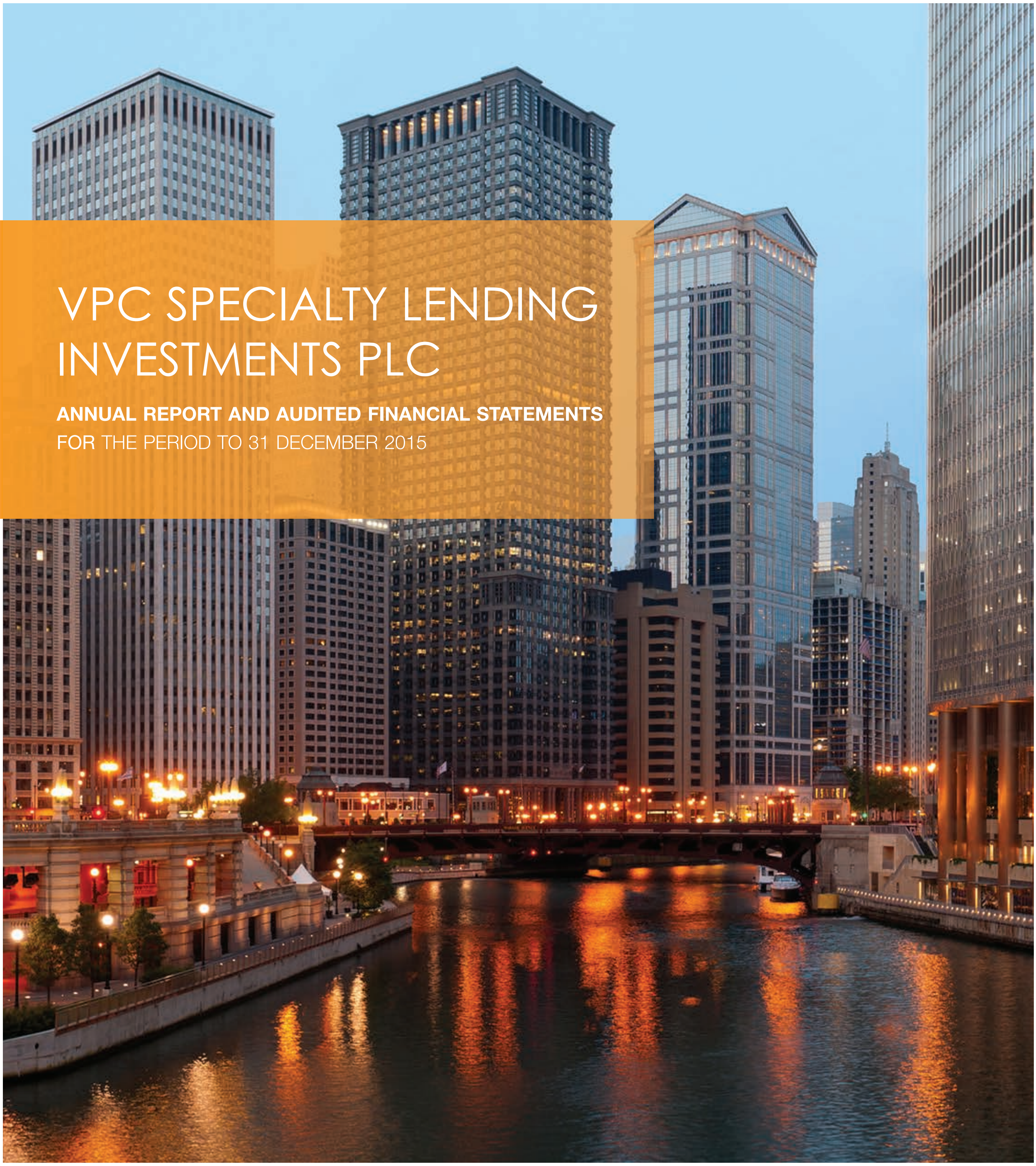
VPC SPECIALTY LENDING INVESTMENTS PLC

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE PERIOD TO 31 DECEMBER 2015



VICTORY PARK

CAPITAL

CONTENTS

COMPANY NUMBER 9385218

INTRODUCTION

INTRODUCTION TO THE COMPANY

VPC Specialty Lending Investments PLC (the “Company”, Company No. 9385218) is a UK listed investment trust investing in opportunities in the alternative lending market through specialty lending platforms (“Platforms”) globally and other related opportunities. This includes investing in assets originated by Platforms as well as through floating rate senior secured credit facilities (“Credit Facilities”), equity or other instruments.

This annual report for the period from incorporation on 12 January 2015 to 31 December 2015 (the “Annual Report”) includes the results of the Company (also referred to as the “Parent Company”) and its consolidated subsidiaries (together the “Group”).

The Company was admitted to the premium listing segment of the Official List of the UK Listing Authority (the “Official List”) and to trading on the London Stock Exchange’s main market for listed securities (the “Main Market”) on 17 March 2015, raising £200 million by completing a placing and offer for subscription (the “Issue”). The Company raised a further £183 million via a C Share issue on 2 October 2015. Subsequent to the period ended 31 December 2015, the C Shares were converted into Ordinary Shares and were admitted to the Official List and to trading on the Main Market on 4 March 2016.

The Company enables its investors to access an illiquid asset class and earn an attractive risk adjusted return through a diversified, liquid vehicle traded on the Main Market.

The Company’s investing activities have been delegated by the Directors to Victory Park Capital Advisors, LLC (the “Investment Manager”). A summary of the principal terms of their appointment can be found on page 27 and a statement relating to their continuing appointment can be found on pages 23 and 26. The investment policy can be found beginning on page 77 of this Annual Report.

INVESTMENT OBJECTIVES

The Company’s investment objectives are to:

(i) generate an attractive total return for shareholders consisting of distributable income and capital growth through investments in specialty lending opportunities;

(ii) achieve portfolio diversification across Platforms, geographies, borrower types, credit quality, loan structures and investment models; and

(iii) enable our shareholders to benefit from equity upside through exposure to equity or equity-linked securities issued by Platforms.

The Company’s Net Asset Value (the “NAV”) as at 31 December 2015 was £384.3 million (cum income). Of this, £201.8 million is represented by the NAV of the Ordinary Shares and £182.5 million is represented by the NAV of the C Shares.

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2015

The Strategic Report comprises a review of the Company's performance for the period ended 31 December 2015, the Chairman's Statement, Investment Manager's Report and Strategy and Business Model, including principal risks and disclosures on environmental matters, human rights, employee, social and community issues.

The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed in their duty to promote the success of the Company in accordance with section 172 of the Companies Act 2006 (the "Act") by:

- analysing development and performance using appropriate Key Performance Indicators ("KPIs");
- providing a fair and balanced review of the Company's business;
- outlining the principal risks and uncertainties affecting the Company;
- describing how the Company manages these risks;
- setting out the Company's environmental, social and ethical policy;
- outlining the main trends and factors likely to affect the future development, performance and position of the Company's business; and
- the direction in which the Company is heading.

PERFORMANCE

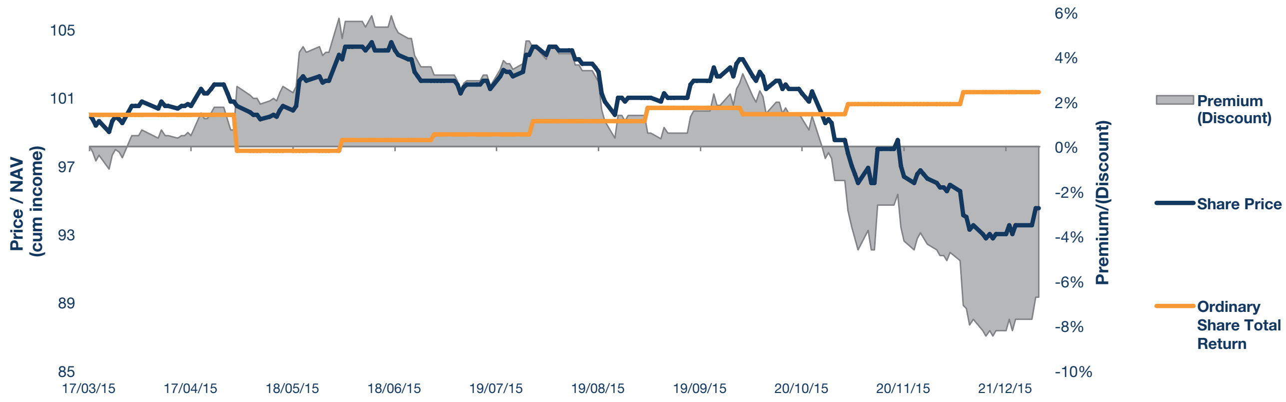
COMMENTARY

- During the period ended 31 December 2015, the Company:
  - generated an NAV return of 5.80% for the Ordinary Shares and 1.78% for the C Shares since their respective capital raises;
  - announced an inaugural dividend of 0.90 pence per Ordinary Share for the period from 17 March 2015 to 30 June 2015 and a further 1.89 pence per Ordinary Share for the following quarter ended 30 September 2015; and
  - substantially invested the capital of the IPO proceeds within four months of listing, well ahead of the target of six months stated at IPO.
- As at 31 December 2015, the Company had invested approximately 76% of the net proceeds of the C Share issue.
- In January 2016, the Company declared a dividend of 2.00 pence per Ordinary Share for the quarter ended 31 December 2015 and 1.07 pence per C Share for the period 2 October 2015 to 31 December 2015.

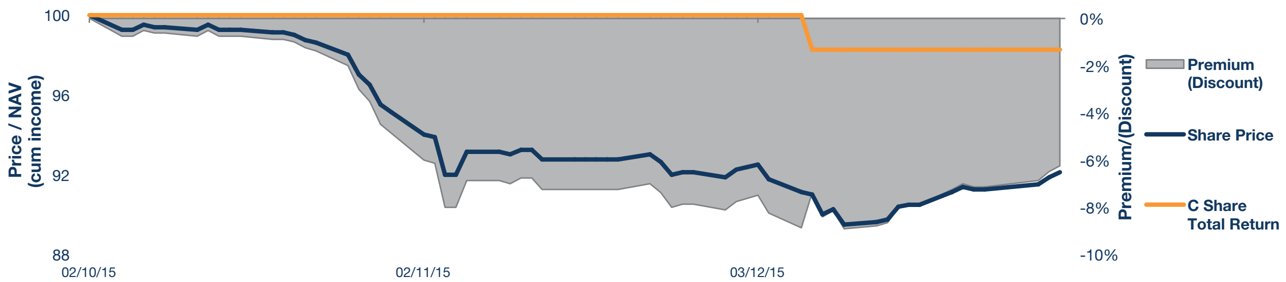
CAPITAL STRUCTURE AND NET ASSET VALUE AS AT 31 DECEMBER 2015

	ORDINARY SHARES 31 DECEMBER 2015	C SHARES 31 DECEMBER 2015
Total Net Assets attributable to equity shareholders of the Company (£)	201,796,653	182,523,227
Net Asset Value per share	100.90p	99.74p
Share price at 31 December 2015	94.50p	92.13p
Discount to Net Asset Value	–6.34%	–7.63%
Total Shareholder Return (based on share price)	–5.50%	–7.88%
Total Net Asset Value Return	5.80%	1.78%
Dividends per Share (including final proposed dividend)	4.79p	1.07p
New shares issued	200,000,000	183,000,000

ORDINARY SHARE PERFORMANCE



C SHARE PERFORMANCE



TOP TEN POSITIONS FOR ORDINARY/C SHARES

INVESTMENT	COUNTRY	PRINCIPAL ACTIVITY	VALUE AS AT 31 DECEMBER 2015	% OF NAV
SVTW, L.P.	United States	Alternative finance SPV	£69,251,345	18.02%
Larkdale I, L.P.	United States	Alternative finance SPV	£58,806,119	15.30%
Duxbury Court I, L.P.	United States	Alternative finance SPV	£43,350,491	11.28%
Threadneedle Lending Ltd.	United Kingdom	Alternative finance SPV	£36,328,498	9.45%
Drexel I, L.P.	United States	Alternative finance SPV	£31,317,657	8.15%
Borro Inc.	United Kingdom	Consumer lending platform	£26,728,988	6.95%
VPC Offshore Unleveraged Private Debt Fund Feeder, L.P.	United States	Alternative finance SPV	£21,386,754	5.56%
Avant, Inc.	United States	Consumer lending platform	£18,671,917	4.86%
Larkdale III, L.P.	United States	Alternative finance SPV	£10,766,362	2.80%
Elevate Credit, Inc.	United Kingdom	Consumer lending platform	£10,320,478	2.69%

The Company provides senior credit facilities to Platforms via a wholly-owned special purpose vehicle ("SPV") of the Platform.

The Company also invests in credit assets originated by Platforms via bankruptcy remote SPVs which are typically funded with equity capital. This structure enables the Company to mitigate Platform credit risk and procure non-recourse leverage which is ring-fenced within the SPV.

STRATEGIC REPORT continued

CHAIRMAN'S STATEMENT

I am pleased to present my first annual report as Chairman of the Company, covering the period from 12 January 2015 (date of incorporation) to 31 December 2015. Following its listing on the Main Market of the London Stock Exchange, the Company executed its capital deployment target by 22 July 2015, well ahead of the stated target at IPO. Furthermore, the Company successfully raised incremental capital through the issue of C Shares on 2 October 2015. The Company has declared cumulative dividends of 4.79 pence per Ordinary Share and 1.07 pence per C Share, and generated a total NAV per share return of 5.80% during the trading period on the Ordinary Shares and 1.78% on the C Shares.

The Ordinary Shares gradually traded to a premium, reaching a peak of 104.5 pence by the end of July 2015. Despite the credit performance of the underlying loans continuing to meet expectations, both the Ordinary Shares and C Shares (together the "Shares") traded down during the latter part of the trading period, in part, owing to greater market volatility combined with some negative sentiment regarding the sector. Following the C Share conversion in March, the trading performance of the Ordinary Shares has improved to some extent. The Board will continue to monitor the situation closely and will consider the potential for introducing share buy-backs if the Company's share price rating does not improve materially further in the near term. Overall, I believe that the Company is well positioned to meet its investment objective to generate attractive returns via dividend income and capital growth.

INVESTMENTS

The Company's investments are diversified across 21 Platforms originating consumer and small business loans. Furthermore, these Platforms have divergent lending strategies and are spread across the globe, including the US, UK, Europe and Australia. Existing Platform investments made by the Investment Manager enabled the Company to substantially invest the initial proceeds within four months of the IPO. The Investment Manager added new Platforms during the period, which has helped the Company invest 76% of the subsequent C Share issue as at 31 December 2015. The Company has equity exposure to 14 Platforms through equity securities or convertible notes, which the Investment Manager believes has the potential to generate significant capital growth for our shareholders. The Company continues to expand new Platform opportunities, to develop further portfolio diversification by type and geography and thereby strengthen the Company's strategic objectives.

COSTS

The Company's annualised ratio of ongoing charges for the period stands at 1.63% which is largely attributable to administration, advisory, legal, professional and other set up costs incurred in establishing new Platform partnerships. The Company will be seeking to replicate many of its agreements/structures when establishing future Platform relationships.

SUBSEQUENT EVENTS

Since the period ended 31 December 2015, the Company has:

- declared a dividend of 2.00 pence per Ordinary Share for the three month period ended 31 December 2015 and 1.07 pence per C Share for the period from 2 October 2015 to 31 December 2015;
- announced in January that it has substantially invested the initial C Share proceeds and completed the conversion of the C Shares into new Ordinary Shares on 4 March 2016 based on the conversion ratio calculated as at 31 January 2016;
- completed its second securitisation successfully on 26 February 2016;
- announced that the Company's issued share capital consisted of 382,615,665 Ordinary Shares of £0.01 each with voting rights on 4 March 2016;
- announced the appointment of Stifel Nicolaus Europe Limited as Joint Corporate Broker, alongside Jefferies International Limited, effective 9 March 2016; and
- announced an initial investment pursuant to the Investment Manager's $100 million balance sheet model commitment to LoanMart, a leading provider of auto title loans in the US.

