

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

This document comprises a prospectus (the “**Prospectus**”) relating to Honeycomb Investment Trust plc (the “**Company**”) in connection with the issue of Issue Shares, prepared in accordance with the Prospectus Rules of the UK Financial Conduct Authority (the “**FCA**”) made pursuant to section 73A of the FSMA. This Prospectus has been approved by the FCA and has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules.

The Issue Shares are only suitable for investors: (i) who are institutional, professional, professionally advised and knowledgeable; (ii) for whom an investment in the Issue Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment, including the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company. If you are in any doubt about the contents of this Prospectus, you should consult your accountant, legal or other professional adviser or financial adviser.

The Company and each of the Directors, whose names appear on page 41 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire Prospectus and, in particular, Part II for a discussion of certain factors that should be considered in connection with an investment in the Issue Shares. Prospective investors should be aware that an investment in the Company involves a degree of risk and that, if certain of the risks described in the Prospectus occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Issue Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

HONEYCOMB INVESTMENT TRUST PLC

(Incorporated under the laws of England and Wales with company number 09899024 and registered as an investment company under section 833 of the Companies Act 2006)

Placing Programme of up to 40 million Ordinary Shares and/or C Shares

Investment Manager

POLLEN STREET CAPITAL LIMITED

Placing Agent, Broker and Bookrunner

LIBERUM CAPITAL LIMITED

Applications will be made for the Issue Shares to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market. Any Admission will become effective and dealings for normal settlement in the Issue Shares will commence during the period between 21 December 2018 and 20 December 2019 as the Company may determine. The Issue Shares are not dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

This Prospectus may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Issue Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**Securities Act**”), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Issue Shares may not be offered or sold within the United States or to, or for the account or benefit of US persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Issue Shares are being offered and sold only in “offshore transactions” to non-US-persons as defined in and pursuant to Regulation S. The Company has not been, and will not be, registered under the Investment Company Act, and investors will not be entitled to the benefit of that Act. No offer, purchase, sale or transfer of the Issue Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

This document does not constitute an offer to sell, or the solicitation of an offer to purchase or subscribe for, Issue Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Investment Manager, the Company or Liberum. The Issue Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority

of, any member state of the EEA other than the United Kingdom, or any province or territory of Australia, Canada, the Republic of South Africa or Japan. Subject to certain exceptions, the Issue Shares may not, directly or indirectly, be offered, sold, taken up or delivered in, into or from any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan or to or for the account or benefit of any national, resident or citizen or any person resident in any member state of the EEA other than the United Kingdom, Australia, Canada, the Republic of South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves of and observe any restrictions.

The Company is managed by the Investment Manager which acts as the Company's external AIFM for the purposes of the AIFM Directive. The marketing of Issue Shares to investors in the UK and other EEA member states is restricted and will need to be undertaken in accordance with the AIFM Directive or the relevant national private placement regimes of any EEA member states in which marketing takes place. The Investment Manager has filed a notification with the FCA pursuant to Regulation 54 of the AIFM Regulation (which implements Article 31 of the AIFM Directive) to market the Issue Shares to professional investors in the UK.

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

For a description of restrictions on the offer, sale and transfer of the Issue Shares and distribution of this Prospectus, see section 13 of Part X. Each subscriber for Issue Shares in the Issue shall be deemed to have made certain representations, acknowledgements and agreements set out in the Prospectus, including, without limitation, those set out in Part XIV.

Liberum, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and not for anyone else in relation to each Admission, the Issue and the other arrangements referred to in this Prospectus, and will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to each Admission and the Issue and the other arrangements referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to any Admission or Issue, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on Liberum by the FSMA or the regulatory regime established thereunder, Liberum does not make any representation express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Issue Shares, any Admission or the Issue. Liberum (and its affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for any statutory liability) whether arising in tort, contract or otherwise which it might have in respect of the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Issue Shares, any Admission or the Issue.

The Company is subject to the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulation, but not the Listing Rules, although it complies voluntarily with certain Listing Rules.

This Prospectus is dated 21 December 2018.

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PART I
SUMMARY

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

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

Section B – Issuer																	
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>															
B.1	Legal and commercial name	Honeycomb Investment Trust plc.															
B.2	Domicile and legal form	The Company was incorporated as a public company limited by shares under the laws of England and Wales on 2 December 2015 with company number 09899024. It is domiciled in the United Kingdom.															
B.5	Group description	Not applicable. The Company is not part of a group.															
B.6	Major shareholders	<p>Insofar as is known to the Company as at the Latest Practicable Date, the following persons held, directly or indirectly, three per cent. or more of the Company’s voting rights.</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><i>Name</i></th> <th style="text-align: right;"><i>Number of voting rights held</i></th> <th style="text-align: right;"><i>% voting rights</i></th> </tr> </thead> <tbody> <tr> <td>Invesco</td> <td style="text-align: right;">14,267,283</td> <td style="text-align: right;">36.17</td> </tr> <tr> <td>Merian Global Investors</td> <td style="text-align: right;">9,700,156</td> <td style="text-align: right;">24.59</td> </tr> <tr> <td>Woodford</td> <td style="text-align: right;">8,614,396</td> <td style="text-align: right;">21.84</td> </tr> <tr> <td>M&G Investments</td> <td style="text-align: right;">1,793,095</td> <td style="text-align: right;">4.55</td> </tr> </tbody> </table> <p>Invesco, Merian Global Investors and Woodford may as a practical matter be able to influence certain matters requiring approval by Shareholders. In particular, Invesco is currently, and will likely continue to be, able to control the casting of</p>	<i>Name</i>	<i>Number of voting rights held</i>	<i>% voting rights</i>	Invesco	14,267,283	36.17	Merian Global Investors	9,700,156	24.59	Woodford	8,614,396	21.84	M&G Investments	1,793,095	4.55
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		sufficient votes at a general meeting of the Company to defeat any proposed special resolution, and Invesco together with Merian Global Investors and / or Woodford can currently, and will likely continue to be able to, control the casting of sufficient votes to pass any ordinary resolution.																																																																																																																		
B.7	Key financial information	<p>The key audited financial information for the period from 2 December 2015 to 31 December 2016 and from 1 January 2017 to 31 December 2017 that summarises the Company's financial condition for the relevant periods is set out in the table below, and has been extracted without material adjustment from the relevant financial statements of the Company.</p> <table> <thead> <tr> <th></th> <th style="text-align: right;"><i>31 December 2017</i></th> <th style="text-align: right;"><i>31 December 2016</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>£'000</i></th> <th style="text-align: right;"><i>£'000</i></th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td></td> <td></td> </tr> <tr> <td>Investments at amortised cost</td> <td style="text-align: right;">369,329</td> <td style="text-align: right;">157,845</td> </tr> <tr> <td>Investments held at fair value through profit or loss</td> <td style="text-align: right;">7,730</td> <td style="text-align: right;">4,730</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">342</td> <td style="text-align: right;">369</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>377,401</u></td> <td style="text-align: right;"><u>162,944</u></td> </tr> <tr> <td>Current assets</td> <td></td> <td></td> </tr> <tr> <td>Receivables</td> <td style="text-align: right;">3,488</td> <td style="text-align: right;">3,723</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">16,893</td> <td style="text-align: right;">38,877</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>20,381</u></td> <td style="text-align: right;"><u>42,600</u></td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;"><u>397,782</u></td> <td style="text-align: right;"><u>205,544</u></td> </tr> <tr> <td>Current liabilities</td> <td></td> <td></td> </tr> <tr> <td>Management fee payable</td> <td style="text-align: right;">(592)</td> <td style="text-align: right;">(136)</td> </tr> <tr> <td>Performance fee payable</td> <td style="text-align: right;">(2,329)</td> <td style="text-align: right;">(1,314)</td> </tr> <tr> <td>Other payables</td> <td style="text-align: right;">(1,900)</td> <td style="text-align: right;">(2,030)</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>(4,821)</u></td> <td style="text-align: right;"><u>(3,480)</u></td> </tr> <tr> <td>Total assets less current liabilities</td> <td style="text-align: right;"><u>392,961</u></td> <td style="text-align: right;"><u>202,064</u></td> </tr> <tr> <td>Interest bearing borrowings</td> <td style="text-align: right;">(88,202)</td> <td style="text-align: right;">(13)</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>(88,202)</u></td> <td style="text-align: right;"><u>(13)</u></td> </tr> <tr> <td>Total net assets</td> <td style="text-align: right;"><u>304,759</u></td> <td style="text-align: right;"><u>202,051</u></td> </tr> <tr> <td>Shareholders' funds</td> <td></td> <td></td> </tr> <tr> <td>Ordinary share capital</td> <td style="text-align: right;">299</td> <td style="text-align: right;">199</td> </tr> <tr> <td>Share premium</td> <td style="text-align: right;">201,852</td> <td style="text-align: right;">98,670</td> </tr> <tr> <td>Revenue reserves</td> <td style="text-align: right;">5,133</td> <td style="text-align: right;">5,126</td> </tr> <tr> <td>Capital reserves</td> <td style="text-align: right;">(125)</td> <td style="text-align: right;">(44)</td> </tr> <tr> <td>Special distributable reserves</td> <td style="text-align: right;">97,600</td> <td style="text-align: right;">98,100</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>304,759</u></td> <td style="text-align: right;"><u>202,051</u></td> </tr> <tr> <td>Total shareholders' funds</td> <td style="text-align: right;"><u>304,759</u></td> <td style="text-align: right;"><u>202,051</u></td> </tr> <tr> <td>Net asset value per share</td> <td style="text-align: right;">1,018.4p</td> <td style="text-align: right;">1,014.0p</td> </tr> </tbody> </table> <p>The key unaudited financial information as at 30 June 2018 that summarises the Company's financial condition is set out in the table below. This has been prepared in accordance with IFRS 9, which the Company formally adopted from 1 January 2018. This financial information has been extracted without material adjustment from the relevant interim financial statements of the Company.</p> <table> <thead> <tr> <th></th> <th style="text-align: right;"><i>30 June 2018</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>£'000</i></th> </tr> </thead> <tbody> <tr> <td>Non-current assets</td> <td></td> </tr> <tr> <td>Investments at amortised cost</td> <td style="text-align: right;">475,324</td> </tr> <tr> <td>Investments held at fair value through profit or loss</td> <td style="text-align: right;">7,980</td> </tr> <tr> <td>Fixed assets</td> <td style="text-align: right;">253</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>483,557</u></td> </tr> <tr> <td>Current assets</td> <td></td> </tr> <tr> <td>Receivables</td> <td style="text-align: right;">6,398</td> </tr> <tr> <td>Cash and cash equivalents</td> <td style="text-align: right;">15,662</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>22,060</u></td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;"><u>505,617</u></td> </tr> </tbody> </table>		<i>31 December 2017</i>	<i>31 December 2016</i>		<i>£'000</i>	<i>£'000</i>	Non-current assets			Investments at amortised cost	369,329	157,845	Investments held at fair value through profit or loss	7,730	4,730	Fixed assets	342	369		<u>377,401</u>	<u>162,944</u>	Current assets			Receivables	3,488	3,723	Cash and cash equivalents	16,893	38,877		<u>20,381</u>	<u>42,600</u>	Total assets	<u>397,782</u>	<u>205,544</u>	Current liabilities			Management fee payable	(592)	(136)	Performance fee payable	(2,329)	(1,314)	Other payables	(1,900)	(2,030)		<u>(4,821)</u>	<u>(3,480)</u>	Total assets less current liabilities	<u>392,961</u>	<u>202,064</u>	Interest bearing borrowings	(88,202)	(13)		<u>(88,202)</u>	<u>(13)</u>	Total net assets	<u>304,759</u>	<u>202,051</u>	Shareholders' funds			Ordinary share capital	299	199	Share premium	201,852	98,670	Revenue reserves	5,133	5,126	Capital reserves	(125)	(44)	Special distributable reserves	97,600	98,100		<u>304,759</u>	<u>202,051</u>	Total shareholders' funds	<u>304,759</u>	<u>202,051</u>	Net asset value per share	1,018.4p	1,014.0p		<i>30 June 2018</i>		<i>£'000</i>	Non-current assets		Investments at amortised cost	475,324	Investments held at fair value through profit or loss	7,980	Fixed assets	253		<u>483,557</u>	Current assets		Receivables	6,398	Cash and cash equivalents	15,662		<u>22,060</u>	Total assets	<u>505,617</u>
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B.8	Key pro forma financial information	Not applicable. No <i>pro forma</i> financial information is included in this Prospectus.
B.9	Profit forecast	Not applicable. No profit forecast or estimate is made.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The auditor's report on the historical financial information contained in this Prospectus is not qualified.
B.11	Insufficiency of working capital	Not applicable. In the opinion of the Company, the working capital available to the Company is sufficient for its present requirements, namely for at least 12 months from the date of this Prospectus.
B.34	Investment objective and policy	<p>The Company's investment objective is to provide Shareholders with an attractive level of dividend income and capital growth through investments in (i) Credit Assets and (ii) Equity Assets that are aligned with the Company's strategy and that present opportunities to enhance the Company's returns from its investments.</p> <p>The Company invests or may invest in Credit Assets in a number of ways, including:</p> <ul style="list-style-type: none"> ● the acquisition of interests in loans to consumers, small businesses and other counterparties, whether offered to the Company by an Origination Partner or by other third party sources. These loans may be unsecured or secured; ● investments in loans to specialist lenders for the purposes of providing wholesale finance to those specialist lenders, secured against (amongst other things) granular portfolios of loan receivables; and ● the acquisition by the Company of interests in portfolios of Credit Assets from third parties. <p>The Company may invest in Credit Assets using alternative structures, and may invest in Credit Assets indirectly, including through subsidiaries or SPVs.</p>

		<p>The Company will invest in Credit Assets in a manner that ensures diversification and seeks to mitigate concentration risks.</p> <p>The Company will seek to enhance returns for Shareholders through investments (either directly, or through subsidiaries or SPVs) in Equity Assets that are aligned with the Company's strategy and that present opportunities to enhance the Company's return on its investments. The Company shall invest no more than 10 per cent. of the aggregate net proceeds of issues of Issue Shares (including all issues of Issue Shares carried out prior to the date of this Prospectus, and issues of Issue Shares pursuant to the Placing Programme) in Equity Assets, calculated, in each case, at the time of acquisition of any relevant Equity Assets based on the consideration payable for those Equity Assets and the aggregate consideration paid for all previous investments in Equity Assets which form part of the Portfolio.</p>
B.35	Borrowing limits	<p>The Company may borrow (through bank or other facilities) up to 100 per cent. of Net Asset Value in aggregate (calculated at the time of draw down). The Company targets borrowings in the range of 50 to 75 per cent. of Net Asset Value. Borrowings may be used for investment purposes and to fund the Company's activities. Borrowings may be incurred directly by the Company or indirectly, including through subsidiaries or SPVs. As at 30 November 2018, £189 million had been drawn under the Company's £200 million term and revolving credit facility arranged by RBS, equal to approximately 47 per cent. of the latest published Cum-Income NAV.</p>
B.36	Regulatory status	<p>The Company is subject to the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the rules of the London Stock Exchange. The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the CTA 2010.</p>
B.37	Typical investor	<p>The Issue Shares are only suitable for institutional, professional, professionally advised and knowledgeable investors seeking exposure to alternative finance investments and related instruments, including Credit Assets. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Issue Shares.</p>
B.38	Investment of 20 per cent. or more of gross assets in single underlying asset or collective investment undertaking	<p>Not applicable. The Company will not invest more than 20 per cent. of its Gross Assets in a single underlying asset or in one or more collective investment undertakings which may in turn invest more than 20 per cent. of Gross Assets in other collective investment undertakings.</p>
B.39	Investment of 40 per cent. or more of gross assets in another collective investment undertaking	<p>Not applicable. The Company will not invest more than 40 per cent. of its Gross Assets in another collective investment undertaking.</p>
B.40	Applicant's service providers	<p><i>Investment Manager</i></p> <p>The Company's investment manager and AIFM for the purposes of the AIFM Directive is Pollen Street Capital Limited. The Investment Manager is responsible for the management of the assets of the Company in accordance with the terms of the Investment Management Agreement.</p> <p>Under the terms of the Investment Management Agreement, the Investment Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties.</p> <p><i>Management Fee</i></p> <p>The management fee is payable monthly in arrear at a rate equal to 1/12 of 1.0 per cent. of Gross Assets (the "Management Fee"). The aggregate fee payable on this basis must not exceed 1 per cent. of the gross assets of the Company and its group in any year.</p>

In respect of any issue of Ordinary Shares or C Shares, until the date on which 80 per cent. of the net proceeds of such issue have been invested or committed to be invested in Credit Assets or Equity Assets, the Net Asset Value attributable to such Ordinary Shares or C Shares shall, for the purposes of the Management Fee, exclude any portion of the issue proceeds in cash, or invested in cash deposits or cash equivalent investments.

Where there are C Shares in issue, the Management Fee will be calculated separately on the gross assets attributable to the Ordinary Shares and the C Shares.

For so long as Honeycomb Finance is part of the same group as the Investment Manager, the amount of all fees payable by the Company to Honeycomb Finance shall be deducted from the Management Fee.

Performance fee

The Investment Manager is also entitled to a performance fee calculated by reference to movements in the Adjusted Net Asset Value (as defined below) from time to time.

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 save that the final calculation period shall end on the day on which the Investment Management Agreement is terminated or, if earlier, the Business Day immediately preceding the day on which the Company goes into liquidation (a "**Calculation Period**").

The performance fee will only be payable if the Adjusted Net Asset Value at the end of a Calculation Period exceeds a hurdle threshold, equal to the Adjusted Net Asset Value immediately following Admission of the Ordinary Shares issued in the IPO Placing, compounded at a rate equal to 5 per cent. per annum (the "**Hurdle**").

If, on the last day of a Calculation Period (each a "**Calculation Date**"), the Adjusted Net Asset Value exceeds the Hurdle, the Investment Manager shall be entitled to a performance fee (the "**Performance Fee**") equal to the lower of:

- (A) the amount by which the Adjusted Net Asset Value exceeds the Hurdle, in each case as at the Calculation Date; and
- (B) ten per cent. of the amount by which total growth in Adjusted Net Asset Value since Admission of the Ordinary Shares issued in the IPO Placing (being the aggregate of the growth in Adjusted Net Asset Value in the relevant Calculation Period and in each previous Calculation Period), after adding back any Performance Fees paid to the Investment Manager, exceeds the aggregate of all Performance Fees payable to the Investment Manager in respect of all previous Calculation Periods.

"**Adjusted Net Asset Value**" means the Net Asset Value after: (i) excluding any increases or decreases in Net Asset Value attributable to the issue or repurchase of any Ordinary Shares; (ii) adding back the aggregate amount of any dividends paid or distributions made in respect of any Ordinary Shares; (iii) excluding the aggregate amount of any dividends or distributions accrued but unpaid in respect of any Ordinary Shares; and (iv) excluding the amount of any Performance Fees accrued but unpaid, in each case without double counting.

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, except that a Calculation Period shall be deemed to end on the date of the conversion of the relevant tranche of C Shares into Ordinary Shares.

Origination Partners

The Investment Manager has identified a number of partners, including the Origination Partners, which provide the Company with opportunities to acquire Credit Assets originated or acquired by that Origination Partner which meet specified underwriting criteria relating to the underlying borrower and the corresponding terms of credit (which may be modified from time to time).

As at the date of this Prospectus the principal, but not exclusive, Origination Partners are Honeycomb Finance and AvantCredit, which are wholly owned by an affiliate of the Investment Manager.

	<p>Honeycomb Finance and AvantCredit are each entitled to a fee calculated on the purchase price for each Credit Asset acquired by the Company from them. For so long as Honeycomb Finance is part of the same group as the Investment Manager, its fee shall be deducted from the Management Fee payable to the Investment Manager.</p> <p>The Company shall reimburse Honeycomb Finance and AvantCredit for the fees of Referral Partners and the Servicers (to the extent paid by Honeycomb Finance and AvantCredit) in connection with Credit Assets in which the Company acquires an interest, but shall not be liable to reimburse Honeycomb Finance and AvantCredit for any other costs and expenses.</p> <p><i>Administrator</i></p> <p>Apex Fund Services (UK) Limited has been appointed as the administrator of the Company. Pursuant to the Administration Agreement (as amended), the Administrator has been appointed to carry out general administrative functions in respect of the Company, such as the calculation of the Net Asset Value and maintenance of the Company's accounting records.</p> <p>Under the terms of the amended Administration Agreement, the Administrator is entitled to an administration fee equal to the greater of: (i) £5,300 per month (increased by 3 per cent. on 1 January in each year); and (ii) an amount equal to the sum of 1/12 of 0.06 per cent. of the portion of Net Asset Value up to and including £150 million, and 1/12 of 0.05 per cent. of the portion of Net Asset Value above £150 million. The monthly fee is then reduced by £2,083.33 to reflect the fact that the Administrator no longer provides company secretarial services to the Company. The Administrator is also entitled to reimbursement of all reasonable out of pocket expenses incurred by it in connection with the performance of its duties.</p> <p><i>Company Secretary</i></p> <p>Link Company Matters Limited has been appointed as the company secretary of the Company. The Company Secretary undertakes the general secretarial functions required by the Companies Act and is responsible for the maintenance of specified statutory registers of the Company.</p> <p>The Company Secretary received an initial engagement fee in respect of its onboarding activities of £10,000, and is entitled to a general annual fee of £52,500 and an annual fee for additional services of £1,500 (all fees excluding VAT). The Company Secretary shall also be entitled to reimbursement of reasonable out of pocket expenses incurred in connection with its appointment (without prior consent of the Company, such expenses being subject to limits).</p> <p><i>Registrar</i></p> <p>Computershare Investor Services PLC has been appointed as the Company's registrar to provide share registration services.</p> <p>Under the terms of the Registrar Agreement, the Registrar is entitled to an annual register maintenance fee from the Company equal to £1.30 per Shareholder per annum or part thereof, subject to a minimum of £3,800 per annum and a potential annual fee increase capped by inflation. Other activity beyond the agreed services will be charged for in accordance with the Registrar's normal tariff as published from time to time.</p> <p><i>Broker</i></p> <p>Liberum has been appointed as corporate broker to the Company and is paid a nominal fee for performing that role.</p> <p><i>Depositary</i></p> <p>Indos Financial Limited has been appointed as the Company's depositary for the purposes of the AIFM Directive.</p> <p>Under the terms of the Depositary Agreement, the Depositary is entitled to a periodic fee calculated as follows:</p> <p>(A) where NAV is less than or equal to £200 million, 0.02 per cent. of NAV per annum, subject to a minimum, monthly fee of £2,500; and</p> <p>(B) where NAV is greater than £200 million, the sum of 0.02 per cent. per annum in respect of the first £200 million of NAV and:</p> <p>(i) 0.0175 per cent. per annum of that part of NAV which is in excess of £200 million but less than or equal to £400 million; and</p>
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		<p>(ii) 0.015 per cent. per annum of that part of NAV which is in excess of £400 million.</p> <p>The Depositary shall invoice the Company monthly in arrear in respect of the periodic fee (together, if applicable, with any VAT thereon), which shall be payable by the Company within 30 days of the relevant invoice.</p> <p>The Depositary is entitled to charge an additional fee where the Company undergoes a lifecycle event (for example, a reorganisation or a distribution) which entails additional work for the Depositary. Such a fee will be agreed with the Company on a case by case basis.</p> <p>All charges may be subject to change from time to time, with the agreement of the Depositary and the Company. All charges are exclusive of VAT, if applicable.</p> <p>The Depositary is entitled to be reimbursed for certain expenses properly incurred in performing or arranging for the performance of functions conferred upon it under the agreement.</p> <p>The Company has delegated certain custody functions to the Custodian. Title to the Company's assets will ordinarily be registered or held directly in the name of the Company or a wholly-owned SPV, and the Company will generally not invest in financial instruments that are required to be held in custody within the meaning of Article 21(8)(a) of the AIFM Directive. However, there is the possibility that investments in such financial instruments may be made and/or applicable law or regulations from time to time in force may require title to some or all of the Company's assets to be registered in the name of the Depositary or its delegates. In such event, the Depositary may wish to delegate its safekeeping function with respect to such asset(s) to one or more sub-custodians (who may be affiliates of the Depositary) and may wish to enter into an arrangement to contractually discharge itself of liability. Investors will be informed of any such arrangements, and any increase to the depositary fees charged as a result, in accordance with the disclosure requirements under the AIFM Directive. Any fees and expenses of a sub-custodian will be payable by the Company in addition to the fees charged by the Depositary. Subject to the terms of the AIFM Directive and the amended Depositary Agreement, the Depositary is entitled to delegate its custody and safekeeping functions.</p> <p><i>Custodian</i></p> <p>The Depositary has delegated its obligations in respect of the safe keeping of the Company's financial instruments to Sparkasse Bank Malta plc. The Depositary is primarily liable to the Company and investors for losses of financial instruments held by the by the Custodian, however, the Company and Investment Manager have permitted the transfer of that obligation to the Custodian in compliance with Articles 21(13) or 21(14) of the AIFMD. The Depositary has transferred such obligation and therefore the Custodian, and not the Depositary, will be liable to the Company for a loss of financial instruments held in custody, but the Depositary must take reasonable steps to pursue and enforce any associated claim on behalf of the Company. No amount is payable by the Company to the Custodian.</p> <p><i>Servicers</i></p> <p>Servicers are appointed by an Origination Partner and/or the Company to administer Credit Assets in the Portfolio. Servicers may be existing servicers of acquired Credit Assets, originators or sellers of Credit Assets, or affiliates of such persons. The fees and the reimbursement of costs and charges to which the Servicers are entitled differ depending on who the servicer is and the Credit Assets to which their services relate.</p>
B.41	Regulatory status of investment manager and depositary	<p>The Investment Manager is authorised and regulated by the FCA (FRN: 611337) and is an authorised AIFM for the purposes of the AIFM Directive.</p> <p>The Depositary is authorised and regulated by the FCA (FRN: 602528).</p>
B.42	Calculation and publication of Net Asset Value	<p>The unaudited Net Asset Value is calculated by the Administrator (on the basis of information provided by the Investment Manager) on a monthly basis. The NAV is published through a regulatory information service and is made available through the Company's website.</p>

B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.														
B.45	Portfolio	<p>The Company has invested 100 per cent. of the net proceeds of the IPO Placing and the placings of Ordinary Shares undertaken in May 2016, December 2016, May 2017 and April 2018, primarily through the acquisition of loans originated by Origination Partners, the acquisition of loan portfolios and the provision of wholesale lending facilities. The chart below illustrates the approximate Portfolio composition by sector.</p> <div style="text-align: center;"> <p>Sector Gross Asset Split Gross Outstanding Balances</p> <table border="1"> <caption>Sector Gross Asset Split Data</caption> <thead> <tr> <th>Sector</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Consumer Structured</td> <td>22%</td> </tr> <tr> <td>Consumer Organic</td> <td>21%</td> </tr> <tr> <td>Property</td> <td>37%</td> </tr> <tr> <td>SME</td> <td>8%</td> </tr> <tr> <td>Consumer Portfolio</td> <td>11%</td> </tr> <tr> <td>Equity</td> <td>2%</td> </tr> </tbody> </table> </div> <p>As at the date of this Prospectus, approximately 50 per cent. of the Portfolio comprises consumer loans, and approximately 78 per cent. of the total assets are secured or seasoned.</p> <p>The Company's equity investments consist of the following approximate holdings: 10.6 per cent. in Freedom Finance, 4.41 per cent. in Deko, 28.6 per cent. (as a percentage of voting rights) in GDFC Group, 2.67 per cent. in Ezbob and 9.1 per cent. in Jaja Finance.</p> <p>The book value of the Company's equity investments is approximately £10 million.</p> <p>All investments were made in accordance with the Company's investment policy.</p>	Sector	Percentage	Consumer Structured	22%	Consumer Organic	21%	Property	37%	SME	8%	Consumer Portfolio	11%	Equity	2%
Sector	Percentage															
Consumer Structured	22%															
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B.46	Net Asset Value	As at 30 November 2018, the unaudited Cum-Income Net Asset Value per Ordinary Share was 1,029.6 pence and the unaudited Ex-Income Net Asset Value per Ordinary Share was 999.8 pence. These figures have been impacted by a 0.52 per cent. reduction in NAV per Ordinary Share due to the recognition of the new expected credit loss model introduced by IFRS 9, which the Company adopted on 1 January 2018.														

Section C – Securities		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
C.1	Type and class of securities	<p>The Company intends to issue and allot up to 40 million Ordinary Shares with a nominal value of £0.01 each and/or C Shares with a nominal value of £0.10 each pursuant to the Placing Programme.</p> <p>The ISIN of the Ordinary Shares is GB00BYZV3G25. The SEDOL of the Ordinary Shares is BYZV3G2.</p> <p>The ticker for the Ordinary Shares is HONY.</p> <p>The ISIN of the C Shares is GB00BYQDNR86. The SEDOL of the C Shares is BYQDNR8.</p> <p>The ticker for the C Shares is HNYC.</p>
C.2	Currency denomination of Ordinary Shares and C Shares	Pounds sterling.

C.3	Details of share capital	<p>Set out below is the issued share capital of the Company as at the date of this Prospectus:</p> <table data-bbox="564 237 1394 338"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Nominal Value</i> (£)</th> <th style="text-align: right;"><i>Number</i></th> </tr> </thead> <tbody> <tr> <td>Ordinary shares</td> <td style="text-align: right;">394,499.19</td> <td style="text-align: right;">39,449,919</td> </tr> </tbody> </table>		<i>Nominal Value</i> (£)	<i>Number</i>	Ordinary shares	394,499.19	39,449,919
	<i>Nominal Value</i> (£)	<i>Number</i>						
Ordinary shares	394,499.19	39,449,919						
C.4	Rights attaching to the Ordinary Shares and to the C Shares	<p>The holders of the Ordinary Shares and C Shares shall only be entitled to receive, and to participate in, any dividends declared in relation to the relevant class of shares that they hold.</p> <p>On a winding-up or a return of capital by the Company, the holders of any C Shares in issue shall be entitled to the net assets of the Company attributable to those C Shares. 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 in issue.</p> <p>The Ordinary Shares and the C Shares shall carry the right to receive notice of, attend and vote at general meetings of the Company.</p> <p>On a show of hands each Shareholder has one vote, and on a poll each Shareholder has one vote per Ordinary Share or C Share held.</p> <p>The consent of the holders of Ordinary Shares or holders of C Shares will be required for the variation of any rights attached to the Ordinary Shares or C Shares (as applicable).</p> <p>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 annual general meeting of the Company to be held in 2021 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward to the effect that the Company be wound up, liquidated, reconstructed or unitised.</p> <p>In addition, where in a financial year of the Company ending on or after 31 December 2016 the Ordinary Shares have traded, on average over that financial year, at a discount in excess of 10 per cent. to Net Asset Value per Ordinary Share, the Company will be required to propose a special resolution at the next annual general meeting for the discontinuation of the business of the Company in its present form. If such a discontinuation resolution is passed, proposals will be put forward by the Directors to Shareholders within four months to address the trading discount to Net Asset Value per Ordinary Share (which may include proposals for the reorganisation, reconstruction or winding up of the Company).</p>						
C.5	Restrictions on the free transferability of the securities	<p>There are no restrictions on the free transferability of the Ordinary Shares or the C Shares, subject to compliance with applicable securities laws.</p>						
C.6	Admission	<p>Applications will be made to the London Stock Exchange for all of the Issue Shares to be issued pursuant to the Placing Programme to be admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market. Any Admission will become effective and dealings for normal settlement in the Issue Shares issued under the Placing Programme will commence between 21 December 2018 and 20 December 2019.</p>						
C.7	Dividend policy	<p>The Company intends to distribute at least 85 per cent. of its distributable income earned in each financial year by way of dividends. The Company intends to pay dividends on a quarterly basis, with dividends to be paid in September, December, March and June in each year.</p> <p>Whilst not forming part of its investment policy, once the Company has incurred borrowings in line with its borrowing policy, the Company will target the payment of dividends on the Ordinary Shares of at least 8 per cent. per Ordinary Share per annum on the issue price in the IPO Placing.</p> <p>Investors should note that the target dividend, including its declaration and payment dates, is a target only and not a profit forecast.</p> <p>The Company intends to continue to designate some or all of the dividends paid in respect of a given accounting period as "interest distributions" for tax purposes, provided that it remains an approved investment trust at the time.</p>						

		<p>Dividends will be declared on the C Shares only in the event that there is material net income available for distribution to the holders of the C Shares to which such income relates.</p> <p>The Company has arranged a dividend reinvestment plan that gives holders of Ordinary Shares the opportunity to use any cash dividends to buy Ordinary Shares through a special dealing arrangement.</p>
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Section D – Risks		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
D.2	Key information on the key risks that are specific to the Company and its industry	<p>There can be no assurance that the investment objective of the Company will be achieved or that the Company's portfolio of investments will generate the rates of return referred to in this Prospectus. There is no guarantee that any dividends will be paid in respect of any financial year or period.</p> <p>Credit Assets are subject to risks of borrower default. The default history for loans is limited and actual defaults may be greater than indicated by historical data.</p> <p>The Company has no employees and is reliant on the performance of third party service providers and the effective operation of their IT systems. Any IT systems failure could have a material adverse effect on the ability to acquire, realise, service and determine the value of investments.</p> <p>The Company has borrowed money for investment purposes, which exposes the Company to risks associated with borrowings.</p> <p>Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns. Adverse market conditions and their consequences may have a material adverse effect on the Investment Manager's ability to identify and invest in Credit Assets and Equity Assets delivering the returns necessary for the Company to meet its investment objective.</p> <p>To the extent the Investment Manager is unable to identify and make such investments, the Company may invest surplus capital in cash deposits, cash equivalent investments and fixed income instruments, which typically offer lower yields than Credit Assets and Equity Assets of the sort the Company invests in. This may result in a reduction in the Company's aggregate return on investments, which may have a material adverse effect on the Company's financial condition and results of operations.</p> <p>The Company's performance may be adversely affected by competition for investments in the consumer, small business and specialist lending industry and there can be no guarantee that the Company will be able to secure terms in relation to the deployment of its capital through Credit Assets or Equity Assets.</p> <p>Increasing competition for Credit Assets, and increasing regulation of the consumer, small business and specialist lending industry, may lead to reductions in yields on Credit Assets. This may result in a reduction in the Company's aggregate return on investments, which may have a material adverse effect on the Company's financial condition and results of operations, and its ability to meet its investment objective.</p> <p>The Company is reliant on the Origination Partners and other third parties to acquire interests in Credit Assets. As such, the Company will only be able to invest in Credit Assets to the extent that the Origination Partners and other persons from whom the Company acquires Credit Assets refer or provide sufficient opportunities to the Company to invest in Credit Assets which satisfy the Investment Manager's underwriting criteria.</p> <p>On 29 March 2017, the UK formally initiated its exit from the European Union. Although negotiations are ongoing between the UK and the European Union, the terms of the ultimate Brexit agreement between the UK and the European Union and the consequences for the Company (including from a regulatory and tax perspective) remain largely uncertain as at the date of this Prospectus. Brexit could also create significant UK stock market uncertainty and adversely affect the value of residential and / or commercial real estate, which may have a material adverse effect on the Net Asset Value and price of the Issue Shares.</p>

		<p>It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions under section 1158 of the CTA 2010 and the Investment Trust Regulations for it to continue to maintain its status as an approved investment trust. In respect of each accounting period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. There is a risk that the Company fails to maintain its status as an investment trust. In such circumstances, the Company would be subject to the normal rates of corporation tax on chargeable gains arising on the transfer or disposal of Equity Assets, which could adversely affect the Company's financial performance, its ability to provide returns to Shareholders or the post-tax returns received by Shareholders.</p> <p>In these circumstances, the Company would also be unable to elect to treat dividends as deductible "interest distributions" for tax purposes, which could adversely affect the post-tax returns received by Shareholders.</p>
D.3	Key information on the key risks that are specific to the Issue Shares	<p>The value of the Issue Shares and the income derived from the Issue Shares (if any) can fluctuate and may go down as well as up. The Issue Shares may trade at a discount to the NAV attributable to them, and there can be no assurance that the Issue Shares will be repurchased by the Company, even if they trade materially below the Net Asset Value attributable to them.</p> <p>It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Issue Shares.</p> <p>The performance of such part of the Portfolio that is attributable to the C Shares may diverge significantly from that of the Ordinary Shares between any Admission of the C Shares to trading on the Specialist Fund Segment and conversion of the C Shares into Ordinary Shares in accordance with the Articles. In particular, the Net Asset Value per Ordinary Share may differ significantly from the Net Asset Value per C Share.</p> <p>If the Directors decide to issue further Issue Shares, the proportions of the voting rights held by Shareholders may be diluted.</p> <p>Dividend payments on the Issue Shares are not guaranteed.</p> <p>Changes in tax law may reduce any return for investors in the Company.</p>

Section E – Offer		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
E.1	Proceeds and expenses of the Placing Programme	<p>The net proceeds of the Placing Programme are dependent, among other things, on: (i) the Directors determining to proceed with an issue of Issue Shares under the Placing Programme; (ii) the level of subscriptions received; and (iii) the price at which any Issue Shares are issued under the Placing Programme.</p> <p>The Company is bearing costs of approximately £650,000 in relation to the establishment of the Placing Programme and the publication of this Prospectus. The expenses for each Issue will depend, among other things, on subscriptions received.</p>
E.2.a	Reasons for the Placing Programme and use of proceeds	<p>The Board, as advised by the Investment Manager, believes that there are attractive opportunities for the Company to deliver value for Shareholders through exposure to Credit Assets and Equity Assets.</p> <p>The Company's principal use of cash (including the net proceeds of any issue of Issue Shares under the Placing Programme) will be to purchase investments sourced by the Investment Manager in line with the Company's investment policy, as well as paying the expenses related to the Issue and paying ongoing operational expenses.</p>
E.3	Terms and conditions of the Placing Programme	<p>Each allotment and issue of Issue Shares pursuant to the Placing Programme is conditional, among other things, on: (i) the Issue Price for that issue of Issue Shares being determined by Directors (to the extent that Ordinary Shares are to be issued); (ii) Admission occurring with respect to the Issue Shares to be issued; and (iii) to the extent required under the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company.</p>

E.4	Material interests	Not applicable. There are no interests that are material to the Placing Programme and no conflicting interests.
E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell Issue Shares as part of the Placing Programme.
E.6	Dilution	If the maximum of 40 million Ordinary Shares are issued pursuant to the Placing Programme, assuming that existing Shareholders do not participate in the Issue, there would be a dilution of approximately 50 per cent. in the voting control of existing Shareholders.
E.7	Estimated expenses charged to the investor by the issuer	The costs and expenses of the Placing Programme will depend on, among other things, subscriptions received.

