing and payoff, the outstanding obligations of the International MCA Platform, including principal, interest and reimbursable expenses, amounted to approximately USD 38 million the entirety of which has been paid to the Company (at par).

As announced on the 11 February 2019, the Board agreed to impair the carrying value of its investment in Princeton by USD 13.5m and is currently estimating a potential recovery of approximately USD 15 million from the Princeton bankruptcy.

As announced on 12 April 2019, following a thorough review of the collateral in respect of the loan facilities extended to the Vehicle Services Contract ("VSC") platform, which includes a loan to the holding company, the review indicated a substantial reduction in collateral security for the Company's outstanding principal amount due to a variety of factors. In order to accurately reflect the risk and the appropriate cost of capital for the portion of the loan that is not directly secured by collateral, the Company has applied a risk adjusted discount rate which is considered appropriate for an unsecured loan, resulting in an impairment to the loan value. As a result, an additional reserve of approximately USD 9 million to reflect the estimated impairment to the loan value has been recognised as at 31 December 2018. The combined balance of the two loans on the VSC platform as at 31 December 2018 was USD 48,484,720. The total balance after the impairment charge is therefore USD 39,375,720. Restructuring efforts are continuing.

Nick Paris was appointed as a Director of the Company with effect from 20 May 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018

25. SUBSEQUENT EVENTS (continued)

On 22 May 2019, the Directors approved the payment of dividend on the ordinary shares of USD 21.71 cents (GBP 17.14 pence) per Ordinary Share at a total amount of USD 3,500,000. The dividend will be paid in July 2019 and charged from revenue reserves.

As announced by the Company on 3 June 2019, the ZDP Committee of the Company and the Board of RDLZ have finalised the terms of a proposal (the "Proposal") pursuant to which, subject to required approvals by holders of RDLZ’s ZDP Shares (the "ZDP Shareholders"):

- the Company and the Board of RDLZ will take the steps necessary to place RDLZ into a members' voluntary winding up on the new ZDP Repayment Date, which will be 20 June 2019; and
- ZDP Shareholders will receive a Final Capital Entitlement of 121.8887 pence per ZDP Share (the "Revised Final Capital Entitlement").

The Proposal is conditional upon the approval by ZDP Shareholders of special resolutions at a class meeting. A circular (the "Circular") convening such a class meeting of ZDP Shareholders to be held on 20 June 2019 (the "ZDP Class Meeting") to consider, and if thought fit, approve the special resolutions required to implement the Proposal has been published and sent to the ZDP Shareholders.

The Company and the Board of RDLZ have received undertakings to vote in favour of the resolutions to be proposed at the ZDP Class Meeting from holders of approximately 64.5 per cent. of the total number of ZDP Shares in issue. The Company does not propose to vote the 7,278,193 ZDP Shares held by it in relation to the Proposal, representing approximately 13.7 per cent. of the total number of ZDP Shares in issue.

As a result of the above early repayment, the Group is expected to incur a realised loss on the ZDP Shares of $3 million.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE DISCLOSURES (UNAUDITED)

Ranger Alternative Management II, L.P. was appointed as the Investment Manager following the Company's Admission. The Investment Management Agreement with the Investment Manager was terminated on 12 February 2019. Consequently, IFM replaced the Investment Manager as the Alternative Investment Fund Manager.

The Investment Manager and the Company are required in accordance with Alternative Investment Fund Managers Directive to make certain periodic disclosures as follows:

Changes to AIFMD disclosure schedule

The prospectus issued by the Company in connection with IPO contained a schedule of disclosures prepared by the Investment Manager for the purposes of AIFMD. In addition, the AIFMD requires the Company's annual report to include details of any material changes to the information contained in that Schedule. The Investment Manager confirms that the schedule has been updated and is available on the Company website.

The Investment Manager has had regard to the current risk profile of the Company which outlines the relevant measures to assess actual and potential exposure to those risks set out in the prospectus and with taking in to account the revised investment strategy of the Company as voted on by the Shareholders. As required by the Listing Rules, the investment policy of the Company was updated with the approval of Shareholders.

Liquidity Risk Profile and Management

As identified in the Company's prospectus in respect of IPO, the Company identified that there is a risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations (primarily, debt) of the Company as they fall due. The current investment strategy is to realise the portfolio at the best value possible. To assist with this executive board members have been appointed.

Based on the Company's current portfolio, the Investment Manager did not consider that the risk limits set by it are likely to be breached. As a closed-ended investment company, Shareholders of the Company have no right of redemption. Therefore in managing the Company's financial assets, the Investment Manager ensures that the Company holds at all times a sufficiently liquid portfolio of assets to enable the Company to discharge its payment obligations.

Investment Manager Remuneration

The Investment Manager is responsible for fulfilling the role of the AIFM and ensuring the Company complies with the AIFMD requirements. Details of the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and the number of beneficiaries, may be made available to Shareholders on request to the Investment Manager.

COMPANY INFORMATION

Directors
Dominik Dolenec (appointed 19 June 2018)
Brendan Hawthorne (appointed 19 June 2018)
Brett Miller (appointed 5 July 2018)
Gregory Share (appointed 19 June 2018)
Jonathan Schneider (resigned 12 November 2018)
Christopher Waldron (resigned 19 June 2018)
Matthew Mulford (resigned 19 June 2018)
K. Scott Canon (resigned 19 June 2018)
Joseph Kenary (appointed 4 December 2018)
Nick Paris (appointed 20 May 2019)

Company Secretary
Link Company Matters Limited
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65 Gresham Street
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United Kingdom

Registrar
Link Asset Services
The Registry
34 Beckenham Road
Kent BR3 4TU
United Kingdom

Auditor
Deloitte LLP
Statutory Auditor
2 New Street Square
London EC4A 3BZ
United Kingdom

Registered Office
6th Floor
65 Gresham Street
London EC2V 7NQ
United Kingdom

COMPANY INFORMATION (continued)

Investment Manager (until 12 February 2019)
Ranger Alternative Management II, LP
2828 N. Harwood Street
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Dallas, Texas
United States
info@rangercap.com

Alternative Investment Fund Manager (from 12 February 2019)
IFM
Sarnia House,
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25 Basinghall Street,
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