MARKET OUTLOOK

The Board believes that over the next year, the specialty lending sector will continue to grow and reaffirm its position as a sustainable and growing alternative to the traditional banking model. The sector's growth in prominence and scale is driven in a large part by:

- regulatory and other restraints imposing restrictions on the traditional high street banking model which in turn has significantly reduced the availability of credit to the market. The impact of the above has been felt in both the traditional banking client base but more forcefully amongst non-bank institutions and individuals;
- a cultural shift in the way millennials wish to interact with their financial institutions; and
- continuous improvements and technological advantages driven by the continuing growth of online Platforms which are advancing the underwriting process and reducing cost whilst providing a much friendlier user interface and experience for the borrower.

In 2015, the industry experienced significant growth in loan originations and securitisations, driven by borrower demand and increased availability of lending capital from institutional investors. Online lenders have attractive margins and highly scalable models, combined with low overheads, all of which should provide a competitive advantage for future growth.

The Investment Manager continued to generate proprietary deal flow for the Company, reflected by the strong pipeline of investment opportunities. I believe that the Investment Manager's experience in the specialty lending sector utilising both the Balance Sheet Model and the Marketplace Model (both as outlined on page 10) combined with a diversified capital base makes it uniquely positioned to partner with Platforms globally. Looking ahead, we are keen to selectively expand our footprint globally and take advantage of opportunities in new markets which shall enable the Company to maintain its competitive advantage.

Andrew Adcock
Chairman

27 April 2016

STRATEGIC REPORT continued

INVESTMENT MANAGER'S REPORT

SUMMARY

As at 31 December 2015, the Company had fully deployed the capital raised through the IPO and 76% of the net proceeds of the C Share issue. The Company invested the capital via 21 Platforms and has equity exposure to 14 Platforms.

COMPANY PERFORMANCE

From inception to 31 December 2015, the Company generated an NAV return of 5.80% for the Ordinary Shares and 1.78% for the C Shares and paid total dividends of 2.79 pence per Ordinary Share.

The Investment Manager successfully implemented its strategy of deploying capital across a diverse range of Platforms, geographies, borrower types, credit quality and investment models.

The performance of the Company's underlying credit assets has been strong, benefiting from the stringent underwriting processes employed by the respective Platforms and a largely benign credit environment.

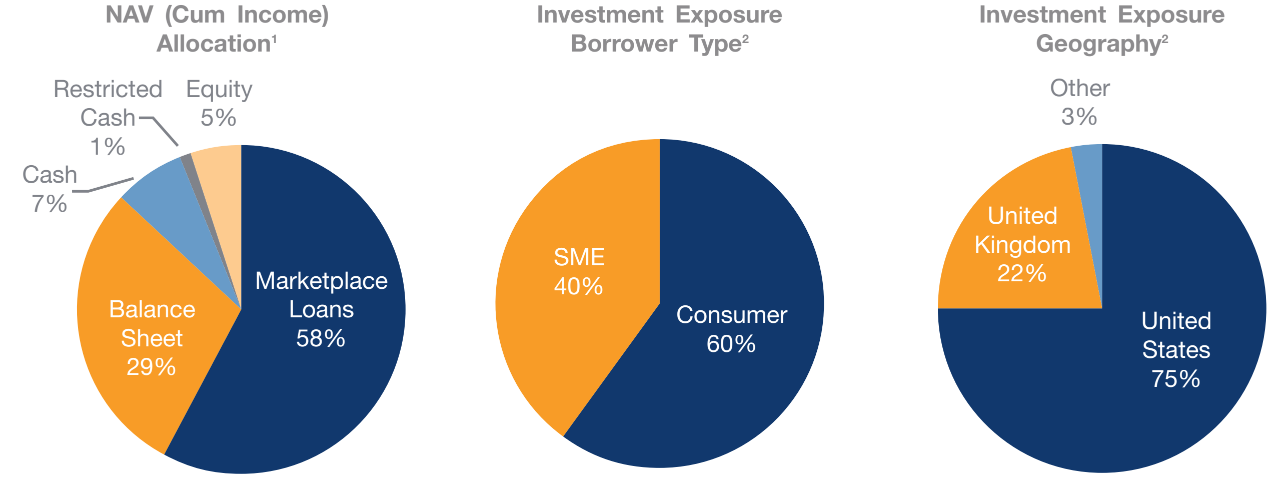
INVESTMENTS

The Company invests directly and/or indirectly into available opportunities, including by making investments in, or acquiring interests held by funds managed by the Investment Manager. Direct investments include consumer loans, small and medium enterprise ("SME") loans and advances against corporate trade receivables originated by Platforms ("Debt Instruments"). Indirect investments include investments in Platforms (or in structures set up by Platforms) through the provision of credit facilities ("Credit Facilities"), equity or other instruments.

The Investment Manager allocates capital across different Platforms to meet the Company's investment objectives within the pre-defined portfolio limits with a focus on portfolio level diversification. The Company's investments are diversified across hundreds of thousands of consumer and small business loans originated by 21 different Platforms, including companies supporting the specialty lending market, across the US, UK, Europe and Australia. As part of these investments, the Company has equity exposure to 14 Platforms through equity securities or convertible notes.

As at 31 December 2015, consumer exposure accounted for 60% of the invested Ordinary Share portfolio and 67% of the invested C Share portfolio, while SME exposure accounted for 40% and 33% of the Ordinary and C Share portfolio, respectively. Investments in US Platforms accounted for 75% of the invested Ordinary Share portfolio and 69% of the invested C Share portfolio, with the remainder being predominantly UK-based debt instruments.

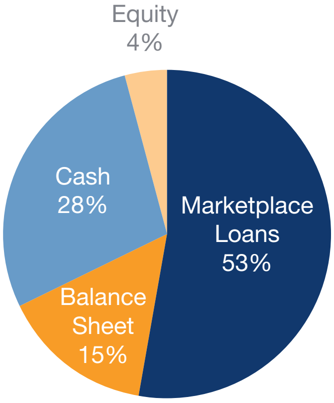
ORDINARY SHARE PORTFOLIO COMPOSITION (AS AT 31 DECEMBER 2015)



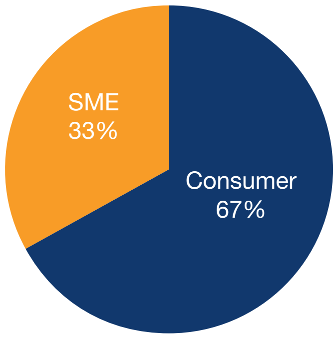
[1] Restricted Cash reflects cash held in underlying private fund investments that is not available for direct investment by the Company.
[2] Calculations using gross asset exposure and not reduced for gearing. Excludes cash.

C SHARE PORTFOLIO COMPOSITION (AS AT 31 DECEMBER 2015)

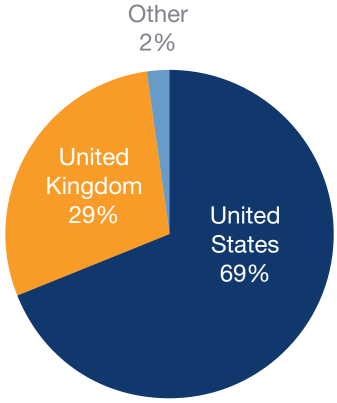
NAV (Cum Income) Allocation



Investment Exposure Borrower Type[2]



Investment Exposure Geography[2]



LEVERAGE

The Investment Manager closed separate credit facilities with banks to leverage Debt Instruments originated by Avant, Funding Circle and Prosper during the trading period. In addition, the Investment Manager successfully closed a £118 million securitisation supported by a pool of Avant loans in November 2015.

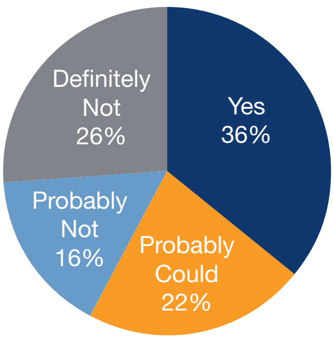
As at 31 December 2015, the look through leverage ratio was 0.44x for the Ordinary Shares and 0.43x for the C Shares.

MARKET UPDATE

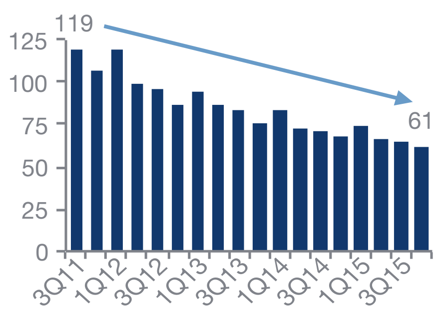
Since the 2008 recession, the supply of consumer credit for non-prime borrowers remains constrained. An estimated 56% of consumers in the US have non-prime credit scores (defined as less than 700) leaving them without access to financing at prime rates[3]. As a result, there is a large and growing population of US consumers with reduced access to traditional consumer credit; in 2013, approximately 50.9 million adults, lived in underbanked households in the US[4].

Lending to SMEs has declined significantly over the past decade with the share of small business loans at banks in the US declining from 40% in 2005 to 25% by March 2015[5]. The landscape is similar in the UK, with total outstanding borrowing facilities from banks to SMEs reduced from £106.1 billion in 2011 to £96.6 billion as of December 2015[6].

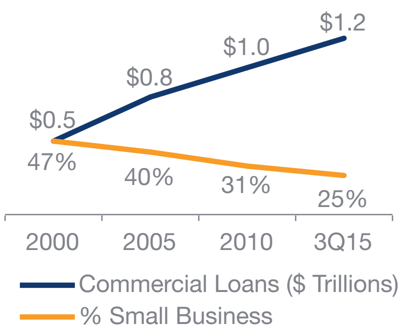
US Consumers Ability to Come Up with $2,000 within 30 Days[3]



Number of Loan Facilities Approved for UK SMEs[6] (in Thousands)



Australia Bank Credit by Sector (Share of Total)[5]



[2] Calculations using gross asset exposure and not reduced for gearing. Excludes cash.
[3] Corporation for Enterprise Development - Assets and Opportunity Scorecard (January 2015).
[4] 2013 FDIC National Survey of Unbanked and Underbanked Households (October 2014).
[5] FDIC Quarterly Banking Profile (March 2015).
[6] British Bankers Association: SME Statistics (December 2015).

STRATEGIC REPORT continued

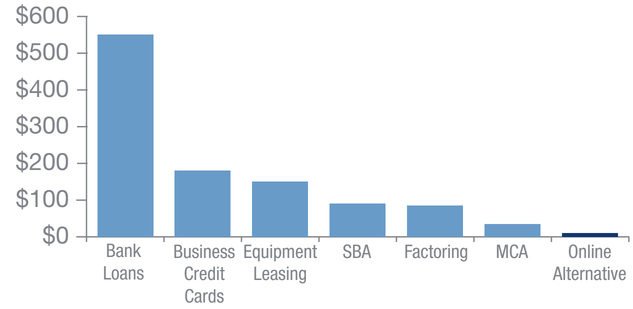
In 2015, the specialty lending sector benefitted from a combination of ongoing regulatory and structural changes affecting banks as well as positive macro factors such as low interest rates and falling unemployment. Loan origination volumes increased substantially in the various markets with growth in consumer loans outpacing SME loans, both in the US and the UK.

As the specialty lending sector continues to grow and become more established, banks have become involved in the space by providing leverage facilities to large institutional investors and establishing lending partnerships with the Platforms. This has culminated in a number of public market securitisations being successfully closed in 2015, including one by the Investment Manager which is supported by a pool of consumer loans originated by Avant, Inc.

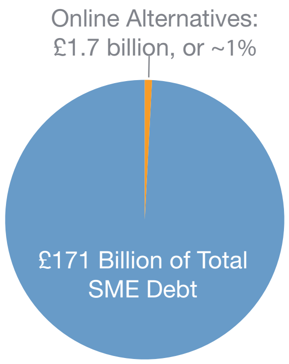
OUTLOOK

Despite the continued growth, the specialty lending sector remains a small part of the overall global credit market, allowing for significant continued market penetration in the coming years. This supports and underpins the sector's long term sustainability.

Total US SME Debt Outstanding ($ in Billions)[7]



UK SME Loan Market[8]



The securitisation market will be an important driver for growth of the industry as the majority of capital comes from institutional investors that require leverage in order to meet their target returns. In the event that the securitisation market becomes inactive, the Company is well positioned to continue to generate attractive returns for shareholders due to the Investment Manager's position in the specialty lending sector and the attractive yield on the Credit Facilities.

The Company will continue to pursue opportunities for leverage facilities that the Investment Manager believes will enhance the risk adjusted return to shareholders. Given the breadth of the Investment Manager's portfolio, access to other significant pools of capital dedicated to investing in the specialty lending sector and relationships with banks, it believes it has a distinct competitive advantage in securing these leverage facilities and completing further potential securitisations.

At the end of 2015, the US Federal Reserve finally began to raise interest rates. Although this move was highly anticipated by the markets, it is likely to have a material impact on the global credit markets and the specialty lending sector. The Company's portfolio is well positioned to navigate through a rising interest rate environment as the portfolio is balanced between fixed and floating rate credit assets. Furthermore, the portfolio benefits from a low duration due to the majority of the underlying Debt Instruments being fully amortising and with a maximum term of five years.

The Investment Manager continues to see a strong pipeline of investment opportunities within the specialty lending sector, with capacity available from both existing and new Platforms. Furthermore, the Investment Manager will continue to pursue new opportunities that can generate an attractive risk-adjusted return for shareholders and offer further diversification to the portfolio. This combined with the highly proprietary nature of its relationships with Platforms should enable the Investment Manager to continue to maintain its first mover advantage and capture further new opportunities.

[7] Harvard Business School "The State of Small Business Lending" (September 2014).
[8] Bank of England (September 2014).

SUMMARY AND HIGHLIGHTS FOR THE PERIOD

In the financial period ended 31 December 2015, the Company successfully placed 200,000,000 Ordinary Shares and 183,000,000 C Shares at an issue price of £1.00 each through the IPO and the subsequent issuance of C Shares, respectively. As at 31 December 2015, the Company fully deployed the capital raised from the Ordinary Shares and 76% of the capital raised via the C Shares.

In addition to generating an NAV return of 5.80% for the Ordinary Shares and 1.78% for the C Shares, the Company distributed cumulative dividends of 4.79 pence per Ordinary Share and 1.07 pence per C Share to shareholders.

The financial and business highlights since the Company's IPO are as follows:

- March 2015: commenced trading in the Ordinary Shares.
- April 2015: announced the rapid deployment of capital with approximately 54% of initial proceeds invested.
- May 2015: announced closing of a £100 million credit facility with a top 10 global bank to leverage Funding Circle UK loans.
- June 2015: announced a credit facility and equity investment in Behalf, Inc.
- July 2015: announced substantially fully invested net IPO proceeds. The Company announced closing a $150 million credit facility to leverage Avant, Inc. loans.
- August 2015: declared its inaugural dividend of 0.90 pence per Ordinary Share. The Company announced closing a $125 million credit facility to leverage Prosper Marketplace, Inc. loans.
- September 2015: announced that it has raised gross proceeds of £183 million following the issue of C Shares.
- October 2015: announced the rapid deployment of capital from the C Share placing with approximately 44% of net proceeds invested.
- November 2015: declared an interim dividend of 1.89 pence per Ordinary Share for the three-month period to 30 September 2015. The Investment Manager announced the closing of a $175 million securitisation supported by a pool of Avant loans. The Company announced a credit facility and equity investment in zipMoney Limited, its first in Australia.
- December 2015: announced the rapid deployment of capital from the C Share placing with approximately 76% of net proceeds invested.

Victory Park Capital Advisors, LLC
Investment Manager

27 April 2016

STRATEGIC REPORT continued

STRATEGY AND BUSINESS MODEL

EARLY ADOPTER ADVANTAGE

Although specialty lenders have operated successfully since the early 2000s, the sector has grown in prominence in the past few years, attracting interest from institutional investors. This has been due to a confluence of regulatory challenges for banks, increased use of technology by Platforms and a low interest rate environment. The Investment Manager has been involved in the sector since 2010 and has made more than $4.1 billion of investments and commitments across various Platforms, spanning multiple geographies, products and structures, and is continuing to deploy capital into existing and new Platforms.

The Investment Manager has experience in direct lending, purchasing whole loans and selectively investing in equity or equity-like instruments as well as having extensive knowledge of market participants and the complex regulatory requirements needed to operate within the sector. Having access to other significant pools of capital dedicated to investing in the specialty lending sector enables the Investment Manager to obtain leverage facilities on attractive terms and complete securitisations. These are significant advantages for the Company as it navigates through a rapidly developing sector and is well positioned to capture new opportunities.