PART II

RISK FACTORS

Any investment in the Company should not be regarded as short-term in nature and involves a high degree of risk. Accordingly, investors should consider carefully all of the information set out in this Prospectus and the risks attaching to an investment in the Company, including, in particular, the risks described below and consult with their professional advisers before making an application to participate in the Issue.

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

The risks and uncertainties described below represent those that the Directors consider to be material as at the date of this Prospectus. However, these risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties relating to the Company that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business, financial condition, results of operations and prospects and, if any or a combination of such risks should occur, the price of Issue Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Issue Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

The Company has presented certain information in this Prospectus regarding the past performance of the Investment Manager, its key individuals, and their previous portfolio investments. The past performance of the Investment Manager and its key individuals which are referred to in this Prospectus are for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee, of future performance or results of the Company.

1. Risks relating to the Company

1.1 *There can be no assurance that the Investment Manager will be successful in continuing to implement the Company's investment objective*

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

The Company will be dependent upon the Investment Manager's continued successful implementation of the Company's investment policy and its investment strategies and, ultimately, on its ability to maintain and grow an investment portfolio capable of generating attractive returns. The Investment Manager's ability to continue to deliver the Company's investment policy and investment strategies will be subject to a number of factors, including market conditions and the timing of investments relative to market cycles, many of which are beyond the control of the Company and difficult to predict. There can be no assurance that the Investment Manager will continue to be successful in sourcing suitable Credit Assets or Equity Assets for the Company.

The Company's investment objective includes the aim of providing Shareholders with dividend income. There is no guarantee that any dividends will be paid in respect of any financial year or period. The ability to pay dividends is dependent on a number of factors including the level of returns from the Portfolio. There can be no guarantee that the Portfolio will achieve the target rates of return referred to in this Prospectus, that the assets will be taken on at the pace forecast, or that the Company will not sustain any capital losses through its investments.

1.2 *The Company has no employees and is reliant on the performance of third party service providers*

The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for its executive function. In particular, the Investment Manager, Depositary, Administrator, Company Secretary, Registrar and Servicers, amongst others, will be performing services which are integral to the day-to-day operation of the Company.

Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a material adverse effect on the Company's operations and its ability to meet its investment objective.

1.3 *Delays in deployment of the proceeds of the Placing Programme may have an impact on the performance of the Company's Portfolio and cash flows*

Pending deployment of the net proceeds of any issue of Issue Shares under the Placing Programme, the Company may invest surplus capital in cash deposits, cash equivalent investments and fixed income instruments. Such investments are likely to yield lower returns than the expected returns from investments in Credit Assets and Equity Assets. There can be no guarantee that the Company will be able to invest the full amount of the net proceeds of any issue of Issue Shares under the Placing Programme in Credit Assets and Equity Assets in the manner contemplated by its investment objective. Until the net proceeds of any issue of Issue Shares under the Placing Programme are fully invested in Credit Assets and Equity Assets, the Company's aggregate return on investments will be reduced. The longer it takes for the Company to invest the net proceeds of any issue of Issue Shares under the Placing Programme in full, the greater the likelihood that the Company's results of operations will be materially adversely affected (although the time taken to fully invest the proceeds of an issue of C Shares will not affect returns to existing holders of Ordinary Shares).

1.4 *Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns*

The Company's investment objective requires it to invest in instruments which may be illiquid and subject to significant competition. Market conditions may result in such instruments becoming more illiquid and subject to increased competition, which may adversely affect the ability of the Investment Manager to identify and invest in Credit Assets and Equity Assets delivering the returns necessary for the Company to meet its investment objective. To the extent that the Investment Manager is unable to identify and make such investments, the Company may invest surplus capital in cash deposits, cash equivalent investments and fixed income instruments, which typically offer lower yields than Credit Assets and Equity Assets of the sort which the Company intends to invest in. This may result in a reduction in the Company's aggregate return on investments, which may have a material adverse effect on the Company's financial condition and results of operations.

1.5 *The Company may experience fluctuations in its operating results*

The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of the investments made by the Company, changes in the amount of interest paid in respect of Credit Assets in the Portfolio, changes in the rates of interest payable on the Company's borrowings, changes in the Company's operating expenses (including the operating expenses of the Investment Manager), the degree to which the Company encounters competition, and general economic and market conditions. Such fluctuations may lead to volatility in the trading price of the Issue Shares and may mean that the Company's results for a particular period are not indicative of its performance in a future period.

1.6 *The Company has borrowed in connection with its investment activities, which subjects it to interest rate risk and additional losses if the value of its investments fall*

Borrowings have been employed at the level of the Company and may be employed at the level of any investee entity (including any SPV that may be established or utilised by the Company in connection with incurring borrowings against any of its assets).

The Company itself may borrow (through bank or other facilities) up to 100 per cent. of Net Asset Value (calculated at the time of draw down under any facility that the Company has entered into). As at the date of this Prospectus, the Company intends, in line with previous practice, to target borrowings in the range of 50 per cent. to 75 per cent. of Net Asset Value. As at 30 November 2018, the Company has committed facilities of £200 million, and had drawn down £189.0 million, representing approximately 47 per cent. of the latest published Cum-Income NAV.

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the Issue Shares when the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the Company's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the Company's return and accordingly will have an adverse effect on the Company's ability to pay dividends to Shareholders.

The Company will pay interest on its borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings. In the event that interest rate movements lower the level of income receivable on cash deposits or raise the interest required to be paid by the Company, returns to investors may be reduced.

There is no guarantee that any borrowings of the Company will be refinanced on their maturity either on terms that are acceptable to the Company or at all.

1.7 *The Company's hedging strategy may not be effective*

Fluctuations in interest rates are influenced by factors outside the Company's control, and can adversely affect the Company's results of operations and profitability in a number of ways.

The Company invests in, Credit Assets which may be subject to a fixed rate of interest, or a floating rate of interest (which may be linked to, among other things, base rates, LIBOR or SOFR). To date, the Company's borrowings have been subject to a floating rate of interest. Any mismatches the Company has between the income generated by its Credit Assets, on the one hand, and the liabilities in respect of its borrowings, on the other hand, may be managed, in part, by matching floating rate borrowings with investments in Credit Assets that are also subject to a floating rate of interest. The Company may use derivative instruments, including interest rate swaps, to reduce its exposure to fluctuations in interest rates.

To the extent that the Company does rely on derivative instruments to hedge interest rate risk, it will be subject to counterparty risk. Any failure by a hedging counterparty of the Company to discharge its obligations could have a material adverse effect on the Company's results of operations and financial condition.

1.8 *The accounting policies, methodologies and valuations adopted by the Company and the Investment Manager are important to ensure accurate reporting, and they require estimates about matters that are uncertain*

Accounting policies and methodologies are fundamental to how the Company records and reports its financial results, and the Investment Manager must exercise judgement in selecting and applying many of these accounting policies and methods so that they comply with IFRS.

These judgements and associated assumptions and estimates are based on historical experience and various other factors that are considered by the Investment Manager under the circumstances at the time, and may prove to be incorrect, which could lead to inaccuracies in the reported financial position and performance of the Company that could be material.

The Investment Manager has established detailed policies and control procedures that are intended to ensure that these judgements (and the associated assumptions and estimates) are well controlled and applied consistently. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in an appropriate manner and with appropriate oversight by the Company. However, because these policies and methods require the Investment Manager to make estimates about matters that are uncertain, the Company cannot guarantee that it will not be

required to make changes in accounting estimates or restate prior period financial statements in the future. Any such changes or restatements could be material in nature.

Part of the Portfolio comprises unquoted Equity Assets. There is no reliable liquid market for these Equity Assets and the valuation of such investments requires the Investment Manager to exercise judgement. There can be no guarantee that the basis of calculation of the value of the Company's investments in Equity Assets used in the valuation process will reflect the actual value on realisation of those investments in Equity Assets.

The Company's financial performance may be affected by new accounting standards or changes to existing standards in the future. Such changes could for example be brought about by the UK's exit from the European Union by virtue of European Union standards no longer applying to the Company's financial statements. The Investment Manager is entitled to receive a management fee and performance fee for its services to the Company which is based, in part, on the financial results of the Company and the value of the Company's investments. This creates a potential conflict of interest as the Investment Manager is involved in the valuation of the Company's investments.

2. Risks relating to compliance and regulation of the Company and its reliance on regulated debt originators and service providers

Failure by the Company, the Investment Manager, Borrowers, the Origination Partners or other persons from whom the Company or the Origination Partners acquire interests in Credit Assets, the Servicers or any of the Referral Partners to comply with applicable laws and regulations (including the obligation on firms to obtain certain regulatory permissions to carry on activities and services that are regulated activities for the purposes of the FSMA) relating to the origination, acquisition and servicing of the Credit Assets could have implications for the Company. See section 11.2 of Part VI of this Prospectus for further detail on the relevant obligations under the FSMA. Failures to comply with such regulation in the broader consumer credit industry could also have implications for the Company. For example, such failures could result in suspension, termination or impairment of the Company's ability to invest in Credit Assets, limit the ability to recover amounts due in respect of Credit Assets and/or adversely affect the value of Credit Assets.

The Company is dependent on, among others, the Origination Partners, the Servicers, the Referral Partners and other third parties, to originate, acquire and service the Credit Assets. Some of these entities have been authorised as FCA regulated consumer credit firms, with appropriate permissions which include (among others) undertaking consumer lending (limited), credit broking, debt administration, debt counselling and debt collecting. If these entities are unable to maintain their regulatory permissions for relevant credit related activities and services, the Company's ability to acquire and continue to hold serviced Credit Assets may be impaired until such time as it is able to find alternative partners.

If an Origination Partner, Servicer, Referral Partner or other relevant third party is unable to maintain FCA authorisation for all the relevant consumer credit related activities, the Company's ability to achieve its investment objectives may be materially adversely affected. If such parties are all unable to obtain and/or maintain FCA authorisation for all relevant consumer credit related activities, the impact on the Company's ability to meet its investment objective is likely to be severe.

Any failure to comply with applicable laws, regulations, rules and guidance could result in investigations or regulatory enforcement action that may lead to fines or the variation, suspension or withdrawal of authorisation. Any such action may also result in adverse publicity, causing reputational damage to the relevant partner, the Investment Manager and/or the Company, which could impair the Company's ability to acquire Credit Assets.

Further and by way of example, non-compliance with certain provisions of the CCA may, for example, render customer agreements unenforceable against the borrower and result in there being no obligation on the borrower to pay interest and charges during the period of non-compliance, and may also require interest and charges that have already been collected to be refunded (see section 11.5 of Part VI of this Prospectus for further detail).

Changes to the regulatory environment (including as a result of the UK's decision to leave the European Union and potential loss of passporting rights as a result) or an increased volume of legislation may materially and negatively affect the debt origination and servicing industry and could result in suspension, termination or impairment of the Company's ability to invest in, manage or administer Credit Assets.

Consumer lending and other consumer credit related activities in the UK are subject to extensive regulation and the intensity of regulatory supervision has been increasing (see section 11 of Part VI of this Prospectus for further detail).

As is the case across much of the UK financial services industry, the consumer credit sector has undergone, and may in the future undergo, a number of significant regulatory changes. In addition to the CCA and the FSMA there are a significant number of other legal requirements applicable in the context of consumer contracts (see section 12 of Part VI of this Prospectus for further detail).

Any of these requirements may change or may be interpreted or applied differently in the future, and the Company, the Investment Manager, Borrowers, the Origination Partners and other persons from whom the Company acquires interests in Credit Assets, the Servicers and the Referral Partners may become subject to new laws and regulations, such as those related to debt collection, the enforceability of credit agreements, the statute of limitations for enforcement of debt obligations, credit reporting, consumer bankruptcy, the management of consumer debt, accounting standards, taxation requirements, employment and data privacy and protection. Such changes may result in increased operating costs for all regulated entities involved in the origination and servicing of Credit Assets or, potentially, expose them to additional liability or otherwise adversely impact the manner in which Credit Assets are originated, transferred or serviced which may lead to higher costs and lower returns on investment for the Company.

2.1 The ability to obtain, share and retain customer data is critical to the Company and is heavily regulated by privacy, data protection and related laws

In the UK, any firm that handles information relating to an identified or identifiable living individual ("**personal data**") must comply with the requirements established by the Data Protection Act 2018 (the "**DPA 2018**") in relation to processing the personal data of customers. Under the Data Protection (Charges and Information) Regulations 2018 (the "**2018 Regulations**"), organisations that determine the purpose for which personal data is processed ("**controllers**") must, subject to certain exemptions, pay a data protection fee to the Information Commissioner's Office (the "**ICO**"), which is an independent governmental authority responsible for maintaining, upholding and promoting best practices and legislative requirements for processing individuals' personal data and safeguarding the information rights of those individuals and their rights to access their personal data. The data protection fee levied under the 2018 Regulations replaces the former requirement to 'notify' (or register) under the Data Protection Act 1998 ("**DPA 1998**"); the maximum penalty for non-compliance with the 2018 Regulations is a £4,350 fine.

On 25 May 2018 the General Data Protection Regulation ((EU)2016/679) (the "**GDPR**") repealed the Data Protection Directive (95/46/EC) and became directly applicable in EU member states. The GDPR was also incorporated into the Agreement on the European Economic Area (the "**EEA Agreement**") on 6 July 2018. In the United Kingdom the DPA 2018, which has replaced the DPA 1998, and the GDPR (together, "**Data Protection Legislation**") are required to be read together. The GDPR introduced significant changes to the EU data protection regime and potentially imposes a substantially higher compliance burden on the Company. Some examples of such compliance requirements include expanding the requirement for informed "opt-in" consent by customers to processing of personal data (i.e. positive consent, rather than pre-ticked boxes or other forms of "default" consent), granting individuals a "right to be forgotten," restrictions on the use of personal data for profiling purposes, disclosure requirements requiring disclosure of sources of personal data to customers and the potential for a higher number of subject access requests (under Data Protection Legislation, individuals have a right to request access to their personal data held by organisations). These examples are not exhaustive. The GDPR also increases the potential level of administrative fines which can be levied by national data protection supervisory authorities (such as the ICO) in respect of serious compliance failures. Infringements of certain provisions of the GDPR can lead to administrative fines of up to €10,000,000 or, in the case of an undertaking, up to two per cent. of its worldwide annual turnover of the preceding financial year, whichever is higher. Infringements of other provisions can lead to administrative fines of up to €20,000,000 or, in the case of an undertaking, up to four per cent. of its worldwide annual turnover of the preceding financial year, whichever is higher.

Any failure to comply with the Data Protection Legislation could result in enforcement notices, administrative fines and prosecution. The Data Protection Legislation, and any further regulatory changes that impair the Company's ability to use or share the personal data of individuals is likely to increase the Company's compliance costs and could have a material adverse effect on the Company's ability to evaluate opportunities for the acquisition of Credit Assets and to manage those Credit Assets (see section 12.5 of Part VI of this Prospectus for further detail).

2.2 **Alternative Investment Fund Managers Directive**

The AIFM Directive seeks to regulate AIFMs and imposes obligations on AIFMs in the EEA or who market shares in alternative investment funds to EEA investors. In order to obtain authorisation under the AIFM Directive, an AIFM needs to comply with various organisational, operational and transparency obligations, which may create significant additional compliance costs, some of which may be passed to investors in the alternative investment funds they manage and may affect dividend returns.

For as long as the Company is an AIF subject to the AIFM Directive, the marketing of Issue Shares to investors in the UK and other EEA member states will be restricted and will need to be undertaken in accordance with the AIFM Directive or the relevant national private placement regimes of any EEA member states in which marketing takes place. The Company may be subject to a different regulatory regime following the UK's exit from the European Union, although the AIFM Directive will continue to apply for a transitional period. The Investment Manager has filed a notification with the FCA pursuant to Regulation 54 of the AIFM Regulation (which implements Article 31 of the AIFM Directive) to market the Issue Shares to professional investors in the UK. Any regulatory changes arising from the AIFM Directive (or otherwise) that limit the Company's ability to market future issues of its Issue Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which may, in turn, adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Issue Shares.

Changes in the Company's accounting policies or in accounting standards could materially affect how it reports its financial condition and results of operations

From time to time, the International Accounting Standards Board and/or the European Union change the IFRS that govern the preparation of the Company's financial statements, which the Company may be required to adopt or which the Company may adopt prior to the date on which such changes become mandatory if determined to be appropriate. These changes can be difficult to predict and could materially impact how the Company records and reports its financial condition and results of operations. In some cases, the Company could be required to apply a new or revised standard retroactively, resulting in restatement of prior period financial statements.

3. **Risks related to the Company's investment objective and strategy**

3.1 **Adverse economic and market conditions may negatively impact the Company's business and financial performance, including through higher impairment charges, increased capital losses on Credit Assets and reduced opportunities for the Company to invest in Credit Assets**

The Company's business is subject to general macroeconomic conditions in the UK and volatility in the global economic and financial markets, both generally and as they specifically affect participants in the consumer lending industry. Since the start of the global financial crisis in 2008, the UK economy has experienced significant turbulence and a period of recession, which has adversely affected, among other things, business activity, consumer confidence, spending and demand for and supply of credit, asset values, corporate capital investment levels, corporate insolvency rates, conditions in the housing market and the commercial real estate sector, levels of employment, the cost and availability of credit and liquidity in the capital markets. The UK economy is also affected by prevailing economic conditions in the Eurozone and globally, including the possibility of further macroeconomic deterioration and/or financial market instability, which may also negatively affect consumer confidence, spending, demand for credit and retail and wholesale funding markets. While certain economic indicators in the UK have exhibited signs of improvement, the outlook for the UK economy remains somewhat uncertain and may experience further volatility as a result of the UK's decision to leave the European Union and a variety of other factors.

A deterioration of economic and market conditions and/or prolonged volatility could have an overall material adverse effect on the Company's business, financial condition, results of operations and prospects. Adverse economic conditions in the UK could have a negative impact on the financial circumstances of underlying borrowers to Credit Assets, such as through increased unemployment, which may affect the ability of borrowers to repay their loans. This may, in turn, lead to an increase in non-payment, arrears and forbearance as well as an increase in the Company's impairment charges on Credit Assets. In addition, consumers may be less likely to borrow to fund discretionary purchases such as home improvements or holiday property ownership during periods of economic decline, reducing the number of investment opportunities available to the Company. Similarly, there may be a reduction in the number of investment opportunities referred to the Company by third parties or a reduction in borrowing by specialist lenders.

Conversely, improving economic and market conditions could also adversely affect the Company as improved financial circumstances of underlying borrowers to Credit Assets may lead to them repaying or refinancing their borrowings sooner than expected. Any improvement in the Company's investment opportunities as a result of improved economic and market conditions may not offset the effects of early repayments and, as a result, the aggregate amount of the Portfolio invested in Credit Assets may decline, requiring the Company to invest surplus capital in cash deposits, cash equivalent investments and fixed income instruments. This may result in a reduction in the Company's aggregate return on investments, which may have a material adverse effect on the Company's financial condition and results of operations.

Improved economic conditions could also result in interest rates rising, which could increase the financial commitments of borrowers on mortgage and other credit commitments, which could reduce their ability to repay the Credit Assets.

Any of the foregoing results could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

3.2 *The Company's performance may be adversely affected by competition for investments in the consumer lending industry*

The consumer lending market in which the Company participates is competitive and rapidly changing. There can be no guarantee that the Company will be able to secure terms in relation to the deployment of its capital through Credit Assets acquired from the Origination Partners or other third parties, or Equity Assets.

The Company may face increasing competition for access to Credit Assets as the consumer lending industry continues to evolve. The Company may face competition from banks, specialist lenders and other institutional lenders such as asset managers and other fund vehicles that are substantially larger and have considerably greater financial, technical and marketing resources than the Company. Other institutional sources of capital may enter the market. These potential competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Investment Manager is able to establish on behalf of the Company. There can be no assurance that the competitive pressures the Company faces will not erode the Company's ability to deploy capital and thus impact the financial condition and results of the Company.

In addition, increasing competition for Credit Assets, and increasing regulation of the consumer lending industry (and the associated costs of complying with such regulation), may lead to reductions in yields on Credit Assets. This may result in a reduction in the Company's aggregate return on investments, which may have a material adverse effect on the Company's financial condition and results of operations and its ability to meet its investment objective.

3.3 *The Company is exposed to risks relating to its Servicers*

The Company is reliant on the services of the Servicers to provide certain account administration, customer servicing and arrears management services in respect of Credit Assets forming part of the Portfolio. These services include the provision of certain notices and forms to the borrowers in accordance with regulatory requirements. Failure by such persons to deliver these services properly, including failure to ensure the proper delivery, format and content of communications that are required

to be sent to borrowers and failure to ensure proper customer data and funds management could negatively affect the reputation of the Company, the Origination Partners and/or the Investment Manager, and relationships with borrowers and counterparties of the Company, the Origination Partners and/or the Investment Manager. The failure could also expose the Company to potential liability under applicable regulations or require remediation to borrowers. Such potential liability could include regulatory enforcement action, the award of financial compensation and/or other remedies to affected borrowers and a range of other negative outcomes, and the Company may not be able to recover from the relevant Servicer in respect of any or all such liabilities. A failure by a Servicer to deliver contracted services properly to the Company could also damage the Company's reputation and its ability to acquire Credit Assets, and cause significant operational issues.

Any of the foregoing outcomes could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

3.4 *The Company is reliant on the Origination Partners and other third parties to acquire interests in Credit Assets*

The Company has certain arrangements in place with the Origination Partners and other third parties which provide it with access to a diverse pipeline of potential investments. The Origination Partners in turn are reliant on their relationship with Referral Partners. However, there is no guarantee that such access will continue in the future and there can be no guarantee that the growth experienced by the consumer lending industry in recent periods will continue. The Investment Manager may continue to work with Origination Partners to identify opportunities to develop relationships with further Referral Partners, to increase the volume and diversity of the pipeline of Credit Assets to which the Company ultimately has access. The Investment Manager may also seek to enter into agreements with further partners and lenders to diversify the sources of potential investments in Credit Assets. There is, however, no guarantee that the Investment Manager will be able to do so.

If the Origination Partners, together with other persons from whom the Company acquires Credit Assets, do not offer sufficient Credit Assets for acquisition by the Company, or if such parties offer sufficient Credit Assets for acquisition by the Company but those Credit Assets do not meet the Investment Manager's investment criteria and the Company is unable to source adequate acquisition opportunities from other sources, the Company may be unable to deploy its capital in a timely or efficient manner.

A material portion of the Company's investment in Credit Assets comprise interests in seasoned portfolios of loans which it acquires from third parties. There can be no guarantee that such portfolio interests will continue to be available in the market or that the Company will be able to acquire such interests at a price that generates the returns which it is targeting.

Where there are insufficient opportunities available for the Company to invest in Credit Assets, or where the volume of available and suitable Credit Assets falls, the Company may invest in cash, cash equivalent investments, fixed income investments or Credit Assets that fall within its investment policy but do not offer the net yields which the Investment Manager is targeting. In such circumstances, the investments made will generally be expected to offer lower returns than the Company's target returns from investments in Credit Assets.

3.5 *The Company's investments in Credit Assets and Equity Assets are concentrated in the UK*

Whilst the Company regularly monitors the concentration of its portfolio and its exposures, concentrations by sector, region and country may arise from time to time. As at the date of this Prospectus, the vast majority of the Company's Credit Assets and Equity Assets are UK-based. As a result of this geographic concentration, the Company may be disproportionately exposed to downturns in the UK's economy which could, for example, lead to an increase in the number of borrower defaults in respect of the Credit Assets, the impact of which might be less pronounced if the Company's investments were more geographically diversified. This concentration could result in greater volatility in the value of the Company's investments and consequently the NAV, and may materially adversely affect the performance of the Company, the NAV, the Company's earnings and returns to Shareholders.

3.6 **Investments outside the UK are exposed to local legal, economic, political, regulatory and other risks**

Whilst the vast majority of the Company's Credit Assets and Equity Assets are currently UK-based (as at the date of this Prospectus), the Company may invest in Credit Assets and Equity Assets outside of the UK. The laws and regulations of various jurisdictions in which the Company may invest may impose restrictions that would not exist in the UK. The Company's investments and the collateral underlying those investments may be subject to various laws for the protection of creditors in the jurisdictions where the relevant borrowers are situated, which may adversely affect the Company's ability to take control of or sell the underlying security in a default. These insolvency considerations may also differ depending on the legal status of the borrower. The Company, as a creditor, may experience less favourable treatment under different insolvency regimes than apply in the UK, including where it seeks to enforce any security it may hold as a creditor.

In addition, governments may from time to time impose restrictions intended to prevent capital flight, which may, for example, involve punitive taxation (including high withholding taxes) on certain transfers or the imposition of exchange controls, making it difficult or impossible to exchange or repatriate foreign currency. These and other restrictions may make it impracticable for the Company to distribute the amounts realised from relevant investments at all or may force the Company to distribute such amounts in a currency other than in pounds sterling and therefore a portion of the distribution may be made in foreign currency. It also may be difficult to obtain and enforce a judgment in a local court. No assurance can be given that a particular political or economic climate, or particular legal or regulatory risks, will not adversely affect an investment by the Company.

3.7 **Brexit**

On 29 March 2017, the UK formally initiated its exit from the European Union. The extent of the impact of Brexit on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the European Union following Brexit and the extent to which the UK continues to apply laws that are based upon European Union legislation. The political, economic, legal, regulatory, tax and social consequences, and the terms of the ultimate agreement to be reached between the UK and the European Union regarding the UK's exit (if any), remain largely uncertain as at the date of this Prospectus.

This period of uncertainty may result in volatility and disruption to the global financial markets and constrain the availability of debt which may, in turn, adversely affect the Company's ability to borrow. Brexit could also create significant UK stock market uncertainty and adversely affect the value of UK residential and / or commercial real estate assets, which may have a material adverse effect on the value of any security over real estate from which the Company benefits, the Net Asset Value and price of the Issue Shares. As such, it is not possible to specify the impact that Brexit will have on the Company and its investments.

However, to the extent that mainstream lenders tighten their credit risk appetite as a result of Brexit, this may create opportunities for the Company.

4. **Risks relating to the Company's investment in Credit Assets**

4.1 **The failure by underlying borrowers to make repayments under the terms of the Credit Assets will have an adverse effect on the Company's performance**

Regardless of the form that an investment in a Credit Asset takes, the ability of the Company to earn revenue is dependent upon payments being made by the underlying borrowers to Credit Assets in a timely and complete manner. The Company will receive payments under any Credit Assets only if the underlying borrower makes payments on the relevant loan. Where Credit Assets benefit from security, the Company's recovery will be dependent on the amounts recovered following the enforcement of such security being sufficient to cover the outstanding amounts due to the Company. Where the Company invests in Credit Assets on a subordinated basis, there is a greater risk that amounts recovered following the default of a borrower will be insufficient to cover outstanding amounts due to the Company, as the recovered amounts must first be applied to discharge obligations which rank ahead of the Company's claims.

Where an underlying borrower to a Credit Asset defaults, the Company must rely on the collection efforts of the relevant Servicer and its designated collection agencies. Any fees and expenses incurred by the Company in connection with defaulted Credit Assets will reduce the amount which the Company may recover in the event of a partial or complete collection.

If an underlying borrower neglects its payment obligations on a loan or chooses not to repay its loan, the Company may not be able to recover any portion of its outstanding principal and interest under a related Credit Asset comprising an investment in that loan.

Where an underlying borrower is an individual, if such a borrower with outstanding obligations under a loan dies while the loan is outstanding, the borrower's estate may not contain sufficient assets to repay the loan or the executor of the borrower's estate may prioritise repayment of other creditors. Numerous other events could impact a borrower's ability or willingness to repay a loan in which the Company invests, including divorce or sudden and unexpected significant expenses.

4.2 *Risk of fraud or misrepresentation by borrowers, Origination Partners, Referral Partners or other third parties*

The value of the investments made by the Company in Credit Assets may be affected by fraud, misrepresentation or omission on the part of the underlying borrower to each Credit Asset, by parties related to the borrower, including an Origination Partner or a Referral Partner or by other parties to the Credit Asset (or related collateral and security arrangements). Such fraudulent activity may adversely affect the Company's ability to enforce its contractual rights under the Credit Asset or for the underlying borrower to the Credit Asset to repay the Credit Asset or interest on it or its other debts. Where a Credit Asset comprises a secured loan, such fraudulent activity may adversely affect the value of the underlying collateral.

4.3 *Risk of borrower default in respect of Credit Assets*

Credit Assets referred to Origination Partners by Referral Partners, and Credit Assets sold to the Company by third parties, may be secured or unsecured. Unsecured Credit Assets are not secured by any collateral and do not benefit from any third party guarantee or insurance. While these Credit Assets will be individually small such that the Company does not expect the loss on any one Credit Asset to be significant in the context of the Portfolio as a whole (as at the date of this Prospectus, the Company's maximum exposure under a single unsecured consumer credit asset does not exceed 0.15 per cent. of Gross Assets), the relevant Servicer and its designated third party collection agencies may be limited in their ability to collect on Credit Assets and, if an underlying borrower defaults on its obligations, the ability of the Company to collect any portion of the Credit Asset will accordingly be limited.

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

If a borrower files for bankruptcy in any of the jurisdictions in which the Company may invest, a stay may go into effect that will automatically put any pending collection actions on hold and prevent further collection action absent court approval. It is possible that the borrower's personal liability on its loan will be discharged in bankruptcy. In most cases involving the bankruptcy of a borrower with an unsecured loan, unsecured creditors, including the Company, will receive only a fraction of any amount outstanding on the amount owing to them, if anything.

The Company also invests in loans to specialist lenders or other financial services counterparties secured over, among other things, granular portfolios of loan receivables. A substantial component of the Investment Manager's analysis of the desirability of participating in such loans will relate to the estimated residual or recovery value of the security in the event of the insolvency of the borrower. The value of such security can, however, be extremely difficult to predict as in certain circumstances market quotations and third party pricing information may not be available, can diminish over the term of the relevant loan, and, in certain market circumstances, there could be little, if any, market for such assets.

Whilst the obligations of the borrower under such loans will be subject to security, the enforceability of the related security arrangements will be subject to such security having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by a borrower, such as, for example, financial assistance and corporate benefit requirements in respect of a company. If the secured loans in which the Company participates do not benefit from the expected security arrangements this may affect the value of the investments made by the Company.

If the borrower under a secured loan in which the Company participates were to default, and the security enforced, the value recovered from enforcement of the security may be smaller than the value of the Company's investment (whether due to external factors such as changes in the market for the assets to which the security relates, general economic conditions or otherwise).

Some of the loans which the Company acquires are secured by underlying property. Where the borrower defaults on such loans, there can be no assurance that the Company would be successful in enforcing against the collateral and various factors may inhibit its attempts to do so including unperfected security, competing claims against the underlying property and other legal challenges.

If the Company participates in a secured loan on a subordinated or second charge basis, there is a greater risk that amounts recovered following enforcement of the security will be insufficient to cover outstanding amounts due to the Company, as those amounts must first be applied to discharge obligations which rank ahead of the Company's claims.

4.4 *Credit Asset default rates may be affected by a number of factors outside the Company's control and actual default rates may vary significantly from historical observations*

Credit Asset default rates may be significantly affected by economic factors and conditions beyond the Company's control. In particular, default rates may increase due to factors such as prevailing interest rates, unemployment rates, consumer confidence, residential real estate values, changes in consumer spending, the number of personal bankruptcies, and disruptions in the credit markets.

The default history for Credit Assets originated via or issued by direct lenders such as the Origination Partners is limited and actual defaults over a full market cycle may be greater than indicated by historical data, and the timing of defaults may vary significantly from historical observations. Even where historical data is available in respect of Credit Assets (for example, where a portfolio is purchased from a third party), defaults following acquisition of the relevant Credit Asset may differ from those experienced prior to the acquisition.

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

4.5 *Prepayment and redeployment risk*

Underlying borrowers may decide to prepay all or a portion of the remaining principal amount due under a Credit Asset at any time and, generally, without significant penalty. The degree to which borrowers prepay loans, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the borrower's financial condition and competitive conditions among lenders.

Upon repayment of all or part of the remaining unpaid principal amount of a Credit Asset acquired by the Company (whether as a prepayment or otherwise), the Company will receive such repayment, but further interest may not accrue on such Credit Asset (or part thereof) after the date of the payment. In the case of a prepayment, the Company may therefore not receive all of the interest payments that it expected to receive.

Pending redeployment of the funds received as repayments on Credit Assets, the Company may invest the funds in cash deposits, cash equivalent investments and fixed income instruments. Such investments are likely to yield lower returns than the expected returns from investments in Credit Assets and Equity Assets. There can be no guarantee that the Company will be able to re-invest the amounts received as repayments in further Credit Assets and Equity Assets. The longer it takes for the Company to redeploy amounts repaid to it, the greater the potential negative impact on the Company's financial results.

4.6 ***The Company may invest in Credit Assets comprising loans to small or less well established companies***

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

4.7 ***Risks of investment in Credit Assets that have underlying borrowers with poor credit ratings or histories***

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

Some of the High Yield Investments may be linked to underlying borrowers who have subprime credit ratings. Many of these underlying borrowers are people who have had difficulty obtaining loans from other sources, including banks and other financial institutions, on favourable terms, or on any terms at all, due to credit problems, limited credit histories, adverse financial circumstances or high debt-to-income ratios.

The Company expects Credit Assets which are High Yield Investments to have a substantial rate of default, but may notwithstanding such default rate make significant investments in Credit Assets which are High Yield Investments (some of which may be linked to subprime borrowers) in circumstances where it believes that the relationship between interest rates and default will produce attractive returns on a net basis.

However, no assurance can be given that the expected default rates of Credit Assets which are High Yield Investments will not materially exceed historical or expected levels, thereby materially and negatively impacting the returns of investments of the Company and, therefore, the Net Asset Value of the Company.

4.8 ***Risks associated with a limited secondary market and liquidity for Credit Assets***

Consumer loans generally, but not exclusively, have a contractual maturity of between 6 and 120 months, although borrowers may (and frequently do) elect to repay loans prior to their maturity date.

Until an active secondary market develops, the Company will primarily adhere to an "invest and hold" strategy and will not necessarily be able to access significant liquidity. In the event of adverse economic conditions in which it would be preferable for the Company to sell certain of its Credit Assets, the Company may not be able to sell a sufficient proportion of its Portfolio as a result of liquidity constraints. In such circumstances, the overall returns to the Company from its investments may be adversely affected.

4.9 **Risks associated with the Origination Partners and other third parties retaining legal title to the Credit Assets**

As part of the Company's investment strategy, it acquires beneficial title to the Credit Assets (and the related security), and may also acquire legal title where permitted by applicable law and it is held by an Origination Partner or other third party who is able to transfer such legal title to the Company.

Where the Company does not acquire legal title to a Credit Asset, the Origination Partner or other third party retains legal title and remains the lender of record. In certain circumstances (such as the insolvency of the Origination Partner or other third party, termination of the relevant origination agreement or at the request of the Company), the Origination Partner or other third party will be obliged to transfer legal title to all Credit Assets acquired by the Company from the Origination Partner or third party (to the extent that legal title is held by the Origination Partner or third party) to the Company, or to such other person as the Company may direct. The Origination Partner or third party may acquire Credit Assets from other third parties that are subsequently acquired by the Company. To the extent that the Origination Partner or third party and, subsequently, the Company acquires only the beneficial title to those Credit Assets, the legal title to the Credit Assets (and the related security) may be retained by the party from whom the Origination Partner or third party acquired the Credit Assets, the originator of the Credit Assets or another third party.

Under the arrangements with the Origination Partners and other third parties, the Company may submit a request to the Origination Partner or third party to transfer legal title to the Company, following which a notice of legal transfer is given to the relevant borrower. Until such notice is given to the relevant borrower, equitable or independent set-off rights may accrue in favour of any borrower against his or her obligation to make payments to the relevant Origination Partner or third party under the relevant loan. Loans and any related security will continue to be subject to any prior rights any applicable borrower may become entitled to after the transfer. However, following notice of transfer to the Company (or its nominee) being given to the borrower, some rights of set-off (being those rights that are not connected with or related to the relevant loan) may not arise after the date notice is given.

Where the Company does not hold legal title, it would not be able to enforce any borrower obligations under a loan (or its related security) by itself, but to the extent that a Servicer failed to take any or appropriate enforcement action against the relevant borrower, the Company would have to join the Origination Partner or the third party holding legal title as a party to any legal proceedings.

As a consequence of the legal title to the Credit Assets and any related security remaining with the Origination Partner or third party, a *bona fide* purchaser from the Origination Partner or relevant third party might obtain a good title free of any such interest. If this occurred, then the Company would not have good title to the affected Credit Asset and its related security, and it would not be entitled to payments by a relevant borrower in respect of that loan.

If any of the risks described above were to occur then the realisable value of the Credit Assets or any part thereof may be affected.

5. Risks related to the Company's investments in Equity Assets

5.1 **The Company may invest in Equity Assets which comprise unlisted securities**

The Company has invested, and in the future may invest further, in Equity Assets that are aligned with the Company's strategy and that present opportunities to enhance the Company's return on its investments. Such Equity Assets are likely to be predominantly in the form of unlisted equity securities.

Investments in unlisted equity securities, by their nature, involve a higher degree of valuation and performance uncertainty and liquidity risk than investments in listed securities, and therefore may be more difficult to realise.

Unlisted, as opposed to listed, companies are subject to particular risks, including that they:

- may have shorter operating histories and smaller market shares, rendering them more vulnerable to competitor actions and market conditions, as well as general economic downturns;
- sometimes operate at a financial loss;

- are more likely to depend on the management talents and efforts of a founder or small group of persons and, if any such persons were to cease to be involved in the management or support of such companies, this could have a material adverse impact on their business and prospects, and therefore the value of the investment in them made by the Company; and
- generally have less predictable operating results and may require significant additional capital to support their operations, expansion or competitive position.

Investments which are unlisted at the time of acquisition may remain unlisted and may therefore be difficult to value and/or realise. In particular, if the Company is subject to a Shareholder vote to discontinue its existence, the Investment Manager may be unable to realise the value of Equity Assets in full, or at all, if no suitable purchaser for Equity Assets in the form of unlisted equity can be identified.

6. Risks related to the Investment Manager

6.1 *The Company is reliant on the performance and retention of key personnel at the Investment Manager and the continued appointment of*

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

6.2 *The Investment Manager will allocate many of its resources to activities in which the Company is not engaged*

The Investment Manager is not required to commit all of its resources to the Company's affairs. Insofar as the Investment Manager devotes resources to its other business interests, its ability to devote resources and attention to the Company's affairs will be reduced. This could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, Net Asset Value and the price of Issue Shares.

6.3 *The past performance of the Investment Manager is not a guarantee of the future performance of the Company*

The Company has presented certain information in this Prospectus regarding the past performance of the Investment Manager, its key individuals, and their previous portfolio investments. The past performance of the Investment Manager and its key individuals is not indicative, or intended to be indicative, of future performance or results of the Company. Accordingly, there can be no assurance that the Company will have the same opportunities to invest in assets that generate similar returns to such other funds and the risk profile of such funds is markedly different to that of the Company.

6.4 *Risks associated with the Investment Manager's credit scoring or investment models*

The Investment Manager has developed detailed and stringent underwriting criteria, which take account of a range of factors including a detailed assessment of a borrower's financial circumstances, borrower demographics, and various indicators of a borrower's likely financial strength. While the Investment Manager considers such underwriting criteria to be robust and appropriate based on its experience to date, and will constantly refine those criteria to take account of experience on the Portfolio, past experience can be no guarantee of future performance and future economic cycles may present previously unforeseen stresses on the Portfolio which are not addressed in current underwriting criteria.

As part of its assessment of a borrower's financial position, the Investment Manager (or a person to whom it has delegated its functions) will also take into account the borrower's credit score and credit history. Credit scores are produced by third-party credit reporting agencies based on a borrower's credit profile, including credit balances, available credit, timeliness of payments, average payments, delinquencies and account duration. This data is furnished to the credit reporting agencies by the

creditors. A credit score may not reflect that borrower's actual creditworthiness because the credit score may be based on outdated, incomplete or inaccurate reporting data, although as part of its underwriting procedures the Investment Manager seeks to verify the key aspects of the information obtained where it has reason to question its accuracy.

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

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

6.5 *The Company is reliant on IT systems to facilitate the acquisition and origination of Credit Assets*

The Company and the Investment Manager will be reliant, directly or indirectly, on the bespoke, proprietary software and IT infrastructure of, among others, the Origination Partners, Freedom Finance, the Referral Partners and the Servicers to provide portfolio management and Credit Asset selection functions to the Company. The Company is therefore reliant on the functionality of the technology. Any failure of these IT systems could have a material adverse effect on the ability of the Origination Partners to originate, and of the Company to acquire and realise investments in, Credit Assets and therefore impact the Company's results of operations.

The Investment Manager is reliant upon receiving data feeds directly from the Servicers. Any delays or failures could impact operational controls and the valuation of the Portfolio. While the Investment Manager has in place systems to monitor the performance of these IT systems, there can be no guarantee that issues will not arise. Any such issues may result in processing delays. To seek to mitigate this risk the Investment Manager has put in place with the Servicers a defined process and communication standard to support the exchange of data.

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

Prior to investing in Credit Assets or Equity Assets, the Investment Manager will perform due diligence on the proposed investment. In doing so, it would typically rely in part on information from third parties (including credit ratings agencies). To the extent that the Investment Manager or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, this may impact on the profitability of the investment.

To mitigate such a risk in respect of Credit Assets acquired from third parties, the sale documentation will usually contain certain representations and warranties from the seller as to the quality and historical performance and other attributes of the relevant Credit Assets. However, there is no guarantee that the seller will have sufficient resources to satisfy any claim by the Company for breach of such representations and warranties.

6.7 *The Investment Manager and its affiliates may invest in, or manage other funds which hold investments in, entities with which the Company transacts*

The Investment Manager, and the officers and employees of the Investment Manager and its affiliates, do not act exclusively as the investment manager of the Company. Accordingly, the Investment Manager and its affiliates, and their officers and employees from time to time, may invest in, or manage other funds that invest in, assets (including, without limitation, Credit Assets and/or Equity Assets) in competition with, or alongside, the Company. As at the date of this Prospectus, Honeycomb Finance and AvantCredit are affiliates of the Investment Manager, and the Investment Manager manages funds which hold investments in Freedom Finance and Shawbrook. In the future, the Investment Manager may hold investments in other entities with which the Company contracts, invests in and/or relies upon to carry out its operations.

The Investment Manager has a conflicts of interest policy which contains the details of identified conflicts or potential conflicts of interest and the procedures it follows in order to avoid, minimise and manage such conflicts or potential conflicts. The Investment Manager is structured and organised in a way so as to minimise the risks of a client's interests being prejudiced by conflicts of interest and will

wherever possible try to ensure that a conflict of interest does not arise. In the event that a conflict of interest cannot be avoided the Investment Manager will always act to ensure that the Company is fairly treated. If circumstances arise such that the Investment Manager's arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of the Company or its Shareholders will be prevented, the senior management of the Investment Manager must act to ensure that appropriate action is taken to ensure fair and equitable treatment of the Company and its Shareholders.

7. Risks related to Custody

Any financial instruments of the Company that are required to be held in custody pursuant to the AIFM Directive shall be held in custody with the Depositary, the Custodian and/or other sub custodians of the Depositary. Cash and matured fiduciary deposits may not be treated as segregated assets and might therefore not be segregated from the Depositary's, Custodian's or other sub-custodian's own assets in the event of the insolvency or the opening of bankruptcy, moratorium, liquidation or reorganisation proceedings of the Depositary, Custodian or other sub-custodian (as the case may be). In such circumstances, the Company may suffer an irrecoverable loss in respect of such assets which could have a material adverse effect on the Company's financial performance.

8. Risks related to the Issue Shares

8.1 *The market price of the Issue Shares may fluctuate widely in response to different factors and there can be no assurance that the Issue Shares will be repurchased by the Company even if they trade materially below their Net Asset Value*

The market price of the Issue Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, amongst other things: additional issuances or future sales of the Company's shares or other securities exchangeable for, or convertible into, its shares in the future; the addition or departure of Board members or key individuals at the Investment Manager; divergence in financial results from stock market expectations; changes in stock market analyst recommendations regarding the Company or any of its assets; the environment in the investment trust sector as a whole or the consumer lending industry; a perception that other market sectors may have higher growth prospects; general economic conditions; prevailing interest rates; legislative changes affecting investment trusts or investments in Credit Assets and/or Equity Assets; and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Issue Shares. The market value of the Ordinary Shares and C Shares may vary considerably from the Company's underlying Net Asset Value attributable to the Ordinary Shares or the C Shares (as applicable). There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Issue Shares.

The Company has Shareholder approval to make market purchases of up to 5,913,543 Ordinary Shares (and the Directors intend to continue to seek annual (or, if required, more frequent) renewal of an authority from Shareholders to make market purchases) and subject to the requirements of the Companies Act, the Articles and other applicable legislation, the Company may thus purchase Ordinary Shares in the market with the intention of, amongst other things, enhancing the Net Asset Value per Ordinary Share. The Company may decide to make any such purchases (and the timing of such purchases) at the absolute discretion of the Directors. There can be no assurance that any purchases will take place or that any purchases will have the effect of narrowing any discount to Net Asset Value at which the Ordinary Shares may trade.

8.2 *The market for Ordinary Shares is relatively illiquid and a liquid market for Issue Shares may fail to develop*

The market for Ordinary Shares to date has been relatively illiquid, and Admission of additional Issue Shares should not be taken as implying that a liquid market will develop for the Issue Shares.

The Specialist Fund Segment is intended for investment products targeted at institutional, professional, professionally advised and knowledgeable investors, and includes securities that may have characteristics such as (i) variable levels of secondary market liquidity; (ii) sophisticated investment

propositions with concentrated risks; (iii) highly leveraged structures; and (iv) sophisticated corporate structures. Investments in shares traded on the Specialist Fund Segment may have limited liquidity and may experience greater price volatility than those listed on the Official List of the UK Listing Authority.

If an active trading market is not developed or maintained, the liquidity and trading price of the Issue Shares may be adversely affected. Even if an active trading market develops, the market price of the Issue Shares may not reflect the value of the underlying investments of the Company.

8.3 *The Company may in the future issue new Issue Shares, which may dilute Shareholders' equity*

Issues of Issue Shares may, subject to compliance with the relevant provisions of the Companies Act and the Articles, be made on a non-pre-emptive basis. Holders of Issue Shares may, depending on the level of their participation in any subsequent Issue, have the percentage of voting rights they hold in the Company diluted. The Directors have been authorised to issue and allot up to 23,144,983 Ordinary Shares without the application of pre-emption rights, such authority to expire at the conclusion of the 2019 annual general meeting (or if earlier, at close of business on 31 August 2019). In addition, the Directors have been authorised to issue and allot up to 25 million C Shares on a non-pre-emptive basis, such authority to expire at the conclusion of the 2020 annual general meeting of the Company.

On conversion of C Shares into Ordinary Shares, the number of Ordinary Shares issued will depend on the relative Net Asset Value attributable to the C Shares and Net Asset Value attributable to the Ordinary Shares. As a result of the conversion, the percentage of the total number of issued Ordinary Shares held by each existing holder of Ordinary Shares will be reduced to the extent that such holder did not hold a sufficient number of C Shares.

8.4 *Sales of Issue Shares by members of the Board or Investment Manager key personnel, or the possibility of such sales, may affect the market price of the Issue Shares.*

Sales of Issue Shares or interests in Issue Shares by the Board or key employees of the Investment Manager and its affiliates could cause the market price of the Issue Shares to decline. Whilst the Directors and employees of the Investment Manager and its affiliates may sell their Ordinary Shares in the market, a substantial number of Issue Shares being sold, or the perception that sales of this type could occur, could cause the market price of the Issue Shares to decline. This may make it more difficult for Shareholders to sell the Issue Shares at a time and price that they deem appropriate.

8.5 *Invesco, Merian Global Investors and Woodford have substantial influence over the Company*

Insofar as is known to the Company as at the Latest Practicable Date, Invesco indirectly holds 14,267,283 Ordinary Shares, equal to approximately 36.17 per cent. of the issued share capital of the Company.

In addition, insofar as is known to the Company as at the Latest Practicable Date, Merian Global Investors indirectly holds 9,700,156 Ordinary Shares, equal to approximately 24.59 per cent. of the issued share capital of the Company.

Further, insofar as is known to the Company as at the Latest Practicable Date, Woodford indirectly holds 8,614,396 Ordinary Shares, equal to approximately 21.84 per cent. of the issued share capital of the Company.

Accordingly Invesco, Merian Global Investors and Woodford may as a practical matter be able to influence certain matters requiring approval by Shareholders. In particular, Invesco is currently, and will likely continue to be, able to control the casting of sufficient votes at a general meeting of the Company to defeat any proposed special resolution, and Invesco together with Merian Global Investors and/or Woodford can currently, and will likely continue to be able to, control the casting of sufficient votes to pass any ordinary resolution.

The trading price of the Issue Shares may be adversely affected if potential new investors are disinclined to invest in the Company because they perceive disadvantages to the concentration of Issue Shares in the hands of a limited number of Shareholders.

8.6 *The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions*

Subject to the requirement to make distributions in order to maintain investment trust status, any dividends and other distributions paid by the Company will be made at the discretion of the Board. The payment of any such dividends or other distributions will generally depend on the Company's ability to generate realised profits, which, in turn, will depend on (among other things) the Company's ability to acquire investments which pay dividends, its financial condition, its current and anticipated cash needs, its costs and the net proceeds on sale of its investments and legal and regulatory restrictions. As such, investors should have no expectation as to the amount of dividends or distributions that will be paid by the Company or that dividends or distributions will be paid at all.

8.7 *The C Shares are subject to specific risks*

The performance of such part of the Portfolio that is attributable to the C Shares may diverge significantly from that of the Ordinary Shares between any Admission of the C Shares and conversion of the C Shares into Ordinary Shares in accordance with the Articles. In particular, the attributable Net Asset Value per Ordinary Share may differ significantly from the attributable Net Asset Value per C Share.

Trading liquidity in the C Shares may be lower than in the Ordinary Shares, which may affect a Shareholder's ability to realise some or all of their investment, the price at which such realisation can be effected and/or the price at which C Shares trade in the secondary market. Accordingly, Shareholders may be unable to realise their investment at a price equal to the attributable Net Asset Value per C Share, or at all.

The proceeds of each issue of C Shares will be invested in a segregated pool of assets and therefore holders of C Shares will, until conversion of those C Shares into Ordinary Shares, have limited exposure to the Company's existing investments. Therefore, the returns of holders of C Shares will be dependent on the deployment of cash raised in a timely manner. Dividends will be declared on the C Shares only in the event that there is material net income available for distribution to the holders of the C Shares to which such income relates.

9. Risks related to regulation and taxation

9.1 *Investment trust status*

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions under section 1158 of the CTA 2010 and the Investment Trust Regulations for it to continue to maintain its status as an approved investment trust. In respect of each period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. There is a risk that the Company fails to maintain its status as an investment trust. In such circumstances, the Company would be subject to the normal rates of corporation tax on chargeable gains arising on the transfer or disposal of Equity Assets, which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders. Additionally, the Company can elect to treat dividends as "interest distributions" for tax purposes only if it is, at the time, an approved investment trust. It is not possible, for example, to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the Issue Shares are freely transferable. As at the date of this Prospectus, the Company does not constitute a close company. In the event, however, that the Company subsequently becomes aware that it has become a close company, or otherwise fails to meet the criteria for maintaining investment trust status, it will notify Shareholders of this fact as soon as is reasonably practicable.

9.2 *Overseas taxation*

The Company may be subject to tax under the tax rules of the jurisdictions in which it invests. Although the Company will endeavour to minimise any such taxes, this may affect the level of returns to Shareholders.

9.3 **Changes in tax legislation or practice**

Statements in this Prospectus concerning the taxation of Shareholders or the Company are based on UK tax law and practice as at the date of this Prospectus. Any changes to the tax status of the Company or any of its underlying investments, or to tax legislation or practice (whether in the UK or in jurisdictions in which the Company invests), could affect the value of investments held by the Company, affect the Company's ability to provide returns to Shareholders and affect the tax treatment for Shareholders of their investments in the Company (including the applicable rates of tax and availability of reliefs).

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

9.4 **Packaged retail and insurance-based investment products ("PRIIPs")**

Investors should be aware that the PRIIPs Regulation requires the Company, as a PRIIP manufacturer (as defined in the PRIIPs Regulation), to prepare a key information document ("**KID**") in respect of the Ordinary Shares. The KID must be made available by the Company to investors prior to them making any investment decision and will be available on the Company's website. Investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

PART III

IMPORTANT INFORMATION

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

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

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

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

1. Data protection

The personal data that a prospective investor in the Company provides in documents in relation to a subscription for Issue Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) and/or the Administrator in compliance with the Data Protection Legislation and the relevant legal and regulatory requirements of the United Kingdom. Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) and/or the Company Secretary for the following purposes:

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

For each of the purpose set out above, it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) and/or the Company Secretary to:

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

The aforementioned processing of personal data is necessary: (a) for the performance of the contract between the Company and the potential investor; (b) for compliance by the Company with its legal and regulatory obligations; and/or (c) for the purposes of the legitimate interests pursued by the Company.

If the Company (or any third party, functionary or agent appointed by the Company) and/or the Company Secretary discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data to the Company must ensure that such transfer is in accordance with Data Protection Legislation.

If the Company, or its permitted third parties, transfers personal data outside the EEA, it will ensure that such transfer is subject to appropriate safeguards in accordance with Data Protection Legislation.

Prospective investors are responsible for informing any third party individual to whom the personal data relates about the disclosure and use of such data in accordance with these provisions.

2. Regulatory information

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

3. Investment considerations

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

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

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

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objectives will be achieved.

It should be remembered that the price of the Issue Shares, and the income from such Issue Shares (if any), can go down as well as up.

This Prospectus should be read in its entirety before making any investment in the Issue Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Articles which investors should review. A summary of the Articles is contained in section 3 of Part XIII of this Prospectus.

4. Forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company, the Directors and the Investment Manager concerning, amongst other things, the investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects and the dividend policies of the Company and the Credit Assets and Equity Assets in which it will invest. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in general market conditions, legislative or regulatory changes, changes in taxation regimes or development planning regimes, the Company’s ability to invest its cash and the proceeds of the Issue in suitable investments in a timely manner and the availability and cost of capital for future investments.

Potential investors are advised to read this Prospectus in its entirety, and, in particular, Part II for a further discussion of the factors that could affect the Company’s future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus may not occur or may not occur as foreseen.

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

Nothing in the preceding three paragraphs should be taken as limiting the working capital statement in section 11 of Part XIII of this Prospectus.

5. Presentation of financial information

As at the date of this Prospectus, the Company has only published limited financial information. All financial information for the Company prepared to date is, and all future financial information for the Company is intended to be, prepared in accordance with IFRS as adopted by the European Union. In making an investment decision, prospective investors must rely on their own examination of the Company from time to time and the terms of the Issue.

6. Alternative performance measures (“APMs”)

This Prospectus contains financial measures that are not defined or recognised under IFRS, including Annualised NAV Return, Debt-to-Equity Ratio, Annualised Investment Yield, Annualised Bad Debt Expense and Risk Adjusted Yield. The Company presents these APMs because the Directors believe that they contribute to a better understanding of the Company’s results of operations by providing additional information on what the Directors consider to be some of the drivers of the Company’s financial performance. Furthermore, the Directors believe that these APMs are used by certain investors, securities analysts and other interested parties as supplemental measures of performance.

The Directors believe that the description of these APMs in this Prospectus follows and complies with the European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM) dated 5 October 2015.

APMs should not be considered in isolation and investors should not consider such information as alternatives to revenue or profit before tax calculated in accordance with IFRS as indications of financial performance or as measures of the Company’s profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this Prospectus. Investors are cautioned not to place undue

reliance on these APMs and are also advised to review them in conjunction with the Company's financial statements included elsewhere in this Prospectus.

For the definition of the APMs included in this Prospectus, and a reconciliation of the APMs to an appropriate measure calculated in accordance with IFRS, see section 5 of Part XI.

7. Presentation of industry, market and other data

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

8. Currency presentation

Unless otherwise indicated, all references in this Prospectus to "GBP", "pounds sterling", "£", "pence", "penny" or "p" are to the lawful currency of the UK.

9. Governing law

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

10. Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Productive Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any manufacturer (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Issue Shares being the subject of the Issue have been subject to a product approval process, which has determined that such Issue Shares are: (i) compatible with an end target market of retail investors who understand, or have been advised of, the potential risk of investing in companies admitted to the Specialist Fund Segment and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Issue Shares may decline and investors could lose all or part of their investment; the Issue Shares offer no guaranteed income and no capital protection; and an investment in the Issue Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Liberum will, pursuant to the Placing, only procure Placees who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Issue Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Issue Shares and determining appropriate distribution channels.

11. Website

The contents of the Company's website, at www.honeycombplc.com, do not form part of this Prospectus. Investors should base their decision whether or not to invest in the Issue Shares on the contents of this Prospectus alone.

12. Notice to prospective investors in the EEA

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

PART IV

EXPECTED TIMETABLE OF PRINCIPAL EVENTS, PLACING PROGRAMME STATISTICS AND DEALING CODES

Publication of this Prospectus and commencement of the Placing Programme	21 December 2018
Publication of results of each Issue	As soon as practicable following the closing of each Issue
Admission and CREST Accounts credited in respect of uncertificated Ordinary Shares issued under each Issue	8.00 a.m. on the Business Day on which the relevant Issue Shares are issued
Where applicable, share certificates despatched in respect of Ordinary Shares issued under each Issue	Approximately two weeks following the Admission of the relevant Issue Shares
Placing Programme closes	20 December 2019

Times and dates are subject to change.

PLACING PROGRAMME STATISTICS

Maximum number of Ordinary Shares and/or C Shares to be issued and allotted in aggregate pursuant to the Placing Programme	40 million
Issue Price per Ordinary Share issued under the Placing Programme	To be determined by Directors at the time of the placing
Issue Price per C Share issued under the Placing Programme	£10.00

DEALING CODES

The dealing codes for the Ordinary Shares are as follows:

ISIN:	GB00BYZV3G25
SEDOL:	BYZV3G2
Ticker:	HONY

The dealing codes for the C Shares will be as follows:

ISIN:	GB00BYQDNR86
SEDOL:	BYQDNR8
Ticker:	HNYC

PART V

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors	Robert Sharpe Jim Coyle Ravi Takhar
	<i>the business address of each of the directors is the Company's registered office below</i>
Registered Office	6th Floor, 65 Gresham Street, England, London, EC2V 7NQ United Kingdom Telephone: +44 (0)20 7954 9796
Investment Manager and AIFM	Pollen Street Capital Limited 11 – 12 Hanover Square, London, W1S 1JJ United Kingdom
Placing Agent, Broker and Bookrunner	Liberum Capital Limited Level 12, Ropemaker Place 25 Ropemaker Street London, EC2Y 9LY United Kingdom
Company Secretary	Link Company Matters Limited 6th Floor, 65 Gresham Street England, London, EC2V 7NQ United Kingdom
Administrator	Apex Fund Services (UK) Limited 6th Floor 140, London Wall London, EC2Y 5DN United Kingdom
Registrar	Computershare Investor Services PLC The Pavilions, Bridgwater Road Bristol, BS13 8AE United Kingdom
Depositary	Indos Financial Limited 5th Floor, 54 Fenchurch Street London, EC3M 3JY United Kingdom
Custodian	Sparkasse Bank Malta plc 101, Townsquare Sliema SLM3112 Malta
Legal Adviser to the Company	Slaughter and May One Bunhill Row London, EC1Y 8YY United Kingdom

**Legal Adviser to the Placing
Agent, Broker and Bookrunner**

Travers Smith LLP
10 Snow Hill
London, EC1A 2AL
United Kingdom

**Reporting Accountant and
Auditors**

PricewaterhouseCoopers LLP
1 Embankment Place
London, WC2N 6RH
United Kingdom

PART VI

INTRODUCTION TO THE COMPANY AND THE LENDING OPPORTUNITY

1. The Company

The Company was incorporated under the laws of England and Wales on 2 December 2015. It is an externally managed closed-ended investment company with an unlimited life. The Company carries on business as an investment trust within the meaning of Chapter 4 of Part 24 of the CTA 2010.

Further information on the Company (including its full investment policy) is set out in this Part VI and Parts VII and VIII of this Prospectus.

2. The Investment Manager

The Company has appointed Pollen Street Capital Limited as its investment manager and AIFM for the purposes of the AIFM Directive. The Investment Manager is responsible for the discretionary management of the Portfolio.

Further information on the Investment Manager is set out in Part IX of this Prospectus.

3. Investment objective

The Company's investment objective is to provide Shareholders with an attractive level of dividend income and capital growth through the acquisition of loans made to consumers and small businesses as well as other counterparties, together with related investments ("**Credit Assets**") and selected equity investments that are aligned with the Company's strategy and that present opportunities to enhance the Company's returns from its investments ("**Equity Assets**"). The portfolio of Credit Assets and Equity Assets owned by the Company from time to time is referred to in this Prospectus as the "**Portfolio**".

3.1 Investments in Credit Assets

The net proceeds of the Issue may be invested in Credit Assets in a number of ways. As at the date of this Prospectus, these include:

- the acquisition of interests in loans to consumers, small businesses and other counterparties, whether offered to the Company by Origination Partners or by other third party sources. These loans may be unsecured or secured;
- investments in loans to specialist lenders for the purposes of providing wholesale finance to those specialist lenders, secured against (amongst other things) granular portfolios of loan receivables; and
- the acquisition by the Company of, or the investment by the Company in, interests in portfolios of Credit Assets held by third parties.

Further detail on the structure, the participations in, and the terms of these investment models is set out in section 7 of this Part VI.

The Company seeks to generate returns on its investments in Credit Assets through the payments made by underlying borrowers. If a borrower fails to meet its payment obligations under the terms of the relevant Credit Asset, the Company's return is likely to be adversely affected. Approximately 32 per cent. of the total assets held by the Company are unsecured. In the event of non-payment by the underlying borrower on unsecured loans to such Credit Assets, there may be limited or no recovery.

In respect of those Credit Assets which are secured, the Company's recovery will depend on whether the relevant security is enforceable and, if so, whether the realisable value of the secured assets is sufficient to satisfy amounts owed by the borrower to the Company. To the extent that the recovered amounts are insufficient to satisfy the amounts owed by the borrower to the Company, the Company's return is likely to be adversely affected. Where the Company invests in Credit Assets on a subordinated basis, there is a greater risk that amounts recovered following the default of a borrower will be

insufficient to satisfy outstanding amounts due to the Company, as those amounts must first be applied to discharge obligations which rank ahead of the Company's claims.

To mitigate these risks the Company has built, and will continue to build, a diversified investment portfolio, identifying specific sub-sectors that offer attractive risk/return characteristics, further details of which are outlined in sections 5 and 6 of this Part VI. Through the investment structures described below, the Company intends to maintain exposure to a representative cross section of the UK lending market. Restrictions in the Company's investment policy also focus on the diversification of the Credit Assets forming part of the Portfolio, as they represent the primary source of credit exposure for the Company.

3.2 Investments in Equity Assets

The Company seeks to enhance returns for Shareholders through selected investments in listed and unlisted securities that are aligned with the Company's strategy and that present opportunities to enhance the Company's returns from its investments, including (but not limited to), investments in entities involved in:

- the brokerage and origination of consumer loans, small business loans and other related investments; and
- the acquisition, transmission, storage, processing and analysis of data related to lending to consumers and small and medium enterprises.

4. Investment policy

The Company invests in: (i) Credit Assets; and (ii) Equity Assets that are aligned with the Company's strategy and that present opportunities to enhance the Company's returns from its investments.

Credit Assets invested in by the Company will consist of debt obligations, both secured and unsecured, within a range of sub-sectors selected based on their risk/return characteristics. These sub-categories may include, but are not limited to, personal loans, point of sale financing, home improvement loans, second charge mortgages, bridging loans and loans to small businesses, as well as secured loans and investments in loans to specialist lenders to provide wholesale funding for consumer lending and loans to small businesses.

The Company's investment in Credit Assets will encompass the following investment models: (i) investment, or acquisition of interests, in loans (which may be secured or unsecured) to consumers, small businesses and other counterparties, whether offered to the Company by an Origination Partner or by other third party sources; (ii) investment, or acquisition of interests, in loans to specialist lenders for the purposes of providing wholesale finance to those specialist lenders, secured against (amongst other things) granular portfolios of loan receivables; and (iii) the acquisition by the Company of interests in portfolios of Credit Assets from third parties.

The Company may undertake such investments directly, or via its subsidiaries or SPVs. It is also possible that the Company may use alternative investment structures which achieve comparable commercial results to the investments described above (such as, without limitation, sub-participations in loans, credit-linked securities or fund structures), but which offer enhanced returns for the Company or other efficiencies (such as, without limitation, efficiencies as to origination, funding, servicing or administration of the relevant Credit Assets).

The Company may also invest in Equity Assets. The Company shall invest no more than 10 per cent. of the aggregate net proceeds of all issues of Issue Shares in Equity Assets, calculated, in each case, at the time of acquisition of any relevant Equity Assets based on the consideration payable for those Equity Assets and the aggregate consideration paid for all previous investments in Equity Assets which form part of the Portfolio. This restriction shall not apply to any consideration paid by the Company for the issue to it of any Equity Assets that are convertible securities. However, it will apply to any consideration payable by the Company at the time of exercise of any such convertible securities or any warrants issued. The Company may invest in Equity Assets indirectly via other investment funds (including those managed by the Investment Manager or its affiliates).

The Company will invest in Credit Assets originated across various sectors and across credit risk bands in order to ensure diversification and to seek to mitigate concentration risks. The following investment limits

and restrictions apply to the Company, to ensure that the diversification of the Portfolio is maintained, that concentration risk is limited and that limits are placed on risk associated with borrowings.

4.1 **Investment restrictions – Credit Assets and Equity Assets**

Asset class restrictions

The Company will not invest, in aggregate, more than 10 per cent. of Gross Assets, at the time of investment, in other investment funds that invest in Credit Assets.

The Company will not invest, in aggregate, more than 50 per cent. of Gross Assets, at the time of investment, in Credit Assets comprising investments in loans (alongside or in conjunction with Shawbrook) referred to the Origination Partners by Shawbrook.

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

- no single Credit Asset comprising a consumer credit asset shall exceed 0.15 per cent. of Gross Assets;
- no single SME or corporate loan, or trade receivable, shall exceed 5 per cent. of Gross Assets; and
- no single facility, security or other interest backed by a portfolio of loans, assets or receivables (excluding any borrowing ring-fenced within any SPV which would be without recourse to the Company) shall exceed 20 per cent. of Gross Assets. For the avoidance of doubt, this restriction shall not prevent the Company from directly acquiring portfolios of Credit Assets which comply with the other investment restrictions described in this section 4.1.

The Company will not invest in Equity Assets to the extent that such investment would, at the time of investment, result in the Company controlling more than 35 per cent. of the issued and voting share capital of the issuer of such Equity Assets.

4.2 **Other restrictions**

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

The Company will not invest in collateralised loan obligations or collateralised debt obligations.

4.3 **Borrowing policy**

Borrowings may be employed at the level of the Company and/or at the level of any investee entity (including any SPV that may be established by the Company in connection with incurring borrowings against any of its assets). The Company may borrow (through bank or other facilities on an unsecured or secured basis), whether directly or indirectly through a subsidiary or an SPV, up to a maximum of 100 per cent. of Net Asset Value in aggregate (calculated at the time of draw down under any facility that the Company has entered into). The maximum borrowing limit will take into account investments made by the Company on a subordinated basis. As at the Latest Practicable Date the Company has drawn down £189 million under its £200 million term and revolving credit facility with the Lenders, representing approximately 47 per cent. of the latest published Cum-Income NAV, and the Company targets borrowings in the range of 50 per cent. to 75 per cent. of Net Asset Value.

The Company may seek to securitise all or parts of its Portfolio and may establish one or more SPVs in connection with any such securitisation.

To the extent that the Company establishes any SPV in connection with incurring borrowings against any of its assets or in connection with the securitisation of its Credit Assets, it is likely that any such vehicles will be wholly-owned subsidiaries of the Company. The Company may use SPVs for these purposes to seek to protect the levered Portfolio from group level bankruptcy or financing risks. The

Company may also, in connection with seeking such borrowings or securitising its Credit Assets, seek to assign or transfer existing assets to one or more SPVs and/or seek to acquire Credit Assets using an SPV (to the extent permitted by applicable law and regulation).

5. The Company's investment strategy

The Company seeks to deploy capital into segments of the credit market which offer the opportunity for attractive returns relative to the credit and other risks undertaken, and manages its exposures, strategy and allocation to achieve attractive returns through the credit cycle.

The Company's investment strategy is based upon the following key pillars:

5.1 Targeting underserved markets with wide opportunity set

The Company targets those sectors that are too small or are too capital intensive for the high street to serve or otherwise require a level of integration of technology and / or speed of response that make such sectors less attractive to the high street lenders.

5.2 Diversification of Origination

The Company seeks to acquire loans across a diverse range of lending strategies and asset types. Credit Assets range from small balance, unsecured consumer loans, to SME and corporate credit and secured lending against property and other assets.

The Investment Manager's partners deliver a diverse pipeline of lending opportunities which result in a number of key strategic advantages for the Company, including:

- varied access permits active selection – a consistent and varied flow of origination opportunities from multiple Origination Partners enables active selection of credit assets; and
- consistent pipeline – the volume of opportunities enables the Company to remain highly invested.

5.3 Disciplined and consistent underwriting

The credit profile of the acquired Credit Assets will be controlled either by the Investment Manager underwriting the loan directly or by setting strict and stringent criteria that enables it to keep control of risk while still benefitting from the insight and expertise of the Origination Partners.

Over time, through the regular exchange of detailed information between the Investment Manager and the Origination Partners, the Investment Manager seeks to refine and improve the Company's underwriting and pricing strategy.

5.4 Structuring to improve downside protection

The Company will acquire Credit Assets where possible which benefit from downside protection mechanisms which seek to limit the potential for losses in an adverse credit environment. Acquired Credit Assets will include those which are secured against real estate, offer levels of excess spread, or offer lower credit cycle correlation characteristics.

Where the Company acquires Credit Assets which are unsecured, it will focus on those assets where the underlying loan provides stronger than average returns for the risk. In addition, risk is further managed by targeting small individual loan sizes with low concentration risk across the Portfolio.

Further, in some cases those parties selling interests in Credit Assets to the Company have first loss exposure to the loan or portfolio of loans and have compensation aligned to performance of the Credit Assets. In addition, portfolio purchases provide access to seasoned assets which typically exhibit lower performance volatility than newly originated assets.

5.5 Active portfolio management and servicing

The Company believes that it is important to deliver high quality servicing to ensure loans are proactively managed throughout the lifecycle.

The Investment Manager has an in-house operational team of experienced personnel active in the loan servicing, collections, finance and risk. This operational team assists the Servicers in a number of areas, including:

- monitoring customer contact strategies;
- reviewing cash collection and arrears reports;
- a feedback loop into credit models and underwriting processes;
- appraisal of customers who are in arrears to determine optimal strategies for recovery; and
- ensuring rigorous compliance and governance infrastructure.

6. The lending opportunity

6.1 Overview

Until the financial crisis of 2008, the financial services industry benefitted from a favourable regulatory environment which contributed to the entrenchment of large incumbent banks which dominated the financial services landscape in their respective markets. These banks and service providers benefitted from economies of scale which enabled them to provide a wide range of financial products to multiple customer bases with limited competition. As a result, traditional incumbent banks captured approximately 75 per cent. of financial services revenues in Europe. These large institutions often provided a “one-stop-shop” for both personal and corporate customers, bundling products with opaque pricing, but also often failed to meet customers’ requirements for service.

Post the financial crisis, regulatory pressure via increased capital and compliance requirements, along with a desire by regulators to reduce the systemic risk represented by the concentration of financial assets across the global financial institutions has led to the emergence of challenger banks and specialist finance providers. The Company believes that the rise of challenger banks and specialist finance providers has, and will continue to, generate a wide and sustainable range of investing opportunities.

In addition to the regulatory changes which have spurred the development of the challenger bank and specialist finance provider industries, the Company also believes that end customers have now become more demanding in terms of service and financial technology capabilities. Technological advances have enabled challengers and specialists to offer sophisticated, efficient and nimble business models and to compete without a scale disadvantage, thus providing a very attractive environment for specialists and new entrants.

6.2 Structural change drives opportunity

Regulatory change and burden

Post the financial crisis, regulators now have twin objectives of reducing the systemic risk arising from the risk of large and complex organisations failing and promoting competition to improve the overall offering of financial products and services to customers. In pursuit of the first objective, regulators have required firms to comply with a number of rules aimed at reducing systemic risk, including initiatives requiring firms to ensure that their governing bodies are able to demonstrate sufficient control and understanding of all aspects of their businesses. This has caused some institutions to exit certain businesses often due to scale, risk management or compliance costs.

Many traditional lenders have chosen to realign their businesses to reflect the new regulatory and capital environment by refocusing on areas where they can leverage their large branch networks, low cost of funding and scale efficiencies. This has led many of them to focus on commoditised lending products, driving pockets of higher competition and lower margins in these products.

Further, in many cases, the increased regulatory burden and capital reporting requirements have consumed a portion of IT and change budgets within the large financial institutions. Fewer resources have therefore been available to spend on product development.

The Company believes that this offers an opportunity for specialists to offer tailored products and services on an appropriate risk adjusted return basis, and in an agile and nimble fashion to a large end

market that is now underserved by the large incumbent banks. The nimble, tech-enabled approach also supports more dynamic and responsive product development in line with market changes, with market participants who continue to be close to the customer and who prioritise their product needs being better placed to capitalise on these opportunities.

Evolving customer behaviours

Over recent years, users of financial products and services have become increasingly demanding as the cost and value of products has become more transparent and easier to compare, and tolerance for poor service levels has declined. With these trends evident, many new players are emerging with propositions to meet these needs. There is increasing focus on making the customer experience more satisfying and hassle-free to meet changing customer behaviours, including:

- more discerning customers with a greater willingness to switch from traditional providers;
- openness to new models and a drive towards self-service;
- increased desire to transact quickly and efficiently, often remotely;
- enhanced awareness and sensitivity to fraud risk, with greater requirements for high standards; and
- willingness to pay for services, as customers value timely delivery and specialist knowledge.

Customers have demonstrated a desire for high standards of customer service with speed and clarity of decision-making and modern delivery techniques. At the same time, greater customer awareness of the complexities of financial products has led to an increased role for specialists in the market, as customers increasingly seek the advice of experts who are able to offer them a range of products from alternative providers. As a result the market environment has evolved in recent years from one where a large institution could rely on brand, incumbency, customer inertia and cross-selling to dominate, to one where customers are more willing to engage directly with specialists or intermediaries to find products better suited to their requirements.

Technological enablement

Technological developments can enable smaller, nimble businesses to deliver customer propositions (both online and offline) at reduced cost. This removes one competitive disadvantage that previously prevented smaller operators competing effectively with incumbents.

Increased sophistication is required to meet customers' needs for service and security. The increasing use of large volumes of data enables delivery of improved customer propositions, with lower risk, at faster speeds to market and at lower cost. While incumbent providers are often hindered by legacy systems, specialists can leverage technology to offer improved service at lower cost of delivery. As a result, it is not unusual for traditional incumbents today to engage with specialists to get to market swiftly, operate to required standards and to access specialist skills.

Traditional barriers to entry such as brick and mortar capital investments, large scale IT systems, and large origination teams have become less valuable through the increased use of technology. The Company believes that these trends will continue for the foreseeable future, further supporting the sustainability of the investment opportunities related to the specialist finance industry.

6.3 UK consumer lending market

The UK market for consumer lending is large and growing, with £286 billion of gross new lending (excluding student loans) in the twelve months to September 2018 (source: Bank of England), and growth in gross new lending of 6 per cent. in the past year. Total sterling unsecured consumer debt (excluding student loans) in the UK totalled £215 billion in September 2018, equivalent to approximately 10 per cent. of UK GDP (source: Office for National Statistics).

An independent market forecast indicates that the UK unsecured consumer lending market will continue to grow, driven by increasing consumer confidence and increasing capacity of UK consumers to service loans (source: Mintel). Unsecured lending is expected to continue to grow through to 2023, although the ratio of household debt to income is expected to stay below the 2008 peak.

Despite the market being large overall, a number of sub-segments of the lending market are too small for larger players to devote the time and resources to build a process that deals with the idiosyncrasies of those sub-segments. In addition, customers from all economic strata are increasingly technologically sophisticated and demand responsiveness, transparency and mobility from their service providers. Traditional banks continue to be encumbered by legacy IT systems and have opened the competitive landscape to a wide range of alternative specialist financing providers.

The Company targets specialised sub-sectors where the underwriting and analytical capabilities of the Investment Manager, Origination Partners and Servicers present an opportunity to offer the customer an attractive loan product while generating strong risk-adjusted margins for the Company.