UNIQUE PROPOSITION

The Investment Manager operates its business using two primary structures for providing debt capital to Platforms, known as the "Balance Sheet Model" and the "Marketplace Model". The Investment Manager utilises both of these models to achieve the investment objectives of the Company.

The Balance Sheet Model is where the Company provides a floating rate Credit Facility to the Platform via an SPV, which retains Debt Instruments that are originated by the Platform. The debt financing is typically arranged in the form of a senior secured facility and the Platform injects junior capital in the SPV, which provides significant first loss protection to the Company.

In the Marketplace Model, an SPV is formed by the Company to purchase Debt Instruments originated by the Platform. The Company funds the SPV with equity capital and typically uses a leverage facility from a global bank to enhance the risk-adjusted return for shareholders. All interest payments are for the account of the SPV and the SPV bears the loss for any defaulted loans.

PROPRIETARY SOURCING AND STRUCTURING

The Company has exposure to a number of proprietary investments in Platforms with attractive risk/reward characteristics that other investors in the sector are typically unable to access. This is due to the Investment Manager's extensive sourcing network, having executed transactions partnering with more than 35 leading financial and venture capital sponsors in the specialty lending sector.

The Investment Manager also leverages its relationships with Platforms and financial sponsors to secure significant lending capacity and negotiate attractive equity kickers as well as mitigate prepayment and interest rate risks.

PORTFOLIO MANAGEMENT

With a strong focus on capital preservation, the Investment Manager structures its investments in a risk-averse manner to protect the Company from the various risks and augments this with a comprehensive risk management framework. This involves a rigorous, hands-on approach to post-investment monitoring and actively assesses portfolio risk and performance. Assessing the balance of expected returns with inherent risks is an integral part of the Investment Manager's investment strategy and drives all aspects of portfolio construction. The Company believes that this approach and focus shall be a key driver in meeting its investment objectives, particularly in a more challenging credit environment.

LEVERAGE AND CAPITAL MARKETS

The Company selectively employs leverage to enhance returns generated by the underlying credit assets. This is structured to limit the borrowings to individual SPVs that hold the assets and the leverage providers have no recourse to the Company. The Company seeks to use securitisation in order to improve overall profitability by lowering the cost of financing and further diversify its portfolio using the same amount of equity capital.

As the marketplace lending industry continues to grow and become more established, the Investment Manager has been approached by multiple large global banks to offer the Company attractive leverage facilities. Given the breadth of the Investment Manager's portfolio, the Company believes that it has a distinct competitive advantage in securing these leverage facilities at attractive rates.

PERFORMANCE MANAGEMENT

The Board uses the following KPIs to help assess progress against the Company's objectives. Further comments on these KPIs are contained in the Chairman's Statement and Investment Manager's Report sections of the Strategic Report respectively.

NAV AND TOTAL RETURN

The Directors regard the Company's NAV return as a key component to delivering value to shareholders over the long term. Furthermore, the Board believes that in accordance with the Company's objective, total return (which includes dividends) is the best measure for long term shareholder value.

At each meeting, the Board receives reports detailing the Company's NAV and total return performance, portfolio composition and related analyses. A full description of performance and the investments is contained in the Investment Manager's Report, commencing on page 6 of the Annual Report. The Board continues to target returns of 10% annually and dividends of 8.00p per annum.

DIVIDEND YIELD

The Company intends to distribute at least 85% of its distributable income earned in each financial year by way of dividends. Including the distribution made in March 2016, which related to the three-month period ended 31 December 2015, the Company has distributed 100% of its distributable income earned through the period ended 31 December 2015.

LEVERAGE RATIO

As at 31 December 2015, the look through leverage ratio was 0.44x for the Ordinary Shares and 0.43x for the C Shares. As disclosed in the investment policy starting on page 77, the aggregate leverage of the Company and any investee entity (on a look-through basis, including borrowing through securitisation using SPVs) shall not exceed 1.5 times its Net Asset Value. The Investment Manager monitors the look through leverage ratio to ensure it is in line with the investment policy.

SHARE PRICE PREMIUM/DISCOUNT

As a closed-ended listed investment trust, the Company's share price can and does deviate from its NAV. This results in either a premium or a discount, which is another component of the long term shareholder return. The Board continually monitors the Company's premium or discount and has the ability to issue or buy back shares with a view to limiting the volatility of the share price discount or premium. For more information on the Company's authorities in relation to its share capital, see page 17.

During the trading period, the Ordinary Shares moved in a range of an 8.5% discount to a premium of 5.8% while the C Shares moved in a range of a discount of 0% to 8.9%. No shares were bought back in the period ended 31 December 2015.

EXPENSES

The Board is conscious of the impact of expenses on returns and seeks to minimise expenses while ensuring that the Company receives strong service. The industry wide measure for investment trusts is the ongoing charges ratio, which seeks to quantify the ongoing costs of running the Company. This measures the annual normal ongoing costs of an investment trust, excluding performance fees, one-off expenses and dealing costs, as a percentage of the average shareholders' funds.

PRINCIPAL RISKS

Given that the Company operates globally, it is exposed to risks that are monitored and actively managed to meet its investment objectives. These include market risks related to interest rates, currencies and general availability of financing as well as credit and liquidity risks given the nature of the instruments in which the Company invests. In addition, the underlying Platforms are exposed to operational and regulatory risks as the specialty lending sector remains a nascent one.

The Directors are ultimately responsible for identifying and controlling risks. Day to day management of the risks arising from the financial instruments held by the Group has been delegated to the Investment Manager of the Company.

The Investment Manager regularly reviews the investment portfolio and industry developments to ensure that any events which impact the Group are identified and considered. This also ensures that any risks affecting the investment portfolio are identified and mitigated to the fullest extent possible.

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company's business as an investment trust and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit and Valuation Committee on an ongoing basis.

STRATEGIC REPORT continued

This system assists the Board in determining the nature and extent of the risks it is willing to take in achieving its strategic objectives. Both the principal risks and the monitoring system are subject to a robust review at least annually. The last review by the Board took place in April 2016.

Although the Board believes that it has a robust framework of internal control in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

A summary of the principal risks and uncertainties faced by the Company which have remained unchanged throughout the year, and actions taken by the Board and, where appropriate, its Committees, to manage and mitigate these risks and uncertainties, is set out below:

RISK	MITIGATION
CREDIT RISK Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risks arise principally through exposures to loans acquired by the Group, which are subject to risk of borrower default. The ability of the Company to earn revenue is completely dependent upon payments being made by the borrower of the loan acquired by the Company through a Platform. The Company (as a lender member) will receive payments under any loans it acquires through a Platform only if the corresponding borrower through that Platform (borrower member) makes payments on the loan. Consumer loans are unsecured obligations of borrower members. They are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way. The Platforms and their designated third party collection agencies may be limited in their ability to collect on loans. Small business loans are typically secured by either a blanket lien on business assets, specific collateral and/or a personal guarantee from the proprietor. The Platforms and their designated third party collection agencies have various channels of recourse against the relevant collateral which will depend on the specific circumstance of the loan.	There is inherent credit risk in the Company's investments in credit assets through the two primary structures. However, this is typically mitigated by the significant first loss protection provided by the Platform under the Balance Sheet Model and the excess spread generated by the underlying assets under both models. The Company will invest across various Platforms, asset classes, geographies (primarily United States and Europe) and credit bands in order to ensure diversification and to seek to mitigate concentration risks. The Board and the Investment Manager review the investment portfolio to ensure it is in line with the investment policy, including restrictions, as outlined on pages 77 and 78.
FINANCING RISK The Company uses leverage to enhance returns generated by the underlying credit assets and is exposed to the availability of financing at acceptable terms as well as interest rate expenses and other related costs.	This risk is mitigated by limiting borrowings to ring-fenced SPVs without recourse to the Company and employing leverage in a disciplined manner. The Board and the Investment Manager review the investment portfolio to ensure it is in line with the investment policy, including restrictions, as outlined on pages 77 and 78.

RISK	MITIGATION
LIQUIDITY RISK	
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company may invest in the listed or unlisted equity of any Platform. Investments in unlisted equity, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and therefore may be more difficult to realise. In the event of adverse economic conditions in which it would be preferable for the Company to sell certain of its 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.	The Investment Manager manages the Group's liquidity risk by investing primarily in a diverse portfolio of assets. At 31 December 2015, 2% of the loans have a stated maturity date of less than a year. The Group has no loans with a maturity date of more than five years. The Board and the Investment Manager review the investment portfolio to ensure it is in line with the investment policy, including restrictions, as outlined on pages 77 and 78.
MARKET RISK	
Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, equity prices and interest rates. The Group is exposed to market risk primarily through its Financial Instruments. The Group is exposed to price risk arising from the investments held by the Group for which prices in the future are uncertain. The investments in funds are exposed to market price risk. Refer to Note 3 for further details on the sensitivity of the Group's Level 3 investments to price risk. Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Currency risk is the risk that the value of net assets will fluctuate due to changes in foreign exchange rates. Relevant risk variables are generally movements in the exchange rates of non-functional currencies in which the Group holds financial assets and liabilities.	The Company has a diversified investment portfolio which significantly reduces the exposure to individual asset price risk. Detailed portfolio valuations and exposure analysis are prepared monthly and form the basis for the ongoing risk management and investment decisions. In addition, regular scenario analysis is undertaken to assess likely downside risks and sensitivity to broad market changes, as well as assessing the underlying correlations amongst the separate asset classes. Exposure to interest risk is limited as the underlying credit assets are typically fully amortising with a maximum maturity of five years. Furthermore, the Company's Credit Facilities charge a floating interest rate to the Platforms. The Company mitigates its exposure to currency risk by hedging exposure between Pound Sterling and any other currency in which the Company's assets may be denominated. The Board reviews the price, interest and currency risk with the Investment Manager to ensure that exposure to these risks is appropriately mitigated.
PLATFORM RISK	
The current market in which the Company participates is competitive and rapidly changing. There is a risk that the Company will not be able to deploy its capital, re-invest capital and interest of the proceeds of any future capital raisings in a timely or efficient manner given the increased demand for suitable investments. The Company may face increasing competition for access to investments as the alternative finance industry continues to evolve. The Company may face competition from other institutional lenders such as fund vehicles and commercial banks 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 in both the UK, US and other geographies.	Although the Company is exposed to Platform credit risk using the Balance Sheet Model, this risk is typically mitigated by any losses being first borne by the Platforms, in addition to the Platform and its subsidiaries providing guarantees and collateral. Under both Models, the Company has the ability to transfer loan servicing to another servicer should the Platform fail to honour its obligations under the servicing agreement. Furthermore, the use of bankruptcy remote SPVs to hold the credit assets limits Platform risk as the SPV is typically directly entitled to all principal and interest payments due from the underlying borrower. The Investment Manager monitors the Platform credit risk consistently to ensure that the Platforms are honouring their obligations under the servicing agreement and presents their findings (when applicable) to the Board.

STRATEGIC REPORT continued

RISK	MITIGATION
REGULATORY RISK	
As an investment trust, the Company's operations are subject to wide ranging regulations. The financial services sector continues to experience significant regulatory change at national and international levels. Failure to act in accordance with these regulations could cause fines, censure or other losses including taxation or reputational loss.	The Company provides debt capital to Platforms, which typically have to comply with various state and national level regulations. This includes operating under interim permission from the FCA in the UK as well as consumer lending and collections licenses in some US states. This risk is limited via detailed upfront due diligence of Platforms' regulatory environments performed by the Investment Manager on behalf of the Board.

Discussion on the Company's risk management and internal controls is on page 29.

ENVIRONMENT, HUMAN RIGHTS, EMPLOYEE, SOCIAL AND COMMUNITY ISSUES

The Board recognises the requirement of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to provide details about environmental matters, employees, human rights, social and community issues, including information about any policies it has in relation to these matters and the effectiveness of these polices. As an investment trust, the Company does not have any employees, and most of its activities are performed by other outside organisations. In light of this, the Board considers that the Company does not have a direct impact on the community or environment and, as a result, does not maintain specific policies in relation to these matters. However, in carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly.

GENDER DIVERSITY

The Board of Directors of the Company comprises three male Directors and one female Director. Further information in relation to the Board's policy on diversity can be found on pages 21 and 26 of the Annual Report.

The Strategic Report was approved by the Board of Directors on 27 April 2016 and signed on its behalf by:

Andrew Adcock
Chairman

27 April 2016

GOVERNANCE

BOARD OF DIRECTORS

This section forms part of the Directors' Report.

All the Directors are independent and Non-Executive.

ANDREW ADCOCK, CHAIRMAN

Appointed 9 February 2015[1, 2, 3*]

Andrew Adcock was Managing Partner of Brompton Asset Management LLP from January 2010 until July 2011. Prior to this he was joint head of corporate broking at Citigroup before becoming Vice Chairman in June 2007. He was previously an equity partner at Lazard LLP and the Managing Director of De Zoete & Bevan Ltd.

Andrew Adcock has over 30 years of experience in the City and is currently the Non-Executive Chairman of Majedie Investments plc, the Non-Executive Chairman of JP Morgan European Investments plc, a Non-Executive Director of Majedie Portfolio Management Limited, Kleinwort Benson Bank Limited and F&C Global Smaller Companies plc, and is a Non-Executive Director and the Chairman of the Remuneration Committee of Foxtons Group plc. Andrew Adcock is also the Chairman of the Samuel Courtauld Trust and a Director of the Courtauld Institute of Art.

CLIVE PEGGRAM

Appointed 19 February 2015[1*, 2, 3]

Clive Peggram has over 30 years' experience working in the asset management industry from private equity through to structured finance. He is currently CEO of APEX2100 Limited. Prior to this recent appointment, he was Deputy Group CEO of Financial Risk Management Limited, a US$10 billion institutionally focused asset manager. He was formerly Managing Director of Banque AIG for 10 years where he was responsible for establishing and running its investment management team. Previously he worked in a number of different roles, gaining considerable experience in the developing derivative markets at Swiss Bank Corporation.

ELIZABETH PASSEY

Appointed 19 February 2015[1, 2, 3]

Elizabeth Passey is a Senior Adviser to J Stern & Co Private Bank and a Member of the UK Board of the Big Lottery Fund. She was previously Managing Director of Morgan Stanley and Chairman of the Board of Morgan Stanley International Foundation as well as Managing Director of Investec Asset Management. She is a Member of Court of the University of Greenwich.

KEVIN INGRAM

Appointed 19 February 2015[1, 2*, 3]

Kevin Ingram was an audit partner of PricewaterhouseCoopers LLP. He specialised in the audit of financial service businesses and the audit of investment products including investment trusts, open-ended funds, hedge funds and private equity funds. He headed PricewaterhouseCoopers' UK investment funds audit practice from 2000 to 2007. He retired from PricewaterhouseCoopers LLP in 2009. He is the chairman of the Board of Aberdeen UK Tracker Trust Plc and was the Chairman of the Audit Committee of that Trust from March 2010 until he was appointed Chairman of the Board in April 2013. He is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales. He is also a member of the Audit Committee of the Westminster Catholic Diocesan Trust.

[1] Management Engagement Committee.
[2] Audit and Valuation Committee.
[3] Nominations Committee.
* Chairman of Committee.

GOVERNANCE continued

DIRECTORS' REPORT

The Directors of the Company are pleased to present their first Annual Report of the Group for the period from incorporation on 12 January 2015 to 31 December 2015.

The Corporate Governance Statement, Audit and Valuation Committee Report and the Directors' Remuneration Report are included in this Directors' Report.

RESULTS AND DIVIDENDS

The interim dividends paid by the Company are set out in Note 14 of the Financial Statements. A summary of the Company's performance during the year is set out in the Strategic Report on pages 2 to 14.

DIRECTORS

Directors' Appointments

The Board as at 31 December 2015 and 27 April 2016 consisted of four independent Non-Executive Directors. Biographies of these Directors are set out on page 15 and demonstrate the range of skills and experience each Director brings to the Board.

Victoria Silver and Carolyn Hall served as Directors from the Company's incorporation until 19 February 2015.

The appointment and replacement of Directors is governed by the Company's Articles of Association (the "Articles"), the AIC Code of Corporate Governance (the "AIC Code"), the Companies Act 2006 and related legislation. The Articles may be amended by a special resolution of the shareholders.

Directors' Interests

None of the Directors, or any persons connected with them, had a material interest in the transactions and arrangements of, or the agreement with, the Investment Manager during the period. The remuneration of the Directors and their beneficial interests in the Company's securities are set out in the Directors' Remuneration Report on pages 31 to 34.

Directors' Indemnity and Compensation for Loss of Office

Save for such indemnity provisions in the Company's Articles of Association and in the Directors' letters of appointment, there are no qualifying third party indemnity provisions in force. The Board has agreed to a procedure by which Directors may seek independent professional advice if necessary and at the Company's expense. The Company has also arranged for the appropriate provision of Directors' and Officers' Liability Insurance. The Company does not have any arrangements in place with any Director that would provide compensation for loss of office.

Directors' Share Dealings

Ahead of admission to the Official List, the Directors adopted the Model Code for Directors' dealings contained in the Listing Rules (the "Model Code").

Conflicts of Interest

The Articles provide that the Directors may authorise any actual or potential conflict of interest that may arise, with or without imposing any conditions that they consider appropriate on the Director. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and in such circumstances they are not counted in the quorum. A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each Board meeting. The Directors are satisfied that this procedure is adequate. There were no actual or potential conflicts of interest which were required to be authorised by the Board during the period under review or to the date of this Report.

SHARES AND SHAREHOLDERS

Share Capital

The share capital as at 31 December 2015 and rights attaching to the Shares are set out in Note 13 to the financial statements. The conversion of the C Shares on 4 March 2016 resulted in the issue of 182,615,665 Ordinary Shares on 4 March 2016. As at the date of this report, the Company's issued share capital consisted of 382,615,665 Ordinary Shares of £0.01 each with voting rights and no shares were held in Treasury.

During the period, the shareholders of the Company passed certain resolutions in relation to the allotment and buyback of its equity securities, of which the following were still valid at the period end:

In a General Meeting on 19 February 2015, a special resolution authorising market purchases of Ordinary Shares, provided that the maximum number of Ordinary Shares authorised to be purchased is 14.99% of the issued Ordinary Shares following the conclusion of the Issue, was passed. Such authority will expire on the earlier of the conclusion of the first Annual General Meeting ("AGM") of the Company and the date which is 18 months after the 19 February 2015.

In a General Meeting on 24 September 2015 the following were passed:

- An ordinary resolution providing the Board with authority to allot Ordinary Shares up to an aggregate nominal value of up to £50,000,000, capped at the allotment of no more than 500 million Ordinary and/or C Shares in number, such authority to expire on 7 September 2016, unless previously revoked or varied in a general meeting of the Company.
- A special resolution granting authority to allot equity securities for cash, pursuant to the above-mentioned authority, where such allotment constitutes an allotment of equity securities by virtue of section 573 of the Companies Act 2006, as if section 561 of the Companies Act 2006 did not apply to such allotment.

The Shares allotted by the Company during the period are set out in Note 13 to the financial statements. During the period, the Company did not buy back any Shares.

Pursuant to the Company's Share Issuance Programme, which commenced on 8 September 2015, the Board intends to retain its existing authority to allot up to an aggregate nominal amount of £50,000,000 Shares, capped at the allotment of no more than 500 million Ordinary and/or C Shares. It is proposed that this authority remain in place until the Share Issuance Programme closes on 7 September 2016, as intended. As at the date of this document the Board has issued 183,000,000 C Shares leaving a residual authority to issue up to 317,000,000 Ordinary Shares and/or C Shares.

At the Company's AGM in 2016, the Board will seek authority to issue Shares other than pursuant to the Share Issuance Programme and to renew its authority to purchase Ordinary Shares.

Shares bought back and held in Treasury will not be sold out of Treasury at a discount wider than the discount at which the Shares were initially bought back by the Company. The authority to allot new Ordinary Shares, disapply pre-emption rights or for the Company to purchase its own Shares will only be used if the Directors believe it is in the best interests of the Company. Proposals for these and other authorities sought at the AGM, including their restrictions, are set out in the Notice of AGM.

Except as set out in the Company's Articles, there are no restrictions concerning the transfer of securities in the Company or on voting rights; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

GOVERNANCE continued

Substantial Shareholdings

The Company has been informed of the following notifiable interests as at 31 December 2015 in the Company's voting rights under DTR 5. These notifications relate to interests in the voting rights prior to the conversion of the C Shares to Ordinary Shares on 4 March 2016:

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE OF VOTING RIGHTS	DATE NOTIFIED
City Financial Investment Company Limited[6]	10,185,000[4]	5.09%	18 March 2015
Woodford Investment Management LLP[6]	39,000,000[4]	19.5%	18 March 2015
Newton Investment Management Limited	18,825,699[4]	4.92%	10 December 2015
Premier Fund Managers Limited	21,400,000[4]	5.59%	10 December 2015
Invesco Limited (through Invesco Asset Management Limited)	112,950,000[5]	29.49%	31 March 2016

[4] Ordinary Shares

[5] C Shares

[6] Notifications before 2 October 2015 are calculated in reference to the voting rights prior to the Company's C Share Issue.

The Company has further been informed of the following notifiable interests in the Company's voting rights under DTR 5 as at 27 April 2016. These notifications relate to interests in the voting rights after the conversion of the C Shares to Ordinary Shares on 4 March 2016:

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE OF VOTING RIGHTS	DATE NOTIFIED
Woodford Investment Management LLP	65,947,500	17.2%	7 March 2016

Articles of Association

Any amendments to the Articles of Association must be made by special resolution.

The Annual General Meeting

The Annual General Meeting will be held on 2 June 2016 and explanations of the business proposed at the Annual General Meeting will be contained in the Notice of the Annual General Meeting.

AUDITORS AND ACCOUNTS

Independent Auditors

The auditors to the Company, PricewaterhouseCoopers LLP ("PwC" or the "Auditors"), were appointed in February 2015. They have indicated their willingness to continue in office as Auditors of the Company.

The Audit and Valuation Committee has the responsibility for making a recommendation to the Board on the reappointment of the external auditors. After careful consideration and a review of their effectiveness as external auditors, the Audit and Valuation Committee has recommended that PwC be reappointed as the Company's Auditors. As a result, resolutions for their appointment and for the Audit and Valuation Committee determine their remuneration will be proposed at the forthcoming Annual General Meeting. For more information refer to the Audit and Valuation Committee Report on pages 28 to 30.

Audit Information

The Directors who held office at the date of the Annual Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information. This confirmation is given in accordance with the provisions of Section 418 of the Companies Act 2006.

Financial Risk Management

The principal financial risks and the Group's policies for managing these risks are set out on pages 11 to 14.

Subsequent Events

The important subsequent events are included on page 4.

Responsibility for Accounts and Going Concern Statement

As discussed in Note 6 to the financial statements, the Directors have reviewed the financial projections of the Company from the date of this report, which shows that the Company will be able to generate sufficient cash flows in order to meet its liabilities as they fall due. Accordingly, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements. The Group also has detailed policies and processes for managing these risks on pages 11 to 14.

Viability Statement

In accordance with provision C2.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014, and as part of an ongoing programme of risk assessment, the Directors have assessed the prospects of the Company, to the extent that they are able, over a three-year period. As the Company is a long-term investor, the Directors have chosen a three-year period as this is viewed as sufficiently long term to provide shareholders with a meaningful view, without extending the period so far into the future as to undermine the exercise. This period is also deemed appropriate since the Company's Articles of Association (the "Articles") require an ordinary resolution for continuation of the Company to be proposed at the Company's Annual General Meeting in 2020.

The Directors confirm that they have a reasonable expectation that the Company will continue to operate and meet its liabilities as they fall due for the next three years. In making this assessment, the Directors have taken into consideration each of the principal risks and uncertainties on pages 11 to 14, their mitigants and the impact these might have on the business model, future performance, solvency and liquidity. In addition, the Directors considered the Company's current financial position and prospects, the composition of the investment portfolio (including the significant holdings of liquidity and realisable securities), the level of outstanding capital commitments, the term structure and availability of borrowings and the ongoing costs of the business. As part of the approach, due consideration has been given to the uncertainty inherent in financial forecasts and, where applicable, reasonable sensitivities have been applied to the investment portfolio in stress situations.

The main risk to the Company's continuation is shareholder dissatisfaction through failure to meet the Company's investment objective, through poor investment performance or through the investment policy not being appropriate in prevailing market conditions. The Board has given these particular consideration when assessing the longer term viability of the Company.

Performance and demand for the Company's shares are not things that can be forecast, but there are no current indications that either or both of these may falter materially over the next three years so as to affect the Company's viability.

Based on the foregoing analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

ADDITIONAL DISCLOSURES

Political Donations

The Company made no political donations during the period to organisations either within or outside of the EU.

Greenhouse Gas Emissions

The Company has no employees or property and it does not combust any fuel or operate any facility. It does not, therefore, have any greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying investment portfolio.

This Report was approved by the Board of Directors on 27 April 2016 and signed on its behalf by

Capita Company Secretarial Services Limited
Company Secretary

27 April 2016

GOVERNANCE continued

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement forms part of the Directors' Report and includes the Audit and Valuation Committee Report and Directors' Remuneration Report by reference.

STATEMENT OF COMPLIANCE

The Board has considered the principles and already defined recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. Copies of the AIC Code and the AIC Guide can be found at www.theaic.co.uk.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below:

- the separation of the roles of the Chief Executive and Chairman as all the Directors are Non-Executive;
- the need for an internal audit function as the Investment Manager, overseen by the Board, is responsible for monitoring all accounting or control operations, whether outsourced or otherwise;
- due to the early stages of the Company, the Board consider that a policy on tenure is not currently required, but will review this position in 2016;
- due to the structure of the Board it is considered unnecessary to identify a senior independent Director;
- the Company does not provide a complete portfolio listing, although relevant information is disclosed on page 3. The Board has determined that to provide a complete listing would not be in the interests of the Company;
- the Chairman of the Company is a member of the Audit and Valuation Committee, but does not chair it. His membership of the Committee is considered appropriate due to the Board's small size, the lack of perceived conflict and because the other Directors believe he continues to be independent;
- the Board considers that, as it is comprised of wholly Non-Executive Directors, it is not necessary to establish a separate Remuneration Committee;
- the Company did not engage an external search agency to identify candidates for appointment to the Board; and
- on 8 September 2015, the Company issued shareholders with a notice of general meeting to be held on 24 September 2015 and as such provided the required 14 days' notice under the Act and the Company's Articles, but not the 14 working days' notice recommended under the AIC Code. This was, however, in order to proceed with raising additional capital through the issue of C Shares at the earliest opportunity.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally-managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations.

The tables set out on pages 20 to 25 below provide an explanation of the Company's compliance with the AIC Code during the year.

AIC CODE	PRINCIPLE	EVIDENCE OF COMPLIANCE AND/OR EXPLANATION OF DEPARTURE FROM THE CODE
1	The Chairman should be independent.	The Chairman, Andrew Adcock was independent on appointment and the Company's independent Directors (excl. the Chairman) have discussed his performance and continuing independence and determined he remains independent. The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and is responsible for ensuring that all Directors receive accurate, timely and clear information.
2	A majority of the Board should be independent of the manager.	The Board consists of four Non-Executive Directors and, having considered the independence of each Director as part of its annual evaluation (see Principle 7 disclosure), the Board has determined each Director is independent in character and judgement and that there are no relationships or circumstances which are likely to affect their judgement or impair their independence.

AIC CODE	PRINCIPLE	EVIDENCE OF COMPLIANCE AND/OR EXPLANATION OF DEPARTURE FROM THE CODE
3	Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	All Directors' appointments are subject to election by the shareholders at the first AGM after their appointment and to re-election at least every third AGM thereafter. All Directors will, therefore, retire and stand for election at the Company's first AGM in 2016. In view of the long-term nature of the Company's investments, the Board believes that a stable Board composition is fundamental to the proper running of the Company. During the year, the Board, following a recommendation from the Nominations Committee, agreed that each Director individually continued to be effective and demonstrate commitment to their role and approved the nomination for election of each Director. The Board therefore believes that it is in the best interest of shareholders that each of the Directors is elected.
4	The Board should have a policy on tenure, which is disclosed in the annual report.	Each Director has a signed letter of appointment which formalises the terms of their engagement as a Director of the Company. These letters detail an initial three-year appointment, but each Director may be invited by the Board to serve for an additional period, if both the individual Director and the Board believes this is in the interest of the Company, having taken into account the independence of the Director. The Nominations Committee considers the structure of the Board and during the year considered the need for the Company to have a policy on tenure. Following the Nominations Committee's recommendation, the Board considers that a policy on tenure is not currently required due to the early stage of the Company, but will review this position in 2016.
5	There should be full disclosure of information about the Board.	The Board is profiled on page 15. Their biographies demonstrate the wide range of skills and experience that they bring to the Board. Details of the Board's Committees and their composition are set out on page 26 of this Report. The Audit and Valuation Committee membership comprises all of the Directors, all of whom are considered independent. The Chairman of the Company is a member of the Audit and Valuation Committee, but does not chair it. The other Directors consider that it is appropriate for the Chairman to be a member of, but not chair, the Audit and Valuation Committee due to the Board's small size, lack of perceived conflict and because the other Directors believe he continues to be independent. The Audit and Valuation Committee Report is set out on pages 28 to 30. The Board considers that, as it is comprised of wholly non-executive Directors, it is not necessary to establish a separate Remuneration Committee. Whilst the whole Board considers Directors' remuneration, the Chairman will absent himself from the discussion on his remuneration. The Directors' Report on Remuneration is on pages 31 to 34. The Board meets at least four times a year and more often if required. Directors' attendance at Board and Committee meetings held since the Company was admitted to the Official List to 31 December 2015 is set out on page 25.
6	The Board should aim to have a balance of skills, experience, length of service and knowledge of the Company.	The profiles of each of the Directors are set out on page 15 and highlight their range of skills, experience, length of service and knowledge. The Nominations Committee, in its review of Board composition, has agreed that while the benefits of diversity, including gender, will be taken into account in Board appointments, the overriding priority should be appointment on merit, therefore, no measurable targets in relation to Board diversity will currently be set.

GOVERNANCE continued

AIC CODE	PRINCIPLE	EVIDENCE OF COMPLIANCE AND/OR EXPLANATION OF DEPARTURE FROM THE CODE
7	The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.	Due to the early stages of the Company since listing, the Board considers it appropriate to wait to hold its first formal evaluation until 2016. However, during the period, the Chairman met individually with each of the Directors to discuss the effectiveness of the Board to-date. The result of these meetings was to confirm the Board was working well and carrying out its role more than satisfactorily. Additionally, led by Ms Passey, the other Non-Executive Directors met without the Chairman present to conduct a verbal review of the Board and the Chairman's effectiveness. They agreed that they considered the Board to be carrying out its duties in an appropriate manner, and Mr Adcock to be an effective and knowledgeable Chairman. It was agreed that he facilitated an appropriate governance structure and led the Board's engagement with the Investment Manager in a manner appropriate for such an organisation.
8	Director remuneration should reflect their duties, responsibilities and the value of their time spent.	Details of the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Report on page 31. The Company will be proposing a resolution for its Directors' Remuneration Policy at its AGM in 2016, being the first AGM since its incorporation. In future years, the Board will review periodically the level of the fees paid to Directors, in accordance with the Remuneration Policy. Since Directors' fees were only set upon their appointment in February 2015, no full fee review has been undertaken. As all of the Directors are Non-Executive, the Board considers that it is acceptable for the Chairman of the Company to chair meetings when discussing Directors' fees. The Chairman's remuneration is determined by the Board in his absence. All Directors own shares in the Company. These interests are set out on pages 33 and 34. The Company has arranged for the appropriate provision of Directors' and Officers' Liability insurance.
9	The independent Directors should take the lead in the appointment of new Directors and the process should be disclosed in the annual report.	The Nominations Committee, which is comprised entirely of independent Directors, is responsible for overseeing the recruitment of new Directors. The Nominations Committee meets at least once a year, or more often if required, and is chaired by Andrew Adcock, except when considering matters relating to appointment of a successor to the chairmanship. The Nominations Committee is responsible for considering the structure, size and composition of the Board. The Committee considers recommendations to shareholders concerning the re-election of the Directors and is also responsible for considering succession planning.
10	Directors should be offered relevant training and induction.	Upon appointment, each Director received information on the Company's regulatory and statutory requirements including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees and the Company's corporate governance practices and procedures; they also receive updates on these as they arise. In addition, the Investment Manager provided presentations and information on the investment portfolio. Any new Director will receive an induction pack covering the above. The Directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties. The Annual Board Evaluation will also be used to review and identify any training and development needs.