These targeted sub-sectors include personal loans, home improvement loans, and retail finance. The Directors estimate the total addressable market in this sector to be approximately £35 billion.

Personal loans

The market for personal loans comprises a wide range of products intended to provide finance to borrowers to be applied for general or specified purposes, such as holiday home ownership. Personal loans may be unsecured or secured. As at January 2014, personal loans represent the fourth most commonly held form of credit for individuals, behind credit card facilities, mortgages and overdraft facilities (source: Mintel).

Home improvement loans

The market for home improvement loans comprises the provision of point of sale finance for installed home improvements, such as replacement windows, conservatories, kitchens, bathrooms and energy efficiency products such as boilers and solar panels.

Retail finance loans

The retail finance sub-sector involves the provision of point of sale instalment credit for a range of assets including furniture, sports equipment and electronic goods on both a chargeable and interest free basis.

6.4 UK SME lending market

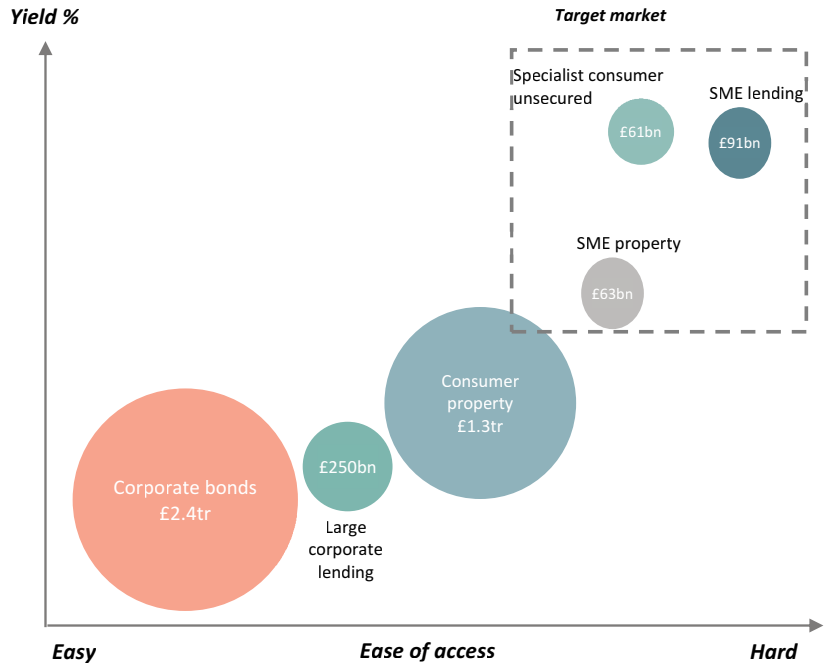
SMEs have been traditionally underserved by mainstream banks. In some cases, this is due to the inefficiency of processes and legacy systems as well as data generally being harder to obtain for smaller companies. This results in a high cost to serve and a low unit profit relative to large corporate clients. Through the Investment Manager's network and market access, it seeks to identify origination platforms that take an innovative approach, using data and technology and modern techniques to deliver high quality and efficient underwriting which enables attractive pricing for the borrower while delivering a strong risk-adjusted return for investors.

The SME market is large but not growing with total outstanding borrowing facilities from traditional banks to SMEs having declined slightly, from £176 billion in December 2012 to £165 billion in December 2017 (source: British Business Bank). This is despite a net increase in the number of SMEs for each year in the same period, which has provided opportunities for non-bank finance to increase its share of total SME lending.

These non-bank lenders are capitalising on technological advances, improvement in data availability and regulatory and government support to deliver a strong customer proposition whilst growing lending flows.

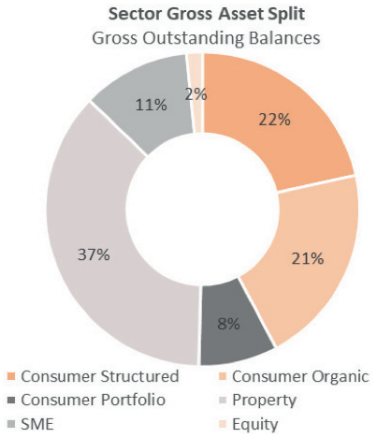
6.5 **The Company's target market**

The chart below illustrates the approximate size of the sub-sectors which the Company is targeting.



7. **Credit Assets**

As at the date of the Prospectus, this Company's Credit Assets in the Portfolio contain over 78,000 loans on an underlying look through basis. Such assets are significantly seasoned and have an average remaining term of 55 months. The chart below illustrates the approximate Portfolio composition by sector.



As at the date of this Prospectus, approximately 50 per cent. of the Portfolio comprises loans to consumers (“**Consumer Credit Assets**”), approximately 37 per cent. of the Portfolio comprises loans secured on property (“**Property Credit Assets**”) and approximately 11 per cent. of the Portfolio comprises loans to SMEs (“**SME Credit Assets**”). The majority of investments in Credit Assets have underlying borrowers located in the UK. All of the Credit Assets are denominated in pounds sterling.

As at the date of this Prospectus, the Property Credit Assets comprise assets that have been acquired from Origination Partners (approximately 23 per cent.), portfolio acquisitions (approximately 56 per cent.) and structured facilities (approximately 23 per cent.). The Property Credit Assets have the benefit of being secured by either a first or second charge mortgage on either residential or commercial properties. This segment of the portfolio consists of approximately 10,000 loans with an average outstanding balance of approximately £19,700 (excluding structured positions). The loans have average seasoning of approximately

90 months as a significant proportion have been acquired as part of a portfolio of seasoned assets. The average loan-to-value ratio across the Property Credit Assets is less than 70 per cent.

As at the date of this Prospectus, the SME Credit Assets comprise loans to UK small businesses and traders (excluding loans secured on property, which are included in Property Credit Assets) with many benefiting from a personal guarantee from the Directors of the business. Of this exposure approximately 85 per cent. of such loans have been originated as a structured facility to a specialist lender secured against a granular pool of SME receivables where the borrower has equity that is invested subordinated to the Company's exposure. Approximately 15 per cent. of such loans have been acquired through portfolio acquisitions.

As at the date of this Prospectus, the Consumer Credit Assets comprise assets that have been acquired from Origination Partners (41 per cent.), portfolio acquisitions (approximately 16 per cent.) and structured facilities (approximately 43 per cent.). Overall, approximately 59 per cent. of the Consumer Credit Assets either have downside protection from the structured facilities or were purchased in a portfolio acquisition and therefore benefit from seasoning at the point of purchase. This segment of the Portfolio comprises approximately 67,000 loans on an underlying look through basis with an average balance of approximately £2,600.

As at the date of this Prospectus, the top five Credit Asset positions of the Company represent in aggregate approximately 22 per cent. of total Credit Assets.

As at 30 November 2018, the Credit Assets in the Portfolio have a value of approximately £598 million and an average balance of approximately £5,000 (excluding structured facilities). As at 30 November 2018, the Consumer Credit Assets, Property Credit Assets and SME Credit Assets had aggregate values of £306 million, £224 million and £68 million respectively.

8. Equity Assets

The Company's aim is to invest in Equity Assets that are aligned with the Company's strategy and that present opportunities to enhance the Company's returns from its investments. As at the date of this Prospectus, the Company expects, in line with previous practice, that the majority of its investments in Equity Assets will take the form of minority interests in Referral Partners. The Directors believe that an ancillary benefit of these investments in Equity Assets will be to more closely align the interests of the Company with those of its commercial partners, and thereby improve the Company's underwriting and analysis capabilities and visibility of trends and opportunities in the specialist finance market.

The value of the Company's equity investments is approximately £10 million (book value), consisting of the following approximate holdings: 10.6 per cent. in Freedom Finance, 4.41 per cent. in Deko, 28.6 per cent. (percentage of voting rights) in GDFC Group, 2.67 per cent. in Ezbob and 9.1 per cent. in Jaja Finance. The value of the holdings in Freedom Finance, Deko and GDFC Group are approximately £2.7 million, £1.25 million and £3.0 million respectively.

9. Investment structures

The net proceeds of the Issue to be invested in Credit Assets may, subject to the Company's investment policy, be deployed in a number of different ways. The investment structures described below are the most common means by which the Company currently invests in Credit Assets. However, the Company may seek to invest in Credit Assets through appropriate alternative structures and with other partners depending on prevailing market conditions and the availability of suitable investment opportunities which offer appropriate risk reward characteristics and which comply with the Company's investment restrictions.

9.1 Structured facilities

With structured facilities, the Company provides wholesale funding to specialist lenders and other counterparties introduced to the Company by the Investment Manager. The Investment Manager undertakes due diligence on the proposed borrower, and its analysis of the opportunity will determine the structure of the wholesale funding to be provided.

That funding will typically be provided via a loan agreement, which may include term or revolving facilities or a combination of both, and it may be provided directly to the specialist lender or

counterparty, or instead via another fund or SPV established for that purpose. The borrower will draw down amounts under the facilities to originate or acquire interests in loans or other financial instruments, or for its other corporate purposes.

The Company may lend alongside other financial institutions or counterparties, and in such cases the intercreditor arrangements may be structured so that the Company's claims rank equally with those of the other lenders, or so that the Company's claims are senior, or subordinated, to those of the other lenders. The Company only expects to invest on a subordinated basis if the returns on its investment justify the higher risk associated with holding a subordinated investment.

The borrower will grant security in favour of the Company and any other lenders participating alongside the Company (or a security agent on their behalf). The obligations of the borrowers are typically secured over (among other things) granular portfolios of loan or finance receivables and if an SPV has been established as the borrower, the shares in that SPV will usually be charged in favour of the Company (or the security agent).

The ability of a borrower to make payments due under these structured facilities will in part be dependent upon the cumulative performance of the loan and finance receivables in the borrower's portfolio and this will correspondingly impact upon the value of, and return on, the Company's investment. To the extent that a borrower defaults on its payment obligations under the loan, the Company's recovery will be dependent on the security provided by the borrower being enforceable and, upon enforcement of the security, the value realised from the secured assets being sufficient to cover the amounts due from the borrower to the Company under its investment in the loan.

9.2 **Acquisition of Credit Assets under the Origination Agreements**

In this structure, the Company acquires Credit Assets originated by the Origination Partners. Under the Origination Agreements, Origination Partners have agreed to provide the Company with opportunities to acquire Credit Assets originated or acquired by the Origination Partners which meet specified underwriting criteria relating to the underlying borrower and the corresponding terms of credit (which may be modified from time to time).

Under this model, the Company typically acquires beneficial title to Credit Assets, but it may also acquire legal title depending upon the nature of the Credit Asset and the ability of the Origination Partner or related third party to transfer such legal title to the Company. Where the Company does not acquire legal title to a Credit Asset, the Origination Partner or other third party will retain legal title and remain the lender of record. In certain circumstances (including, among other things), (i) the insolvency of the Origination Partner or relevant third party, (ii) termination of the relevant origination agreement, or (iii) at the request of the Company, the legal title holder will be obliged to transfer legal title to all related Credit Assets to the Company, or to such other person as the Company may direct.

The Company may fund the acquisition of the Credit Assets in a number of ways, including, among other things, payment upon transfer, pre-funding the relevant Origination Partner, or periodic settlement of accrued amounts due and payable to the Origination Partner, in each case either directly, or to such other person as the Origination Partner may direct (including a Servicer).

Certain Origination Partners have entered into arrangements with the Referral Partners pursuant to which such entities agree to refer loan applications and lending opportunities to those Origination Partners which meet certain pre-defined underwriting criteria relating to the underlying borrower and the corresponding terms of credit. The Investment Manager works closely with those Origination Partners and Referral Partners (including Freedom Finance) to develop underwriting criteria which increase the likelihood of suitable investment opportunities being referred and allocated to the Company. Referral Partners may undertake various "packaging" services on behalf of the relevant Origination Partners, including preparing documentation and direct debit mandates for, and facilitating the origination of, loans by those Origination Partners. Freedom Finance has agreed to provide such services to the Origination Partners in respect of lending opportunities referred to them by Freedom Finance and in some cases referred from other parties.

The Investment Manager actively seeks new partners with whom to enter into Origination Agreements to maintain and further diversify the Company's investment opportunities and enhance the deployment

of the Company's capital. Before any new Origination Agreement is entered into, the Investment Manager undertakes a detailed due diligence examination of the counterparty and the origination platform it operates. This will involve a detailed assessment of the historical performance and prospects of the platform, the proposed credit assets and the team at the relevant third party. The Company believes that this diligence and these relationships enable the Company to select investments based on strict underwriting criteria, while remaining confident of a consistent and diverse deal flow.

The Company has engaged Servicers to provide account administration, customer servicing and arrears management in respect of Credit Assets acquired by the Company.

The value of, and return on, the investment in Credit Assets resulting from the Company's acquisition of Credit Assets from an Origination Partner will be determined by: (i) the payments made by the borrower under the relevant loan documentation, and (ii) any capital gain or loss arising from the difference between the principal amount repaid by the borrower under the Credit Asset and the purchase price paid for that Credit Asset by the Company. Notwithstanding this, the Company will be exposed to certain risks associated with the failure by the Origination Partner to perform its obligations under the relevant Origination Agreement, as more particularly described in Part II of this Prospectus.

9.3 Portfolio Acquisitions

In addition to arrangements whereby the Company acquires individual Credit Assets in the manner set out in section 9.2, the Company may also acquire portfolios comprising several or many Credit Assets. Such Credit Assets may be acquired at face value (i.e. the principal amount of the relevant Credit Asset plus any amounts due in respect of accrued interest), at a discount to face value or at a premium to face value.

The Investment Manager identifies opportunities to acquire portfolios of Credit Assets using its contacts and expertise in the consumer finance market. Potential sellers of such portfolios may include lenders seeking to dispose of assets which no longer form part of their core lending strategy, financial institutions that no longer wish to own the relevant Credit Assets and other investors seeking to dispose of assets which no longer meet their investment criteria.

Once acquired, the Company will arrange for the relevant Credit Assets to be serviced: (i) by the seller or Origination Partner of the relevant Credit Assets; (ii) by a person servicing the Credit Assets prior to acquisition by the Company; (iii) by an existing Servicer; or (iv) by an affiliate of a person listed above. In each case, a servicing fee may be charged to the Company.

10. Credit facilities

On 17 June 2016, the Company entered into a two-year, £37.5 million credit facility for which The Royal Bank of Scotland plc was agent. The credit facility is secured upon the assets of the Company, has a term of two years and interest is charged at one, three or six month LIBOR plus a margin. Loans drawn under the credit facility may be repaid and redrawn during its term. The two-year term was reset on 20 June 2017 and the amount under the facility was increased to £80 million. On 20 March 2018, the amount committed under the facility was further increased to £150 million, and the term of the facility was further extended to 20 March 2020. On 31 July 2018, the accordion option under the facility was partially exercised, taking the total amount committed under the facility to £180 million, and on 1 October 2018, the accordion option under the facility was further partially exercised, taking the total amount committed to £200 million. As at the Latest Practicable Date, the Company had drawn £189 million under the facility. The credit facility is syndicated and other lenders may in the future accede to the facility. The size of the facility may, with the agreement of the lenders, increase in the future and the term may be extended and the Company retains the flexibility to refinance the facility.

11. Regulation of consumer lending in the UK

11.1 Introduction to regulation of consumer lending in the UK

Consumer lending and other credit related activities in the UK are subject to extensive regulation and the intensity of regulatory supervision has been increasing. As is the case across much of the

UK financial services industry, the consumer credit sector has undergone, and may in the future undergo, a number of significant regulatory changes.

The consumer credit regulatory regime changed with effect from 1 April 2014 when responsibility for the oversight and regulation of consumer credit transferred from the OFT to the FCA.

The FCA has statutory operational objectives to protect and enhance confidence in the UK financial system by securing an appropriate degree of protection for consumers, protecting and enhancing the integrity of the UK financial system and promoting effective competition in the interests of consumers. The FCA also has a strategic objective of ensuring that relevant markets function well.

As a result of the change in consumer credit regulatory regime in recent years, the regulatory requirements and expectations applicable to the consumer credit sector are now more aligned with the financial regulatory requirements and expectations applicable to other core regulated sectors of the UK financial services industry. This also reflects the FCA's supervisory and enforcement powers being greater than those the OFT had under the previous consumer credit regime.

The framework for consumer credit regulation principally comprises the FSMA and its relevant secondary legislation, certain provisions of the CCA, relevant secondary legislation made under the CCA (including legislation which prescribes pre-contract information and the form/content of regulated credit agreements) and rules and guidance in the FCA Handbook, in particular in the Consumer Credit Sourcebook (which, for example, sets out general conduct standards, rules on financial promotions, further rules on pre- and post- contractual requirements, responsible lending rules and debt advice rules).

The FSMA financial promotions regime applies to consumer credit activity in addition to other rules on financial promotions set out in the FCA's Consumer Credit Sourcebook.

11.2 **Authorisation under the FSMA**

Pursuant to section 19 of the FSMA, no person may carry on a regulated activity in the UK, or purport to do so, unless that person is authorised to do so under the FSMA or is exempt from the requirement to be authorised. From 1 April 2014, regulated activities (for the purposes of the FSMA) have included specified consumer credit activities. For example, entering into a regulated credit agreement as lender, and exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement are regulated activities.

An agreement originated on or after 1 April 2014 will be regulated if it is a "regulated credit agreement" for the purposes of Chapter 14A of Part 2 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the "**RAO**"). This defines a "regulated credit agreement" as any agreement which involves the provision of credit of any amount by a lender to an individual which does not fall within any of the exemptions set out in Articles 60C to 60H of the RAO. Exempt agreements include (subject to certain conditions being satisfied) those predominantly for the purposes of a business, those secured on land and those where a local authority or other specified type of organisation is the lender.

In order to obtain and maintain authorisation, firms must demonstrate that they satisfy certain minimum prudential and organisational requirements (known as the "threshold conditions"). These conditions relate to the location of the firm's offices, whether the firm is capable of being effectively supervised by the FCA, the quality and quantity of the firm's resources (including both financial and management resources), whether the firm is a "fit and proper person" to conduct the relevant consumer credit activities and whether the firm has a suitable business model.

A failure to comply with the FCA's requirements once authorised may ultimately result in the FCA taking disciplinary, enforcement or administrative action, including a process to vary, suspend or withdraw a firm's authorisation. In addition, where an authorised firm breaches FCA rules, the FCA may take enforcement action which might lead to, for example, the FCA imposing a financial penalty on that firm or issuing a public statement of censure.

11.3 **Supervision and enforcement**

The FCA has wide powers to supervise, and intervene in, the affairs of a firm which it regulates. It can, for instance, require firms to provide it with particular information or documents, formally investigate a

firm or undertake sector-wide thematic reviews to address risks across, for example, a range of firms or a particular market segment (for example, on 13 December 2016, the FCA published the findings of its thematic review of early arrears management in unsecured lending). Consistent with the FCA's approach to its supervision of other financial services sectors, the FCA's supervision of the consumer credit regime is risk-based and proactive.

From 1 April 2014, the FCA has been able to use the full range of its enforcement and investigatory powers in relation to consumer credit firms to enforce the relevant rules. The FCA can use its investigatory powers to look at past behaviour but then, if it does consider it appropriate to impose sanctions, it is only able to apply the sanctions that were in force at the time of the behaviour in question.

The FCA's enforcement powers include the power to: bring criminal, civil and disciplinary proceedings; withdraw authorisations; suspend authorised firms for 12 months; suspend individuals from performing certain roles for two years; and issue unlimited fines. It is also able to use its product intervention powers in the consumer credit market, which can include restrictions on product features and selling practices or product bans.

11.4 *Pre-contract disclosure, documentary and drafting requirements*

Certain provisions of the CCA control the details of regulated credit agreements from inception through to enforcement, including pre-contract disclosure obligations, the form and content of regulated credit agreements and the rights of borrowers to receive certain notices and statements.

For agreements entered into before 6 April 2007, where such agreements are improperly executed, they may be totally unenforceable in circumstances where the credit agreements have failed to comply with the requirements of the CCA as to form and content, signing and provision of copies including cancellation notices.

For agreements made on or after 6 April 2007, if origination requirements as to pre-contract disclosure, documentation and procedures are not complied with, the agreement will only be enforceable with a court order. In exercising its discretion whether to make such an order, the court will take into account any prejudice suffered by the customer and the degree of any culpability of the lender. The court has the discretion, if it appears just to do so, to amend the credit agreement, to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared). Where the court is able to exercise its discretion, it will do so on a case by case basis and it is therefore difficult to predict the likelihood of court orders being obtained.

In addition, ongoing servicing requirements must be complied with. A credit agreement will be unenforceable against the customer for any period when the lender fails to comply with requirements as to periodic statements, arrears notices or notices of default sums (although any such unenforceability may be cured prospectively by the lender complying with such requirements). In addition, the customer is not liable to pay interest or default fees for any period when the lender fails to comply with requirements relating to arrears notices or fixed sum annual statements and interest on default fees is restricted to nil until the 29th day after the day on which a notice of default fees is given, after which time the interest is restricted to simple interest.

11.5 *Unfair relationships*

Under sections 140A-D (inclusive) of the CCA, the court has power to determine that the relationship between a lender and a customer arising out of a credit agreement (whether alone or with any related agreement) is unfair to the customer (this could, for example, occur in the context of claims relating to the sale of payment protection insurance). If the court makes such a determination, then it may make an order, among other things, requiring the lender or any assignee to repay any sum paid by the customer. There is no statutory definition of what constitutes an unfair relationship. Instead, in deciding whether to make the determination, the court is required to have regard to all matters it thinks relevant, including the manner of enforcement of the lender's rights and the lender's conduct before and after making the credit agreement, and may make the determination even after the relationship has ended. Once the customer alleges that an unfair relationship exists, then the burden of proof is on the lender

to prove the contrary. Court decisions in recent years have generally interpreted “unfair relationship” in a way favourable to customers.

11.6 **Lender’s liability under sections 75 and 75A of the CCA**

Transactions involving the use of credit may constitute transactions under a debtor-creditor-supplier agreement for the purposes of the creditor’s liability under section 75 and section 75A of the CCA. A debtor-creditor-supplier agreement includes an agreement by which the creditor advances funds to finance the debtor’s purchase of goods or services from a supplier with whom the creditor has a pre-existing arrangement.

Section 75 of the CCA provides that, if a supplier breaches a contract between the supplier and a debtor in a transaction under certain debtor-creditor-supplier agreements, or if the supplier makes a misrepresentation about the contract, the creditor may also be liable to the debtor for the breach or misrepresentation. Section 75 of the CCA creates a concurrent and equal liability of the creditor. An example of a supplier’s breach of contract would include the supplier selling the debtor merchandise that is defective or unsuitable for its purpose. However, the creditor will not be liable under section 75 of the CCA where the cash price of the item or service supplied underlying the claim is £100 or less, or greater than £30,000.

Section 75A of the CCA supplements section 75 of the CCA and applies in certain limited cases where section 75 does not apply. Unlike section 75 of the CCA, the liability under section 75A of the CCA is not joint and several and the debtor must take steps to pursue the supplier before he can bring a claim against the creditor under a “linked credit agreement” (as defined in section 75A(5) of the CCA).

11.7 **Financial Ombudsman Service (“FOS”)**

The FSMA established the FOS, which provides customers with a free and independent service designed to resolve disputes where the customer is not satisfied with the response received from the regulated firm. The FOS resolves disputes for eligible persons that cover most financial products and services provided in (or from) the UK. The jurisdiction of the FOS extends to include consumer credit related activities. The maximum monetary award by the FOS is £150,000 – excluding any interest and costs - for complaints received by the FOS on or after 1 January 2012. The FOS may also make directions awards, which direct the business to take such steps as the FOS considers just and appropriate.

Although the FOS takes account of relevant regulation and legislation, its guiding principle is to resolve cases on the basis of what is fair and reasonable; in this regard, the FOS is not bound by law or even its own precedent. The decisions made by the FOS are binding on regulated firms.

12. **Other relevant legislation and regulation**

12.1 **Consumer Rights Act 2015**

The Consumer Rights Act 2015 (“**CRA**”) (which came into force on 1 October 2015) consolidated much of the consumer rights law in the UK. Amongst other things, it repealed the Unfair Terms in Consumer Contracts Regulations 1999 (“**UTCCR**”) and effectively merged the consumer protection rules under the UTCCR and the Unfair Contract Terms Act 1977.

Before 1 April 2014, the OFT addressed unfair terms in issuing licences and guidance under the CCA and in issuing guidance under the UTCCR. On 1 April 2014, the OFT ceased to exist and its enforcement powers in relation to unfair terms in consumer contracts transferred to the Competition and Markets Authority (“**CMA**”). Additionally, the OFT’s responsibilities for enforcement of the UTCCR in relation to consumer credit firms transferred to the FCA (which also has responsibility for enforcement of the UTCCR in relation to financial services contracts for other regulated activities).

The CRA broadly applies to business-to-consumer contracts entered into, and relevant consumer notices issued, on or after 1 October 2015, whether or not they were individually negotiated with the consumer. However, the UTCCR will continue to apply to contracts which were entered into before that time.

The CMA states that the changes introduced by the CRA primarily concern the scope of the consumer protections, rather than their substance. The most significant changes in the CRA include that:

- (i) three new terms are included in the list of terms which may be regarded as unfair (the grey list);
- (ii) in order for a term to qualify for an exemption from an assessment of its fairness (such as a term as to price), it must be both “transparent” (that is, in plain and intelligible language and, if written, legible) and “prominent” (that is, brought to the consumer’s attention in such a way that an average consumer would be aware of the term); and
- (iii) where a court has sufficient legal and factual information, it must consider the fairness of the terms in a consumer contract, even where this is not in issue between the parties to a case.

Under the CRA, it is possible that any credit agreement that has been made or entered into with a consumer may contain terms that are deemed by the court to be “unfair”, which may result in the possible unenforceability of such terms. This fairness test in the CRA extends to consumer notices as well as agreements and also to both non-negotiated and negotiated consumer contracts.

However, a term of a consumer credit agreement may not be assessed for fairness if either: (i) it specifies the main subject matter of the contract; or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods or services supplied under it. As noted above, a term may only be exempt if it is written in plain and intelligible language and is brought to the consumer’s attention in such a way that the average consumer would be aware of the term.

The broad and general wording of the UTCCR (and the CRA) makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a court would find a term to be unfair. It is therefore possible that any credit agreements made with consumers may contain unfair terms, which may result in the possible unenforceability of those unfair terms.

12.2 **Financial Services (Distance Marketing) Regulations 2004**

The Financial Services (Distance Marketing) Regulations 2004 govern the conditions on the sale of retail financial services products where the products are sold over the internet, by telephone or by SMS within the UK or the rest of the European Economic Area. The Regulations restrict the use of “cold calling” and unsolicited commercial e-mails for the promotion of financial services, impose an obligation to provide certain information before concluding a contract, and require a “cooling off” period of 14 calendar days in which consumers may withdraw from the contract without incurring penalties and without giving a reason.

12.3 **Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (“Money Laundering Regulations”)**

The Money Laundering Regulations, which repeal the Money Laundering Regulations 2007 and transpose the Fourth Money Laundering Directive ((EU) 2015/849), place a requirement on the Company to verify the identity and address of customers to whom the Company advances loans, and to keep records to help prevent money laundering and fraud. Customer due diligence must be carried out on existing as well as new customers, at appropriate times on a risk sensitive basis. Guidance in respect of firms’ anti-money laundering and counter-terrorist financing obligations is produced by the Joint Money Laundering Steering Group.

12.4 **Bribery Act 2010 (“Bribery Act”)**

The Bribery Act contains offences relating to bribing another person, being bribed and bribing foreign public officials. It also contains an offence for commercial organisations of failing to prevent bribery.

The Ministry of Justice has published guidance about procedures which commercial organisations can put into place to help prevent persons associated with them from engaging in such activity.

12.5 **Data Protection Act 2018 (“DPA 2018”)**

The DPA 2018 and the GDPR regulate the processing of data relating to individual customers.

The ICO is an independent governmental authority responsible for maintaining, upholding and promoting the best business practices and legislative requirements for processing personal data, and safeguarding the information rights of individuals and their rights to access their personal data. The ICO is empowered to impose requirements through enforcement notices, issue administrative fines and prosecute criminal offences under the DPA 2018.

The GDPR was published in the Official Journal of the European Union on 4 May 2016, has been applicable in EU member states since 25 May 2018 and was incorporated into the EEA Agreement on 6 July 2018. In the United Kingdom the DPA 2018, which has replaced the DPA 1998, and the GDPR (together, "**Data Protection Legislation**") are required to be read together.

The GDPR introduced significant changes to the EU data protection regime and imposes a substantially higher compliance burden on the industry. Some examples of such compliance requirements include expanding the requirement for informed "opt-in" consent by customers to processing of personal data, granting individuals a "right to be forgotten," restrictions on the use of personal data for profiling purposes, disclosure requirements of sources of personal data to customers and the potential for a higher number of subject access requests. These examples are not exhaustive. The GDPR also increases the potential level of administrative fines which can be levied by national data protection supervisory authorities (such as the ICO) in respect of serious compliance failures. Infringements of certain provisions of the GDPR can lead to administrative fines of up to €10,000,000 or, in the case of an undertaking, up to two per cent of its worldwide annual turnover of the preceding financial year, whichever is higher. Infringements of other provisions can lead to administrative fines of up to €20,000,000 or, in the case of an undertaking, up to four per cent. of its worldwide annual turnover of the preceding financial year, whichever is higher.

The UK's vote to leave the European Union has created some uncertainty about the future of the country's data protection regime after Brexit. As a minimum, the GDPR will apply in the UK until such time as the UK ceases to be a member of the European Union. The DPA 2018 will continue to apply in the UK after Brexit. Although it is too early to say what changes might be made to the UK's data protection laws after the UK leaves the European Union, following which the UK will be a 'third country' for GDPR purposes, there have been indications from the UK government that it will seek to ensure that the data protection regimes of the UK and the European Union remain broadly equivalent.

PART VII

THE COMPANY

1. Introduction

The Company may issue and allot up to 40 million Ordinary Shares and/or C Shares pursuant to the Placing Programme. The Issue Shares will be traded on the Specialist Fund Segment of the London Stock Exchange's Main Market.

The Company is subject to the Disclosure Guidance and Transparency Rules, but not the Listing Rules, although it does intend to comply voluntarily with certain Listing Rules (see section 4 of Part XIII for further detail). The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to continue to qualify as an investment trust for the purposes of section 1158 of the CTA 2010.

The Company has entered into the Investment Management Agreement with the Investment Manager, pursuant to which the Investment Manager manages the Company's investments and assets in accordance with the investment policy. The Investment Manager is the Company's AIFM for the purposes of the AIFM Directive. A summary of the Investment Management Agreement is set out in section 10 of Part XIII of this Prospectus.

2. Investment restrictions

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

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the group as a whole;
- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy; and
- not more than 10 per cent. of Gross Assets at the time an investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. As required by the Listing Rules, (as voluntarily adopted by the Company), any material change to the investment policy of the Company will be made only with the approval of Shareholders by ordinary resolution.

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

3. Dividend policy

The Company intends to distribute at least 85 per cent. of its distributable income earned in each financial year by way of dividends. The Company intends to pay dividends on a quarterly basis with dividends paid in September, December, March and June in each year. The aggregate dividend paid per Ordinary Share for the periods from 2 December 2015 to 31 December 2016 and from 1 January 2017 to 31 December 2018 was 44.90 pence and 88.00 pence respectively. The Company has paid the following interim dividends since 1 January 2018:

<i>Ex-dividend date</i>	<i>Record date</i>	<i>Payment date</i>	<i>Dividend per Ordinary Share</i>
1 March 2018	2 March 2018	29 March 2018	20.00 pence
19 April 2018	20 April 2018	30 April 2018	20.00 pence
13 September 2018	14 September 2018	28 September 2018	20.00 pence

Whilst not forming part of its investment policy, once the Company has incurred borrowings in line with its borrowing policy, the Company will target the payment of dividends which equate to a yield of at least 8 per cent. per Ordinary Share per annum on the issue price in the IPO Placing, payable in quarterly

instalments (the “**Target Dividend**”). Investors should note that the Target Dividend, including its declaration and payment dates, is a target only and not a profit forecast.

In accordance with regulation 19 of the Investment Trust Regulations, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

The Company intends to continue to designate some or all of the dividends paid in respect of a given accounting period as “interest distributions” for tax purposes, provided that it continues to be an approved investment trust at the time.

Dividends will be declared on the C Shares only in the event that there is material net income available for distribution to the holders of the C Shares to which such income relates.

4. Dividend reinvestment plan

The Company has arranged a dividend reinvestment plan (the “**Plan**”) that gives holders of Ordinary Shares the opportunity to use any cash dividends to buy Ordinary Shares through a special dealing arrangement. The Ordinary Shares to be bought will be existing Ordinary Shares in the Company and will be bought on the open market. No new Ordinary Shares will be created. The Plan is only available to holders of Ordinary Shares over the age of 18 and who are resident in the United Kingdom, the EEA, the Channel Islands or the Isle of Man.

Holders of Ordinary Shares electing to join the Plan will have as many Ordinary Shares as possible purchased for them from the proceeds of their cash dividends. A dealing commission and stamp duty reserve tax (at the prevailing rate) will be charged on the value of any Ordinary Shares purchased.

The Plan is administered by the Registrar. The Registrar will write to Placees following an Admission with details of the terms and conditions of the Plan and informing Placees how to elect to join the Plan.

5. Discount and premium management

5.1 Further issues

The Articles contain provisions that permit the Directors to issue C Shares from time to time. C Shares are shares which convert into Ordinary Shares only when a specified proportion of the net proceeds of issuing such C Shares have been invested in accordance with the Company’s investment policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the Ordinary Shares). A C Share issue would therefore permit the Board to raise further capital for the Company whilst avoiding any immediate dilution of investment returns for existing Shareholders.

The Ordinary Shares carry the right to receive all dividends declared by the Company, subject to the right of the C Shares (if any have been issued by the Company) to receive dividends that the Directors resolve to pay out of the net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares.

The Board has been authorised to allot 23,149,973 Ordinary Shares, such authority lasting until the conclusion of the 2019 annual general meeting of the Company (or, if earlier, until close of business on 31 August 2019). Of this, up to 23,144,983 Ordinary Shares may be allotted on a non-pre-emptive basis, provided that the issue price is no lower than the latest published NAV per Ordinary Share. To date, no Ordinary Shares have been issued by the Company pursuant to this authority.

In addition, the Directors have been authorised to issue and allot up to 25 million C Shares on a non-pre-emptive basis, such authority to expire at the conclusion of the 2020 annual general meeting of the Company.

Shareholder pre-emption rights over this unissued share capital have been partially disapplied so that the Board will not be obliged to offer any such new Issue Shares to Shareholders *pro rata* to their existing holdings. The reason for this is to retain flexibility to issue new Issue Shares to investors.

Notwithstanding this authority, no Ordinary Shares will be issued (whether on a pre-emptive basis to existing Shareholders or otherwise) under this authority at a gross price which is less than the latest published Net Asset Value per existing Ordinary Share at the time of their issue.

To the extent that such authorities are used or expire, the Company may seek to refresh the authority, or obtain additional authorities to undertake an Issue pursuant to the Placing Programme.

5.2 **Purchase of own Ordinary Shares**

The Company may seek to address any significant discount to NAV at which its Ordinary Shares may be trading by purchasing its own Ordinary Shares in the market on an ad hoc basis.

The Directors have the authority to purchase in the market up to 5,913,543 Ordinary Shares, such authority expiring at the conclusion of the 2019 annual general meeting of the Company (or, if earlier, until close of business on 31 August 2019). The Directors intend to seek authority from Shareholders at each annual general meeting to make market purchases. Whether the Company purchases any such Ordinary Shares, and the timing and the price paid on any such purchase, will be at the discretion of the Board. Ordinary Shares which are bought back may be cancelled or held in treasury.

It is the current intention of the Directors to hold any Ordinary Shares which have been bought back in treasury. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

6. **Continuation vote**

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 annual general meeting of the Company to be held in 2021 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward by the Directors to the effect that the Company be wound up, liquidated, reconstructed or unitised.

In addition, where in a financial year of the Company the Ordinary Shares have traded, on average over that financial year, at a discount in excess of 10 per cent. to Net Asset Value per Ordinary Share, the Company will be required to propose a special resolution at the next annual general meeting for the discontinuation of the business of the Company in its present form. If such a discontinuation resolution is passed, proposals will be put forward by the Directors to Shareholders within four months to address the trading discount to Net Asset Value per Ordinary Share (which may include proposals for the reorganisation, reconstruction or winding up of the Company).

7. **Investment trust status**

The Company intends at all times to conduct its affairs so as to enable it to continue to be an approved investment trust for the purposes of section 1158 of the CTA 2010.

In summary, in order for the Company to maintain its approved investment trust status in an accounting period, the following conditions must be satisfied throughout the period:

- all or substantially all of the Company's business consists of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving shareholders the benefit of the results of the management of its funds;
- the Company's ordinary share capital must be admitted to trading on a regulated market, such as the Main Market of the London Stock Exchange, of which the Specialist Fund Segment forms part, throughout the accounting period;
- the Company must not be a venture capital trust (within the meaning of Part 6 of the Income Tax Act 2007) or UK REIT (within the meaning of Part 12 of the CTA 2010);
- the Company must not be a close company;
- the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income for the period (subject to certain limited exceptions); and

- the Company must notify HMRC if it revises its investment policy or breaches the regime.

8. The AIFM Directive

Under the AIFM Directive, certain conditions must be met to permit the marketing of shares in AIFs to prospective and existing investors in the EEA, including that prescribed disclosures are made to such investors.

It is possible that the interpretation of the AIFM Directive may vary among the EEA member states. As such, the effect of the AIFM Directive on the Company and the Investment Manager may vary over time. The AIFM Directive may result in requirements to make certain reports and disclosures to regulators of EEA member states and of members of the EEA in which Issue Shares are marketed. Such reports and disclosures may become publicly available.

The Company operates as an externally managed EEA domiciled AIF with an EEA AIFM for the purposes of the AIFM Directive. The Investment Manager is authorised to act as a full-scope AIFM under the AIFM Directive.

An AIFM may only market an AIF to EU investors if it is authorised by a relevant EU regulator or complies with national private placement regimes. Therefore, Issue Shares can only be marketed by the Investment Manager to professional investors (within the meaning assigned to this term under the AIFM Directive) in the UK in accordance with Article 31 of the AIFM Directive (as implemented by Regulation 54 of the AIFM Regulation). The Investment Manager has filed with the FCA a notification pursuant to Article 31(2) of the AIFM Directive to market the Issue Shares to professional investors in the UK under the AIFM Directive.