AIC CODE	PRINCIPLE	EVIDENCE OF COMPLIANCE AND/OR EXPLANATION OF DEPARTURE FROM THE CODE
11	The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	The Chairman and the other members of the Board were selected at the earliest practicable point in the process of the launch of the Company as documented on page 15. The new Board assumed its responsibilities and were involved in the process which included the release of the IPO Prospectus on 26 February 2015, which included the initial due-diligence performed over the Company.
12	Boards and managers should operate in a supportive, co-operative and open environment.	The Board meets regularly throughout the year and a representative of the Investment Manager is in attendance, when appropriate, at each meeting and most Committee meetings. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants. Interaction between the Board and the Investment Manager is not restricted to these meetings. Between meetings the Investment Manager continuously updates the Board on developments and responds to queries and requests from Directors as they arise. Informal meetings take place regularly between the Directors and the Investment Manager and senior members of the Investment Manager's team.
13	The primary focus at regular Board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.	The Board, at its regular meetings, undertakes reviews of key investment and financial data, portfolio analyses including updates on key risks and monitoring, transactions and performance comparisons, share price and net asset value performance, peer group information and industry issues. The Audit and Valuation Committee and Management Engagement Committee of the Board respectively review the Company's risk matrix and the performance and cost of the Company's third party service providers. The Board has agreed arrangements under which the Directors, in the furtherance of their duties, may take independent professional advice at the Company's expense. In 2016, the Board intends to develop further its marketing and shareholder communication strategies to reflect the Company's development. The Board continues to monitor the share price performance and will consider the introduction of share buybacks, as appropriate.
14	Boards should give sufficient attention to overall strategy.	Since the Company was only launched in February 2015, the Board has not held a separate annual strategy session, however will consider doing so in future years as the Company matures.
15	The Board should regularly review both the performance of, and contractual arrangements with, the manager (or executives of a self-managed fund).	The Management Engagement Committee is principally responsible for reasonably satisfying itself that the investment management agreement ("IMA") is fair and its terms remain appropriate relevant competitive and sensible. It also reviews the systems put in place by the Investment Manager, including those relating to compliance. It annually reviews the performance and fees of the Investment Manager in order to make a recommendation to the Board regarding its appointment. In addition, it reviews and considers the appointment and remuneration of providers of services to the Company. During the period, the Management Engagement Committee met once to consider the performance of the service providers and Investment Manager. Following the recommendation from the Management Engagement Committee, the Board agreed that the continuing appointment of the Investment Manager on the current terms (as summarised on page 27) was in the interest of the shareholders as a whole. This is primarily driven by the Investment Manager's extensive experience and impressive track record in the specialty lending sector.

GOVERNANCE continued

AIC CODE	PRINCIPLE	EVIDENCE OF COMPLIANCE AND/OR EXPLANATION OF DEPARTURE FROM THE CODE
16	The Board should agree policies with the manager covering key operational issues.	Under the terms of a management agreement, the Board has delegated the management of the investment portfolio to the Investment Manager. The IMA sets out the matters over which the Investment Manager has authority and the limits above which Board approval must be sought. The Company's investment policy, including restrictions, is outlined on pages 77 and 78. The Board has considered the need for a policy to be established in relation to the Investment Manager's stewardship and voting policies and has determined that the Company does not currently have any holdings in listed or unlisted securities in its portfolio which would warrant such a policy. The Board undertakes periodic review of the arrangements with and the services provided by independent third parties, to ensure that the safeguarding of the Company's assets and the shareholders' investment in the Company is being maintained. The Audit and Valuation Committee and Management Engagement Committees of the Board respectively review the Company's risk matrix and the performance and cost of the Company's third party service providers.
17	Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.	The Board considers the discount or premium to NAV of the Company's share price at each Board meeting and reviews the changes in the level of discount or premium and in the share price since the previous Board meeting. They also receive reports on peer group companies in their Board meetings. As discussed in Principle 13, the Board continues to monitor the share price performance and will consider the introduction of share buybacks, as appropriate.
18	The Board should monitor and evaluate other service providers.	The Management Engagement Committee reviews, at least annually, the performance of all of the Company's third party service providers, including the level and structure of fees payable and the length of the notice period, to ensure that they remain competitive and in the best interests of shareholders. The Audit and Valuation Committee reviews and approves in advance the non-audit services by the Auditors, taking into account the recommendations of the Accounting Practices Board, and does not believe there was any impediment to the Auditors' objectivity and independence from doing this work during the period.
19	The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views for communicating the Board's view to shareholders.	The Investment Manager holds regular discussions with major shareholders, the feedback from which is provided to and greatly valued by the Board. The Directors are available to enter into dialogue and correspondence with shareholders regarding the progress and performance of the Company. The section of this report, entitled "Shareholder Information" which can be found on page pages 77 to 82, is intended to provide information which would be useful to shareholders. A detailed analysis of the substantial shareholders of the Company is provided to the Directors regularly and reports on investor sentiment and industry issues from the Company's brokers are provided regularly to the Board. The Company encourages two-way communication with all its investors and intends to respond quickly to queries raised. The Directors are available to meet shareholders and shareholders wishing to communicate with the Chairman, or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary at the Registered Office. All shareholders are encouraged to attend the AGM, where they are given the opportunity to question the Chairman, the Board and representatives of the Investment Manager. The Directors welcome the views of all shareholders and place considerable importance on communications with them.

AIC CODE	PRINCIPLE	EVIDENCE OF COMPLIANCE AND/OR EXPLANATION OF DEPARTURE FROM THE CODE
		Notice of the Company's general meeting in September 2015 was sent to shareholders 14 days in advance in accordance with the provisions of the Act and the Company's Articles. Going forward, the Company will provide shareholders with the 14 working days' notice of a general meeting as recommended by the AIC Code and has made arrangements for its AGM Notice to be sent to shareholders with the 20 working days' notice as recommended by the AIC Code. The notice of the AGM sets out the business of the meeting and any item not of an entirely routine nature is explained. Separate resolutions are proposed in respect of each substantive issue.
20	The Board should normally take responsibility for, and have direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.	All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from the Investment Manager, the Auditors, legal advisers, brokers and Company Secretary.
21	The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.	The Board aims to provide shareholders with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative Annual and Half Year reports. This is supplemented by the monthly publication, through the London Stock Exchange, of the net asset value of the Company's shares and the publication by the Investment Manager of a monthly factsheet. The Annual Report provides information on the Investment Manager's investment performance, portfolio risk and operational and compliance issues. Further details on the risk/reward balance are set out in the Strategic Report under Principal Risks on pages 11 to 14, and in Note 6 to the financial statements. The Company does not provide a complete portfolio listing, although relevant information is disclosed on page 2. The Board has determined that to provide a complete listing would not be in the interest of the Company. The Company's website is regularly updated with monthly factsheets and provides useful information about the Company including the Company's Financial Reports and Announcements.

OPERATION OF THE BOARD

The Board intends to meet at least four times a year and more often if required. Directors' attendance at Board and Committee meetings held since the Company was admitted to the Official List to 31 December 2015 is set out in the below table:

DIRECTOR	BOARD[7]	AUDIT AND VALUATION COMMITTEE[7]	MANAGEMENT ENGAGEMENT COMMITTEE[7]	NOMINATIONS COMMITTEE[7]
Andrew Adcock	8(8)	5(5)	1(1)	1(1)
Clive Peggram	7(8)[8]	4(5)[8]	1(1)	1(1)
Elizabeth Passey	8(8)	5(5)	1(1)	1(1)
Kevin Ingram	8(8)	5(5)	1(1)	1(1)

[7] The number in brackets denotes the number of meetings each Director was entitled to attend. In addition during the course of the year the Board has delegated to a number of sub-committees specific remits for consideration and recommendation but the final responsibility in these areas remains with the Board.

[8] Absence from meeting was the result of short notice scheduling changes. In all cases of absences, the Director was fully briefed and participated in earlier pre-Board discussions.

The Board has determined a schedule of matters reserved for Board decision. Where certain matters have been delegated to Board committees and those matters require a Board decision, the recommendations of the relevant committee will be considered.

GOVERNANCE continued

BOARD COMMITTEES

The Board has delegated certain responsibilities to its Audit and Valuation, Nominations, and Management Engagement Committees. All independent Directors are members of each of the Committees, as this was deemed appropriate given the size and nature of the Board. Each of the Committees has formal terms of reference established by the Board, which are available on the Company's website.

Unless invited to attend by the Committee's Chairman or members only members of the Committees are entitled to be present at Committee meetings, An outline of the remit of each of the Committees and their activities during the period are set out below.

Audit and Valuation Committee

The Company's Audit and Valuation Committee meets at least two times during the year and is chaired by Kevin Ingram.

The main responsibilities of the Audit and Valuation Committee are set out below. The Company's Audit and Valuation Committee Report is on pages 28 to 30.

The Audit and Valuation Committee is responsible for monitoring the integrity of the financial statements of the Company and any other formal announcements in relation to its financial performance. On an annual basis, it reviews the adequacy and effectiveness of the Company's financial reporting and internal control policies. The Committee reviews the scope, results, cost effectiveness, independence and objectivity of the external auditor and makes recommendations to the Board in relation to the appointment, re-appointment and removal of the Company's Auditors.

Management Engagement Committee

The Management Engagement Committee is chaired by Clive Peggram and meets at least once a year, or more often if required.

The Management Engagement Committee is principally responsible for reasonably satisfying itself that the IMA is fair and its terms remain appropriate, relevant, competitive and sensible. It also reviews the systems put in place by the Investment Manager, including those relating to compliance. It annually reviews the performance and fees of the Investment Manager in order to make a recommendation to the Board regarding its appointment. In addition, it reviews and considers the appointment and remuneration of providers of services to the Company.

During the period, the Management Engagement Committee met once to consider the performance of the service providers and Investment Manager. Following the recommendation from the Management Engagement Committee, the Board agreed that the continuing appointment of the Investment Manager on the current terms (as summarised on page 27) was in the interest of the shareholders as a whole. This is primarily driven by the Investment Manager's extensive experience and impressive track record in the specialty lending sector.

Nominations Committee

The Nominations Committee meets at least once a year, or more often if required, and is chaired by Andrew Adcock, except when considering matters relating to the appointment of a successor to the chairmanship. The Nominations Committee is responsible for considering the structure, size and composition of the Board. The Nominations Committee considers recommendations to shareholders concerning the (re)election of the Directors and is also responsible for considering succession planning.

During the period, the Nominations Committee met once and reviewed the composition of the Board and its committees, which it deemed appropriate given the current nature of the Company, and the submission of Directors for election at the Company's 2016 AGM. It also considered the Board evaluation process and approach to policy on tenure, as disclosed elsewhere in this report. The Nominations Committee also considered the benefits of diversity in relation to Board composition. It was agreed that, while the benefits of diversity, including gender, would be taken into account in Board appointments, the overriding priority should be appointment on merit, therefore, no measurable targets in relation to Board diversity would currently be set.

BOARD RESPONSIBILITIES AND RELATIONSHIP WITH INVESTMENT MANAGER

The Board has overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of all suppliers of services to the Company including the Investment Manager. It is also responsible for the determination of the Company's investment policy and strategy and the Company's system of internal and financial controls, including ensuring that commercial risks and financing needs are properly considered and that the obligations of a public limited company are adhered to.

To assist the Board in the day-to-day operations of the Company, arrangements have been put in place to delegate authority for the performance of day-to-day operations of the Company to the Investment Manager and other third-party service providers. The Board has appointed the Investment Manager to manage the Company's investment portfolio within guidelines set by the Board. The Investment Manager has been actively involved in the specialty lending marketplace and has made more than $4.1 billion of investments and commitments across a number of financial technology platforms, multiple geographies (US, UK, Australia and Europe), products (consumer and business) and structures (whole loans and senior credit facilities).

The Investment Manager is in frequent contact with the Board and supplies the Directors with regular updates on the Company's activities and detailed reports at each Board meeting.

Summary of Investment Management Agreement

Under the IMA dated 26 February 2015 between the Company and the Investment Manager, the Investment Manager is appointed to act as investment manager and AIFM of the Company with responsibility for portfolio management and risk management of the Company's investments.

Under the terms of the IMA, 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. Further documentation of the fees are included in Note 10 of the financial statements on page 69.

The IMA shall continue in force until and unless terminated by any party giving to the other not less than six months' notice in writing to terminate the same, such notice not to expire prior to the date falling 18 months from Admission. The Management Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency or material breach of agreement.

If the IMA is terminated (other than for cause) prior to the date falling on the third anniversary from Admission, the Investment Manager shall be entitled to receive from the Company a one-off payment representing an amount equal to 3% of the Company's Net Asset Value as of the last Business Day of the calendar month immediately prior to the calendar month in which such termination occurs and such payment shall be payable in cash to the Investment Manager within 30 calendar days of the date of such termination.

The Company has given an indemnity in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying on its responsibilities under the IMA.

This statement was approved by the Board of Directors on 27 April 2016 and signed on its behalf by:

Capita Company Secretarial Services Limited
Company Secretary

27 April 2016

GOVERNANCE continued

AUDIT AND VALUATION COMMITTEE REPORT

MEMBERSHIP OF THE COMMITTEE

The Audit and Valuation Committee meets at least two times a year and met five times during the period. All of the independent Directors are members of the Audit and Valuation Committee. The Chairman of the Committee, Kevin Ingram, is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales. Representatives of the Auditors also attend and present at meetings of the Committee. The other Directors consider that it is appropriate for Andrew Adcock (as Chairman of the Board) to be a member of, but not chair, the Audit and Valuations Committee, due to the Board's small size, the lack of perceived conflict of interest, and because the other Directors believe that Andrew Adcock continues to be independent.

THE ROLE OF THE AUDIT AND VALUATION COMMITTEE

The responsibilities of a company's Audit and Valuation Committee are set out in the AIC Code, Disclosure and Transparency Rule 7.1 and the Committee's terms of reference. These include that it shall:

- monitor the integrity of the financial statements of the Company and any other formal announcements relating to its financial performance
- review and challenge, where necessary, the Company's financial statements
- review annually the adequacy and effectiveness of the Company's financial reporting and internal control policies and procedures, including related reporting
- review the Investment Manager's whistleblowing procedures, adequacy and effectiveness of the compliance function and its financial viability, when required
- review the adequacy and security of the Company's arrangements for its contractors to raise concerns, the Company's service providers' procedures for detecting fraud, the Company's systems and controls for the prevention of bribery and receive reports on non-compliance
- review all reports on the Company from the Investment Manager's operational control function and consider annually whether there is a need for an internal audit function
- oversee the relationship with the external auditor, including considering and making recommendations to the Board in relation to their appointment, reappointment and removal, including in relation to any tender for the audit service including approval of audit fees and non-audit services and fees
- recommend valuations of the Company's investments to the Board and monitor the integrity of the recommended valuations made by the Investment Manager
- review the content of the annual report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy
- report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities

MATTERS CONSIDERED IN THE YEAR

The principal matters considered by the Committee were as follows:

- the internal controls and risk management of the Company and Investment Manager;
- the Auditors' fees;
- the timetable for the approval, announcement and distribution of dividends;
- the valuation of loans and equity, including valuation policy;
- the plan for the audit of the Company's initial, half and full-year accounts;
- the Company's initial accounts, half-year accounts, interim financial statements and Annual Financial Statements;
- its terms of reference; and
- key risks in relation to the Company's financial statements (see page 30 for more details).

INTERNAL AUDIT

The Board has considered the need for an internal audit function and it has decided that the systems and procedures employed by the Investment Manager and the other third party providers in relation to the Company give sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary. The requirement, however, will be re-visited on an annual basis in accordance with the Committee's terms of reference.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit and Valuation Committee is responsible for satisfying itself that the accounting and internal control systems of the Company, the Investment Manager and other service providers are appropriate and adequate. The Audit and Valuation Committee has received reports from the Investment Manager for the purpose of reviewing the control mechanisms in place and the Audit and Valuation Committee is satisfied that the relevant legal and regulatory requirements have been met. The Audit and Valuation Committee is also responsible for ensuring that compliance is under proper review and is provided with an update and reports from the Investment Manager at regular Board meetings.

Risk is inherent in the Company's activities and accordingly, the Company has established a risk map consisting of the key risks and controls in place to mitigate those risks. The risk map provides a basis for the Audit and Valuation Committee and the Board to monitor the effective operation of the controls and to update the matrix when new risks are identified.

The Investment Manager is responsible for operating the Company's internal system of control and for initially reviewing its effectiveness. Such systems are however designed to minimise risk rather than entirely eliminate risk; they can provide only reasonable and not absolute assurance against material misstatement of loss. The Management Engagement Committee carries out reviews at least annually of the performance of the Investment Manager as well as the other service providers appointed by the Company.

The following are the key components which the Company has in place to provide effective internal control:

- The Board has agreed clearly defined investment criteria and platform restrictions, which specify levels of authority and exposure limits. The Investment Manager regularly reports to the Audit and Valuation Committee on compliance with these criteria.
- The Board has a procedure to ensure that the Company can continue to be approved as an investment company by complying with sections 1158/1159 of the Corporation Tax Act 2010.
- The Investment Manager and Administrator prepare forecasts and management accounts, covering investment activities and financial matters, which allow the Audit and Valuation Committee to assess the Company's activities and review its performance.
- Contractual arrangements with the Investment Manager and other third party service providers are in place which specifically define their roles and responsibilities to the Company.
- The services and controls of the Investment Manager and other third party service providers are subject to review by the Management Engagement Committee on an ongoing basis. Regular reports are provided to the Board by the Administrator and the Depositary.

The Investment Manager's operations and compliance departments continually review the Investment Manager's operations and report to the Audit and Valuation Committee. The Investment Manager works with the Audit and Valuation Committee to comply in all material respects with rules and requirements of governmental authorities (as modified or re-enacted from time to time) applicable to it, and obtain appropriate advice with a view to assisting the Company in its compliance with the laws, rules and regulations (including, without limit, those relating to environmental matters) prevailing in each jurisdiction in which the Company may invest.

The Audit and Valuation Committee recognises that these control systems can only be designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Discussion of the Company's principal risks is on pages 11 to 14.

EXTERNAL AUDIT

The Company's Auditors were appointed in 2015. The Committee monitors the Company's relationship with the Auditors and has discussed and considered their independence and objectivity. The Auditors also provides confirmation that they are independent within the meaning of all regulatory and professional requirements and that objectivity of the audit is not impaired. The Committee is, therefore, satisfied that PwC was independent, especially considering the term of appointment to date, and will continue to monitor this position. Under the Financial Reporting Council's transitional arrangements, the Company is required to re-tender, at the latest, by 2025. The Committee intends to retender within this timeframe.

The Auditors are invited to attend Committee meetings and also meet with the Committee and its Chairman without the presence of the Investment Manager. After the external audit has been completed, the Committee obtains feedback on the conduct of the audit.

Following the completion of the audit, the Audit and Valuation Committee reviewed PwC's effectiveness by:

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

GOVERNANCE continued

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

AUDIT FEES AND NON-AUDIT SERVICES

The breakdown of fees between audit services and non-audit services for the period are provided in Note 10 of the financial statements.

The Audit and Valuation Committee reviews and approves in advance the provision of non-audit services by the Auditors, taking into account the recommendations of the Financial Reporting Council, and does not believe there was any impediment to the Auditors' objectivity and independence from doing this work during the period.

SIGNIFICANT ISSUES CONSIDERED BY THE AUDIT AND VALUATION COMMITTEE

After discussion with the Investment Manager and the Auditors, the Audit and Valuation Committee determined that the key risks in relation to the Company's financial statements were:

SIGNIFICANT AREA	HOW ADDRESSED
Valuation of investments reported at fair value through profit or loss.	Investments that are unlisted or not actively traded are valued using a variety of techniques to determine a fair value, as set out in the accounting policies note on page 55, and all such valuations are carefully reviewed by the Investment Manager's valuation committee as well as the Audit and Valuation Committee. Actively traded listed investments are valued using stock exchange prices provided by third party pricing vendors.
Valuation of loans reported at amortised cost less provisions for impairment.	The Investment Manager utilises a third party specialist to value the loans at amortised cost and monitors the performance and repayment of the loans to assess whether any impairment exists. The valuation approach has been reviewed by the Audit and Valuation Committee.
Income recognition	The Investment Manager recognises income as revenue return provided that the underlying assets of the investments comprise solely income generating loans, or investments in lending platforms which themselves generate net interest income. The Audit and Valuation Committee has reviewed income recognition with the Investment Manager and has inquired with the Auditors regarding the testing performed over income recognition and the conclusions reached.
Existence of loans	The Investment Manager receives servicer reports from the third party custodians utilised, monitors and reconciles repayment activity, as well as performs due diligence over the loans purchased. The Audit and Valuation Committee has reviewed the Marketplace Models with the Investment Manager. Further, the Audit and Valuation Committee has inquired with the Auditors regarding testing procedures performed over the existence of loans and the conclusions reached.

These issues were discussed with the Investment Manager and the Auditors at the time the Committee reviewed and agreed to the Audit plan for the year. After full consideration, the Committee was also content with the judgements made by the Investment Manager in respect of the key risks.

For and on behalf of the Audit and Valuation Committee

Kevin Ingram
Audit and Valuation Committee Chairman

27 April 2016

DIRECTORS' REMUNERATION REPORT

ANNUAL STATEMENT FROM THE CHAIRMAN

This Directors' Remuneration Report for the period ended 31 December 2015 has been prepared in accordance with Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and, alongside this Annual Statement, comprises two separate parts: the Annual Report on Remuneration and the Directors' Remuneration Policy.

The Annual Report on Remuneration sets out payments made to the Directors during the period. This report, including this Annual Statement, is subject to an advisory vote at the Company's AGM. The Directors' Remuneration Policy is forward-looking and is subject to a binding vote at the AGM. Any changes to the Directors' Remuneration Policy will require shareholder approval. Ordinary resolutions for the above-mentioned votes will be put to shareholders at the forthcoming AGM. Any views expressed by shareholders on the remuneration being paid to Directors will be taken into consideration by the Board.

During the period, the Directors reviewed the need for the Company to have a separate Remuneration Committee. Due to the nature and structure of the Company, it was agreed that the role and duties of a Remuneration Committee be fulfilled by the Board.

During the period, the Board also considered the Directors' Remuneration Policy and considered the appointment of an external remuneration consultant, agreeing that such an appointment was not required at this time. In addition, the Board considered and agreed a policy for the approval of Directors' expenses. Since the Directors fees were only set upon their appointment in February 2015, no full fee review has been undertaken during the year, but will be undertaken periodically in future years. The Directors of the Company are all Non-Executive and receive a fee per annum which is currently £50,000 for the Chairman and £30,000 for the other Directors. The Chairman is entitled to a higher fee to reflect the additional work required to carry out the role. The Chairman of the Audit and Valuation Committee receives an additional fee of £5,000 per annum for taking on this responsibility.

DIRECTORS' REMUNERATION POLICY

The components of the remuneration package for the Company's Non-Executive Directors, which comprise the Directors' Remuneration Policy, are set out below:

REMUNERATION TYPE	DESCRIPTION AND APPROACH TO DETERMINATION
Fixed Fees	Annual fees are set for each of the Directors, taking into account the wider industry and individual skills, time commitment and experience. These fees shall not exceed £500,000 per annum, divided between the Directors as they may determine. Directors do not participate in discussions relating to their own fee.
Additional fees	If any Director, being willing and having been called upon to do so, shall render or perform extra or special services of any kind, including services on any Committee of the Board, or shall travel or reside abroad for any business or purposes of the Company, he or she shall be entitled to receive such sum as the Board may think fit for expenses, and also such remuneration as the Board may think fit, either as a fixed sum or as a percentage of profits or otherwise, and such remuneration may, as the Board shall determine, be either in addition to or in substitution for any other remuneration he or she may be entitled to receive.
Expenses	The Directors shall be entitled to be paid all expenses properly incurred by them in attending General Meetings or separate meetings of the holders of any class of shares or meetings of the Board or Committees of the Board or otherwise in or with a view to the performance of their duties.
Other	Directors are not eligible for bonuses, share options or long-term incentives schemes or other performance-related benefits. There are no pension arrangements in place for the Directors of the Company.

Subject to approval at the forthcoming AGM, the Directors' Remuneration Policy will take effect immediately thereafter. In accordance with the regulations, an ordinary resolution to approve the Directors' Remuneration Policy will be put to shareholders at least once every three years.

The Directors hold their office in accordance with the Articles and their appointment letters. No Director has a service contract with the Company. On termination of their appointment, Directors should only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred to that date.

GOVERNANCE continued

Fees of any new Director appointed will be on the above basis and are likely to be in-line with the fees of existing Directors. Fees payable in respect of subsequent periods will be determined following an annual review. The Company has no employees other than its Directors who are all Non-Executive. When considering the level of fees, the Audit and Valuation Committee will evaluate the contribution and responsibilities of each Director and the time spent on the Company's affairs. Although the Company has not to date consulted Shareholders on Remuneration matters, it believes the remuneration of Directors to be appropriate given the nature of the Company and will review the Directors' fees against remuneration of other investment companies of similar size in future years. The current fees are also within the limits set out in the Company's Articles of Association, which prohibit the total aggregate annual fees payable to the Directors in respect of any financial period to exceed £500,000 per annum. Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board.

ANNUAL REPORT ON REMUNERATION

Service Contracts Obligations and Payment on Loss of Office

No Director has a service contract with the Company and as such is not entitled to compensation payments upon termination of their appointment or loss of office.

Total Remuneration Paid to Each Director (Audited)

DIRECTORS' REMUNERATION	FEES 2015 £	BENEFITS	TOTAL REMUNERATION 2015
Andrew Adcock	43,013	–	43,013
Clive Peggram	25,808	–	25,808
Elizabeth Passey	25,808	–	25,808
Kevin Ingram	30,109	–	30,109

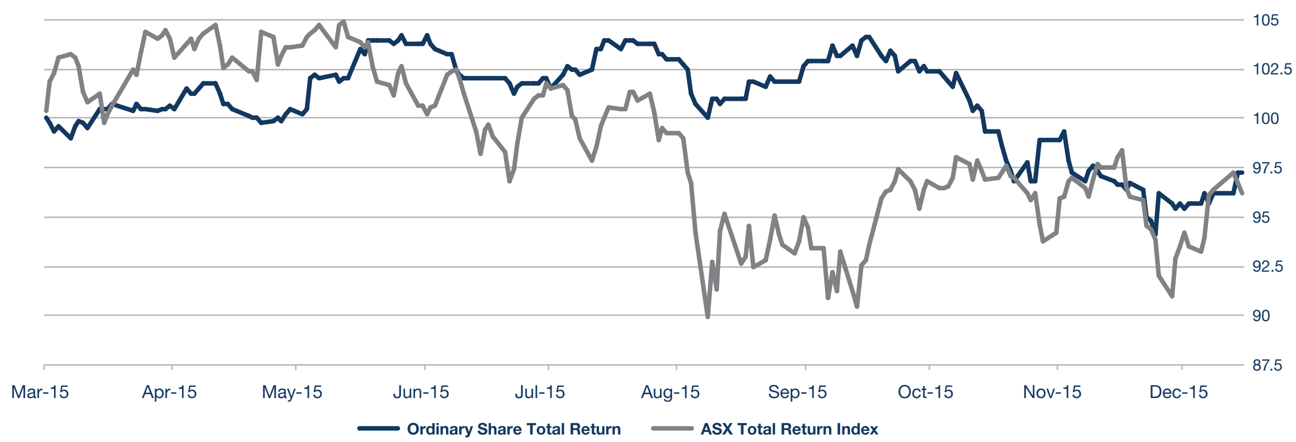
No Director is eligible for any pension entitlements.

Share Price Total Return

The graphs below compare the shareholder return on the Company's Shares as compared to that of the FTSE All-Share Total Return Index ("ASX Total Return Index") from the respective placing dates to 31 December 2015. The Board has adopted as this measure for the Company's performance as there is no widely used comparative benchmark for the underlying credit assets that the Company invests in.

This graph assumes that on the respective placing dates, £100 was invested in the Ordinary Shares, C Shares and the FTSE All-Share Total Return Index. The graphs also assume the reinvestment of all cash dividends received prior to any tax effect at the closing share price on the day the dividend was paid.

Ordinary Share Performance



Source: Bloomberg

C Share Performance

Source: Bloomberg

Relative Importance of Spend on Pay

The table below shows the proportion of the Company's income spent on pay.

	2015 £
Total Directors' Remuneration	124,738
Total Dividend Payment	11,538,100

The total dividend payment above includes the Q4 dividend that was declared and paid in Q1 2016. Refer to Note 14 on page 73 for further disclosures on the total dividend payments.

Remuneration Advisors

The Board has not sought the advice or service by any outside person in respect of its consideration of the Directors' remuneration.

Directors' Interests (Audited)

There is no requirement under the Company's Articles of Association or letters of appointment for Directors to hold shares in the Company.

The interests of the Directors in the shares of the Company at the end of the period under review were as follows:

DIRECTOR	NUMBER OF ORDINARY SHARES	NUMBER OF C SHARES
Andrew Adcock	50,000	–
Clive Peggram	50,000	25,000
Elizabeth Passey	10,000	–
Kevin Ingram	20,000	15,000

GOVERNANCE continued

On 4 March 2016, following the conversion of the C Shares, the new Ordinary Shares resulting from the conversion were issued and the resulting interests of the Directors in the Shares of the Company were as follows:

DIRECTOR	NUMBER OF ORDINARY SHARES
Andrew Adcock	50,000
Clive Peggram	74,948
Elizabeth Passey	10,000
Kevin Ingram	34,968

Implementation of Policy in the Next Year

The Company intends to implement the Directors' Remuneration Policy, subject to it receiving shareholder approval, in the next financial year in line with the approach taken to Directors' remuneration during the period under review. This may include review of fees against peer companies and in light of the time commitment and skills of the Directors.

This report was approved by the Board of Directors on 27 April 2016 and signed on its behalf by:

Andrew Adcock
Chairman

27 April 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Andrew Adcock
Chairman

27 April 2016

GOVERNANCE continued

REGULATORY DISCLOSURES

AIFMD DISCLOSURES

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), the Company is an Alternative Investment Fund ("AIF") and has appointed Victory Park Capital Advisors, LLC as its Alternative Investment Fund Manager (the "AIFM") to provide portfolio management and risk management services to the Company in accordance with the IMA.

The Company is categorised as an externally managed European Economic Area ("EEA") domiciled AIF for the purposes of the AIFMD. Since the Investment Manager is a non-EEA AIFM, the Investment Manager is only subject to the AIFMD to the extent that it markets an EEA AIF in the EEA. Accordingly, the Investment Manager is required to make only certain financial and non-financial disclosures.

REPORT ON REMUNERATION

AIFMs are obliged to publish certain information for investors and prospective investors and that information may be found either in this annual report or on the Company's website. Any information on remuneration not already disclosed in the remuneration report will be provided to investors on request.

RISK DISCLOSURES

The financial risk disclosures relating to risk framework, leverage and liquidity risk as required in accordance with the AIFMD are set out on pages 11 to 14 and in Note 6 of the financial statements.

PRE-INVESTMENT DISCLOSURES

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. The Company's prospectus, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the Company's website. There have been no material changes to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

INFORMATION TO BE DISCLOSED IN ACCORDANCE WITH LISTING RULE 9.8.4R

The following table provides cross-references to where the relevant required information by Listing Rule 9.8.4R for the Period is disclosed.

SECTION	LISTING RULE REQUIREMENT	LOCATION
9.8.4 (1)	A statement of the amount of interest capitalised during the period under review and details of any related tax relief.	Not applicable
9.8.4 (2)	Information required in relation to the publication of unaudited financial information.	Not applicable
9.8.4 (3)	This provision has been deleted.	
9.8.4 (4)	Details of any long-term incentive schemes.	Not applicable
9.8.4 (5), (6)	Details of any arrangements under which a director has waived emoluments, or agreed to waive any future emoluments, from the company.	Not applicable
9.8.4 (7)	Details of any non pre-emptive issues of equity for cash.	Not applicable
9.8.4 (8)	Details of any non pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking.	Not applicable
9.8.4 (9)	Details of parent participation in a placing by a listed subsidiary.	Not applicable
9.8.4 (10)	Details of any contract of significance in which a director is or was materially interested.	Not applicable
9.8.4 (11)	Details of any contract of significance between the company (or one of its subsidiaries) and a controlling shareholder.	Not applicable
9.8.4 (12), (13)	Details of waiver of dividends by a shareholder.	Not applicable
9.8.4 (14)	Board statement in respect of relationship agreement with the controlling shareholder.	Not applicable

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VPC SPECIALTY LENDING INVESTMENTS PLC

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion:

- VPC Specialty Lending Investments PLC's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's profit and the Group's and the Parent Company's cash flows for the 12 month period (the "period") then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Consolidated and Parent Company Statements of Financial Position as at 31 December 2015;
- the Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated and Parent Company Statements of Cash Flows for the period then ended;
- the Consolidated and Parent Company Statements of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

Our audit approach

Overview

- Overall Group materiality: £3.8 million which represents 1% of total equity attributable to equity shareholders of the Parent Company.