Any regulatory changes that limit the Company's ability to market future issues of its Issue Shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, Net Asset Value and/or the market price of the Issue Shares.

9. Non-mainstream pooled investment status

As the Company is an investment trust, the Issue Shares will be "excluded securities" under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the Issue Shares is not subject to the FCA's restriction on the promotion of non-mainstream pooled investments.

10. Taxation

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

11. Risk factors

The Company's performance is dependent on many factors and potential investors should read the whole of this Prospectus and, in particular, Part II.

PART VIII

DIRECTORS AND ADMINISTRATION

1. The Directors

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and the investment policy and have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's Portfolio.

The Directors may delegate certain functions to other parties such as the Investment Manager, the Administrator, the Company Secretary, the Depositary and the Registrar. In particular, the Directors have delegated responsibility for day-to-day management of the investments comprising the Company's Portfolio to the Investment Manager. The Directors have responsibility for exercising supervision of the Investment Manager.

Robert Sharpe (*Chairman*) (*independent*) (aged 68)

Robert has over 35 years' experience in retail banking. He is currently chairman at Al Rayan Bank plc, Hampshire Trust Bank plc and Bank of Ireland UK plc. He has had an extensive number of Non-Executive Director appointments both in the UK and the Middle East including Aldermore Bank plc, George Wimpy plc, Barclays Bank UK Retirement Fund, Vaultex Limited, LSL Properties plc and several independent NED roles at banks in the UAE, Oman and Turkey. Robert was previously Chief Executive Officer at West Bromwich Building Society, a role he took to chart and implement its rescue plan. Prior to this, he was Chief Executive Officer at Portman Building Society and Bank of Ireland in the UK.

Jim Coyle (*independent*) (aged 62)

Jim is a non-executive Director, chair of the Audit committee and member of the Risk committee at HSBC UK Bank plc, chairman of HSBC Trust Company (UK) Ltd, non-executive Director and interim chairman at Worldfirst and non-executive Director at Marks & Spencer Bank plc and Scottish Water. He was previously a non-executive Director at the Scottish Building Society and HSBC Bank plc, and Group Financial Controller at Lloyds Banking Group, having earlier held a role as Divisional Finance Director, Group Operations. Prior to this, Jim was Group Chief Accountant for the Bank of Scotland, having joined the bank in 1991. He qualified as a Chartered Accountant with KPMG before spending 10 years in the oil industry, holding senior positions with BP. Jim is a Fellow of the Chartered Institute of Bankers in Scotland, a former member of the Council of the Institute of Chartered Accountants of Scotland, and a member of the Financial Reporting Council's Monitoring Committee.

Ravi Takhar (*independent*) (aged 53)

Ravi has more than 20 years' experience in the financial services sector as a lawyer, investment banker and entrepreneur. He is currently Chief Executive Officer of London-listed Orchard Funding Group, which he founded in 2002; this business specialises in insurance premium finance and the professional fee funding market. Ravi is also a director of another London listed company, Urban Exposure plc. Ravi's previous roles were as Head of Financial Services Investment at Nikko, Chairman of Mortgages PLC and Head of Mortgage Principal Finance at Investec Bank.

2. Corporate governance

Under the Listing Rules (as voluntarily adopted by the Company), the Company must "comply or explain" against each of the provisions of the UK Corporate Governance Code (the "**Governance Code**"). In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

As a company with a limited operational history, the Company will not comply in all respects with the UK Corporate Governance Code published by the Financial Reporting Council. However, the Directors recognise the value of the Governance Code, as well as industry standards that are of specific relevance to the Company.

The Governance Code includes provisions relating to the role of the chief executive and the executive director remuneration. The Board considers that these provisions are not relevant in the Company's circumstances, being an externally managed investment company. The Governance Code also includes provisions relating to the need for an internal audit function, which the Board reviews and considers on an annual basis. All of the Company's day-to-day management and administrative functions are outsourced to third parties (subject to appropriate systems, controls and oversight). As a result, the Company has no executive directors, employees or internal operations. The Company will therefore not comply with these provisions.

3. Audit committee

The Company's audit committee, currently comprising all the independent Directors of the Company, will meet formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts, interim reports and interim management statements. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. Jim Coyle acts as chairman of the audit committee. The principal duties of the audit committee will be to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

4. Management engagement committee

The Company's management engagement committee, comprising all the independent Directors of the Company, will meet formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Manager and also the terms of the Investment Management Agreement. The Chairman acts as chairman of the management engagement committee.

5. Remuneration committee

The Company's remuneration committee, comprising all the independent Directors of the Company, will meet formally at least once a year for the purpose of, amongst other things, considering 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. No Director shall be involved in any decisions as to their own remuneration. Robert Sharpe acts as chairman of the remuneration committee.

6. Directors' share dealings

The Directors have adopted a code of directors' dealings in Issue Shares.

7. Administrator

Apex Fund Services (UK) Limited has been appointed as Administrator to the Company pursuant to the Administration Agreement (further details of which are set out in section 10 of Part XIII of this Prospectus).

Pursuant to the terms of the Administration Agreement, the Administrator is responsible for the maintenance of the books and financial accounts of the Company and the calculation, in conjunction with the Investment Manager, of the Net Asset Value of the Company, the Ordinary Shares and the C Shares.

8. Company Secretary

Link Company Matters Limited has been appointed to provide company secretarial services to the Company pursuant to the Company Secretarial Services Agreement (further details of which are set out in section 10 of Part XIII of this Prospectus).

Pursuant to the terms of the Company Secretarial Services Agreement, among other things the Company Secretary provides Board and committee support and corporate governance advice, and maintains specified statutory registers of the Company.

9. Registrar

Computershare Investor Services PLC has been appointed as the Company's Registrar pursuant to the Registrar Agreement (further details of which are set out in section 10 of Part XIII of this Prospectus).

10. Depositary

Indos Financial Limited has been appointed as the Company's depositary pursuant to the Depositary Agreement (further details of which are set out in section 10 of Part XIII of this Prospectus).

11. Broker

Liberum has been appointed as corporate broker to the Company.

12. Auditor

PricewaterhouseCoopers LLP has been appointed as the Company's auditor.

13. Custodian

The Depositary has delegated its obligations in respect of the safe keeping of the Company's financial instruments to Sparkasse Bank Malta plc.

14. Fees and expenses

14.1 *Placing Programme expenses*

The Company is bearing costs of approximately £650,000 in relation to the establishment of the Placing Programme and the publication of this Prospectus. The costs and expenses of the Placing Programme will include, without limitation, placing fees and commissions; admission fees; printing, advertising and distribution costs; legal fees; and any other applicable expenses. The expenses for each Issue will depend, among other things, on subscriptions received.

14.2 *Ongoing expenses*

Investment Manager's fees

Management Fee

The management fee is calculated and payable monthly in arrear at a rate equal to 1/12 of 1.0 per cent. of Gross Assets (the "**Management Fee**"). The aggregate fee payable on this basis must not exceed 1 per cent. of the gross assets of the Company and its group in any year.

In respect of any issue of Ordinary Shares or C Shares, until the date on which 80 per cent. of the net proceeds of such issue have been invested or committed to be invested in Credit Assets or Equity Assets, the Net Asset Value attributable such Ordinary Shares or C Shares shall, for the purposes of the Management Fee, exclude any portion of the issue proceeds in cash, or invested in cash deposits or cash equivalent investments. Where there are C Shares in issue, the Management Fee will be calculated separately on the gross assets attributable to the Ordinary Shares and the C Shares.

For so long as Honeycomb Finance is part of the same group as the Investment Manager, the amount of all fees payable by the Company to Honeycomb Finance shall be deducted from the Management Fee.

Performance fee

The Investment Manager is also entitled to a performance fee calculated by reference to movements in the Adjusted Net Asset Value (as defined below) from time to time.

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 save that the first Calculation Period comprised the period commencing on 23 December 2015 and ending on 31 December 2015, and the final Calculation Period shall end on the day on which the Investment Management Agreement is terminated

or, if earlier, the Business Day immediately preceding the day on which the Company goes into liquidation (a “**Calculation Period**”).

The performance fee will only be payable if the Adjusted Net Asset Value at the end of a Calculation Period exceeds a hurdle threshold, equal to the Adjusted Net Asset Value immediately following Admission of the Ordinary Shares issued in the IPO Placing, compounded at a rate equal to 5 per cent. per annum (the “**Hurdle**”).

If, on the last day of a Calculation Period (each a “**Calculation Date**”), the Adjusted Net Asset Value exceeds the Hurdle, the Investment Manager shall be entitled to a performance fee (the “**Performance Fee**”) equal to the lower of:

- (a) the amount by which the Adjusted Net Asset Value exceeds the Hurdle, in each case as at the Calculation Date; and
- (b) ten per cent. of the amount by which total growth in Adjusted Net Asset Value since Admission of the Ordinary Shares issued in the IPO Placing (being the aggregate of the growth in Adjusted Net Asset Value in the relevant Calculation Period and in each previous Calculation Period), after adding back any Performance Fees paid to the Investment Manager, exceeds the aggregate of all Performance Fees payable to the Investment Manager in respect of all previous Calculation Periods.

“**Adjusted Net Asset Value**” means the Net Asset Value after: (i) excluding any increases or decreases in Net Asset Value attributable to the issue or repurchase of any Ordinary Shares; (ii) adding back the aggregate amount of any dividends paid or distributions made in respect of any Ordinary Shares; (iii) excluding the aggregate amount of any dividends or distributions accrued but unpaid in respect of any Ordinary Shares; and (iv) excluding the amount of any Performance Fees accrued but unpaid, in each case without double counting.

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, except that a Calculation Period shall be deemed to end on the date of the conversion of the relevant tranche of C Shares into Ordinary Shares.

Fee payable to Honeycomb Finance and AvantCredit

Each of Honeycomb Finance and AvantCredit are entitled to be paid a fee calculated on the purchase price for each Credit Asset acquired by the Company from them. For so long as Honeycomb Finance is part of the same group as the Investment Manager, such amount shall be deducted from the Management Fee payable to the Investment Manager.

The Company reimburses Honeycomb Finance and AvantCredit for the fees of Referral Partners, Freedom Finance and the Servicers (to the extent paid by Honeycomb Finance or AvantCredit) in connection with Credit Assets in which the Company acquires an interest. The amount of such fees shall be agreed between Honeycomb Finance or AvantCredit and the relevant counterparties on arm's length commercial terms, taking account of the strength of the relationship between Honeycomb Finance or AvantCredit, the Investment Manager and each relevant counterparty as further described elsewhere in this Prospectus.

14.3 **Other fees and expenses**

The Company will also incur further on-going annual fees and expenses, which will include the following:

Administrator

Under the terms of the amended Administration Agreement, the Administrator is entitled to an administration fee equal to the greater of: (i) £5,300 per month (increased by 3 per cent. on 1 January in each year); and (ii) an amount equal to the sum of 1/12 of 0.06 per cent. of the portion of Net Asset Value up to and including £150 million, and 1/12 of 0.05 per cent. of the portion of Net Asset Value above £150 million. The monthly fee is then reduced by £2,083.33 to reflect the fact that the Administrator no longer provides company secretarial services to the Company.

Company Secretary

Under the terms of the Company Secretarial Services Agreement, the Company Secretary was paid an initial engagement fee of £10,000, and is entitled to a general annual fee of £52,500 and an annual fee for additional services of £1,500 (all fees excluding VAT).

Registrar

The Registrar is entitled to an annual register maintenance fee from the Company equal to £1.30 per Shareholder per annum or part thereof, subject to a minimum of £3,800 per annum and a potential annual fee increase capped by inflation. Activities beyond the agreed services will be charged for in accordance with the Registrar's normal tariff as published from time to time.

Depositary

Under the terms of the Depositary Agreement, the Depositary is entitled to a periodic fee calculated as follows:

- (A) where NAV is less than or equal to £200 million, 0.02 per cent. of NAV per annum, subject to a minimum monthly fee of £2,500; and
- (B) where NAV is greater than £200 million, 0.02 per cent. of NAV per annum in respect of the first £200 million of NAV and:
 - (i) 0.0175 per cent. per annum of that part of NAV which is in excess of £200 million but less than or equal to £400 million; plus
 - (ii) 0.015 per cent. per annum of that part of NAV which is in excess of £400 million.

The Depositary invoices the Company monthly in arrear in respect of the periodic fee (together, if applicable, with any VAT thereon), which is payable by the Company within 30 days of the relevant invoice.

The Depositary is entitled to charge an additional fee where the Company undergoes a lifecycle event (e.g. a reorganisation or a distribution) which entails additional work for the Depositary. Such a fee will be agreed with the Company on a case by case basis.

All charges may be subject to change from time to time, with the agreement of the Depositary and the Company. All charges are exclusive of VAT, if applicable.

The Depositary is entitled to be reimbursed for certain expenses properly incurred in performing or arranging for the performance of functions conferred upon it under the agreement.

Servicers

Servicers are appointed by an Origination Partner and/or the Company to administer Credit Assets in the Portfolio. Servicers may be existing servicers of acquired Credit Assets, originators or sellers of Credit Assets, or affiliates of such persons. The fees and the reimbursement of costs and charges to which the Servicers are entitled differ depending on who the servicer is and the Credit Assets to which their services relate.

Broker

Liberum has been appointed as the corporate broker to the Company and will be paid a nominal fee for performing that function.

Directors

The Directors are remunerated for their services at a fee of £38,000 per annum (£45,000 for the Chairman). In addition, the chairman of the Audit Committee will receive a fee of £5,000 per annum. Further information in relation to the remuneration of the Directors is set out in Part XIII of this Prospectus.

14.4 Other operational expenses

All other ongoing operational expenses (excluding fees and expenses paid to service providers as detailed above) of the Company are borne by the Company including, without limitation, the incidental

costs of making its investments and the implementation of its investment objective and policy (including any fees or commissions payable to intermediaries in respect of the sourcing of investments to the extent that the Investment Manager is unable to source such investments directly and any fees or commissions payable to any due diligence agents or other specialists engaged by the Investment Manager in connection with the implementation of the investment policy); travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit and legal fees; and annual London Stock Exchange fees. All out of pocket expenses, that are reasonably and properly incurred, of the Investment Manager, the Administrator, the Company Secretary, the Depositary, the Servicers and the Registrar and the Directors relating to the Company will be borne by the Company. No fees or expenses, including those listed above, will be borne directly by investors.

15. Meetings and reports

The Company held its first annual general meeting on 2 June 2017 and its second annual general meeting on 8 June 2018. It is intended that annual general meetings will continue to be held in the second quarter of each calendar year. The Company's audited annual report and accounts are prepared to 31 December each year, and it is expected that copies will be sent to Shareholders in April in each year or earlier if possible. An unaudited interim report is prepared each year in respect of the period to 30 June. The Company's audited annual report and accounts and interim report are made available on the Company's website.

The Company's accounts and the annual report will be drawn up in pounds sterling and in accordance with IFRS.

16. Net Asset Value calculation and publication

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

The Administrator calculates and publishes the unaudited Net Asset Value and the Net Asset Value per Ordinary Share and C Share (if C Shares have been issued) based on a valuation point of 5.00 p.m. (UK time) on the last Business Day of each month. Each monthly Net Asset Value will be calculated in pounds sterling. Each monthly Net Asset Value will be published through a Regulatory Information Service, normally within fifteen Business Days of such month end. The Company, the Investment Manager and the Administrator may, in their sole discretion, arrange for additional valuations to be published or extend the fifteen Business Day period to cater for exceptional circumstances or significant new developments. The calculation of the Net Asset Value will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained or where required by the Articles or other applicable law and regulation. Details of any suspension in making such calculations will be announced through a Regulatory Information Service as soon as reasonably practicable. The Company, the Investment Manager and the Administrator may however, where the underlying data necessary to value the investments of the Company has not been received in good time to prepare the monthly valuations, elect to calculate the current Net Asset Value, Net Asset Value per Ordinary Share and Net Asset Value per C Share using previously provided data in order to avoid the suspension of the calculation of Net Asset Value.

The Net Asset Value is the total value of the Company's assets less the total value of its liabilities determined in accordance with the Association of Investment Companies' valuation guidelines and in accordance with the accounting policies of the Company from time to time.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if it has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis. Financial assets and liabilities are derecognised when the Company settles its obligations relating to the instrument.

From 1 January 2018, IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. This is a

principles based approach and applies one classification approach for all types of financial assets. For debt instruments two criteria are used to determine how financial assets should be classified and measured:

- (A) the entity's business model (i.e. how an entity manages its financial assets in order to generate cash flows by collecting contractual cash flows, selling financial assets or both); and
- (B) the contractual cash flow characteristics of the financial asset (i.e. whether the contractual cash flows are solely payments of principal and interest).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value through Profit and Loss ("**FVTPL**"):

- (A) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (B) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at Fair Value through Other Comprehensive Income ("**FVOCI**") if it meets both of the following conditions and is not designated as at FVTPL:

- (A) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (B) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through the Other Comprehensive Income ("**OCI**"), except for the recognition of expected credit losses, interest revenue and foreign exchange gains and losses on the investments at amortised cost which are recognised in the Consolidated Statement of Comprehensive Income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Consolidated Statement of Comprehensive Income and recognised in 'Income'. Interest income from these financial assets is included in 'Income' using the Effective Interest Rate Method ("**EIRM**").

Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

After initial recognition loans are subsequently measured at amortised cost using the EIRM less impairment provisions. The EIRM is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument, for example prepayment options, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

The Company has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies. The Company did not early adopt any of IFRS 9 in previous periods. IFRS 9 replaces IAS 39 and addresses classification, measurement and derecognition of financial assets and liabilities, the impairment of financial assets measured at amortised cost or fair value through other comprehensive income and general hedge accounting. As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

The 'incurred loss model' under IAS 39 has been replaced with a new forward looking 'expected loss model' under IFRS 9. Impairment provisions are driven by changes in credit risk of instruments, with a provision for lifetime expected credit losses recognised where the risk of default of an instrument has increased significantly since initial recognition. Risk of default and expected credit losses must incorporate forward-looking and macroeconomic information.

The new expected credit loss model applies to the following financial instruments that are not measured at FVTPL:

- (A) financial assets that are debt instruments; and
- (B) loan commitments and financial guarantee contracts issues (previously, impairment was measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

Under IFRS 9, no impairment loss is recognised on equity investments. IFRS 9 requires a loss allowance to be recognised at an amount equal to either 12 month expected credit loss ("**ECL**"), or lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument, whereas 12-month ECLs are the portion of the ECL that result from default events that are possible within 12 months after the reporting date.

Under IFRS 9, credit loss allowances will be measured on each reporting date according with a three-stage ECL impairment model:

- (A) Stage 1 – from initial recognition of a financial asset to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- (B) Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset.
- (C) Stage 3 – when a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses will be recognised. Interest revenue is calculated based on the carrying amount of the asset, net of the loss allowance, rather than on its gross carrying amount.

Under IFRS 9, the population of financial assets and corresponding allowances disclosed as Stage 3 will not necessarily correspond to the amounts of financial assets currently disclosed as impaired in accordance with IAS 39. Consistent with IAS 39, loans are written off when there is no realistic probability of recovery.

Given all financial assets within the scope of the IFRS 9 impairment model will be assessed for at least 12-months of ECLs, and the population of financial assets to which full lifetime ECLs applies is larger than the population of impaired loans for which there is objective evidence of impairment in accordance with IAS 39, loss allowances will be higher under IFRS 9 relative to IAS 39.

Changes in the required credit loss allowance, including the impact of movements between Stage 1 and Stage 2, will be recorded in profit or loss. The impact of moving between 12 month and lifetime ECLs and the application of forward looking information, means provisions are expected to be more volatile under IFRS 9 than IAS 39 due to the Company's continued origination of new assets.

Equity Assets held by the Company are held at fair value, and are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines effective 1 January 2016 as recommended by the British Private Equity and Venture Capital Association. Purchases and sales of Equity Assets are recognised when the contract for acquisition or sale becomes unconditional.

Fixed assets are shown at cost less accumulated depreciation. Depreciation is calculated by the Company on a straight-line basis by reference to the original cost, estimated useful life and residual value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The period of estimated useful life for this purpose is three years. Residual values are assumed to be nil.

Receivables do not carry any interest and are short term in nature. They are initially stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts (if any).

Cash and cash equivalents comprise cash at bank and in hand and deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

Payables are non-interest bearing. They are initially stated at their nominal value. Interest bearing borrowings are initially recognised at a carrying value, equivalent to the proceeds received net of issue costs associated with the borrowings. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the EIRM.

Interim dividends are recognised in the year in which the ex-dividend date in respect of that interim dividend falls.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case, or generally, they may adopt such other valuation procedures as they consider reasonable in the circumstances.

The Directors may temporarily suspend the calculation, and publication, of the Net Asset Value during a period when, in the opinion of the Directors:

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

PART IX

THE INVESTMENT MANAGER, PROCESS AND STRATEGY

1. The Investment Manager

Pollen Street Capital Limited serves as the Investment Manager and has been appointed as an alternative investment fund manager for the purposes of the AIFM Directive. The Investment Manager is responsible for the discretionary management of the Portfolio. Pollen Street Capital Limited is authorised and regulated in the UK by the FCA (FRN: 611337).

The Investment Manager was formed in November 2013 when the Royal Bank of Scotland private equity team spun-out to establish an independent fund management business. The firm has focussed primarily on the financial and business services sectors, and has strong conviction that these sectors offer a deep and lasting investment opportunity set. The Investment Manager believes that its specialist knowledge and substantial network of sector relationships enables it to work with the highest quality partners and source opportunities on a more proprietary basis, which the Company can take the benefit of.

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

Lindsey McMurray

Lindsey is the managing partner and chairman of the Investment Manager's investment committee. Lindsey has led the business for over 10 years, previously at RBS and currently at Pollen Street Capital Limited, which she founded in 2013.

Lindsey has been a credit and private equity investor for more than 20 years with a particular focus on the Financial Services and Business Services sectors. Prior to founding Pollen Street Capital, Lindsey managed the £1.1 billion Special Opportunities Fund within RBS. Prior to RBS, Lindsey spent six years as a Partner at Cabot Square Capital, focusing on operating investments in real estate and other asset backed investments, together with investments in the financial services sector. She has a First-Class Honours degree in Accounting and Finance and studied for an MPhil in Finance from Strathclyde University.

James Scott

James is a partner of the Investment Manager and has worked with the founding team since 2004. Over the last ten years James has focused on investing in credit opportunities and financial services businesses. Prior to joining the team, James qualified as a Chartered Accountant with PwC, worked for E&Y in an IT consulting role, as a commercial director for a software engineering firm and in structured debt for RBS. James has a degree in History and Politics from Exeter University and is a member of the Institute of Chartered Accountants of Scotland.

Matthew Potter

Matthew is a partner of the Investment Manager and joined the team in 2009. He has focussed on investing in credit opportunities and operating companies across a range of lending markets. Prior to joining the team, Matthew qualified as a Chartered Accountant with PwC and spent four years in their Corporate Finance Department focusing on mid-market transactions. He has a First-Class Honours degree in Economics and Finance from Bristol University.

Michael England

Michael has 12 years of experience of private equity and credit investing and is a partner of the Investment Manager. Mike has worked on a number of portfolio acquisitions and structured facilities in the specialist lending sector. Prior to joining the team, Michael spent three years at OC&C Strategy Consultants, focusing on strategy and private equity projects across a range of industries. He has a First Class degree in Chemistry from Oxford University and went on to complete a masters' degree in carbohydrate chemistry.

2. Investment selection and due diligence

The Investment Manager seeks to diversify the Portfolio in order to minimise risk while providing a flow of income and an attractive return for Shareholders. To mitigate concentration risk, the Investment Manager seeks to invest in a diversified portfolio of Credit Assets sourced from a number of different sectors and sub-sectors across the consumer, small business and specialist lending markets, and select Credit Assets across a range of asset sub-categories and credit risk bands.

The asset selection and due diligence process used by the Company can be divided into three primary stages: (i) the identification of sectors and sub-sectors within the relevant lending market that generate the most attractive risk-adjusted returns; (ii) underwriting due diligence on underlying borrowers to Credit Assets; and (iii) the ongoing monitoring of Credit Assets by the Investment Manager.

Identification of target sectors and sub-sectors

The Investment Manager uses a data-led approach to identify sectors and sub-sectors within the consumer, small business and specialist lending market that generate the most attractive risk adjusted returns. This involves the identification of:

- specialist areas of the relevant lending market that require complex underwriting, integration of IT and a more detailed knowledge of customers, which do not lend themselves to the mass-processing approach adopted by many mainstream lenders and which are therefore largely under-served; and
- specific verticals within those areas which, due to the motivation and purpose of lending (e.g. home improvement, energy efficiency and education), pre-select what the Directors believe will be higher-quality borrowers.

Once identified, the Investment Manager seeks to develop strong relationships with Origination Partners, Referral Partners and other third parties operating in those sectors and sub-sectors, to gain access to a broad range of investment opportunities, which enables the Company to carefully select investments based on its strict underwriting criteria while remaining confident of a continual deal flow. In addition, the underwriting criteria developed by the Investment Manager are designed to ensure that the Portfolio consists of a range of different Credit Asset to reduce exposure to any one loan type.

Due diligence

The Investment Manager's underwriting process uses a wide range of data to support a rate for risk approach, identifying Credit Assets that offer the most attractive return relative to the level of risk involved.

Wholesale Funding Lines

The Investment Manager undertakes a combination of in house and third party due diligence to determine whether a potential borrower represents an appropriate wholesale lending opportunity for the Company. Typically, due diligence includes a review of financial performance, loan performance, policies and procedures, loan documentation, collections, cash audit and stress test analysis.

Credit Assets from Origination Partners

Data is captured at the source of origination, from third party credit reference agencies, customer application forms, and customer interviews (where necessary). Technology is also employed to enable a more granular assessment of the borrower (e.g. access to live bank account statements).

This information is assessed against scorecards developed by the Investment Manager and a decision then made as to whether to accept or decline the proposed Credit Asset. To promote an efficient and consistent approach, the underwriting process combines an automated scorecard approach with manual underwriting interventions, with the level of reliance on each approach varying depending on the risk grading of a particular Credit Asset.

Acquisition of Credit Assets from third parties via Portfolio Acquisitions

When acquiring Credit Assets from third parties the Investment Manager receives the data captured at the point of origination or sale to assess the quality of loans and consistency of the portfolio with previous originations. Historical loan by loan cash flow performance is reviewed from all originations including the

potential Credit Assets being acquired to assess the propensity of borrowers to continuing paying. The Credit Asset cash flows are then modelled on a loan by loan basis taking into account risk grading, seasoning, origination terms and historical performance. Due diligence typically also covers loan documentation, policies and procedures, collections and data tape audit.

Ongoing monitoring of Credit Assets

The investment process is reviewed on an ongoing basis by the Investment Manager. Using a number of key performance indicators, the Investment Manager monitors material changes in, amongst other items, Credit Asset performance, loan interest rates, loan sizes, loan credit criteria and loan acceptance rates as against the Company's investment policy and internal targets.

Data warehouse facilities enable the Investment Manager, in consultation with Origination Partners, Servicers and other third parties, to undertake analysis of the Portfolio. Data gathered from the Portfolio, such as trends in performance of Credit Assets by source, origination date and credit score, is fed back to the Investment Manager and performance data used to refine and improve credit scorecards and aspects of the underwriting process on an on-going basis.

In addition to this, overall credit and economic conditions are monitored to provide insight into potential adverse changes or opportunities at a macro level so that, where necessary, underwriting and investment criteria can be further modified to adapt to the changing economic environment.

The Investment Manager also carries out periodic audits of the application of specified underwriting criteria by Origination Partners and, other third parties to ensure that the quality and volume of Credit Asset referrals is maintained.

3. Investment Manager track record

The Investment Manager and its predecessor team from the Royal Bank of Scotland has over a decade of experience within the specialist lending market that covers a range of different asset classes. In total the Investment Manager and its partners have originated, acquired and underwritten over £10 billion of Credit Assets since 2009.

The Investment Manager's track record includes investments through private equity funds in over 20 financial services businesses, representing a total investment of over £800 million and as at 30 November 2018, the Investment Manager valued such investments (on the basis of the total consideration for realised investments and the current value of unrealised investments) at over £1.8 billion, representing an average gross multiple of capital invested of 2.3x and an average gross internal rate of return of 29 per cent.

Under the Investment Manager's management, from 1 January 2017 to 31 December 2017 the Company generated a Total NAV Return of 9.11 per cent. (excluding IPO issue costs). From 1 January 2018 to 30 November 2018, the Company generated an annualised Total NAV Return of 8.53 per cent. Since its inception, under the Investment Manager's management the Company has generated a Total NAV Return per share of 24.49 per cent. (excluding IPO issue costs).

4. Conflicts of interest

The Investment Manager, its affiliates, and their officers and employees may from time to time act for other clients or manage other funds which may have similar investment objectives and policies to those of the Company (for example, an affiliate of the Investment Manager is currently the investment manager of P2P Global Investments PLC). Circumstances may arise where investment opportunities will be available to the Company which are also suitable for one or more such clients of the Investment Manager or such other funds. The Directors have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest and that, where a conflict arises, the Investment Manager will allocate the opportunity on a fair basis.

In some instances, the interests of the Investment Manager and its affiliates may come into conflict with the interests of the Company. For example, the Company has entered into the Honeycomb Finance Origination Agreement and the Forward Loans Sale Agreement with Honeycomb Finance and AvantCredit respectively, both of which are wholly owned by an affiliate of the Investment Manager. In addition, the Investment

Manager is entitled to receive a management fee and performance fee which is based, in part, on the financial results of the Company and the value of the Company's investments, and the Investment Manager is also involved in the valuation of the Company's assets.

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

The Investment Manager is structured and organised in a way so as to minimise the risks of a client's interests being prejudiced by conflicts of interest and will wherever possible try to ensure that a conflict of interest does not arise. In the event that a conflict of interest cannot be avoided the Investment Manager will always act in the best interests of the Company and ensure that the Company is fairly treated. If circumstances arise such that the Investment Manager's arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of the Company or its Shareholders will be prevented, the senior management of the Investment Manager must act to ensure that appropriate action is taken in the best interests of the Company and its Shareholders.

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

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

As at the date of this Prospectus, save as set out above, there are no actual or potential conflicts of interest between the duties owed by the Directors or the Investment Manager to the Company and their private interests and/or other duties. The Company does not have any arrangements with its major shareholders, customers or suppliers in relation to the appointment of the Investment Manager or the Directors.

5. Professional liability risk management

As part of its professional liability risk management, the Investment Manager maintains professional indemnity insurance. The level of cover is reviewed by the Investment Manager from time to time to ensure it remains proportionate to its business.

6. Delegation of management functions

The Investment Manager does not currently anticipate that any of its investment management functions (portfolio management and risk management) will be delegated to any third party.

7. Periodic disclosure to investors

It is currently anticipated that, during the life of the Company:

- there will be no changes to the maximum level of borrowings that may be incurred on behalf of the Company; and
- arrangements under which the Company's assets will be pledged as collateral or subject to any right of reuse will be limited to security granted in respect of the Company's borrowings and customary liens under bank accounts, custody agreements and similar arrangements (see section 4.3 of Part VI of this Prospectus for further detail).

In the event of any change, this will be notified to investors without undue delay.

The total amount of borrowings of the Company (calculated in accordance with the gross and commitment methods) will be disclosed in each annual report provided to Shareholders.

PART X

THE PLACING PROGRAMME

1. The Placing Programme

The Company may issue and allot up to 40 million Ordinary Shares and/or C Shares through the Placing Programme, and to the extent necessary the Directors will seek Shareholder authorisation to issue and allot such shares without having to first offer those Issue Shares to existing Shareholders. The total number of Issue Shares issued under the Placing Programme will be determined by the Company and the Investment Manager after taking into account demand for the Issue Shares, and the authorisations provided by Shareholders.

The Placing Programme is being implemented to enable the Company to raise additional capital in the period from 21 December 2018 to 20 December 2019, should the Board determine that market conditions are appropriate. The Placing Programme is intended to be flexible and may have a number of closing dates in order to provide the Company with the ability to issue and allot Ordinary Shares and/or C Shares over a period of time.

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

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

The Placing Programme is designed to be suitable for institutional, professional, professionally advised and knowledgeable investors seeking exposure to alternative finance investments and related instruments, including Credit Assets. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Issue Shares issued under the Placing Programme.

2. Conditions

An Issue under the Placing Programme is conditional, *inter alia*, on:

- (i) requisite shareholder approvals being obtained in respect of the issue of Issue Shares in the Placing Programme;
- (ii) the applicable Issue Price being determined by the Directors (to the extent that Ordinary Shares are to be issued) as described below;
- (iii) Admission occurring in respect of the relevant issue of Issue Shares under the Placing Programme; and
- (iv) to the extent required under the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company.

In circumstances where these conditions are not met, the relevant issue of Issue Shares pursuant to the Placing Programme will not take place.

3. Pricing

The Issue Price will be determined by the Directors (to the extent that Ordinary Shares are to be issued). In determining the Issue Price, the Directors will also take into consideration, *inter alia*, the prevailing market conditions at that time.

The Issue Price in respect of Ordinary Shares will be notified via an RNS announcement as soon as practicable in conjunction with each issue.

C Shares issued under the Placing Programme will be issued at a Issue Price of £10 per C Share.

4. Voting dilution

If 40 million Ordinary Shares are issued pursuant to the Placing Programme, assuming that existing Shareholders do not participate in the Issue, there would be a dilution of approximately 50 per cent. in the voting control of existing Shareholders.

5. Subscriber warranties

Each subscriber of Issue Shares in the Placing Programme and each subsequent investor in the Issue Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgments and agreements set out in sections 4 and 5 in Part XIV of this Prospectus.

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

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

6. Scaling back and allocation

The Directors may issue up to 40 million Ordinary Shares and/or C Shares pursuant to the Placing Programme, subject to required Shareholder authorisations being held. To the extent that commitments under the Placing Programme exceed 40 million Ordinary Shares and/or C Shares in aggregate, the Company reserves the right to scale back applications in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for Issue Shares pursuant to the Placing Programme. Accordingly, applicants for Issue Shares may, in certain circumstances, not be allotted the number of Issue Shares for which they have applied.

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

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

7. Placing Programme arrangements

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

8. General

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

In the event that any matter arises which necessitates the publication of a supplementary prospectus under section 87G of the FSMA, after the publication of the Prospectus and prior to 20 December 2019, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the relevant significant new factor, material mistake or inaccuracy. In the event that a supplementary prospectus is published, applicants may have a statutory right of withdrawal.

9. Clearing and settlement

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

rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

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

10. CREST

CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Issue Shares under the CREST system. The Ordinary Shares have been admitted to CREST and accordingly, settlement of transactions in the Ordinary Shares issued in the Placing Programme may take place within the CREST system if any Shareholder so wishes. Prior to issue of any C Shares, application will be made for the C Shares to be admitted to CREST with effect from the applicable Admission.

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

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

11. Admission and dealings

There will be no conditional dealings in Issue Shares issued in the Placing Programme prior to the relevant Admission.

The ISIN number of the Ordinary Shares is GB00BYZV3G25 and the SEDOL code is BYZV3G2. The ISIN number of the C Shares is GB00BYQDNR86 and the SEDOL code is BYQDNR8.

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

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

12. Use of proceeds

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

- (i) the Directors determining to proceed with an issue of Issue Shares under the Placing Programme;
- (ii) the level of subscriptions received;
- (iii) the price at which any Issue Shares are issued under the Placing Programme; and

- (iv) the costs and expenses of the Placing Programme.

The Directors intend to use the net proceeds of the Placing Programme to acquire investments sourced by the Investment Manager in line with the Company's investment policy and to pay ongoing operational expenses. Suitable acquisition opportunities may not be immediately available. It is likely, therefore, that for a period following each Admission and at certain other times, the Company will have surplus cash.

13. Purchase and transfer restrictions

This Prospectus may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to acquire or subscribe securities in the United States or in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager or Liberum.

The Issue Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States and the Issue Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Issue Shares in the United States. The Issue Shares are being offered and sold outside the United States to non-US Persons in reliance on Regulation S.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the Issue Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

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

These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Issue Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the Issue Shares made other than in compliance with the restrictions described above.

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer to the Issue Shares may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of Issue Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer to the public shall result in a requirement for the Company or to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer to the public" in relation to any Issue Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Issue Shares so as to enable an investor to decide to purchase or subscribe for Issue Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus

Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Any person who is in any doubt about the investment to which this Prospectus relates should consult an authorised person specialising in advising on investments.

The Company is managed by the Investment Manager which acts as the external AIFM for the purposes of the AIFM Directive. The marketing of Issue Shares to investors in the UK and other EEA member states is restricted and will need to be undertaken in accordance with the AIFM Directive or the relevant national private placement regimes of any EEA member states in which marketing takes place. The Investment Manager has filed a notification with the FCA pursuant to Regulation 54 of the AIFM Regulation (which implements Article 31 of the AIFM Directive) to market the Issue Shares to professional investors in the UK.

PART XI
FINANCIAL INFORMATION

The annual reports for the Company covering the periods from the Company's inception on 2 December 2015 to 31 December 2016 (the "**2016 Annual Report**") and from 1 January 2017 to 31 December 2017 (the "**2017 Annual Report**") have been audited by PricewaterhouseCoopers LLP, whose audit reports were unqualified.

1. Selected financial information for the years ended 31 December 2016 and 31 December 2017

	<i>31 December 2017 (audited) £ '000</i>	<i>31 December 2016 (audited) £ '000</i>
Non-current assets		
Investments at amortised cost	369,329	157,845
Investments held at fair value through profit or loss	7,730	4,730
Fixed assets	342	369
	<u>377,401</u>	<u>162,944</u>
Current assets		
Receivables	3,488	3,723
Cash and cash equivalents	16,893	38,877
	<u>20,381</u>	<u>42,600</u>
Total assets	397,782	205,544
Current liabilities		
Management fee payable	(592)	(136)
Performance fee payable	(2,329)	(1,314)
Other payables	(1,900)	(2,030)
	<u>(4,821)</u>	<u>(3,480)</u>
Total assets less current liabilities	392,961	202,064
Interest bearing borrowings	(88,202)	(13)
Total net assets	304,759	202,051
Shareholders' funds		
Ordinary share capital	299	199
Share premium	201,852	98,670
Revenue reserves	5,133	5,126
Capital reserves	(125)	(44)
Special distributable reserves	97,600	98,100
	<u>304,759</u>	<u>202,051</u>
Total shareholders' funds	304,759	202,051
Net asset value per share	<u>1,018.4</u>	<u>1,014.0p</u>

As at 31 December 2017 the Company was invested in Business Mortgage Finance 3 plc ("**BMF 3**"). The Company was deemed to control BMF 3 from 20 December 2017 by virtue of having exposure to the variable returns of the vehicle through the holding of a junior note issued by it. By virtue of the Company having accounting control, BMF 3 was consolidated in the Company's financial information for the period from 1 January 2017 to 31 December 2017.