- The audit scope was determined by reference to the net assets of the Parent Company and of each subsidiary. The net assets of the Parent Company and eight subsidiaries were determined to be financially significant to the Group overall and these components were subject to audit of their complete financial information.

- Valuation of investments reported at fair value through profit or loss.
- Valuation of loans reported at amortised cost less provisions for impairment.
- Income recognition.
- Existence of loans.

INDEPENDENT AUDITORS' REPORT continued

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
Valuation of investments reported at fair value through profit or loss Investments reported at fair value through profit or loss comprised of investments in funds, investments in special purpose vehicles and other unquoted investments. The valuation of these investments requires estimates and significant judgements to be applied by the Directors such that changes to key inputs to the estimates, assumptions and/or the judgements made can result, either on an individual investment or in aggregate, in a material change to the valuation.	We understood and evaluated the valuation methodology applied, by reference to accounting standards and industry practice, and tested the techniques used, in determining the fair value of investments reported at fair value through profit or loss. Our testing included: ❖ obtaining and reading copies of audited financial statements of the investments made in funds; ❖ comparing the prices implied by the valuations of investments to those evidenced by recent transactions; and ❖ assessing the mathematical accuracy of assumptions in the underlying valuation models for investments in special purpose vehicles and other unquoted investments. These models applied a number of key inputs and assumptions, including interest rates and cash flows. We also read the valuation reports prepared by the Investment Manager and meeting minutes where the valuations of the investments were discussed and agreed with the Directors. This, together with the work outlined above and our knowledge of the underlying investments enabled us to assess the appropriateness of the methodology and key inputs used, and the valuations themselves. We found that the valuation of investments reported at fair value through profit or loss were consistent with the Group's accounting policies, IFRSs as adopted by the European Union, and that the assumptions used were appropriate based on the investee's actual and expected financial performance.
Valuation of loans reported at amortised cost less provisions for impairment Loans and receivables recorded at amortised cost represented a material balance in the financial statements and the impairment assessment requires estimates and significant judgements to be applied by the Directors such that changes to key inputs to the estimates and/or the judgements made can result, either on an individual loan or in aggregate, in a material change to the valuation.	We understood and evaluated the valuation methodology applied, by reference to accounting standards and industry practice, and tested the techniques used, in determining the amortised cost amount and recognition of any impairment loss. Our testing included: ❖ obtaining and reading reports on internal controls operated by the Group's Administrator relevant to the drawdown and repayments of loans; ❖ recalculation of loan interest amounts on a sample basis;

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
	❖ obtaining independent confirmation of loan balances from the peer to peer lending platforms through which the loans were originated; ❖ performing sample testing on the inputs to the underlying impairment model, including interest rates and loan maturity, agreeing these to supporting documentation and to cash received; ❖ assessing the underlying impairment model; and ❖ re-performing the calculation of the impairment provision. We critically assessed the potential for understatement of the impairment provision by applying industry data on emergence periods. We found that the recording of loans and receivables at amortised cost was consistent with the Group's accounting policies and that the assumptions used to calculate the impairment provision were appropriate. We found that the valuation of loans and receivables at amortised cost less provisions for impairment was supportable and within a reasonable range of outcomes.
Income recognition There is a risk of fraud in income recognition because of the pressure management may feel to achieve the targeted revenue yield in line with the objective of the Group. We focused on the recognition policy adopted by the Group, and on the accuracy and completeness of interest income from loans, and its presentation in the Statement of Comprehensive Income as set out in the requirements of The Association of Investment Companies Statement of Recommended Practice (the 'AIC SORP'). This is because incomplete or inaccurate income could have a material impact on the Company's net asset value and dividend cover. We also focused on gains/losses on investments held at fair value due to the subjective nature of the valuation of those investments. The gains/losses on investment assets designated as held at fair value through profit or loss comprised realised and unrealised gains/losses on the investment in funds, investments in special purpose vehicles and other unquoted investments.	We assessed the accounting policy for income recognition and determined that it was in compliance with IFRSs as adopted by the European Union and the AIC SORP. We tested that income had been recognised in accordance with the accounting policy and noted no exceptions. We understood and evaluated the design and implementation of controls surrounding income recognition. We performed sample testing on loan interest income, agreeing interest rates and maturities to supporting documentation, including loan agreements, and to cash received. We tested the allocation and presentation of income between the income and capital return columns of the Statement of Comprehensive Income in line with the requirements set out in the AIC SORP. For unrealised gains/losses, we obtained an understanding of, and then tested the valuation process as set out above to ascertain whether these gains/losses were appropriately determined. For realised gains/losses, we tested disposal proceeds by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. No misstatements were identified by our testing which required reporting to those charged with governance.

INDEPENDENT AUDITORS' REPORT continued

AREA OF FOCUS	HOW OUR AUDIT ADDRESSED THE AREA OF FOCUS
Existence of loans Loans and receivables recorded at amortised cost are comprised of a significant number of individual loan balances. There is a risk that net assets could be misstated should the loans not exist.	We obtained independent confirmation of loan balances from the peer to peer lending platforms through which the loans were originated and, where applicable, from other third parties involved in the loan administration process, including custodians. We obtained a sample of loan agreements and agreed the opening principal amount, interest rates and other information to the Group's accounting records. We recalculated loan interest amounts on a sample basis. No misstatements were identified by our testing which required reporting to those charged with governance.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises a Parent Company and its seventeen subsidiaries, all of which manage a portfolio of investments and/or loan assets. The subsidiaries consist of special purpose vehicles established for the purposes of making investments.

The Group financial statements are a consolidation of the results of the Parent Company and its subsidiaries. The Group's accounting is delegated by the Directors to the Administrator who maintains the Group's own accounting records, operates controls and reports to both the Investment Manager and the Directors.

We determined that the Parent Company and eight subsidiary entities required audits of their complete financial information for the purposes of our audit of the Group financial statements as the net assets and results of each of those entities were considered to be financially significant to the overall performance of the Group.

All of the subsidiaries were audited by the Group engagement team and therefore the involvement of component auditors was not required.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

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

Overall Group materiality	£3.8 million
How we determined it	1% of total equity attributable to equity shareholders of the Parent Company.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice for Investment Trust audits, in the absence of indicators that an alternative benchmark would be appropriate and because we believe this provides an appropriate basis for our audit.

We agreed with the Audit and Valuation Committee that we would report to them misstatements identified during our audit above £0.2 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 19, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group and Parent Company have adequate resources to remain in operation, and that the Directors intend them to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:	
❖ information in the Annual Report is: materially inconsistent with the information in the audited financial statements; or apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Parent Company acquired in the course of performing our audit; or otherwise misleading.	We have no exceptions to report.
❖ the statement given by the Directors on page 35, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's and Parent Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Parent Company acquired in the course of performing our audit.	We have no exceptions to report.
❖ the section of the Annual Report on pages 28 and 30, as required by provision C.3.8 of the Code, describing the work of the Audit and Valuation Committee does not appropriately address matters communicated by us to the Audit and Valuation Committee.	We have no exceptions to report.

INDEPENDENT AUDITORS' REPORT continued

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:	
❖ the Directors' confirmation on pages 11 to 14 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
❖ the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
❖ the Directors' explanation on page 19 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.
Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.	

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to ten further provisions of the Code. We have nothing to report having performed our review.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 35, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Richard McGuire *(Senior Statutory Auditor)*
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 April 2016

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 £
Non-current assets		
Loans (less impairment charge of £13,007,103)	3, 9	491,232,004
Investment assets designated as held at fair value through profit or loss	3	41,259,617
Total non-current assets		532,491,621
Current assets		
Cash and cash equivalents	7	95,901,742
Cash posted as collateral	7	8,480,000
Interest receivable		4,256,382
Dividend and distribution receivable		556,612
Other assets and prepaid expenses		1,606,467
Total current assets		110,801,203
Total assets		643,292,824
Non-current liabilities		
Notes payable	8	166,700,308
Total non-current liabilities		166,700,308
Current liabilities		
Management fee payable	10	836,541
Performance fee payable	10	1,301,904
Derivative financial liabilities	4	9,880,887
Other liabilities and accrued expenses	10	6,059,542
Total current liabilities		18,078,874
Total assets less total liabilities		458,513,642

See notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION continued

AS AT 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 £
Capital and reserves		
Called-up share capital	13	20,300,000
Share premium account		161,040,000
Other distributable reserve		194,000,000
Capital reserve		4,601,406
Revenue reserve		4,175,470
Currency translation reserve		203,004
Total equity attributable to equity shareholders of the Parent Company		384,319,880
Non-controlling interests	17	74,193,762
Total equity		458,513,642
Net Asset Value per Ordinary Share	12	100.90p
Net Asset Value per C Share	12	99.74p

Signed on behalf of the Board of Directors by:

Andrew Adcock
Chairman

27 April 2016

See notes to the consolidated financial statements

FINANCIAL STATEMENTS continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

	NOTES	REVENUE £	CAPITAL £	TOTAL £
Revenue				
Net gain/(loss) on investments	5	–	7,054,078	7,054,078
Foreign exchange gain/(loss)		–	(329,498)	(329,498)
Income	5	38,812,487	522,458	39,334,945
Total return		38,812,487	7,247,038	46,059,525
Expenses				
Management fee	10	2,129,317	29,072	2,158,389
Performance fee	10	1,301,904	–	1,301,904
Impairment charges	9	11,689,269	1,317,834	13,007,103
Other expenses	10	6,145,093	178,791	6,323,884
Total operating expenses		21,265,583	1,525,697	22,791,280
Financing costs		2,636,965	81,794	2,718,759
Total financing costs		2,636,965	81,794	2,718,759
Net return on ordinary activities before taxation		14,909,939	5,639,547	20,549,486
Taxation on ordinary activities	11	–	–	–
Net return on ordinary activities after taxation		14,909,939	5,639,547	20,549,486
Attributable to:				
Equity shareholders of the Parent Company		9,755,470	4,601,406	14,356,876
Non-controlling interests	17	5,154,469	1,038,141	6,192,610
Return per Ordinary Share (basic and diluted)		4.23p	1.46p	5.69p
Return per C Share (basic and diluted)		0.71p	1.03p	1.74p
Other comprehensive income that may subsequently be reclassified to profit or loss				
Currency translation differences		–	542,986	542,986
Total comprehensive income		14,909,939	6,182,533	21,092,472
Attributable to:				
Equity shareholders of the Parent Company		9,755,470	4,804,410	14,559,880
Non-controlling interests	17	5,154,469	1,378,123	6,532,592

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies ("AIC"). All items in the above Statement derive from continuing operations.

See notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

	CALLED UP SHARE CAPITAL £	SHARE PREMIUM £	OTHER DISTRIBUTABLE RESERVE £	CAPITAL RESERVE £	REVENUE RESERVE £	CURRENCY TRANSLATION RESERVE £	TOTAL SHARE-HOLDERS' EQUITY £	NON-CONTROLLING INTERESTS £	TOTAL EQUITY £
Opening balance at 12 January 2015	–	–	–	–	–	–	–	–	–
Amounts received on issue of management shares	50,000	–	–	–	–	–	50,000	–	50,000
Management shares redeemed	(50,000)	–	–	–	–	–	(50,000)	–	(50,000)
Amounts received on issue of Shares	20,300,000	362,700,000	–	–	–	–	383,000,000	–	383,000,000
Share issue costs	–	(7,660,000)		–	–	–	(7,660,000)	–	(7,660,000)
Cancellation of share premium account*	–	(194,000,000)	194,000,000	–	–	–	–	–	–
Contributions by non-controlling interests	–	–	–	–	–	–	–	120,023,050	120,023,050
Distributions to non-controlling interests	–	–	–	–	–	–	–	(52,361,880)	(52,361,880)
Return on ordinary activities after taxation	–	–	–	4,601,406	9,755,470	–	14,356,876	6,192,610	20,549,486
Dividends declared and paid	–	–	–	–	(5,580,000)	–	(5,580,000)	–	(5,580,000)
Other comprehensive income									
Currency translation differences	–	–	–	–	–	203,004	203,004	339,982	542,986
Closing balance at 31 December 2015	20,300,000	161,040,000	194,000,000	4,601,406	4,175,470	203,004	384,319,880	74,193,762	458,513,642

*The High Court of Justice Chancery Division approved the cancellation of the amount standing to the credit of the "Share Premium" account of the Company on 17 September 2015 of £194,000,000. As a result, this amount was transferred to the "Other Distributable Reserve" account.

See notes to the consolidated financial statements

FINANCIAL STATEMENTS continued

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 £
Cash flows from operating activities:		
Total comprehensive income		21,092,472
Adjustments for:		
– Interest income		(37,115,750)
– Dividend and distribution income		(2,081,139)
– Finance cost		2,718,759
– Exchange (gains)/losses on cash and cash equivalents		(1,176,545)
Total		(16,562,203)
Unrealised appreciation on investment assets designated as held at fair value through profit or loss		(7,054,078)
Unrealised appreciation on derivative financial liabilities		9,880,887
Increase in other assets and prepaid expenses		(1,606,467)
Increase in management fee payable		836,541
Increase in performance fee payable		1,301,904
Increase in accrued expenses and other liabilities		5,736,945
Impairment of loans		13,007,103
Net cash inflow/(outflow) from operating activities		5,540,632
Cash flows from investing activities:		
Interest received		38,395,937
Dividends and distributions received		1,524,527
Purchase of investment assets designated as held at fair value through profit or loss		(34,205,539)
Purchase of loans		(665,025,789)
Sale of loans		155,250,113
Cash posted as collateral		(8,480,000)
Contributions by non-controlling interests		120,023,050
Distributions to non-controlling interests		(52,361,880)
Increase in note payable		166,700,308
Net cash inflow/(outflow) from investing activities		(278,179,273)

See notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS continued

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 £
Cash flows from financing activities:		
Proceeds from subscription of shares		383,000,000
Dividends paid		(5,580,000)
Proceeds from issue of management shares		50,000
Share issue costs		(7,660,000)
Finance costs paid		(2,396,162)
Redemption of management shares		(50,000)
Net cash inflow/(outflow) from financing activities		367,363,838
Net change in cash and cash equivalents		94,725,197
Exchange gains/(losses) on cash and cash equivalents		1,176,545
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at 31 December 2015	7	95,901,742

See notes to the consolidated financial statements

FINANCIAL STATEMENTS continued

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 £
Non-current assets		
Investments in subsidiaries	16	302,215,283
Investment assets designated as held at fair value through profit or loss	3	31,596,504
Total non-current assets		333,811,787
Current assets		
Cash and cash equivalents	7	42,297,547
Cash pledged as collateral	7	8,480,000
Interest receivable		3,242,756
Other assets and prepaid expenses		1,305,801
Total current assets		55,326,104
Total assets		389,137,891
Current liabilities		
Derivative financial liabilities	4	9,880,887
Performance fee payable	10	1,301,904
Management fee payable	10	288,331
Other liabilities and accrued expenses		2,257,753
Total current liabilities		13,728,875
Total assets less total current liabilities		375,409,016
Equity attributable to Shareholders of the Company		
Called-up share capital	13	20,300,000
Share premium account		161,040,000
Other distributable reserve		194,000,000
Capital reserve		(4,106,454)
Revenue reserve		4,175,470
Total equity		375,409,016

Signed on behalf of the Board of Directors by:

Andrew Adcock
Chairman

27 April 2016

See notes to the consolidated financial statements

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

	CALLED-UP SHARE CAPITAL £	SHARE PREMIUM £	OTHER DISTRIBUTABLE RESERVE £	CAPITAL RESERVE £	REVENUE RESERVE £	TOTAL £
Opening balance at 12 January 2015	–	–	–	–	–	–
Amounts received on issue of management shares	50,000	–	–	–	–	50,000
Management shares redeemed	(50,000)	–	–		–	(50,000)
Amounts received on issue of Shares	20,300,000	362,700,000	–	–	–	383,000,000
Share issue costs	–	(7,660,000)	–	–	–	(7,660,000)
Cancellation of share premium account*	–	(194,000,000)	194,000,000	–	–	–
Return on ordinary activities after taxation	–	–	–	(4,106,454)	9,755,470	5,649,016
Dividends declared and paid	–	–	–	–	(5,580,000)	(5,580,000)
Closing balance at 31 December 2015	20,300,000	161,040,000	194,000,000	(4,106,454)	4,175,470	375,409,016

*The High Court of Justice Chancery Division approved the cancellation of the amount standing to the credit of the "Share Premium" account of the Company on 17 September 2015 of £194,000,000. As a result, this amount was transferred to the "Other Distributable Reserve" account.