On 15 February 2018, the Company redeemed all external loan note holders and as a consequence purchased the residual loan values and released the security over the loans. The effect of this is that the underlying assets have been purchased by the Company and brought onto the Company's Statement of Financial Position. The Company no longer consolidates BMF 3 and is no longer deemed to have control over it.

2. Selected financial information as at 30 June 2018

The interim reports as at 30 June 2018 (the "2018 Interim Report") have not been audited. This is the first set of results reported under IFRS 9 "Financial Instruments" after the Company implemented and transitioned to this new accounting standard on 1 January 2018. Under IFRS 9 the recognition and measurement of expected credit losses differs from the approach under IAS 39. The key initial impact on adoption was a £2.3 million increase in provision driven by the introduction of stage 1 expected credit losses, of which £1.7 million related to consumer lending. The historical financial information for the years ended 31 December 2016 and 31 December 2017 have not been restated to apply this standard retrospectively. There was no material impact on the Company's statements of comprehensive income, financial position or cash flows as a result of the application of this new standard.

Six months ended 30 June 2018
(unaudited)
£ '000

Non-current assets

Investments at amortised cost	475,324
Investments held at fair value through profit or loss	7,980
Fixed assets	253
	483,557

Current assets

Receivables	6,398
Cash and cash equivalents	15,662
	22,060

Total assets

505,617

Current liabilities

Management fee payable	(760)
Performance fee payable	(1,398)
Other payables	(1,939)
	(4,097)

Total assets less current liabilities

501,520

Interest bearing borrowings

(100,653)

Total net assets

400,867

Shareholders' funds

Ordinary share capital	394
Share premium	299,601
Revenue reserves	5,041
Capital reserves	(917)
Special distributable reserves	96,748
	400,867

Total shareholders' funds

400,867

Net asset value per share

1,016.1p

As at 30 November 2018, the unaudited Cum-Income Net Asset Value per Ordinary Share was 1029.6 pence and the unaudited Ex-Income Net Asset Value per Ordinary Share was 999.8 pence. These figures have been impacted by a 0.52 per cent. reduction in NAV per Ordinary Share due to the recognition of the new expected credit loss model introduced by IFRS 9.

3. Operating and financial review

The 2016 Annual Report, 2017 Annual Report and 2018 Interim Report (parts of which have been incorporated into this document by reference, as set out in section 4 below) included, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms), details of the Company's investment activity and portfolio exposure, and changes in its financial condition for the periods from 2 December 2015 to 31 December 2016, from 1 January 2017 to 31 December 2017 and from 1 January 2018 to 30 June 2018. The 2018 Interim Report was prepared in accordance with IFRS 9, the key initial impact of which is summarised in section 2 of this Part XI.

<i>Information incorporated by reference</i>	<i>Page references in the 2018 Interim Report</i>	<i>Page references in the 2017 Annual Report</i>	<i>Page references in the 2016 Annual Report</i>
Investment Manager's Report	7-9	9-10	9-10
Top Ten Holdings (by counterparty / source of investment opportunity)	10	11	11
Portfolio Composition	11	12	12
Business Review	–	13-17	13-16
Principal Risks and Uncertainties	–	18-20	17-19
Statement of Comprehensive Income	19-21	52	46
Statement of Financial Position	22	53	47
Statement of Changes in Shareholders' Funds	23-24	55	48
Statement of Cash Flows	25	56	49

4. Documents incorporated by reference

The information set out below relating to the Company is incorporated by reference and is available online at www.honeycombplc.com and www.morningstar.co.uk/uk/nsm and is also available for inspection at the address referred to in section 15 of Part XIII of this Prospectus.

<i>Information incorporated by reference</i>	<i>Page references in the 2018 Interim Report</i>	<i>Page references in the 2017 Annual Report</i>	<i>Page references in the 2016 Annual Report</i>
Section 1 – Strategic Report			
Investment Objective	4	4	4
Financial and Operational Highlights	5	5	5
Investment Characteristics	–	6	6
How the Business Works	–	7	7
Chairman's Statement	6	8	8
Investment Manager's Report	7-9	9-10	9-10
Top Ten Holdings (by counterparty / source of investment opportunity)	10	11	11
Portfolio Composition	11	12	12
Interim Management Report	12-15	–	–
Business Review	–	13-17	13-16
Principal Risks and Uncertainties	–	18-20	17-19
Key performance indicators (KPIs)	–	21	20
Section 2 – Directors' Report (2016 and 2017 Annual Reports only)			
Board of Directors	–	23	22
Statutory information	–	24-29	23-27
Report of the Audit Committee	–	35-37	33-35
Directors' remuneration report	–	38-41	36-38
Statement of Directors' responsibilities	–	42	39
Independent Auditors Report	–	43-50	40-44

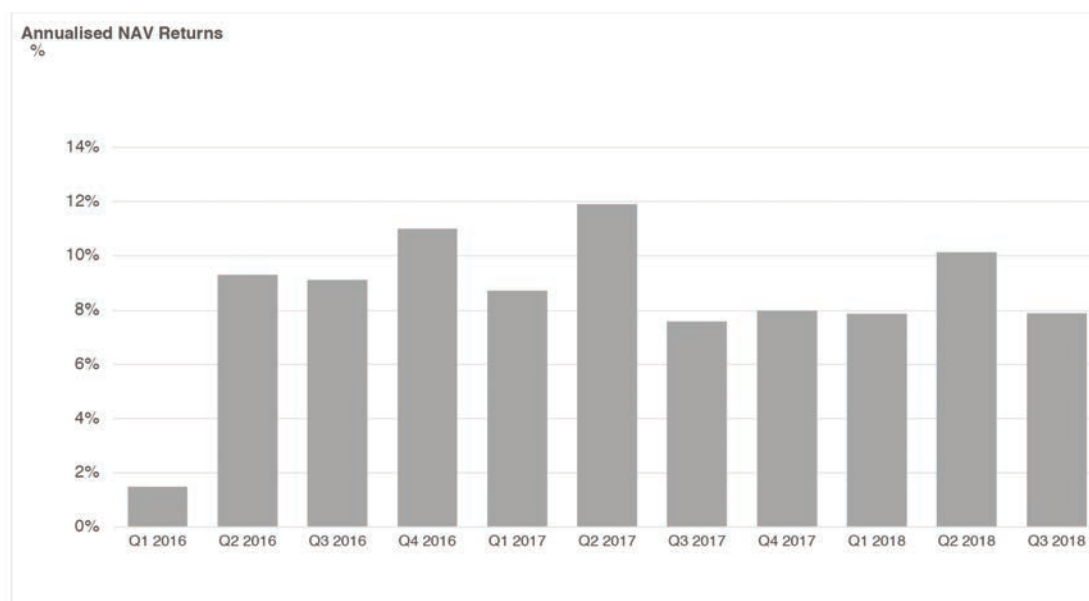
Section 2 – Statement of Directors’ Responsibility (2018 Interim Report only)	17	–	–
Section 3 – Financial Statements			
Statement of comprehensive income	19-21	52	46
Statement of Financial Position	22	54	47
Statement of Changes in Shareholders’ Funds	23-24	55	48
Statement of Cash Flows	25	57	49
Notes to the Financial Statements	26-58	58-84	50-65
Section 4 – Shareholders’ Information			
Directors, portfolio manager and Advisers	60	86-87	67-68
Section 5 – Definitions	61	88	69

Information in the 2016 Annual Report, 2017 Annual Report and 2018 Interim Report that is not incorporated by reference is either not relevant to investors or is covered elsewhere in this Prospectus.

5. Other financial performance data

5.1 Annualised NAV Return

The “**Annualised NAV Return**”, as used in this Prospectus, is calculated as the Total NAV Return for a quarter, multiplied by 4 to annualise it. The Company’s Annualised NAV for each quarter from the start of 2016 to the third quarter of 2018 is set out in the table below. Annualised NAV Return is a common measure of the underlying asset base attributable to each Ordinary Share and is a useful comparator to the share price.



The reconciliation between Annualised NAV Return and the Company’s Net Asset Value, the nearest IFRS measures, is as follows:

Quarter	Cum- Income NAV ("A")	Ordinary Shares in issue ("B")	Cum- Income NAV per Ordinary Share (pence) ("C")	Dividend per share declared during quarter (pence) ("D")	Total NAV per Ordinary Share (C+D) ("E")	Previous quarter Total NAV per Ordinary Share (or inception) Total NAV per Ordinary Share in respect of Q1 2016) ("F")	Quarterly NAV Return ((E/F)-1) ("G")	Total Annualised NAV Return (G*4) ("H")
Q3 2018	400,892,277	39,449,919	1,016	20.00	1,036	1,016	1.974%	7.9%
Q2 2018	400,867,379	39,449,919	1,016	20.00	1,036	1,011	2.528%	10.1%
Q1 2018	302,431,213	29,926,110	1,011	20.00	1,031	1,011 ¹	1.982%	7.9%
Q4 2017	304,759,151	29,926,110	1,018	20.00	1,038	1,018	2.021%	8.1%
Q3 2017	304,589,864	29,926,110	1,018	20.00	1,038	1,018	1.912%	7.6%
Q2 2017	304,748,466	29,926,110	1,018	24.50	1,043	1,013	2.984%	11.9%
Q1 2017	201,775,424	19,926,110	1,013	23.50	1,036	1,014	2.181%	8.7%
Q4 2016	202,050,437	19,926,110	1,014	23.13	1,037	1,009	2.755%	11.0%
Q2 2016	151,398,277	15,000,001	1,009	21.77	1,031	1,006	2.477%	9.9%
Q3 2016	150,924,902	15,000,001	1,006	0.00	1,006	985	2.103%	8.4%
Q1 2016	98,544,284	10,000,001	985	0.00	985	982	0.351%	1.4%

1 The previous quarter Total NAV per Ordinary Share for first quarter of 2018 has been restated to apply IFRS 9.

5.2 Debt-to-Equity Ratio

The "**Debt-to-Equity Ratio**", as used in this Prospectus, is calculated as the Company's interest bearing debt divided by the aggregate of called up share capital, share premium and special distributable reserve, expressed as a percentage. The Debt-to-Equity Ratio is an indicator of the relative use of debt and equity funding. The Debt-to-Equity Ratio from the first quarter of 2016 to the third quarter of 2018 is set out in the table below.



In the chart above, investment assets represents the aggregate of investments held at amortised cost and investments held at fair value through profit or loss.

The reconciliation between the Debt-to-Equity Ratio and interest bearing debt, ordinary share capital, share premium and special distributable reserve, the nearest IFRS measures, is as follows:

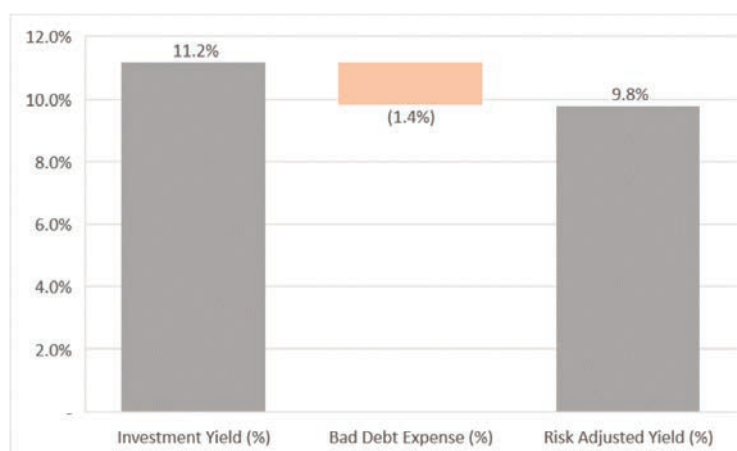
Quarter	Interest bearing debt ("A")	Share capital ("B")	Share premium ("C")	Special distributable reserve ("D")	Debt to Equity Ratio (A/(B+C+D))
Q3 2018	147,000,000	394,499	299,600,760	96,747,902	37.1%
Q2 2018	100,000,000	394,499	299,600,760	96,747,902	25.2%
Q1 2018	127,300,000	299,261	201,852,254	96,747,902	42.6%
Q4 2017	56,500,000	299,261	201,852,254	97,600,000	18.8%
Q3 2017	30,000,000	299,261	201,848,894	97,600,000	10.0%
Q2 2017	30,000,000	299,261	201,920,894	97,600,000	10.0%
Q1 2017	17,000,000	199,261	98,684,752	97,600,000	8.7%
Q4 2016	0	199,261	98,669,752	98,100,000	0.0%
Q2 2016	4,000,000	150,000	49,344,570	98,100,000	2.7%
Q3 2016	3,000,000	150,000	49,379,547	98,100,000	2.0%
Q1 2016	0	100,000	0	98,100,000	0.0%

5.3 Annualised Investment Yield, Annualised Bad Debt Expense and Risk Adjusted Yield

"Annualised Investment Yield" for the period from 1 January 2018 to 30 November 2018, as used in this Prospectus, is calculated as gross income less amortised acquisition costs, expressed as a percentage of average total assets as at 31 December 2017 and 30 November 2018, multiplied by 12/11 to annualise the figure. The Annualised Investment Yield illustrates the underlying yield on the Company's Portfolio from 1 January 2018 to 30 November 2018. The Annualised Investment Yield from 1 January 2018 to 30 November 2018 is set out in the chart below.

"Annualised Bad Debt Expense", as used in this Prospectus, is calculated as the loan impairment expenses from 1 January 2018 to 30 November 2018 as a percentage of average total assets at 31 December 2017 and 30 November 2018, multiplied by 12/11 to annualise the figure. Annualised Bad Debt Expense is a useful metric to illustrate the scale of defaults relative to the Company's Portfolio. The Annualised Bad Debt Expense from 1 January 2018 to 30 November 2018 is set out in the chart below.

"Risk Adjusted Yield", from the period from 1 January 2018 to 30 November 2018, as used in this Prospectus, is calculated as the Annualised Income Yield less the Annualised Bad Debt Expense for the relevant period. The Risk Adjusted Yield provides another measure of the underlying yield, taking into account the loan impairment expenses. The Risk Adjusted Yield as at 30 November 2018 from 1 January 2018 to 30 November 2018 is set out in the chart below.



The reconciliation between Investment Yield and the Company's gross income, amortised acquisition costs and total assets, the nearest IFRS measures, is as follows:

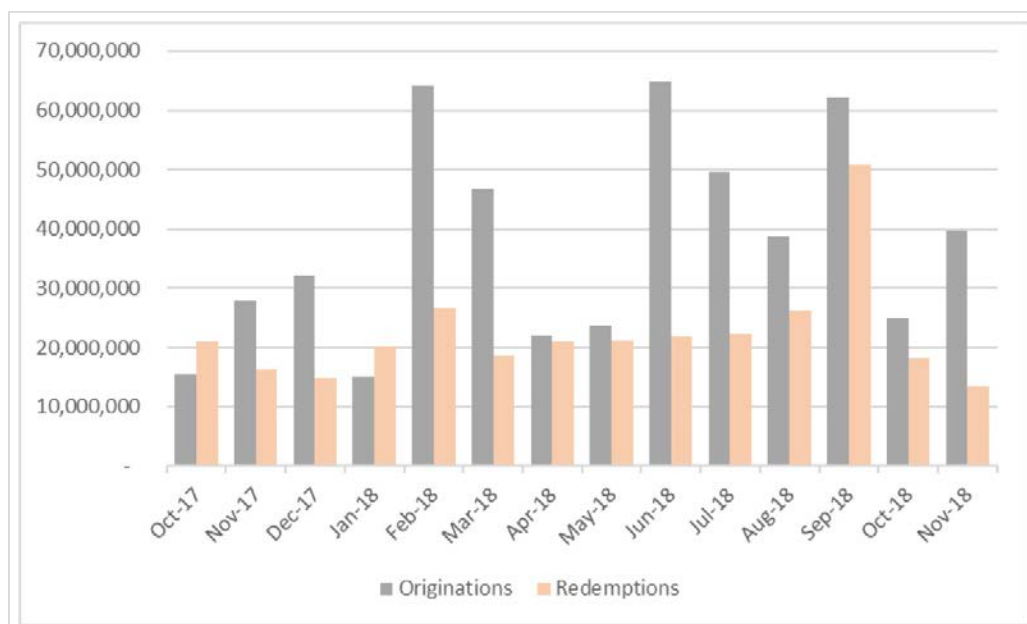
Gross income ("A")	51,120,012
Amortised acquisition costs ("B")	2,645,674
Gross income less amortised acquisition costs (A-B)("C")	48,474,338
Total assets as at 31 December 2017 ("D")	356,544,799
Total assets as at 30 November 2018 ("E")	592,387,579
Average total assets ((D+E)/2) ("F")	474,466,189
Annualised Investment Yield ((C/F)*(12/11))	11.2%

The reconciliation between Bad Debt Expense and the Company's impairment of loans expense and total assets, the nearest IFRS measures, is as follows:

Impairment of loans expense ("A")	5,473,791
Total assets as at 31 December 2017 ("B")	356,544,799
Total assets as at 30 November 2018 ("C")	592,387,579
Average total assets (D) ((B+C)/2)	474,466,189
Annualised Bad Debt Expense ((A/D)*(12/11))	1.4%

5.4 **Originations and Redemptions**

"Originations", as used in this Prospectus, means the value of Credit Assets acquired by the Company on a monthly basis. "Redemptions", as used in this Prospectus, means the value of repayments on the Credit Assets received by the Company on a monthly basis. Originations and Redemptions from October 2017 to November 2018 are set out in the chart below.



6. Capitalisation and indebtedness

Other than the £189 million drawn down under the secured, two-year, £200 million term and revolving credit facility described in Section 10 of Part VI of this Prospectus, as at the Latest Practicable Date the Company had no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness.

The following table shows the Company's capitalisation (unaudited) as at 30 November 2018:

	<i>£'000</i>
Ordinary share capital	394
Share premium	299,599

There has been no material change in the Company's capitalisation since 30 November 2018.

The following table shows the Company's unaudited net indebtedness as at 30 November 2018:

	<i>£'000 (unaudited)</i>
A. Cash	6,718
B. Cash equivalent	–
C. Securities	–
D. Liquidity (A+B+C)	6,718
E. Current financial receivables	371
F. Current bank debt	–
G. Current portion of non-current debt	(1,209)
H. Other current financial debt	–
I. Current financial debt (F+G+H)	(1,209)
J. Net current financial liquidity (D+E+I)	5,880
K. Non-current bank loans	(189,000)
L. Bonds issued	–
M. Other non-current loans	–
N. Non-current financial indebtedness (K+L+M)	(189,000)
O. Net financial indebtedness (J+N)	(183,120)

PART XII

UK TAXATION

1. Introduction

The following statements are based upon current UK tax law and the current published practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and are not intended to be comprehensive. The statements may not apply to certain Shareholders, such as dealers in securities, insurance companies, trustees, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Issue Shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident and, if individuals, also domiciled for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Issue Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Issue Shares.

There may be other tax consequences of an investment in the Company, and all prospective investors, in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or disposing of Issue Shares under the laws of their country and/or state of citizenship, domicile or residence.

2. The Company

It is the intention of the Directors to continue to conduct the affairs of the Company so that it satisfies the conditions under Chapter 4 of Part 24 of CTA 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 (as amended) for it to continue to be approved by HMRC as an investment trust. However, neither the Investment Manager nor the Directors can guarantee that this approval will be maintained.

In respect of each accounting period for which the Company is and continues to be approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income, including all profits on the Company's Credit Assets and associated hedging transactions, in the normal way.

In principle, the Company will be liable to UK corporation tax on any dividend income it receives on Equity Assets. However, there are exemptions from this charge which are, in most cases, expected to be applicable in respect of dividends on Equity Assets.

A company that is an investment trust in respect of an accounting period is able to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for that accounting period (referred to here as the "streaming regime"). Pursuant to the streaming regime the Company may, if it so chooses, designate as an "interest distribution" all or part of any amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be 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 qualifying interest income and that it may, therefore, decide to designate some or all of the dividends paid in respect of a given accounting period as interest distributions.

Income arising from overseas investments may be subject to foreign withholding tax at the applicable rate of the jurisdiction in question, but double taxation relief may be available. In the event that withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on such investments unless relief is available under the terms of an applicable double tax treaty or under UK tax law.

3. Shareholders

3.1 *Taxation of disposals*

For the purposes of UK capital gains tax, the amounts paid by a Shareholder for Issue Shares will generally constitute the base cost of his or her holdings in those shares.

For an individual Shareholder resident in the UK and within the charge to UK capital gains tax, a disposal or deemed disposal of their Issue Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax, depending upon the Shareholder's circumstances and subject to any available exemption or relief. The rate of capital gains tax on share disposals is currently 10 per cent. (2018/19) for individuals who are subject to income tax at the basic rate and 20 per cent. (2018/19) for individuals who are subject to income tax at the higher or additional rates. An individual Shareholder is entitled to realise an exempt amount of gains (currently £11,700 (2018/19)) in each tax year without being liable to tax.

For a corporate Shareholder within the charge to UK corporation tax, a disposal or deemed disposal of Issue Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax, subject to the application or availability of any reliefs or exemptions. The rate of corporation tax is currently 19 per cent. (2018/19), falling to 17 per cent. from 1 April 2020.

A Shareholder (whether individual or corporate) who is not resident in the UK for tax purposes is generally not subject to UK capital gains tax. However, if such a Shareholder carries on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a non-UK resident corporate Shareholder, a permanent establishment) to which the Issue Shares are attributable, the Shareholder will be subject to the same rules that apply to UK resident Shareholders. An individual who has been resident in the UK and who then ceases to be resident in the UK only temporarily may, in certain circumstances, be subject to tax in respect of gains realised while he is not resident in the UK.

3.2 *Taxation of dividends – individuals*

Dividends which are not designated as “interest distributions”

The Company will not be required to withhold UK tax at source from dividend payments it makes to Shareholders.

In the event that the Directors do not elect for the “streaming” regime to apply to any dividends paid by the Company, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the Company. A nil rate of income tax will currently apply to the first £2,000 of dividend income received by an individual UK resident and domiciled shareholder in a tax year (the “**Nil Rate Amount**”), regardless of what tax rate would otherwise apply to that dividend income. Any dividend income received by an individual shareholder in a tax year in excess of the Nil Rate Amount will be subject to income tax at dividend rates determined by thresholds of income, as follows:

- at the rate of 7.5 per cent., to the extent that the relevant dividend income falls below the threshold for the higher rate of income tax;
- at the rate of 32.5 per cent., to the extent that the relevant dividend income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and
- at the rate of 38.1 per cent., to the extent that the relevant dividend income falls above the threshold for the additional rate of income tax.

Dividend income that is within the Nil Rate Amount counts towards an individual's basic or higher rate limits – and will therefore potentially affect the level of savings allowance to which an individual is entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the nil rate falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

“Interest distributions”

Should the Directors elect to apply the streaming regime to any dividends paid by the Company, a UK resident individual Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent., depending on whether the Shareholder is a basic, higher or additional rate taxpayer.

The Finance Act 2017 removed the requirement for interest distributions paid by the Company on or after 6 April 2017 to be made subject to an amount being withheld on account of UK income tax.

Personal Savings Allowance

A nil rate of income tax applies to savings income received by individuals subject to UK income tax at the basic or higher rates (the **“Personal Savings Allowance”**). Additional-rate taxpayers do not benefit from the Personal Savings Allowance. The amount of the Personal Savings Allowance is currently £1,000 for basic-rate taxpayers and £500 for higher-rate taxpayers. Any savings income received in a tax year in excess of the Personal Savings Allowance will be subject to tax at the taxpayer’s marginal tax rate, subject to the availability of other reliefs and allowances. Interest distributions received by an individual Shareholder from the Company will constitute savings income and may therefore potentially fall within the Personal Savings Allowance.

3.3 Taxation of dividends – companies

Dividends which are not designated as “interest distributions”

The Company will not be required to withhold UK tax at source from dividend payments it makes to Shareholders. Subject to the discussion of “interest distributions” below, (i) UK resident Shareholders within the charge to UK corporation tax which are “small companies” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 will not be subject to UK corporation tax on any dividend received from the Company provided certain conditions are met (including an anti-avoidance condition), and (ii) other Shareholders within the charge to UK corporation tax will be subject to UK corporation tax on dividends received from the Company unless the dividends fall within an exempt class and certain conditions are met. For example: (i) dividends paid on shares that are not redeemable and do not carry any present or future preferential rights to dividends or to a company’s assets on its winding up; and (ii) dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital in respect of which the distribution is made) are generally dividends that fall within an exempt class.

“Interest distributions”

If the Directors were to elect for the streaming regime to apply, and corporate Shareholders within the charge to UK corporation tax were to receive dividends designated by the Company as interest distributions, they would be subject to corporation tax on any such amounts received (currently at a rate of 19 per cent. and reducing to 17 per cent. from 2020).

The Finance Act 2017 removed the requirement for interest distributions paid by the Company on or after 6 April 2017 to be made subject to an amount being withheld on account of UK tax.

4. Stamp duty and stamp duty reserve tax

Neither UK stamp duty nor stamp duty reserve tax (“**SDRT**”) should arise on the issue of the Issue Shares in most circumstances, as described further below. Special provisions apply to shares issued to clearance systems or depository receipt arrangements, as described further below.

An instrument effecting the transfer on sale of Issue Shares will generally be liable to stamp duty at the rate of 0.5 per cent. (rounded up, if necessary, to the nearest multiple of £5) of the amount or value of the consideration payable. However, where the amount or value of the consideration is £1,000 or less, and provided that the transfer does not form part of a larger transaction or series of transactions where the combined consideration exceeds £1,000, such instrument should be exempt from charge upon certification of such facts.

An unconditional agreement to transfer Issue Shares will generally be liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable, but such liability will be cancelled, or a right to a repayment (generally, with interest) in respect of the payment of such SDRT liability will arise, if the agreement is completed by a duly stamped or exempt transfer within six years of the agreement having become unconditional. Where the purchaser is a company connected with the vendor, special rules provide for a charge based on the market value of the shares transferred. SDRT is normally the liability of the purchaser, and while stamp duty is due on the document effecting the transfer, it is conventionally settled by the purchaser.

No stamp duty or SDRT will arise on a transfer of Issue Shares into the CREST system provided that the transfer is not for money or money's worth. Paperless transfers of Issue Shares within CREST are liable to SDRT (at a rate of 0.5 per cent. of the amount or value of the consideration payable, unless special rules apply) rather than stamp duty, and SDRT arising on the agreement to transfer Issue Shares under relevant transactions settled within the system or reported through it for regulatory purposes will generally be collected by CREST.

It should be noted that certain categories of person, including specified market intermediaries, are entitled to an exemption from stamp duty and SDRT in respect of purchases of securities in specified circumstances.

Special rules apply where shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts or a person providing a clearance service. Under these rules SDRT or stamp duty may be charged at a rate of 1.5 per cent., with subsequent transfers within the clearance service or transfers of depositary receipts then being free from SDRT or stamp duty. Following the outcome of European Court of Justice cases (HSBC & Vidacos and HSBC & Bank of New York Mellon) HMRC accept that this charge is in breach of EU law so far as it applies to new issues of shares or transfers that are an integral part of a capital raising exercise, and it was confirmed in the Autumn 2017 Budget that the UK Government intends to continue this approach following Brexit. HMRC's published view is that the 1.5 per cent. SDRT or stamp duty charge continues to apply to other transfers of shares into a clearance service or depositary receipt arrangement, although this has been disputed. Further litigation indicates that certain transfers of legal title to clearance services in connection with listing, but not integral to a new issue, may also not be chargeable. HMRC have not withdrawn or amended the charging legislation but instead have indicated that they will not seek to charge such transactions. In view of the continuing uncertainty, specific professional advice should be sought before incurring a 1.5 per cent. stamp duty or stamp duty reserve tax charge in any circumstances.

PART XIII
ADDITIONAL INFORMATION

1. The Company

- (a) The Company was incorporated under the laws of England and Wales on 2 December 2015 as a public limited company with the name Honeycomb Investment Trust plc. Its company number is 09899024. The Company is subject to the Disclosure Guidance and Transparency Rules. The Directors have resolved that, as a matter of best practice and good corporate governance, the Company will also comply with certain key provisions of the Listing Rules. Further details of the Company's voluntary compliance with the Listing Rules is set out in section 4 of this Part XIII.

The principal legislation under which the Company operates and under which the Issue Shares will be issued is the Companies Act. The Company does not have any significant subsidiaries.

- (b) The Company has given notice to the Registrar of Companies of its intention to carry on business as an investment company pursuant to section 833 of the Companies Act.
- (c) The registered office of the Company is at 6th Floor, 65 Gresham Street, London EC2V 7NQ, United Kingdom and the telephone number of the Company is +44 (0)20 7954 9796.
- (d) The registrar of the Company is Computershare Investor Services PLC. It is responsible for maintaining the register of members of the Company.

2. Share and loan capital of the Company

- (a) On incorporation, the issued share capital of the Company was one Ordinary Share of one penny and 50,000 Management Shares of a nominal value of £1 each, each which were subscribed for by Honeycomb Holdings Limited, a wholly-owned subsidiary of the Investment Manager.
- (b) On 23 December 2015, the Company issued 10,000,000 Ordinary Shares pursuant to the IPO Placing and the Management Shares were redeemed following admission out of the proceeds of the IPO Placing.
- (c) On 17 May 2016, the Company issued 5,000,000 Ordinary Shares pursuant to a placing.
- (d) On 16 December 2016, the Company issued 4,926,109 Ordinary Shares pursuant to a placing.
- (e) On 31 May 2017, the Company issued 10,000,000 Ordinary Shares pursuant to a placing.
- (f) On 23 April 2018, the Company issued 9,523,809 Ordinary Shares pursuant to a placing.

Accordingly, the issued share capital of the Company as at the date of this Prospectus is as follows:

	<i>Nominal Value</i>	<i>Number</i>
	<i>(£)</i>	
Ordinary Shares	394,499.19	39,449,919

All Ordinary Shares are fully paid.

- (g) By ordinary and special resolutions passed at a general meeting of the Company on 14 December 2015 it was resolved;
- (i) that the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot 25 million C Shares from the conclusion of the first annual general meeting of the Company, such authority to expire at the conclusion of the fourth annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which

would or might require the allotment of C Shares in pursuance of such an offer or agreement as if such authority had not expired; and

- (ii) that the Directors were empowered (pursuant to section 570 of the Companies Act) to allot C Shares for cash pursuant to the authority referred to in section 2(g)(i) above as if section 561 of the Companies Act did not apply to any such allotment, such power to expire at the conclusion of the fourth annual general meeting of the Company, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power, and the Directors may allot equity securities in pursuance of such an offer or an agreement as if such power had not expired;
- (h) By ordinary resolutions passed at the annual general meeting of the Company on 8 June 2018 it was resolved:
- (i) that the Directors be generally and unconditionally authorised, in addition to all subsisting authorities, to exercise all the powers of the Company to allot Ordinary Shares, and to grant rights to subscribe for or to convert any security into Ordinary Shares for any purpose, up to an aggregate nominal amount of £131,499.73, such authority to apply until the end of the 2019 annual general meeting (or, if earlier, until the close of business on 31 August 2019) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require Ordinary Shares to be allotted or rights to subscribe for or convert securities into Ordinary Shares to be granted after the authority ends and the Board may allot Ordinary Shares or grant rights to subscribe for or convert securities into Ordinary Shares under any such offer or agreement as if the authority had not ended;
 - (ii) in addition to the authority set out in paragraph (i), that the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot Ordinary Shares, and to grant rights to subscribe for or to convert any security into Ordinary Shares for any purpose, up to an aggregate nominal amount of £100,000.00, such authority to apply until the end of the 2019 annual general meeting (or, if earlier, until the close of business on 31 August 2019) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require Ordinary Shares to be allotted or rights to subscribe for or convert securities into Ordinary Shares to be granted after the authority ends and the Board may allot Ordinary Shares or grant rights to subscribe for or convert securities into Ordinary Shares under any such offer or agreement as if the authority had not ended;

By special resolutions passed at the annual general meeting of the Company on 8 June 2018 it was resolved:

- (iii) that the Directors be given the power, in addition to all subsisting powers, to allot Ordinary Shares under the authority given by the resolution set out at paragraph (i) above, and / or to sell Ordinary Shares held by the Company as treasury shares as if section 561 of the Companies Act did not apply to any such allotment or sale, up to an aggregate nominal amount of £39,449.91, provided that in the case of any Ordinary Shares allotted the issue price is no lower than the latest published net asset value per Ordinary Share (as calculated in accordance with the Company's policies existing from time to time), such power to apply until the end of the 2019 annual general meeting (or, if earlier, until the close of business on 31 August 2019) but, in each case, during this period the Company may make offers, and enter into agreements which would, or might, require Ordinary Shares to be allotted (or treasury shares to be sold) after the power ends and the Directors may allot Ordinary Shares (and sell treasury shares) under any such offer or agreement as if the power had not ended;
- (iv) that the Directors be given the power, in addition to all subsisting powers (including the powers granted by the resolution set out at paragraph (iii) above), to allot Ordinary Shares and / or to sell Ordinary Shares held by the Company as treasury shares as if section 561 of the Companies Act did not apply to any such allotment or sale, up to an aggregate nominal amount of £191,999.92, provided that in the case of any Ordinary Shares allotted the issue price is no lower than the latest published net asset value per Ordinary Share (as calculated in accordance with the Company's policies existing from time to time), such power to apply until the end of the 2019 annual general meeting (or, if earlier, until the close of business on 31 August 2019) but, in each case, during this period the Company may make offers, and enter into agreements which would, or might, require Ordinary Shares to be allotted (or treasury shares to be sold) after the power ends and

the Directors may allot Ordinary Shares (and sell treasury shares) under any such offer or agreement as if the power had not ended;

- (v) to authorise the Company generally and unconditionally for the purpose of section 701 of the Companies Act to make one or more market purchases (as defined in section 693 of the Companies Act) of Ordinary Shares on such terms and in such manner as the Directors may from time to time determine, provided that:
 - (aa) the maximum number of Ordinary Shares authorised to be purchased under the authority is 5,913,543 Ordinary Shares;
 - (bb) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is one penny per share, being the nominal amount thereof;
 - (cc) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares is an amount equal to the higher of (i) 105 per cent. of the average of the mid-market values for the Ordinary Shares for the five business days immediately preceding the day on which the Company contracts to purchase the Ordinary Shares and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent purchase bid at the time on the trading venue on which the purchase is carried out; and
 - (dd) Ordinary Shares purchased pursuant to the authority conferred by this resolution shall be either (i) cancelled immediately upon completion of the purchase, or (ii) be held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act,

such authority to expire at close of business on 31 August 2019 or, if earlier, on the conclusion of the 2019 annual general meeting of the company but, in each case, during this period the Company may enter into a contract to purchase Ordinary Shares which would, or might be completed or executed wholly or partly after the authority ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the authority had not ended.

- (i) As at the date of this Prospectus, no Ordinary Shares have been issued pursuant to the authorities referred to above.
- (j) The Directors have absolute authority to allot the Ordinary Shares under the Articles and have resolved to do so.
- k) The provisions of section 561(1) of the Companies Act (to the extent not disapplied pursuant to sections 570-571 of the Companies Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash and apply to any shares to be allotted by the Directors, except to the extent disapplied by the resolutions referred to in paragraph (i) above.
- (l) No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- (m) The Issue Shares to be issued in the Issue will be traded on the Specialist Fund Segment of the London Stock Exchange's Main Market. The Issue Shares are not listed or traded on, and no application has been or is being made for the admission of the Issue Shares to listing or trading on, any other stock exchange or securities market.
- (n) The Ordinary Shares are in registered form and, from each Admission, the Ordinary Shares issued in the relevant Issue will be capable of being held in uncertificated form and title to such Ordinary Shares may be transferred by means of a relevant system (as defined in the Regulations). The C Shares are in registered form and, from issue, will be capable of being held in uncertificated form and title to such C Shares may be transferred by means of a relevant system (as defined in the Regulations). Where Issue Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 21 days of the completion of the registration process or transfer, as the case may be, of the Issue Shares. Where Issue Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 41 of this Prospectus, maintains a register of Shareholders holding their Issue Shares in CREST.
- (o) No expenses are being charged to any subscriber or purchaser.

- (p) Both the Companies Act and the Listing Rules (as voluntarily adopted by the Company) allow for disapplication of pre-emption rights, which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. As set out in 2(g)(ii), 2(h)(iii), and 2(h)(iv) above, the Company has disapplied these pre-emption rights in respect of a defined number of Ordinary Shares until the next annual general meeting of the Company and a defined number of C Shares until the fourth annual general meeting of the Company.
- (q) Each new Issue Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing Issue Share of the same class and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Issue Share of the same class, as set out in the Articles. The Issue Shares will be denominated in pounds sterling.

3. Articles of association

The Articles contain provisions, *inter alia*, to the following effect:

3.1 Unrestricted objects

The objects of the Company are unrestricted.

3.2 Limited liability

The liability of the Company's members is limited to the amount, if any, unpaid on the shares in the Company held by them.

3.3 Change of name

The Articles allow the Company to change its name by resolution of the Board. This is in addition to the Company's statutory ability to change its name by special resolution under the Companies Act.

3.4 Share rights

Subject to any rights attached to existing shares, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Such rights and restrictions shall apply as if they were set out in the Articles. Redeemable shares may be issued, subject to any rights attached to existing shares. The Board may determine the terms and conditions and the manner of redemption of any redeemable share so issued. Such terms and conditions shall apply to the relevant shares as if they were set out in the Articles. Subject to the Articles, any resolution passed by the Shareholders and other Shareholders' rights, the Board may decide how to deal with any shares in the Company.

3.5 Voting rights

Members will be entitled to vote at a general meeting or class meeting whether on a show of hands or a poll, as provided in the applicable statutes (in this section, the "**Companies Acts**"). The Companies Act provides that:

- (i) on a show of hands every member present in person has one vote and every proxy present who has been duly appointed by one or more members will have one vote, except that a proxy has one vote for and one vote against if the proxy has been duly appointed by more than one member and the proxy has been instructed by one or more members to vote for and by one or more other members to vote against. For this purpose the Articles provide that, where a proxy is given discretion as to how to vote on a show of hands, this will be treated as an instruction by the relevant member to vote in the way that the proxy decides to exercise that discretion; and
- (ii) on a poll every member has one vote per share held by him and he may vote in person or by one or more proxies. Where he appoints more than one proxy, the proxies appointed by him taken together shall not have more extensive voting rights than he could exercise in person.

This is subject to any special terms as to voting which are given to any shares or on which shares are held.

In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose,

seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

3.6 **Restrictions**

No member shall, unless the Board otherwise decides, be entitled to vote at any general meeting or class meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

3.7 **Dividends and other distributions**

The Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Acts, the Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it is not liable to holders of shares with preferred or *pari passu* rights for losses arising from the payment of interim or fixed dividends on other shares.

The Board may withhold payment of all or any part of any dividends or other moneys payable in respect of the Company's shares from a person with a 0.25 per cent. or greater holding, in number or nominal value, of the shares of the Company or of any class of such shares (in each case, calculated exclusive of any shares held as treasury shares) (in this section, a "**0.25 per cent. interest**") if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the share during any portion of the period in respect of which the dividend is paid. Except as set out above, dividends may be declared or paid in any currency.

The Board may if authorised by an ordinary resolution of the Company offer members holding Ordinary Shares (excluding any member holding shares as treasury shares) in respect of any dividend the right to elect to receive Ordinary Shares by way of scrip dividend instead of cash.

Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and revert to the Company.

The Company may stop sending cheques, warrants or similar financial instruments in payment of dividends by post in respect of any shares or may cease to employ any other means of payment, including payment by means of a relevant system, for dividends if either (i) at least two consecutive payments have remained uncashed or are returned undelivered or that means of payment has failed or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable inquiries have failed to establish any new postal address or account of the holder. The Company may resume sending dividend cheques, warrants or similar financial instruments or employing that means of payment if the holder requests such resumption in writing.

3.8 **Issue Shares, Deferred Shares and Management Shares**

The Articles permit the Directors to issue Shares, Deferred Shares and Management Shares on the following terms. Defined terms used in this section 3.8 that are not otherwise defined are set out at the end of the section.

- (a) The holders of the Issue Shares, the Deferred Shares and the Management Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends: (a) the Deferred Shares (to the extent that any are in issue) shall entitle the holders thereof to a non-cumulative dividend at a fixed rate of 1 per cent. of the nominal amount thereof (the "**Deferred Dividend**") on the date six months after the Conversion Date on which such Deferred Shares were created in accordance with paragraph (g) below (the "**Relevant Conversion Date**") and on each anniversary of such date payable to the holders thereof on the register of members on that date

as holders of Deferred Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of Deferred Shares registered in the register of members of the Company as holders of Deferred Shares on that date. It should be noted that given the proposed repurchase of the Deferred Shares as described below, it is not expected that any dividends will accrue or be paid on such shares; (b) the holders of any tranche of C Shares shall be entitled to receive in that capacity such dividends as the Board may resolve to pay out of net assets attributable to the C Shares of that tranche and from income received and accrued which is attributable to the C Shares of that tranche; (c) the Existing Ordinary Shares shall confer the right to dividends declared in accordance with the Articles; (d) the Management Shares shall entitle the holders thereof to receive a fixed annual dividend equal to 0.01 per cent. of the nominal amount of each of the Management Shares, payable on demand and in priority to the payment of a dividend to the holders of any other class of share of the Company but, for so long as there are shares of any other class in issue, the Management Shares do not confer any further right to participate in the Company's profits; (e) the Ordinary Shares into which any tranche of C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and (f) no dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred Shares for the time being in issue) between the Calculation Date and the Conversion Date relating to a tranche of C Shares (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).

- (b) The holders of the Ordinary Shares, the C Shares, the Deferred Shares and the Management Shares shall, subject to the provisions of the Articles, have the following rights as to capital:
- (i) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when any tranche of C Shares are for the time being in issue and prior to the Conversion Date be applied amongst the holders of the Existing Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Existing Ordinary Shares, after having deducted therefrom: (i) first, an amount equivalent to (C-D) using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount shall be applied amongst the holders of C Shares *pro rata* according to the nominal capital paid up on their holdings of C Shares of the relevant tranche; (ii) secondly, if there are Management Shares in issue, in paying to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon; and (iii) thirdly, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares one penny in aggregate in respect of every 1 million Deferred Shares (or part thereof) of which they are respectively the holders; and
 - (ii) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when no C Shares of any tranche are for the time being in issue be applied as follows: (i) first, if there are Deferred Shares in issue, in paying to the holders of Deferred Shares one penny in aggregate in respect of every 1 million Deferred Shares (or part thereof) of which they are respectively the holders; (ii) secondly, if there are Management Shares in issue, there will be paid to the holders of the Management Shares in respect of each such share the amount paid up or treated as paid up thereon; and (iii) thirdly, the surplus shall be divided amongst the holders of Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.
- (c) As regards voting: (a) the holders of Ordinary Shares and any tranche of C Shares shall have the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as those applying to holders of Existing Ordinary Shares as set out in the Articles as if the C Shares and Existing Ordinary Shares were a single class; (b) for so long as there are shares of any other class of shares in issue, the holders of Management Shares shall have no right to receive notice of, or vote at, any general meeting of the Company. If there are no shares of any other class of shares in issue, the holders of Management Shares shall be entitled to receive notice of, and vote at, any general meeting of the

Company; and (c) the Deferred Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.

- (d) The following shall apply to the Deferred Shares: (a) the C Shares of any tranche shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be repurchased by the Company in accordance with the terms set out in the Articles; (b) immediately upon Conversion, the Company shall repurchase all of the Deferred Shares which arise as a result of Conversion for an aggregate consideration of one penny for every one million Deferred Shares and the notice referred to in paragraph (g)(ii) below shall be deemed to constitute notice to each holder of C Shares (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the Deferred Shares shall be repurchased immediately upon Conversion for an aggregate consideration of one penny for each holding of one million Deferred Shares. On repurchase, each Deferred Share shall be treated as cancelled in accordance with section 706 of the Companies Act without further resolution or consent; and (c) the Company shall not be obliged to: (i) issue share certificates to the holders of Deferred Shares in respect of the Deferred Shares; or (ii) account to any holder of Deferred Shares for the repurchase moneys in respect of such Deferred Shares.
- (e) Without prejudice to the generality of the Articles, for so long as any tranche of C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares as a class and to each tranche of the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Company's Articles: (a) no alteration shall be made to the Articles of the Company; (b) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and (c) no resolution of the Company shall be passed to wind-up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares and/or any tranche of C Shares, as described above, shall not be required in respect of: (a) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or (b) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Companies Act) in accordance with sections 727 and 731 of the Companies Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

- (f) For so long as any tranche of C Shares are for the time being in issue, until Conversion of such tranche of C Shares and without prejudice to its obligations under applicable laws the Company shall: (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares of that tranche can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the tranche of C Shares; (b) allocate to the assets attributable to the tranche of C Shares such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds and the Calculation Date relating to such tranche of C Shares (both dates inclusive) as the Board fairly considers to be attributable to that tranche of C Shares; and (c) give appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.
- (g) The C Shares of a particular tranche for the time being in issue shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the Conversion Date in accordance with the following provisions of this paragraph (g):
- (i) the Board shall procure that within 10 Business Days of the Calculation Date: (A) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each holder of C Shares shall be entitled on Conversion shall be calculated; and (B) the auditors shall be requested to confirm that such calculations as have

been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H below.

- (ii) The Board shall procure that, as soon as practicable following such confirmation and in any event within 10 Business Days of the Calculation Date, a notice is sent to each holder of C Shares advising such holder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such holder of C Shares will be entitled on Conversion.
- (iii) On conversion each C Share shall automatically subdivide into 10 conversion shares of one penny each and such conversion shares of one penny each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:
 - (a) the aggregate number of Ordinary Shares into which the same number of conversion shares of one penny each are converted equals the number of C Shares in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share).
 - (b) each conversion share of one penny which does not so convert into an Ordinary Share shall convert into one Deferred Share.
- (iv) The Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former holders of C Shares *pro rata* according to their respective former holdings of C Shares (provided always that the Board may deal in such manner as it thinks fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).
- (h) Forthwith upon Conversion, the share certificates relating to the C Shares of the relevant tranche shall be cancelled and the Company shall issue to each former holder of C Shares new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued.
- (i) The Board may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

The following definitions are only relevant for the purpose of the foregoing:

"Calculation Date" means the earliest of the:

- (a) close of business on the date to be determined by the Board after the day on which the Investment Manager shall have given notice to the Board that at least 90 per cent. of the Net Proceeds (or such other percentage as the Board and Investment Manager shall agree) shall have been invested; or
- (b) close of business on the date falling nine calendar months after the allotment of the C Shares or if such a date is not a Business Day the next following Business Day; or
- (c) close of business on the day on which the Board resolves that Force Majeure Circumstances have arisen or are imminent;

"Conversion" means conversion of any tranche of C Shares into Ordinary Shares and Deferred Shares in accordance with Article 15 of the Articles (as summarised in paragraph (g) above);

"Conversion Date" means the close of business on such Business Day as may be selected by the Board falling not more than 10 Business Days after the Calculation Date;

“Conversion Ratio” means the ratio of the net asset value per C Share of the relevant tranche to the net asset value per Ordinary Share, which is calculated as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

$$A = \frac{C-D}{E}$$

$$B = \frac{F-C-G+D}{H}$$

and where:

- C is the aggregate value of: (a) the value of the investments of the Company attributable to the C Shares of the relevant tranche; and (b) the amount which, in the Board’s opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);
- D is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares of the relevant tranche) which, in the Board’s opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares of the relevant tranche on the Calculation Date;
- E is the number of the C Shares in issue on the Calculation Date;
- F is the aggregate value of: (a) value of all the investments of the Company; and (b) the amount which, in the Board’s opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);
- G is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Board’s opinion, fairly reflects the amount of the liabilities of the Company on the Calculation Date; and
- H is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury),

provided always that the Board shall make such adjustments to the value or amount of A and B as the auditors shall report to be appropriate having regard among other things, to the assets of the Company immediately prior to the date on which the Company first receives the Net Proceeds relating to the C Shares of the relevant tranche and/or to the reasons for the issue of the C Shares of the relevant tranche.

“Deferred Shares” means deferred shares of one penny each in the capital of the Company arising on Conversion;

“Existing Ordinary Shares” means the Ordinary Shares in issue immediately prior to Conversion;

“Force Majeure Circumstances” means in relation to any tranche of C Shares, (a) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Board, renders Conversion necessary or desirable; (b) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant tranche with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be issued; or (c) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest.

“Net Proceeds” means the net cash proceeds of the issue of the C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company);

References to the auditors confirming any matter should be construed to mean confirmation of their opinion as to such matter whether qualified or not.

3.9 **Variation of rights**

Subject to the Companies Acts, rights attached to any class of shares may be varied with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (calculated excluding any shares held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares).

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them or by the purchase or redemption by the Company of any of its own shares.

3.10 **Transfer of shares**

The shares of the Company are in registered form. Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Provisions of the Articles do not apply to any uncertificated shares to the extent that such provisions are inconsistent with the holding of shares in uncertificated form, with the transfer of shares by means of a relevant system, with any provision of the legislation and rules relating to uncertificated shares or with the Company doing anything by means of a relevant system.

Subject to the Articles, any member may transfer all or any of his certificated shares in the Company by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be signed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The transferor of a share in the Company is deemed to remain the holder until the transferee's name is entered in the register.

The Board can decline to register any transfer of any share in the Company which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer:

- (a) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (b) is in respect of only one class of share; and
- (c) if to joint transferees, is in favour of not more than four such transferees.

Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules (as defined in the Articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0.25 per cent. interest if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

3.11 **Sub-division of share capital**

Any resolution authorising the Company to sub-divide any of its shares may determine that, as between the shares resulting from the sub-division, any of them may have a preference, advantage or deferred or other right or be subject to any restriction as compared with the others.

3.12 **General meetings**

The Articles rely on the Companies Act provisions dealing with the calling of general meetings. Under the Companies Act an annual general meeting must be called by notice of at least 21 days. As a “traded company” for the purposes of the Companies Act, the Company will be required to give at least 21 days’ notice of any other general meeting unless a special resolution reducing the period to not less than 14 days has been passed at the immediately preceding annual general meeting or at a general meeting held since that annual general meeting. A special resolution was passed on 8 June 2018 allowing any general meeting of the Company, other than an annual general meeting, to be called on not less than 14 clear days’ notice. Notice of a general meeting must be given in hard copy form, in electronic form, or by means of a website and must be sent to every member and every Director. It must state the time and date and the place of the meeting and the general nature of the business to be dealt with at the meeting. As the Company is a traded company, the notice must also state the website address where information about the meeting can be found in advance of the meeting, the voting record time, the procedures for attending and voting at the meeting, details of any forms for appointing a proxy, procedures for voting in advance (if any are offered), and the right of members to ask questions at the meeting. In addition, a notice calling an annual general meeting must state that the meeting is an annual general meeting.

Each Director shall be entitled to attend and speak at any general meeting. The chairman of the meeting may invite any person to attend and speak at any general meeting where he considers that this will assist in the deliberations of the meeting.

3.13 **Directors**

(a) *Number of Directors*

The Directors shall be not less than two and not more than 10 in number. The Company may by ordinary resolution vary the minimum and/or maximum number of Directors.

(b) *Directors’ shareholding qualification*

A Director shall not be required to hold any shares in the Company.

(c) *Appointment of Directors*

Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next following annual general meeting of the Company and is then eligible for re-appointment.

The Board or any committee authorised by the Board may from time to time appoint one or more directors to hold any employment or executive office for such period and on such terms as they may determine and may also revoke or terminate any such appointment.

(d) *Retirement of Directors*

At every annual general meeting of the Company any Director who has been appointed by the Board since the last annual general meeting, or who held office at the time of the two preceding annual general meetings and who did not retire at either of them, or who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for re-appointment by the members.

(e) *Removal of Directors by special resolution*

The Company may by special resolution remove any Director before the expiration of his period of office.

(f) *Vacation of office*

The office of a Director shall be vacated if:

- (i) he resigns or offers to resign and the Board resolves to accept such offer;
- (ii) he is removed by notice given by all of the other Directors and all of the other Directors are not less than three in number;

- (iii) he is or has been suffering from mental or physical ill health and the Board resolves that his office be vacated;
- (iv) he is absent without the permission of the Board from meetings of the Board (whether or not an alternate Director appointed by him attends) for six consecutive months and the Board resolves that his office is vacated;
- (v) he becomes bankrupt or compounds with his creditors generally;
- (vi) he is prohibited by a law from being a Director;
- (vii) he ceases to be a Director by virtue of the Companies Acts; or
- (viii) he is removed from office pursuant to the Company's Articles.

If the office of a Director is vacated for any reason, he must cease to be a member of any committee or sub-committee of the Board.

(g) *Alternate Director*

Any Director may appoint any person to be his alternate and may at his discretion remove such an alternate Director. If the alternate Director is not already a Director, the appointment, unless previously approved by the Board, shall have effect only upon and subject to being so approved.

(h) *Proceedings of the Board*

Subject to the provisions of the Articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the Board.

The Board may appoint a Director to be the chairman or a deputy chairman and may at any time remove him from that office. Questions arising at any meeting of the Board shall be determined by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

All or any of the members of the Board may participate in a meeting of the Board by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons as it thinks fit, provided that the majority of persons on any committee or sub-committee must be Directors. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the Articles for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board.

(i) *Remuneration of Directors*

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board, but the aggregate of all such fees so paid to the Directors shall not exceed £250,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any Director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, either in addition to or in lieu of his remuneration as a Director. In addition, any Director who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a Director, may be paid such extra remuneration as the Board or any committee authorised by the Board may determine. Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board, or committees of the Board or of the Company or any other meeting which as a Director he is entitled to attend, and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director. The

Company may also fund a Director's or former Director's expenditure and that of a Director or former Director of any holding company of the Company for the purposes permitted under the Companies Acts and may do anything to enable a Director or former Director or a Director or former Director of any holding company of the Company to avoid incurring such expenditure as provided in the Companies Acts.

(j) *Pensions and gratuities for Directors*

The Board or any committee authorised by the Board may exercise the powers of the Company to provide benefits either by the payment of gratuities or pensions or by insurance or in any other manner for any Director or former Director or his relations, dependants or persons connected to him, but no benefits (except those provided for by the Articles) may be granted to or in respect of a Director or former Director who has not been employed by or held an executive office or place of profit under the Company or any of its subsidiary undertakings or their respective predecessors in business without the approval of an ordinary resolution of the Company.

(k) *Directors' interests*

The Board may, subject to the provisions of the Articles, authorise any matter which would otherwise involve a Director breaching his duty under the Companies Acts to avoid conflicts of interest. Where the Board gives authority in relation to a conflict of interest or where any of the situations described in (i) to (v) below applies in relation to a Director, the Board may (a) require the relevant Director to be excluded from the receipt of information, the participation in discussion and/or the making of decisions related to the conflict of interest or situation; (b) impose upon the relevant Director such other terms for the purpose of dealing with the conflict of interest or situation as it may determine; and (c) provide that the relevant Director will not be obliged to disclose information obtained otherwise than through his position as a Director of the Company and that is confidential to a third party or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence. The Board may revoke or vary such authority at any time.

Subject to the provisions of the Companies Acts, and provided he has declared the nature and extent of his interest to the Board as required by the Companies Acts, a Director may:

- (i) be party to, or otherwise interested in, any contract with the Company or in which the Company has a direct or indirect interest;
- (ii) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms, including remuneration, as the Board may decide;
- (iii) act by himself or through a firm with which he is associated in a professional capacity for the Company or any other company in which the Company may be interested (otherwise than as auditor);
- (iv) be or become a Director or other officer of, or employed by or a party to a transaction or arrangement with, or otherwise be interested in, any holding company or subsidiary company of the Company or any other company in which the Company may be interested; and
- (v) be or become a Director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a Director of that other company.

A Director shall not, by reason of his office be liable to account to the Company or its members for any benefit realised by reason of having an interest permitted as described above or by reason of having a conflict of interest authorised by the Board and no contract shall be liable to be avoided on the grounds of a Director having any such interest.

(l) *Restrictions on voting*

No Director may vote on or be counted in the quorum in relation to any resolution of the Board concerning his own appointment, concerning the settlement or variation of the terms or the termination of his own appointment, or as the holder of any office or place of profit with the

Company or any other company in which the Company is interested save to the extent permitted specifically in the Articles.

Subject to certain exceptions set out in the Articles, no Director may vote on, or be counted in a quorum in relation to, any resolution of the Board in respect of any contract in which he has an interest and, if he does so, his vote shall not be counted.

Subject to the Companies Acts, the Company may by ordinary resolution suspend or relax to any extent the provisions relating to Directors' interests or the restrictions on voting or ratify any transaction not duly authorised by reason of a contravention of such provisions.

(m) *Borrowing powers*

Subject as provided in the Articles and the Company's published investment policy, the Board may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party. The Board must restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings from time to time so as to secure that, save with the previous sanction of an ordinary resolution, no money shall be borrowed if the aggregate principal amount outstanding of all borrowings (as defined in the Articles) by the group (exclusive of borrowings within the group) then exceeds, or would as a result of such borrowing exceed, an amount equal to 1000 times the adjusted capital and reserves (as defined in the Articles).

(n) *Indemnity of Directors*

To the extent permitted by the Companies Acts, the Company may indemnify any Director or former Director of the Company or any associated company against any liability and may purchase and maintain for any Director or former Director of the Company or any associated company insurance against any liability.

3.14 **Redemption**

The Ordinary Shares are not redeemable.

Any Management Shares may be redeemed by the Company at any time by notice in writing and upon tendering the amount of capital paid up thereon to the registered holder of such Management Shares. In such circumstances, the holder of Management Shares shall be bound to deliver any certificate which he may have representing such Management Shares and, upon redemption, the name of the holder of the Management Shares shall be removed from the register and the Management Shares that have been redeemed shall be cancelled.

3.15 **Shareholder approval of material amendments to Investment Management Agreement**

Any material amendment to the Investment Management Agreement must be approved by an ordinary resolution of the Company.

4. **Voluntary compliance with Listing Rules**

As the Issue Shares will not be admitted to the Official List, the Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the UK Listing Authority will not apply to the Company. However, the Company will be subject to the Disclosure Guidance and Transparency Rules and the admission and disclosure standards of the London Stock Exchange while the Issue Shares are traded on the Specialist Fund Segment of the London Stock Exchange's Main Market.

The Directors have resolved that, as a matter of best practice and good corporate governance, the Company will voluntarily comply with the following key provisions of the Listing Rules:

- (a) the Company is not required to comply with the Listing Principles or the Premium Listing Principles set out at Chapter 7 of the Listing Rules. Nonetheless, it is the intention of the Company to comply with the Listing Principles and the Premium Listing Principles;
- (b) the Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed Liberum to guide the Company in understanding and meeting its responsibilities in connection with Admission and also for compliance with Chapter 10 of the Listing Rules relating to significant transactions, with which the Company voluntarily complies and intends to continue to comply;
- (c) the Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company however complies and intends to continue complying with the following provisions of Chapter 9 of the Listing Rules: (i) Listing Rule 9.3 (Continuing obligations: holders); (ii) Listing Rule 9.5 (Transactions); (iii) Listing Rule 9.6.4 to Listing Rule 9.6.21 (other than Listing Rule 9.6.19(2) and Listing Rule 9.6.19(3) (Notifications of change of name)); (iv) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (v) Listing Rule 9.8 (other than Listing Rule 9.8.4(14)) (Annual financial report);
- (d) the Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company in respect of its shares. Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2;
- (e) the Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding contents of circulars. The Company however complies and intends to continue to comply with the following provisions of Chapter 13 of the Listing Rules: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.4 (Class 1 circulars); (iii) Listing Rule 13.5 (Financial information in Class 1 Circulars); (iv) Listing Rule 13.7 (Circulars about purchase of own equity shares); and (v) Listing Rule 13.8 (Other circulars); and
- (f) the Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: Premium listing) of the United Kingdom Listing Authority. Nonetheless, the Company complies and intends to continue to comply with the following provisions of Chapter 15 of the Listing Rules: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations) (excluding Listing Rule 15.4.8 and 15.4.8A); (ii) Listing Rule 15.5 (Transactions); and (iii) Listing Rule 15.6 (Notifications and periodic financial information).

The Specialist Fund Segment of the London Stock Exchange's Main Market is an EU regulated market.

It should be noted that the UK Listing Authority will not have the authority to monitor the Company's voluntary compliance with the Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the United Kingdom Listing Authority, nor will it impose sanctions in respect of any failure of such compliance by the Company.

5. Mandatory bids and compulsory acquisition rules relating to the Issue Shares

5.1 *Mandatory bid*

The City Code on Takeovers and Mergers applies to the Company. Under Rule 9 of the Takeover Code, if:

- (i) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- (ii) a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price for each class of Issue Share not less than the highest price paid for any interests in the relevant class of Shares by the acquiror or its concert parties during the previous 12 months.

5.2 **Share buyback authorisations**

When a company redeems or purchases its own voting shares, under Rule 37 of the Takeover Code any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code. Rule 37 of the Takeover Code provides that, subject to prior consultation, the Takeover Panel will normally waive any resulting obligation to make a general offer if there is a vote of independent shareholders and a procedure along the lines of that set out in Appendix 1 to the Takeover Code is followed. Appendix 1 to the Takeover Code sets out the procedure which should be followed in obtaining that consent of independent shareholders. Under Note 1 on Rule 37.1 of the Takeover Code, a person who comes to exceed the limits in Rule 9.1 in consequence of a company's purchase of its own shares will not normally incur an obligation to make a mandatory offer unless that person is a director, or the relationship of the person with any one or more of the directors is such that the person is, or is presumed to be, acting in concert with any of the directors.

Under Note 5 on Rule 37 of the Takeover Code, notwithstanding that the redemption or purchase of shares by a company is made conditional upon the prior approval of the transaction by a vote in general meeting of a majority of the independent shareholders: (i) the Takeover Panel will not normally waive an obligation to make a mandatory offer under Rule 9 of the Takeover Code if the relevant person, or any member of the relevant group of persons acting in concert, has acquired an interest in shares in the knowledge that the company intended to seek permission from its shareholders to redeem or purchase its own shares; and (ii) a waiver will be invalidated if any acquisitions are made by the relevant person, or by any member of the relevant group of persons acting in concert, in the period between the publication of the relevant circular sent by the company to its shareholders and the shareholders' meeting.

The Takeover Panel must be consulted in advance in any case where Rule 9 of the Takeover Code might be relevant. This will include any case where a person or group of persons acting in concert is interested in shares carrying 30 per cent. or more but does not hold shares carrying more than 50 per cent. of the voting rights of a company, or may become interested in 30 per cent. or more on full implementation of the proposed purchase by the Company of its own shares. In addition, the Panel should always be consulted if the aggregate interests in shares of the directors and any other persons acting in concert, or presumed to be acting in concert, with any of the directors amount to 30 per cent. or more, or may be increased to 30 per cent. or more on full implementation of the proposed purchase by the Company of its own shares.

Subject to certain limits, the Company has authority to purchase Ordinary Shares under the terms of the shareholder resolutions summarised in section 2(h)(v) of this Part XIII. If, prior to expiry of such authority:

- (i) the Company were to exercise that authority in full;
- (ii) the aggregate indirect percentage shareholding in the Company of Invesco is 36.17 per cent.; and
- (iii) none of the Ordinary Shares which Invesco holds are purchased by the Company under that authority,

then the indirect shareholding of Invesco in the Company would increase to approximately 42.54 per cent.

Notwithstanding the provisions of Rule 37 of the Takeover Code, the Panel has confirmed, on an ex parte basis to the Company that it would not require Invesco, nor any person deemed to be acting in concert with it, to make a mandatory offer under Rule 9 of the Takeover Code on the grounds that its or their interest in the Ordinary Shares has increased as a result only of the purchase by the Company of its own shares pursuant to the authority conferred by the shareholder resolutions summarised in section 2(h)(v) of this Part XIII. This confirmation has been given by the Panel on the basis that the consequences of such a purchase by the Company of its own shares were fully disclosed to prospective investors in the prospectus issued by the Company prior to the IPO Placing.

5.3 **Compulsory acquisition**

Under sections 974 to 991 of the Companies Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not acquired pursuant to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the Companies Act, if an offeror acquires or agrees to acquire not less than 90 per cent. of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

6. **Information on the Directors**

- (a) Details of the names of companies and partnerships (excluding directorships of the Company) of which the Directors are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Prospectus:

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Robert Sharpe	Al Rayan Bank plc Bank of Ireland UK plc Hampshire Trust Bank plc	Aldermore Group plc Aldermore Bank plc United Arab Bank UAE National Bank of Oman Alternatifbank Bank Turkey Stonehaven UK Limited
Jim Coyle	HSBC UK Bank plc HSBC Trust Company (UK) Limited Marks & Spencer Financial Services plc Marks & Spencer Unit Trust Management Limited Marks & Spencer Savings and Investments Limited World First UK Limited Scottish Water	Vocalink Holdings plc Scottish Building Society HSBC Bank plc Bank of Scotland Foundation Scottish Financial Enterprise National Youth Choir of Scotland

Ravi Takhar	UE SFA 1 Limited Urban Exposure plc Urban Exposure Amco Limited Urban Exposure Holdings Limited Urban Exposure Services Limited Urban Exposure Investment Management LLP RRT Associated Limited Bedford Park Mansions Limited Bexhill UK Limited Orchard Funding Group plc Orchard Finance Limited Orchard Funding Limited TKR Limited Neptune Syndicate Limited 18 Ennismore Avenue Management Limited Cambrian Funding Limited Premium Finance No1 Limited Associated Premium Funding Limited	Urban Exposure Investment Adviser Limited Michco 1503 plc Evolutis Lending Limited
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- (b) None of the Directors:
- (i) has any convictions in relation to fraudulent offences for at least the previous five years;
 - (ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation for at least the previous five years; or
 - (iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

7. Directors' and others' interests

- (a) The Directors currently have no interests in the share capital of the Company.
- (b) The voting rights of the Company's Shareholders are the same in respect of each Issue Share held.
- (c) Insofar as is known to the Company as at the Latest Practicable Date, the following persons held, directly or indirectly, three per cent. or more of the voting rights in the Company as a Shareholder or through a direct or indirect holding of financial instruments (in each case for the purposes of Chapter 5 of the Disclosure Guidance and Transparency Rules of the FCA):

<i>Name</i>	<i>Number of voting rights held</i>	<i>% voting rights</i>
Invesco	14,267,283	36.17
Merian Global Investors	9,700,156	24.59
Woodford	8,614,396	21.84
M&G Investments	1,793,095	4.55

Invesco, Merian Global Investors and Woodford may as a practical matter be able to influence certain matters requiring approval by Shareholders. In particular, Invesco is currently, and will likely continue to be, able to control the casting of sufficient votes at a general meeting of the Company to defeat any proposed special resolution, and Invesco together with Merian Global Investors and / or Woodford will likely continue to be able to control the casting of sufficient votes to pass any ordinary resolution.

- (d) The Directors are, in addition to the Company, directors/partners of the companies listed in section 6 of this Part XIII. The Articles contain provisions whereby a Director shall not vote *inter alia* in respect of any matter in which he has, directly or indirectly, any material interest. Save in relation to the directorships listed in section 6 of this Part XIII, there are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

8. Directors' appointments

Under the terms of their appointments as non-executive Directors of the Company, the Directors are entitled to the following annual fees:

<i>Position</i>	<i>Annual fee¹</i>
Chairman	£45,000
Other Non-executive Directors	£38,000

¹ In addition, the chairman of the Audit Committee will receive a fee of £5,000 per annum.

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 section 3.13 of this Part XIII.

9. Employees

The Company does not have any employees.

10. Material contracts and related party transactions

- (a) The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company during the two years immediately preceding the date of this Prospectus and which are or may be material to the Company or have been entered into by the Company at any time and contain a provision under which the Company has any obligation or entitlement which is material to the Company at the date of this Prospectus:

- (i) The Placing Agreement dated 21 December 2018, entered into by the Company, the Investment Manager and Liberum pursuant to which the Company confirms the appointment of Liberum as placing agent in respect of a relevant Issue under the Placing Programme.

The Placing Agreement is subject to a number of conditions. In the event that any of the conditions in the Placing Agreement are not met or waived by Liberum in accordance with the Placing Agreement, among other things, Liberum shall not be under any obligation to complete a placing in accordance with the Placing Programme. In consideration for their services under the Placing Agreement, Liberum will receive from the Company a placing commission calculated on the gross proceeds received in respect of each relevant Issue. The Company will reimburse Liberum for out-of-pocket expenses (including those of Liberum's retained legal advisers (subject to a cap), plus VAT and disbursements) incurred by it in connection with each relevant Issue.

The Company and the Investment Manager have in the Placing Agreement given certain customary warranties, and the Company and the Investment Manager have agreed to provide customary indemnities to Liberum.

- (ii) The Investment Management Agreement dated 18 December 2015 between the Company and the Investment Manager whereby the Investment Manager is appointed to act as investment manager and AIFM of the Company with responsibility for providing portfolio management, risk management and general administrative services in respect of the Company's investments.

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

fee in certain circumstances. Details of the management fee and performance fee are set out in section 14.2 of Part VIII of this Prospectus.

The minimum term of the Investment Management Agreement is three years. The agreement may be terminated by either party on 12 months' notice, such notice not to be served before the second anniversary of the date of the agreement. Notwithstanding the minimum term provision, the Investment Management Agreement may be terminated on notice from either party in the event of material and persistent breach of the agreement, or if, for example, a party is subject to an insolvency event.

The Company may terminate the Investment Management Agreement immediately in certain circumstances, including if the Investment Manager ceases to maintain its permission to act as AIFM of the Company, or such permission is suspended, or if the Investment Manager breaches the agreement resulting in trading of the Company's shares being suspended or terminated.

The Investment Manager may terminate the agreement in certain circumstances including, for example, if the Company is reclassified as a retail client for the purposes of FCA rules and the Investment Manager is unable or unwilling to continue to provide the services to the Company on the terms and subject to the conditions of this agreement.

Where the Investment Management Agreement is terminated otherwise than due to the fault of the Investment Manager, the Company shall be obliged to pay to the Investment Manager all accrued and unpaid management and performance fees up to the date of termination, together with a termination payment equal to the management and performance fees paid in respect of the previous year or, if less, the amount (if any) by which Adjusted Net Asset Value as at the date of termination exceeds Adjusted Net Asset Value as at Admission of the Ordinary Shares issued in the IPO Placing.

The Company has given certain market standard indemnities in favour of the Investment Manager in respect of losses that the Investment Manager may incur in the performance of its duties pursuant to the Investment Management Agreement. The Investment Management Agreement is governed by the laws of England and Wales.

Pursuant to the Articles, any material amendment to the Investment Management Agreement must be approved by an ordinary resolution of the Company.

- (iii) The Administration Agreement dated 18 December 2015 between the Company and the Administrator (as amended on 1 September 2018) pursuant to which the Administrator has agreed to provide certain administrative services to the Company.

Under the terms of the amended Administration Agreement, the Administrator is entitled to an administration fee equal to the greater of: (i) £5,300 per month (increased by 3 per cent. on 1 January in each year); and (ii) an amount equal to the sum of $\frac{1}{12}$ of 0.06 per cent. of the portion of Net Asset Value up to and including £150 million, and $\frac{1}{12}$ of 0.05 per cent. of the portion of Net Asset Value above £150 million. The monthly fee is then reduced by £2,083.33 to reflect the fact that the Administrator no longer provides company secretarial services to the Company.

The Administrator shall also be entitled to reimbursement of all reasonable out of pocket expenses incurred on behalf of the Company. The agreement limits the liability of the Administrator thereunder to an amount equal to the annual fee payable to the Administrator pursuant to the agreement (except where the claim relates to the fraud, gross negligence or wilful misconduct of the Administrator). The Company indemnifies the Administrator against all claims arising out of or connected to the Administration Agreement, save in the case of fraud, wilful misconduct, negligence or material breach on the part of the Administrator and.

The Administration Agreement continues in force for successive 1 year terms, unless either party gives notice of termination not less than 90 days' prior to the relevant anniversary of entry into the Administration Agreement. Either party may terminate the agreement immediately in writing in the event of material and continuing breach or insolvency.

The agreement is governed by the laws of England.

- (iv) The Registrar Agreement dated 18 December 2015 between the Company and the Registrar pursuant to which the Registrar has agreed to act as registrar to the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual register maintenance fee from the Company equal to £1.30 per Shareholder per annum or part thereof, subject to a minimum of £3,800 per annum and a potential annual fee increase capped by inflation. Services beyond the agreed services will be charged for in accordance with the Registrar's normal tariff as published from time to time.

The Registrar Agreement may be terminated on six months' notice, such notice not to expire prior to the third anniversary of the commencement date and is also terminable on written notice in the event of, *inter alia*, breach of the agreement (which has not been remedied within 21 days' written notice of such breach) or insolvency.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liability under the Registrar Agreement is subject to a cap.

The Registrar Agreement is governed by the laws of England and Wales.

- (v) The Depositary Agreement, dated 18 December 2015, as amended and restated on 17 November 2017 between the Company, the Investment Manager and the Depositary pursuant to which the Depositary is appointed as the Company's depositary for the purposes of the AIFM Directive. Under the terms of the agreement, the Depositary will be responsible for: ensuring that the Company's cash flows are properly monitored; the safekeeping of assets entrusted to it; and the oversight and supervision of the Company and Investment Manager.

Under the terms of the Depositary Agreement, the Depositary is entitled to the fees described in section 14.3 of Part VIII.

The Depositary shall invoice the Company monthly in arrears in respect of the periodic fee (together, if applicable, with any VAT thereon), which shall be payable by the Company within 30 days of the relevant invoice.

The Depositary is entitled to charge an additional fee where the Company undergoes a lifecycle event (e.g. a reorganisation or a distribution) which entails additional work for the Depositary. Such a fee will be agreed with the Company on a case by case basis.

All charges may be subject to change from time to time, with the agreement of the Depositary and the Company. All charges are exclusive of VAT, if applicable.

The Depositary is entitled to be reimbursed for certain expenses properly incurred in performing or arranging for the performance of functions conferred upon it under the agreement.

The Depositary Agreement provides that, subject to the applicable provisions, the Depositary may lend the Company's custody assets or deposit such custody as collateral in accordance with the Company's or Investment Manager's instructions but neither the Depositary nor any third party to whom the Depositary may delegate custody shall otherwise be entitled to use or re-use custody assets.

Subject to the terms of the AIFM Directive and the Depositary Agreement, the Depositary is entitled to delegate its custody and safe-keeping functions with respect to financial instruments that are required to be held in custody within the meaning of Article 21(8)(a) of the AIFM Directive. It is intended that title to the Company's assets will ordinarily be registered or held directly in the name of the Company or a wholly-owned SPV and that the Company will generally not invest in financial instruments that are required to be held in custody within the meaning of Article 21(8)(a) of the AIFM Directive. Notwithstanding such intention, there is the possibility that investments in such financial instruments may be made and/or applicable law or regulations from time to time

in force may require title to some or all of the Company's assets to be registered in the name of the Depositary or its delegates. In such event, the Depositary may wish to delegate its safekeeping function with respect to such asset(s) to one or more sub-custodians (who may be an affiliate of the Depositary) and may wish to enter an arrangement to contractually discharge itself of liability. Investors will be informed of any such arrangements, and any increase to the depositary fees charged as a result, in accordance with the disclosure requirements under the AIFM Directive. Any fees and expenses of a sub-custodian will be payable by the Company in addition to the fees charged by the Depositary.

The Depositary Agreement provides for the Depositary, its officers, agents and employees to be indemnified by the Company against: (i) any liability or loss suffered or incurred in connection with the proper provision of services under the agreement; and (ii) any costs and expenses reasonably incurred in defending any proceedings relating to the services in which judgement is given in favour of the Depositary, its officers, agents and employees, in each case other than where such loss results from the fraud, wilful default, negligence or bad faith of the indemnified person.

The Company, Investment Manager and Depositary have given customary representations, warranties and undertakings under the agreement.

The Company may terminate the agreement for convenience on nine months' written notice. If the Depositary wishes to retire and stop providing the services under the agreement, it must give the Company not less than nine months' written notice of its wish to do so. To the extent that the Company is required to have a depositary under applicable law, the Depositary may not retire until a successor is appointed. The agreement may be terminated immediately by either the Company or the Depositary on the occurrence of certain events, including: (i) if the other party has committed a material and continuing breach of the terms of the Depositary Agreement; or (ii) in the case of the other's insolvency.

The Depositary Agreement is governed by the laws of England and Wales.

- (vi) A Broker Agreement dated 18 December 2015 between the Company and Liberum pursuant to which Liberum acts as corporate broker to the Company. As part of the engagement, Liberum has agreed, amongst other things, to advise on and co-ordinate an investor liaison programme for the Company, and to monitor and report to the Board where appropriate on the trading of the Ordinary Shares and significant movements in the Company's share price.

Liberum shall be entitled to a nominal fee in respect of its broker services, together with an amount equal to any expenses properly incurred on behalf of the Company.

The Broker Agreement may be terminated by either party on three months' notice. The Broker Agreement may also be terminated for material unremedied breach. The Company has agreed to provide a customary indemnity to Liberum against all losses which Liberum may suffer or incur by reason of or arising out of or in connection with its engagement under the Broker Agreement.

The Broker Agreement is governed by and construed in accordance with the laws of England and Wales.

- (vii) The Honeycomb Finance Origination Agreement dated 18 December 2015 between the Company and Honeycomb Finance pursuant to which Honeycomb Finance has agreed to provide the Company with opportunities to acquire Credit Assets originated or acquired by it which meet specified underwriting criteria relating to the underlying borrower and the corresponding terms of credit (which may be modified from time to time).

The Company will acquire beneficial title to the Credit Assets, and may also acquire legal title where legal title to the Credit Assets is held by Honeycomb Finance or AvantCredit and they are able to transfer such legal title to the Company. Where the Company does not acquire legal title to a Credit Asset, Honeycomb Finance would retain legal title and remain the lender of record. In certain circumstances (including, among other things, the insolvency of Honeycomb Finance and termination of the Honeycomb Finance Origination Agreement), Honeycomb Finance will be obliged to transfer legal title to all loans acquired by the Company (to the extent that such legal

title is held by Honeycomb Finance) to the Company, or to such other person as the Company may direct.

Honeycomb Finance is entitled to be paid a fee calculated on the purchase price for each Credit Asset acquired by the Company from them. For so long as Honeycomb Finance is part of the same group as the Investment Manager, the amount of all fees payable by the Company to Honeycomb Finance shall be deducted from the Management Fee.

The Company shall reimburse Honeycomb Finance for the fees of Freedom Finance, the Referral Partners and the Servicers (in each case, to the extent paid by Honeycomb Finance or AvantCredit) in connection with Credit Assets in which the Company acquires an interest. The Company has agreed to indemnify Honeycomb Finance for all losses suffered by it under or in connection with the performance of their obligations under the origination agreement, save to the extent caused by the gross negligence, fraud or wilful default of Honeycomb Finance.

The Honeycomb Finance Origination Agreement may be terminated by mutual consent of the parties, on notice upon the occurrence of specified insolvency events with respect to any of the parties, or if the Investment Manager's appointment is terminated under the Investment Management Agreement.

- (viii) The Forward Loans Sale Agreement dated 30 June 2017 between the Company, the Investment Manager and AvantCredit pursuant to which AvantCredit has agreed to provide the Company with opportunities to acquire Credit Assets originated or acquired by it which meet specified underwriting criteria (which may be modified by mutual agreement between AvantCredit and the Investment Manager).

The Company will acquire beneficial title to the Credit Assets and AvantCredit will continue to hold the legal title to the Credit Assets on trust for the Company until such time as the Company gives notice to AvantCredit to transfer the legal title to the Credit Assets to the Company.

AvantCredit is entitled to be paid a monthly fee in consideration for the sale of the Credit Assets to the Company which is calculated by reference to the amount outstanding on the Credit Assets acquired by the Company.

The Company has agreed to indemnify AvantCredit for all losses suffered by them under or in connection with the performance of their obligations under the agreement, save to the extent caused by the gross negligence, fraud or wilful default of AvantCredit.

The Forward Loans Sale Agreement may be terminated by mutual consent of the parties and on notice upon the occurrence of certain specified events, including AvantCredit losing its regulatory authorisations and a material persistent breach of the agreement by either party.

- (ix) A Servicing Agreement dated 22 December 2015 between the Company, Honeycomb Finance and the Initial Servicer pursuant to which the Initial Servicer provides payment processing, loan servicing and portfolio management services as agent on behalf of the Company in respect of loan assets held by the Company. A member of the Initial Servicer's group may also in some instances act as legal title holder in respect of Credit Assets beneficially owned by the Company.

In consideration for the Initial Servicer providing the services, it is entitled to a monthly fee in an amount equal to the greater of: (A) a servicing fee of between approximately 0.04 per cent. and approximately 0.06 per cent. of the total principal value of loans in respect of which the Initial Servicer was providing services as at the last day of the immediately preceding month (excluding written-off loans); and (B) a minimum monthly fee of £15,000. The Initial Servicer shall also be entitled to reimbursement of third party charges reasonably and properly incurred in connection with the performance of the relevant services.

The Servicing Agreement has an initial term of five years. At the end of the initial term, the agreement will continue in force unless and until terminated in accordance with its terms. The agreement may be terminated, *inter alia*, if either party is subject to an insolvency event or commits a material breach of the agreement which is not remedied. A party to the agreement

may terminate the agreement for convenience by giving six months' written notice. Where the Company or the Organisation Partner terminates the Servicing Agreement for convenience during the initial term, a termination fee shall be payable. The Servicing Agreement is governed by the laws of England and Wales.

In respect of particular Credit Assets or transactions, the Company or Origination Partners may agree bespoke fees and arrangements with the Initial Servicer.

- (x) A Company Secretarial Services Agreement, dated 3 October 2018 between the Company and the Company Secretary (and an addendum dated 15 November 2018) pursuant to which the Company Secretary has agreed to act as company secretary of the Company.

Pursuant to the terms of the Company Secretarial Services Agreement, among other things, the Company Secretary provides Board and committee support and corporate governance advice, and maintains specified statutory registers of the Company.

In consideration for the provision of the company secretarial services, the Company Secretary is entitled to the fees described in section 14.3 of Part VIII. The Company Secretary shall also be entitled to reimbursement of reasonable out of pocket expenses incurred in connection with its appointment (without prior written consent of the Company, such expenses being subject to limits).

The Company Secretarial Services Agreement may be terminated by either party on three months' notice, such notice not to expire prior to 4 September 2019 and is also terminable by a party on written notice in the event of certain circumstances, including material breach or entry into insolvency procedures by the other party.

The Company Secretarial Services Agreement is governed by the laws of England and Wales.

- (b) The Investment Manager has agreed to pay Liberum an amount equal to 20 per cent. of the Management Fee and 20 per cent. of the Performance Fee received by it each year attributable to assets under management raised in raisings where Liberum or an associate is placing agent or broker, subject to certain terms and conditions. Where attributable assets exceed £500 million, the portion of the Management Fee and Performance Fee attributable to the excess shall be reduced to 10 per cent.
- (c) Except with respect to the appointment letters and deeds of indemnity entered into between the Company and each director, the Investment Management Agreement, the Honeycomb Finance Origination Agreement and the Forward Loan Sales Agreement (and the transactions envisaged thereunder), the Company has not been a party to any related party transaction since its incorporation. In the period from 1 January 2017 to 31 December 2017, the Company paid fees of £5.25 million (2016: £2.52 million) to the Investment Manager and at 31 December 2017, £2.92 million (2016: £1.45 million) was payable to the Investment Manager. In the period from 1 January 2018 to 30 June 2018, the Company paid fees of £3.5 million (June 2017: £2.2 million) to the Investment Manager and at 30 June 2018, £2.2 million (June 2017: £1.3 million) was payable to the Investment Manager.

In the period from 1 January 2017 to 31 December 2017, where Honeycomb Finance was part of the same group as the Investment Manager, the fees payable to Honeycomb Finance by the Company were deducted from the management fee payable to the Investment Manager and totalled £64,000 (2016: £40,000). In the period from 1 January 2018 to 30 June 2018, the fees payable to Honeycomb Finance by the Company were again deducted from the management fee payable to the Investment Manager and totalled £52,985 (June 2017: £26,409).

11. Working capital

In the opinion of the Company, the working capital available to the Company is sufficient for its present requirements, namely for at least 12 months from the date of this Prospectus.

12. No significant change

Save as disclosed below, as at the date of this Prospectus, there has been no significant change in the financial or trading position of the Company since 30 June 2018, being the date to which the 2018 Interim Report has been published:

- on 28 September 2018, a dividend of 20.00 pence per Ordinary Share was paid to Shareholders in respect of the quarter ended 30 June 2018; and
- on 16 November 2018, a dividend of 20.00 pence per Ordinary Share was announced in respect of the quarter ended 30 September 2018.

13. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the date of the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

14. General

- (a) None of the Issue Shares available under the Issue are being underwritten.
- (b) The Issue in the UK is being carried out on behalf of the Company by Liberum which is authorised and regulated in the United Kingdom by the Financial Conduct Authority.
- (c) The Investment Manager may be a promoter of the Company. Save as disclosed in section 10 of this Part XIII no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- (d) Each of the Investment Manager and Liberum has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. The telephone number of the Investment Manager is +44 (0)20 3728 6750.
- (e) The Investment Manager accepts responsibility for: (i) the information in Sections 7, 8 and 9 of Part VI of this Prospectus; and (ii) the information in Section 3 of Part IX of this Prospectus. The Investment Manager has taken all reasonable care to ensure that the information contained in: (i) Sections 7, 8 and 9 of Part VI of this Prospectus; and (ii) Section 3 of Part IX of this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.
- (f) Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (g) The Company has no existing interests in real property (apart from its interests in Credit Assets secured by underlying real property) and, as at 30 November 2018, had fixed assets of £0.3 million (net book value).

15. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY up to and including 20 December 2019:

- (a) and the Articles;
- (b) the letters of appointment referred to in this Part XIII;
- (c) the letters of consent referred to in section 14(d) of this Part XIII;
- (d) this Prospectus; and
- (e) the 2016 Annual Report, the 2017 Annual Report and the 2018 Interim Report.

This Prospectus is dated 21 December 2018.

PART XIV

TERMS AND CONDITIONS OF THE ISSUE

1. Introduction

Each investor which confirms its agreement to Liberum and to any subsequent placing agent (for the purposes of this Part XIV, the **"Placing Agent"**), to subscribe for Issue Shares under the Placing Programme (for the purposes of this Part XIV, a **"Placee"**) will be bound by these terms and conditions and will be deemed to have accepted them.

Each of the Company and/or the Placing Agent, as applicable, may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (for the purposes of this Part XIV, a **"Placing Letter"**). The terms of this Part XIV will, where applicable, be deemed to be incorporated into that Placing Letter.

2. Agreement to subscribe for Issue Shares

Conditional on, amongst other things: (i) in the case of any issue of Issue Shares under the Placing Programme, Admission occurring in respect of those Issue Shares; (ii) in the case of any issue under the Placing Programme, to the extent required under the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company; (iii) the Placing Agreement becoming otherwise wholly unconditional in all respects and not having been terminated in accordance with its terms at any time prior to the date of Admission of the relevant Issue Shares being issued; and (iv) the Placing Agent confirming to the Placees their allocation of Issue Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Issue Shares allocated to it by the Placing Agent at the relevant Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Multiple applications or suspected multiple applications on behalf of a single investor are liable to be rejected.

Fractions of Issue Shares will not be issued.

3. Payment for Issue Shares

Each Placee undertakes to pay in full the relevant Issue Price for the Issue Shares issued to such Placee in the manner and by the time directed by the Placing Agent, as applicable. In the event of any failure by a Placee to pay as so directed and/or by the time required by the Placing Agent, as applicable, the relevant Placee shall be deemed hereby to have irrevocably and unconditionally appointed the Placing Agent, as applicable, or any nominee of the Placing Agent as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Issue Shares in respect of which payment shall not have been made as directed, and to indemnify the Placing Agent and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales. A sale of all or any of such Issue Shares shall not release the relevant Placee from the obligation to make such payment for relevant Issue Shares to the extent that the Placing Agent or its nominee has failed to sell such Issue Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the relevant Issue Price per Issue Share.

4. Representations, warranties and undertakings

- 4.1 By agreeing to subscribe for Issue Shares, each Placee which enters into a commitment to subscribe for Issue Shares (for the purposes of this Part XIV, a **"Placing Commitment"**) will (for itself and for any person(s) procured by it to subscribe for Issue Shares and any nominee(s) for any such person(s)) be deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Investment Manager, the Registrar and the Placing Agent, that:

- 4.1.1 in agreeing to subscribe for Issue Shares under the First Placing and/or the Placing Programme (as applicable) (the “**Placing**”), it is relying solely on this Prospectus and any supplementary prospectus issued by the Company, and in each case not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Issue Shares or the Placing. It agrees that none of the Company, the Investment Manager, the Registrar or the Placing Agent, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have against any such persons in respect of any other information or representation;
- 4.1.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Issue Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will or might reasonably be expected to result in the Company, the Investment Manager, the Registrar or the Placing Agent, or any of their respective officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- 4.1.3 it has carefully read and understands this Prospectus (and any supplementary prospectus issued by the Company) in its entirety and acknowledges that it is acquiring Issue Shares on the terms and subject to the conditions set out in this Part XIV and, as applicable, in the contract note or placing confirmation referred to in section 4.1.11 of this Part XIV (for the purposes of this Part XIV, the “**Contract Note**” or the “**Placing Confirmation**”) and the Placing Letter (if any) and the Articles as in force at the relevant date of Admission;
- 4.1.4 it has not relied on the Placing Agent, or any person affiliated with the Placing Agent in connection with any investigation of the accuracy of any information contained in this Prospectus;
- 4.1.5 the content of this Prospectus is exclusively the responsibility of the Company and its Directors and neither the Placing Agent, the Investment Manager, the Registrar, nor any person acting on their behalf nor any of their affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus (and any supplementary prospectus issued by the Company) or any information previously published by or on behalf of the Company, including the KID, and will not be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this Prospectus or otherwise;
- 4.1.6 no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Placing Agent, the Company, the Investment Manager or the Registrar;
- 4.1.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in sections 67, 70, 93 or 96 (Depositary receipts and clearance services) of the Finance Act 1986;
- 4.1.8 the relevant Issue Price is payable to the Placing Agent on behalf of the Company in accordance with the terms of this Part XIV and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);
- 4.1.9 it has the funds available to pay in full for the Issue Shares for which it has agreed to subscribe pursuant to its Placing Commitment and that it will pay the total subscription in accordance with the terms set out in this Part XIV and, as applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;
- 4.1.10 its commitment to acquire Issue Shares under the Placing will be agreed orally with the Placing Agent as agent for the Company and that a Contract Note or Placing Confirmation will be issued by the Placing Agent as soon as possible thereafter. That oral confirmation will constitute an irrevocable, legally binding commitment upon that person (who at that point will

become a Placee) in favour of the Company and the Placing Agent to subscribe for the number of Issue Shares allocated to it and comprising its Placing Commitment at the relevant Issue Price on the terms and conditions set out in this Part XIV and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the relevant date of Admission. Except with the consent of the Placing Agent such oral commitment will not be capable of variation or revocation after the time at which it is made;

- 4.1.11 its allocation of Issue Shares under the Placing will be evidenced by Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Issue Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Issue Shares; and (iii) settlement instructions to pay the Placing Agent as agent for the Company. The terms of this Part XIV will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.1.12 settlement of transactions in the Issue Shares following relevant Admission will take place in CREST but the Placing Agent reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
- 4.1.13 none of the Issue Shares have been or will be registered under the laws of any member state of the EEA (a "**Member State**") (other than the United Kingdom), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing would breach any applicable law. Accordingly, the Issue Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Member State (other than the United Kingdom), United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing would breach any applicable law unless an exemption from any registration requirement is available;
- 4.1.14 it: (i) is entitled to subscribe for the Issue Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Issue Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.1.15 if it is within the United Kingdom, it is a person who falls within: (i) Article 19(5) (Investment Professionals); or (ii) Articles 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or is a person to whom the Issue Shares may otherwise lawfully be offered whether under such Order or otherwise, and if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Issue Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.1.16 if it is a resident in a Member State, it is a "qualified investor" within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive and otherwise permitted to be marketed to in accordance with the provisions of the AIFM Directive as implemented in the relevant Member State in which it is located;
- 4.1.17 in the case of any Issue Shares acquired by an investor as a financial intermediary within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive: (i) the Issue Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Placing Agent has been given to the offer or resale; or (ii) where Issue Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Issue Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.1.18 if it is outside the United Kingdom, neither this Prospectus (and any supplementary prospectus issued by the Company) nor any other offering, marketing or other material in connection with the Placing or the Issue Shares (for the purposes of this Part XIV, each a "**Placing Document**")

constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is procuring to subscribe for Issue Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation, promotion or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Issue Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;

- 4.1.19 (i) the Issue Shares have not been and will not be registered under the Securities Act and are being offered only in “offshore transactions” to non-US persons as defined in and pursuant to Regulation S and that it is purchasing the Issue Shares outside the United States in compliance with such regulations; (ii) the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act; and the Issue Shares may only be transferred in circumstances which will not result in the Company being required to register under the Investment Company Act; and (iii) that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the Issue Shares in offshore transactions in compliance with Regulation S (which includes, for the avoidance of doubt, any bona fide sale on the Specialist Fund Segment on the London Stock Exchange’s Main Market) or in transactions that are exempt from registration under the Securities Act and do not require the Company to register under the Investment Company Act;
- 4.1.20 it does not have a registered address in, and is not a citizen, resident or national of Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction in which it is unlawful to make or accept an offer of the Issue Shares and it is not acting on a non-discretionary basis for any such person;
- 4.1.21 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor’s agreement to subscribe for Issue Shares under the Placing and will not be any such person on the date that such Placing is accepted;
- 4.1.22 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Issue Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person and you acknowledge and agree that no Placing Document is being issued by the Placing Agent, in its capacity as an authorised person under section 21 of the FSMA and they may not therefore be subject to the controls which would apply if they were made or approved as financial promotion by an authorised person;
- 4.1.23 it is aware of and acknowledges that it is required to comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing in, from or otherwise involving, the United Kingdom;
- 4.1.24 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- 4.1.25 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and any supplementary prospectus issued by the Company) or any other Placing Document to any persons within the United States or to any US Person, nor will it do any of the foregoing;
- 4.1.26 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Issue Shares or possession of this Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.1.27 the Placing Agent, nor any of its affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of the Placing Agent and that the Placing Agent has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in any Placing Letter;

- 4.1.28 that, save in the event of fraud on the part of the Placing Agent, none of the Placing Agent, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding Company, nor any of its respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of the Placing Agent's role as placing agent, broker or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately and irrevocably waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- 4.1.29 that where it is subscribing for Issue Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Issue Shares for each such account; (ii) to make on each such account's behalf the undertakings, acknowledgements, representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and the Placing Agent. It agrees that the provision of this paragraph shall survive any resale of the Issue Shares by or on behalf of any such account;
- 4.1.30 it irrevocably appoints any Director and any director of the Placing Agent to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Issue Shares comprising its Placing Commitment, in the event of its own failure to do so;
- 4.1.31 if the Placing does not proceed or the conditions to the Placing under the Placing Agreement are not satisfied or the Issue Shares for which valid application is received and accepted are not admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market for any reason whatsoever then none of, the Placing Agent, the Company or Investment Manager nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.1.32 in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (for the purposes of this Part XIV, together the "**Money Laundering Regulations**") and that its application for Issue Shares under the Placing is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied for Issue Shares. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations in force in the United Kingdom; or (ii) subject to the Money Laundering Directive ((EU) 2015/849 of the European Parliament and of the EC Council of 5 June 2015) on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Regulations;
- 4.1.33 due to anti-money laundering requirements, the Placing Agent may require proof of identity and verification of the source of the payment before the application for Issue Shares under the Placing can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Placing Agent may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will indemnify the Placing Agent against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- 4.1.34 it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Money Laundering Regulations;
- 4.1.35 any personal data provided by it to the Company or Registrar will be stored both on the Registrar's computer system and manually. Such personal data is used by the Registrar to maintain the Company's register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more other countries when: (a) effecting the payment of

dividends and other distributions to Shareholders; and (b) filing returns of Shareholders and their respective transactions in Issue Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used. By becoming registered as a holder of Issue Shares a person becomes a data subject (as defined in the DPA 2018) and acknowledges the processing of his or her personal data as described in this Prospectus.

- 4.1.36 the Placing Agent is entitled to exercise any of their rights under the Placing Agreement (including, without limitation, rights of termination) or any other right in its absolute discretion without any liability whatsoever to them;
- 4.1.37 the representations, undertakings and warranties contained in this Part XIV and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any), are irrevocable. It acknowledges that the Placing Agent and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings and it agrees that if any of the representations or warranties or undertakings made or deemed to have been made by its subscription of the Issue Shares under the Placing are no longer accurate, it shall promptly notify the Placing Agent and the Company;
- 4.1.38 where it or any person acting on behalf of it is dealing with the Placing Agent any money held in an account with the Placing Agent on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require the Placing Agent to segregate such money, as that money will be held by the Placing Agent under a banking relationship and not as trustee;
- 4.1.39 any of its clients, whether or not identified to the Placing Agent will remain its sole responsibility and will not become clients of the Placing Agent for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.1.40 the allocation of Issue Shares in respect of the Placing shall be determined by the Placing Agent in its absolute discretion with the prior agreement of the Company and that the Placing Agent may scale down any Placing Commitment on such basis as they may determine (which may not be the same for each Placee);
- 4.1.41 time shall be of the essence as regards its obligations to settle payment for the Issue Shares subscribed under the Placing and to comply with its other obligations under the Placing;
- 4.1.42 it authorises the Placing Agent to deduct from the total amount subscribed under the Placing the aggregation commission (if any) (calculated at the rate agreed with the Placee) payable on the number of Issue Shares allocated under the Placing;
- 4.1.43 in the event that a supplementary prospectus is required to be produced pursuant to section 87G of the FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) of the FSMA, such Placee will immediately re-subscribe for the Issue Shares previously comprising its Placing Commitment; and
- 4.1.44 the commitment to subscribe for Issue Shares on the terms set out in this Part XIV and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of the Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Placing.

The Company, the Investment Manager, the Registrar, the Placing Agent and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings and acknowledgements. You agree to indemnify and hold each of the Company, the Investment Manager, the Registrar, the Placing Agent and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements in this Part XIV.

5. Purchase and transfer restrictions concerning US securities laws

- 5.1 By participating in the Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Issue Shares and any nominee(s) for any such person(s)) be further deemed to acknowledge, understand, undertake, represent and warrant to each of the Company, the Investment Manager, the Registrar, and the Placing Agent that:

- 5.1.1 (i) the Issue Shares have not been and will not be registered under the Securities Act and are being offered only in “offshore transactions” to non-US persons as defined in and pursuant to Regulation S and that it is purchasing the Shares outside the United States in compliance with such regulations; (ii) the Company has not registered, and does not intend to register, as an investment company under the Investment Company Act and the Issue Shares may only be transferred under circumstances which will not result in the Company being required to register under the Investment Company Act; and (iii) that, in each case, it agrees to sell, transfer, assign, pledge or otherwise dispose of the Shares in offshore transactions in compliance with Regulation S (which includes, for the avoidance of doubt, any bona fide sale on the Specialist Fund Segment of the London Stock Exchange’s Main Market) or in transactions that are exempt from registration under the Securities Act and do not require the Company to register under the Investment Company Act;
- 5.1.2 it acknowledges that the Company has put in place transfer restrictions with respect to persons located in the United States and US persons (as defined in Regulation S) to ensure that the Company will not be required to register as an investment company;
- 5.1.3 it will not be entitled to the benefits of the US Investment Company Act;
- 5.1.4 unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Issue Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an “employee benefit plan” as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974 as amended (“**ERISA**”) that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Internal Revenue Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Internal Revenue Code. In addition, if an investor is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Internal Revenue Code, its purchase, holding, and disposition of the Issue Shares must not constitute or result in a non-exempt violation of any such substantially Similar Law; and
- 5.1.5 the Company reserves the right to make inquiries of any holder of the Issue Shares or interests therein at any time as to such person’s status under the US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the US securities laws to transfer such Issue Shares or interests in accordance with the Articles (as amended from time to time).

6. Supply and disclosure of information

If the Placing Agent, the Registrar or the Company or any of their agents request any information about a Placee’s agreement to subscribe for Issue Shares under the Placing, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

7. Miscellaneous

The rights and remedies of the Placing Agent, the Registrar, the Investment Manager and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee’s risk. They may be sent by post to such Placee at an address notified by such Placee to the Placing Agent.

Each Placee agrees to be bound by the Articles (as amended from time to time) once the Issue Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Issue Shares under the Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England

and Wales. For the exclusive benefit of the Placing Agent, the Company, the Investment Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Issue Shares under the Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

The Placing Agent and the Company expressly reserve the right to modify the Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and to the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in Part XIII of this Prospectus.

PART XV
DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context requires otherwise:

“2016 Annual Report”	the Company’s audited annual report covering the period from 2 December 2015 (date of incorporation) to 31 December 2016
“2017 Annual Report”	the Company’s audited annual report covering the period from 1 January 2017 to 31 December 2017
“2018 Interim Report”	the Company’s unaudited interim report covering the period from 1 January 2018 to 30 June 2018
“Additional Servicer”	a person providing payment processing, loan servicing and portfolio management services to the Company in respect of Credit Assets, other than the Initial Servicer
“Adjusted Net Asset Value”	has the meaning given on page 66 of this Prospectus
“Administration Agreement”	the accounting and administration services agreement between the Company and the Administrator, a summary of which is set out in section 10 of Part XIII of this Prospectus
“Administrator”	Apex Fund Services (UK) Limited, a company incorporated under the laws of England and Wales with company number 07429775 and with its registered address at 6th Floor 140, London Wall, London, EC2Y 5DN, United Kingdom
“Admission”	the admission of Issue Shares to trading on the Specialist Fund Segment of the London Stock Exchange’s Main Market becoming effective in accordance with the LSE Admission Standards
“AIF”	an Alternative Investment Fund, as defined in the AIFM Directive
“AIFM”	an Alternative Investment Fund Manager, as defined in the AIFM Directive
“AIFM Directive”	Directive 2011/61/EU on Alternative Investment Fund Managers
“AIFM Regulation”	Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773)
“Alternative Performance Measure” or “APM”	has the meaning given on page 37 of this Prospectus
“Annualised Bad Debt Expense”	has the meaning given on page 86 of this Prospectus
“Annualised Investment Yield”	has the meaning given on page 86 of this Prospectus
“Annualised NAV Return”	has the meaning given on page 84 of this Prospectus
“Articles”	the articles of association of the Company
“AvantCredit”	AvantCredit of UK, LLC, a limited liability company incorporated in Delaware with company number FC032786 and with its registered office at The Corporation Trust Company, 1209 Wilmington Street, Wilmington, Delaware 19801

“Board”	the directors of the Company whose names are set out on page 41 of this Prospectus
“Borrowers”	specialist lenders or other financial services counterparties borrowing from the Company
“Brexit”	the exit by the UK from the European Union
“Broker Agreement”	the broker agreement between the Company and Liberum, a summary of which is set out in section 10 of Part XIII of this Prospectus
“Business Day”	a day on which the London Stock Exchange and banks in England and Wales are normally open for business
“C Shares”	C shares of ten pence each in the capital of the Company issued as “C Shares” and having the rights and being subject to the restrictions set out in the Articles, which will convert into Ordinary Shares as set out in the Articles
“CCA”	Consumer Credit Act 1974
“Companies Act”	the Companies Act 2006, as amended from time to time
“Company”	Honeycomb Investment Trust plc, a company incorporated under the laws of England and Wales with company number 09899024 and with its registered address at 6th Floor, 65 Gresham Street, London EC2V 7NQ, United Kingdom
“Company Secretarial Services Agreement”	the company secretarial services agreement between the Company and the Company Secretary (together with an addendum thereto), a summary of which is set out in section 10 of Part XIII of this Prospectus
“Company Secretary”	Link Company Matters Limited, a company incorporated under the laws of England and Wales with company number 05306796 and with its registered address at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
“Credit Assets”	has the meaning given to it on page 43 of this Prospectus
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
“CREST Account”	an account in the name of the relevant holder in CREST
“CTA 2010”	Corporation Tax Act 2010, as amended from time to time
“Cum-Income NAV”	Net Asset Value including all income not yet moved to reserves (both revenue and capital income), less the value of (i) any dividends paid in respect of that income and (ii) any dividends in respect of that income which have been declared and marked ex dividend but not yet paid
“Custodian”	Sparkasse Bank Malta plc, a company incorporated under the laws of Malta with registration number 27152 and with its registered office at 101, Townsquare, IX-Xatt Ta’Qui-Si-Sana, Malta
“Debt-to-Equity Ratio”	has the meaning given on page 85 of this Prospectus

“Deferred Shares”	has the meaning given on page 101 of this Prospectus
“Deko”	Pay4Later Limited, trading as Deko, a company incorporated under the laws of England and Wales with company number 06447333 and with its registered office at Exchequer Court, 33 St. Mary Axe, London, EC3A 8AG, UK
“Depositary”	Indos Financial Limited, a company incorporated under the laws of England and Wales with company number 08255973 and with its registered address at 54 Fenchurch Street, London, EC3M 3JY, UK
“Depositary Agreement”	the depositary agreement between the Company, the Investment Manager and the Depositary (as amended), a summary of which is set out in section 10 of Part XIII of this Prospectus
“DGTRs” or “Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA under Part VI of the FSMA
“Directors”	the directors of the Company whose names are set out on page 41 of this Prospectus
“EEA”	the states which comprise the European Economic Area
“Equity Assets”	has the meaning given on page 43 of this Prospectus
“ERISA”	has the meaning given on page 124 of this Prospectus
“Euroclear”	Euroclear UK and Ireland Limited, a company incorporated under the laws of England and Wales with company number 02878738 and with its registered office at Watling House, 33 Cannon Street, London, EC4M 5SB, UK, which is the operator of CREST
“Ex-Income NAV”	Cum-Income NAV excluding net income (both revenue and capital income) that is yet to be transferred to reserves, where net income comprises all income not yet moved to reserves (both revenue and capital income), less the value of (i) any dividends paid in respect of that income and (ii) any dividends in respect of that income which have been declared and marked ex dividend but not yet paid
“Ezbob”	Ezbob Ltd, a limited liability company registered in England and Wales with registered number 07852687 and with its registered address at 120 New Cavendish Street, London, England, W1W 6XX
“FCA”	the UK Financial Conduct Authority
“Forward Loan Sales Agreement”	the forward loan sales agreement between the Company, the Investment Manager and AvantCredit, a summary of which is set out in section 10 of Part XIII of this Prospectus
“Freedom Finance”	Freedom Finance Limited, a company incorporated under the laws of England and Wales with company number 06297533 and with its registered office at Atlantic House, Atlas Business Park, Simonsway, Manchester, M22 5PR, UK
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time
“Governance Code”	the UK Corporate Governance Code dated September 2014, as amended from time to time

“Gross Assets”	the aggregate value of the total assets of the Company
“GDFC Group”	GDFC Group Limited (formerly Hiber Limited and The Green Deal Finance Company Limited), a company incorporated under the laws of England and Wales with company number 10028311 and with its registered office at Imperial House, 15-19, Kingsway, London WC2B 6UN, UK
“HMRC”	HM Revenue and Customs
“Honeycomb Finance”	Honeycomb Finance Limited, a company incorporated under the laws of England and Wales with company number 08849931 and with its registered office at 11-12 Hanover Square, London, England, W1S 1JJ
“Honeycomb Finance Origination Agreement”	the Honeycomb Finance origination agreement between the Company and Honeycomb Finance, a summary of which is set out in section 10 of Part XIII of this Prospectus
“IFRS”	International Financial Reporting Standards, as adopted by the European Union, as amended from time to time
“Initial Servicer”	Target Servicing Limited, a company incorporated under the laws of England and Wales with company number 05618062 and with its registered office at Target House, Cowbridge Road East, Cardiff, CF11 9AU, UK
“Internal Revenue Code”	the US Internal Revenue Code of 1986, as amended from time to time
“Invesco”	Invesco Limited, a company incorporated under the laws of Bermuda
“Investment Company Act” or “ICA”	the US Investment Company Act of 1940, as amended from time to time
“Investment Management Agreement”	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in section 10 of Part XIII of this Prospectus
“Investment Manager”	Pollen Street Capital Limited, a company incorporated under the laws of England and Wales with company number 08741640 and with its registered office at 11-12 Hanover Square, London, W1S 1JJ, United Kingdom
“Investment Trust Regulations”	the Investment Trust (Approved Company) (Tax) Regulations 2011, as amended from time to time
“IPO Placing”	the placing of Ordinary Shares completed by the Company on 23 December 2015
“IRS”	the US Internal Revenue Service
“Issue”	the issue of Issue Shares under the Placing Programme, on the terms and conditions as set out in this Prospectus
“Issue Price”	the price at which Issue Shares are issued under the Placing Programme
“Issue Shares”	Ordinary Shares and/or C Shares, as the context may require

“Jaja Finance”	Jaja Finance Limited, a company incorporated under the laws of England and Wales with company number 09797750 and with its registered office at Capital Tower, 91 Waterloo Road, London, England, SE1 8RT
“KID”	has the meaning given to it on page 34 of this Prospectus
“Latest Practicable Date”	20 December 2018, being the latest practicable date prior to the date of this Prospectus for ascertaining certain information contained herein
“Liberum”	Liberum Capital Limited, a company incorporated under the laws of England and Wales with company number 05912554 and with its registered office at 25 Ropemaker Street, London, EC2Y 9LY, UK
“LIBOR”	the London Interbank Offered Rate
“Link Company Matters Limited”	Link Company Matters Limited, a company incorporated under the laws of England and Wales with company number 05306796 and with its registered address at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
“Listing Rules”	the Listing Rules made by the FCA under Part VI of the FSMA, as amended from time to time
“London Stock Exchange”	London Stock Exchange plc, a company incorporated under the laws of England and Wales with company number 02075721 and with its registered address at The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS, UK
“M&G Investments”	M&G Investment Management Limited, a company incorporated under the laws of England and Wales with company number 00936683 and with its registered address at Laurence Pountney Hill, London, EC4R 0HH
“Management Fee”	the fee payable by the Company to the Investment Manager, as described in Part VIII of this Prospectus
“Management Shares”	redeemable management shares of £1 each in the capital of the Company
“Market Abuse Regulation”	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse
“Merian Global Investors”	Merian Global Investors (UK) Limited (formerly Old Mutual Global Investors (UK) Limited), a company incorporated under the laws of England and Wales with company number 02949554 and with its registered address at Millennium Bridge House, 2 Lambeth Hill, London, EC4P 4WR
“Money Laundering Regulations”	the Money Laundering Regulations 2007
“Net Asset Value” or “NAV”	the net asset value of the Company calculated in accordance with the valuation policies of the Company from time to time as appropriate
“Official List”	the Official List of the UK Listing Authority
“OFT”	Office of Fair Trading

“Ordinary Shares”	ordinary shares (issued and to be issued) of one penny each in the share capital of the Company
“Origination Agreements”	the origination agreements entered into between the Company and Origination Partners (including the Honeycomb Finance Origination Agreement and Forward Loan Sales Agreement) pursuant to which the relevant Origination Partner has agreed to provide the Company with opportunities to acquire Credit Assets
“Origination Partners”	Honeycomb Finance, AvantCredit and any other person providing the Company opportunities to acquire Credit Assets originated or acquired by that person which meet specified underwriting criteria
“Performance Fee”	the fee payable by the Company to the Investment Manager, as described in Part VIII of this Prospectus
“Placee”	a person subscribing for Issue Shares under the Issue
“Placing Agreement”	the placing agreement between the Company, the Investment Manager, and Liberum, a summary of which is set out in section 10 of Part XIII of this Prospectus
“Placing Programme”	the conditional programme of placings of Issue Shares as described in Part X of this Prospectus
“Portfolio”	the portfolio of Credit Assets and Equity Assets owned by the Company from time to time
“PRIIPs Regulation”	Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of 26 November on key information documents for packaged retail and insurance-based investment products (PRIIPs)
“Prospectus”	this Prospectus
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council of the European Union and any relevant implementing measure in each implementing member state of the EEA
“Prospectus Rules”	the Prospectus Rules made by the FCA under Part VI of the FSMA
“RBS”	The Royal Bank of Scotland International Limited (or one of its affiliates as applicable), with UK establishment number BR019279 and with its office address at 280 Bishopsgate, London, EC2M 4RB. The Royal Bank of Scotland International Limited is a UK establishment of RBS International, an overseas private limited company incorporated in the Channel Islands with company number FC034191 and with its overseas company address at Royal Bank House, 71 Bath Street, St Helier, Jersey, JE4 8PJ
“Referral Partner”	a business that refers lending opportunities (including loan applications) to Origination Partners from time to time including, as at the date of this Prospectus, Freedom Finance
“Registrar”	Computershare Investor Services PLC, a company incorporated under the laws of England and Wales with company number 03498808 and with its registered office at The Pavilions, Bridgwater Road, Bristol, BS13 8AE, UK

“Registrar Agreement”	the registrar agreement between the Company and the Registrar, a summary of which is set out in section 10 of Part XIII of this Prospectus
“Regulation S”	Regulation S under the Securities Act
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Risk Adjusted Yield”	has the meaning given on page 86 of this Prospectus
“RNS announcement”	an announcement by a regulatory news service
“Securities Act”	the US Securities Act of 1933, as amended
“Servicers”	the Initial Servicer and any Additional Servicers
“Servicing Agreement”	the servicing agreement entered into between the Company and the Initial Servicer, a summary of which is set out in section 10 of Part XIII of this Prospectus
“Shareholder”	a holder of Issue Shares in the Company
“Shares”	transferable securities
“Shawbrook”	Shawbrook Bank Limited, a company incorporated under the laws of England and Wales with company number 00388466 and with its registered office at Lutea House, The Drive, Warley Hill Business Park, Great Warley, Brentwood, Essex, CM13 3BE, UK
“Similar Law”	any US federal, state, local or foreign law that is similar to provision 406 of ERISA or section 4975 of the Internal Revenue Code
“SME”	a small or medium enterprise
“SOFR”	Secured Overnight Financing Rate
“SPV”	special purpose vehicle
“Takeover Code”	the City Code on Takeovers and Mergers
“Target Dividend”	has the meaning given on page 60 of this Prospectus
“Total NAV Return”	(i) Cum-Income NAV at the end of the period, plus dividends declared during the period, (ii) divided by Cum-Income NAV at the end of the previous period plus dividends declared during that period, (iii) minus 1, in each case calculated on a per share basis
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of admission to the Official List
“US” or “United States”	the United States of America (including the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction
“US Person”	a “US Person” as defined in Regulation S of the Securities Act
“VAT”	value added tax as provided for in the Value Added Tax Act 1994 and any regulations made thereunder

“Woodford”

Woodford Investment Management Limited, a limited liability partnership registered in England and Wales with registered number 10118169 and with its registered address at 9400 Garsington Road, Oxford Business Park, Oxford, United Kingdom, OX4 2HN