See notes to the consolidated financial statements

FINANCIAL STATEMENTS continued

PARENT COMPANY STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

	NOTES	31 DECEMBER 2015 £
Cash flows from operating activities:		
Net return on ordinary activities after taxation		5,649,016
Adjustments for:		
– Interest income		(14,086,434)
– Exchange (gains)/losses on cash and cash equivalents		(633,559)
Total		(9,070,977)
Unrealised appreciation on investment assets designated as held at fair value through profit or loss		(4,904,765)
Unrealised appreciation on derivative financial liabilities		9,880,887
Increase in other assets and prepaid expenses		(1,305,801)
Increase in management fee payable		288,331
Increase in performance fee payable		1,301,904
Increase in accrued expenses and other liabilities		2,257,753
Net cash inflow/(outflow) from operating activities		7,518,309
Cash flows from investing activities:		
Interest received		10,843,678
Purchase of investment assets designated as held at fair value through profit or loss		(26,691,739)
Purchase of investments in subsidiaries		(371,117,102)
Sales of investments in subsidiaries		68,901,819
Cash posted as collateral		(8,480,000)
Net cash inflow/(outflow) from investing activities		(326,543,344)
Cash flows from financing activities:		
Proceeds from subscription of shares		383,000,000
Dividends paid		(5,580,000)
Proceeds from issue of management shares		50,000
Share issue costs		(7,660,000)
Redemption of management shares		(50,000)
Net cash inflow/(outflow) from financing activities		369,760,000
Net change in cash and cash equivalents		41,663,988
Exchange gains/(losses) on cash and cash equivalents		633,559
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at 31 December 2015	7	42,297,547

See notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

1. GENERAL INFORMATION

The investment objective of VPC Specialty Lending Investments PLC (the "Parent Company") with its subsidiaries (together "the Group") is to generate an attractive total return for shareholders consisting of distributable income and capital growth through investments in specialty lending opportunities. The Parent Company was incorporated in England and Wales on 12 January 2015 with registered number 9385218. The Parent Company commenced its operations on 17 March 2015 and intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Group's investment manager is Victory Park Capital Advisors, LLC (the "Investment Manager"), a US Securities and Exchange Commission registered investment adviser. The Investment Manager also acts as the Alternative Investment Fund Manager of the Group under the Alternative Investment Fund Managers Directive ("AIFMD"). The Parent Company is defined as an Alternative Investment Fund and is subject to the relevant articles of the AIFMD.

The Group will invest directly or indirectly into available opportunities, including by making investments in, or acquiring interests held by, third party funds (including those managed by the Investment Manager or its affiliates). Direct investments may include consumer loans, SME loans, advances against corporate trade receivables and/or purchases of corporate trade receivables ("Debt Instruments") originated by platforms which engage with and directly lend to borrowers ("Platforms"). Such Debt Instruments may be subordinated in nature, or may be second lien, mezzanine or unsecured loans. Indirect investments may include investments in Platforms (or in structures set up by Platforms) through the provision of credit facilities ("Credit Facilities"), equity or other instruments. Additionally, the Group's investments in Debt Instruments and Credit Facilities may be made through subsidiaries of the Company or through partnerships or other structures. The Group may also invest in other specialty lending related opportunities through any combination of debt facilities, equity or other instruments.

The Company's shares were admitted to the Official List of the UK Listing Authority with a premium listing on 17 March 2015. On the same day, trading of the shares commenced on the London Stock Exchange. As at 31 December 2015, the Company held equity in the form of 200,000,000 Ordinary Shares and 183,000,000 C shares.

Northern Trust Hedge Fund Services LLC (the "Administrator") has been appointed as the administrator of the Group. The Administrator is responsible for the Group's general administrative functions, such as the calculation and publication of the Net Asset Value ("NAV") and maintenance of the Group's accounting records.

For any terms not herein defined, refer to Part X of the IPO Prospectus. The Parent Company's IPO Prospectus dated 26 February 2015, available on the Parent Company's website, http://vpcspecialtylending.com.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies followed by the Group are set out below:

Basis of preparation

The consolidated financial statements present the financial performance of the Group for the period from 12 January 2015 (date of incorporation) to 31 December 2015. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). They comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Reporting Committee, interpretations approved by the International Accounting Standard Committee that remain in effect, to the extent they have been adopted by the European Union. The financial statements are also in compliance with relevant provisions of the Companies Act 2006 as applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the valuation of investments and derivative financial instruments at fair value. Having assessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements. The principal accounting policies adopted are set out below.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for investment trusts issued by the Association of Investment Companies ("AIC") in November 2014 is consistent with the requirements of IFRS, the Directors have sought to prepare the consolidated financial statements on a basis compliant with the recommendations of the SORP.

The Parent Company and Group's presentational currency is Pound Sterling (£). Pound Sterling is also the functional currency because it is the currency of the Parent Company's share capital and the currency which is most relevant to the majority of the Parent Company's Shareholders. The Group enters into forward currency Pound Sterling hedges where operating activity is transacted in a currency other than the functional currency.

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Parent Company controls an entity when the Parent Company is exposed to, or has rights to, variable returns from its investment and has the ability to affect those returns through its power over the entity. All intra-group transactions, balances, income and expenses are eliminated in consolidation. The accounting policies of the subsidiaries have been applied on a consistent basis to ensure consistency with the policies adopted by the Parent Company.

Subsidiaries of the Parent Company, where applicable, have been consolidated on a line by line basis as the Parent Company does not meet the definition of an investment entity under IFRS 10 because it does not measure and evaluate the performance of all of its investments on the fair value basis of accounting. The period ends for the subsidiaries are consistent with the Company.

Presentation of Consolidated Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with the guidance set out by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income.

The Directors have taken advantage of the exemption under Section 408 of the Companies Act 2006 and accordingly have not presented a separate Parent Company statement of comprehensive income. The net return on ordinary activities after taxation of the Parent Company was £5,649,016.

Income

For financial instruments measured at amortised cost, the effective interest rate method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over 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.

In calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses. The calculation includes all fees received and paid, costs borne that are an integral part of the effective interest rate and all other premiums or discounts above or below market rates.

Dividend income from investments is taken to the revenue account on an ex-dividend basis.

Bank interest and other income receivable is accounted for on an effective interest basis.

Distributions from investments in funds are accounted for on an accrual basis as of the date the Group is entitled to the distribution. The income is treated as revenue return provided that the underlying assets of the investments comprise solely income generating loans, or investments in lending platforms which themselves generate net interest income.

Expenses and finance costs

Expenses and finance costs not directly attributable to generating a financial instrument are recognised as services are received, or on the performance of a significant act which means the Group has become contractually obligated to settle those amounts.

The Group currently charges investment management fees and performance fees to either revenue or capital return based on the classification of the investment that generates the fees. The current expectation is that the majority of the Group's return will be generated through revenue rather than capital gains on investments. At 31 December 2015, management fees of £29,072 have been charged to the capital return of the Group. No management or performance fees were charged to capital at the Parent Company. Refer to Note 10 for further details of the management and performance fees.

All expenses are accounted for on an accruals basis.

Dividends payable to Shareholders

Dividends payable to Shareholders are recognised in the Consolidated Statement of Changes in Equity when they are paid, or have been approved by Shareholders in the case of a final dividend and become a liability to the Parent Company.

Taxation

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date.

In line with the recommendations of SORP for investment trusts issued by the AIC, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Consolidated Statement of Comprehensive Income is the "marginal basis".

Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Consolidated Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Investment trusts which have approval as such under section 1158 of the Corporation Taxes Act 2010 are not liable for taxation on capital gains.

Financial assets and financial liabilities

The Group classifies its financial assets and financial liabilities in one of the following categories below. The classification depends on the purpose for which the financial assets and liabilities were acquired. The classification of financial assets and liabilities are determined at initial recognition:

Financial assets and financial liabilities designated as held at fair value through profit or loss

This category consists of forward foreign exchange contracts and investments in funds.

Assets and liabilities in this category are carried at fair value. The fair values of derivative instruments are estimated using discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties.

Investments in funds are carried at fair value through profit or loss and designated as such at inception. This is determined using the NAV for the units at the balance sheet date.

Gains and losses arising from the changes in the fair values are recognised in the Consolidated Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loan assets are classified as loans and receivables.

Loans are recognised when the funds are advanced to borrowers. Loans and receivables are carried at amortised cost using the effective interest rate method less provisions for impairment.

Purchases and sales of financial assets

Purchases and sales of financial assets are accounted for at trade date. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Fair value estimation

The determination of fair value of investments requires the use of accounting estimates and assumptions that could cause material adjustment to the carrying value of those investments.

Impairment of financial assets

Financial Assets carried at amortised cost
The Group assesses at each balance sheet date whether, as a result of one or more events that occurred after initial recognition, there is objective evidence that a financial asset or group of financial assets is impaired. Evidence of impairment may include:

- indications that the borrower or group of borrowers is experiencing significant financial difficulty;
- default or delinquency in interest or principal payments; or
- debt being restructured to reduce the burden on the borrower.

The Group assesses whether objective evidence of impairment exists either individually for assets that are separately significant or individually or collectively for assets that are not separately significant.

If there is no objective evidence of impairment for an individually assessed asset it is included in a group of assets with similar credit risk characteristics and collectively assessed for impairment.

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The resultant provisions are deducted from the appropriate asset values in the Consolidated Statement of Financial Position.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the provision is adjusted and the amount of the reversal is recognised in the Consolidated Statement of Comprehensive Income.

Where a loan is not recoverable, it is written off against the related provision for loan impairment once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are reflected against the impairment losses recorded in the Consolidated Statement of Comprehensive Income.

Key estimates and assumptions in impairment of financial assets
The assessment of impairment of the financial assets held at amortised cost requires the use of accounting estimates and assumptions that could cause material adjustment to the carrying value of those investments. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group.

Financial liabilities

Borrowings, deposits, debt securities in issue and subordinated liabilities, if any, are recognised initially at fair value, being the issue proceeds net of premiums, discounts and transaction costs incurred.

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is adjusted for the amortisation of any premiums, discounts and transaction costs. The amortisation is recognised in interest expense and similar charges using the effective interest rate method.

Financial liabilities are derecognised when the obligation is discharged, cancelled or has expired.

Derivatives

Derivatives are entered into to reduce exposures to fluctuations in interest rates, exchange rates, market indices and credit risks and are not used for speculative purposes.

Derivatives are carried at fair value with movements in fair values recorded in the Consolidated Statement of Comprehensive Income. Derivative financial instruments are valued using discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties.

Gains and losses arising from derivative instruments are credited or charged to the Consolidated Statement of Comprehensive Income. Gains and losses of a revenue nature are reflected in the revenue column and gains and losses of a capital nature are reflected in the capital column. Gains and losses on forward foreign exchange contracts are reflected in Foreign exchange gain/(loss) in the Consolidated Statement of Comprehensive Income.

All derivatives are classified as assets where the fair value is positive and liabilities where the fair value is negative. Where there is the legal ability and intention to settle net, then the derivative is classified as a net asset or liability, as appropriate.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

Investments in funds

Investments in funds are measured at fair value through profit or loss. Refer to Note 18 for further information.

Equity securities

Equity securities are measured at fair value through recent transaction prices. These securities are not traded in an active market and thus are considered Level 3 investments.

Other receivables

Other receivables do not carry interest and are short-term in nature and are accordingly recognised at fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with a maturity of 90 days or less that readily convertible to known amounts of cash.

Current liabilities

Current liabilities, other than derivatives, are not interest-bearing and are stated at their nominal values. Due to their short term nature this is determined to be equivalent to their fair value.

Shares

Both the Ordinary Shares and C Shares (together the "Shares") are classified as equity. The costs of issuing or acquiring equity are recognised in equity (net of any related income tax benefit), as a reduction of equity on the condition that these are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

The costs of an equity transaction that is abandoned are recognised as an expense. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties.

The Group's equity NAV per unit is calculated by dividing the equity – net assets attributable to the holder of Shares by the total number of outstanding shares.

Foreign exchange

Transactions in foreign currencies are translated into Pound Sterling at the rate of exchange ruling on the date of each transaction. Monetary assets, liabilities and equity investments in foreign currencies at the Consolidated Statement of Financial Position date are translated into Pound Sterling at the rates of exchange ruling on that date. Profits or losses on exchange, together with differences arising on the translation of foreign currency assets or liabilities, are taken to the capital return column of the Consolidated Statement of Comprehensive Income. Foreign exchange gains and losses arising on investment assets including loans are included within Net gain/(loss) on investments within the capital return column of the Consolidated Statement of Comprehensive Income.

The assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the reporting date. Income and expense items are translated using the average exchange rates during the period. Exchange differences arising from the translation of foreign operations are taken directly as currency translation differences through the Consolidated Statement of Comprehensive Income.

Capital reserves

Capital reserve – arising on investments sold includes:

- gains/losses on disposal of investments and the related foreign exchange differences;
- exchange differences on currency balances;
- cost of own shares bought back; and
- other capital charges and credits charged to this account in accordance with the accounting policies above.

Capital reserve – arising on investments held includes:

- increases and decreases in the valuation of investments held at the period end; and
- subsidiaries where the investment by the Group is in a capital loss position.

All of the above are accounted for in the Consolidated Statement of Comprehensive Income except the cost of own shares bought back, if applicable, which would be accounted for in the Consolidated Statement of Changes in Equity.

Segmental reporting

The decision maker is the Board of Directors. The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment of the Group's capital in financial assets comprising consumer loans, SME loans, corporate trade receivables and/or advances thereon.

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

Critical accounting estimates and assumptions

Estimates and assumptions used in preparing the consolidated financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The results of these estimates and assumptions form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and assumptions made in the valuation of unquoted investments and investments for which there is no active market may cause material adjustment to the carrying value of those assets and liabilities. These are valued in accordance with the techniques set out above.

Information about significant areas of estimation uncertainty and critical judgments in relation to the impairment of investments are described in Note 9.

Judgement is required to determine whether the Parent Company exercises control over its investee entities and whether they should be consolidated. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The Parent Company controls an investee entity when the Parent Company is exposed to, or has rights to, variable returns from its investment and has the ability to affect those returns through its power over the entity. At each reporting date an assessment is undertaken of investee entities to determine control. In the intervening period assessments are undertaken where circumstances change that may give rise to a change in the control assessment. These include when an investment is made into a new entity, or an amendment to existing entity documentation or processes. When assessing whether the Parent Company has the power to affect its variable returns, and therefore control investee entities, an assessment is undertaken of the Parent Company's ability to influence the relevant activities of the investee entity. These activities include considering the ability to appoint or remove key management or the manager, which party has decision making powers over the entity and whether the manager of an entity is acting as principal or agent. The assessment undertaken for entities considers the Parent Company's level of investment into the entity and its intended long-term holding in the entity. Further details of the Parent Company's subsidiaries are included in Note 16.

Accounting standards issued but not yet effective

The following new standards are not applicable to this financial information but may have an impact when they become effective:

IFRS 9, 'Financial Instruments', introduces new requirements for classification and measurement, impairment and hedge accounting. This standard is effective from 1 January 2018. The adoption of IFRS 9 results in an impairment model that is more forward looking than that which is currently in place under IAS 39. In the longer term it is expected that the adoption of the standard will increase the total level of impairment allowance as financial assets will be assessed for impairment at least to the extent that an impairment is expected to arise within the following 12 month period and this impairment amount recognised within the financial statements.

IFRS 15, 'Revenue from Contracts with Customers', requires revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to a customer. This standard is effective from 1 January 2018. The adoption of this standard is not expected to have a significant impact on the Group's financial statements.

Both IFRS 9 and IFRS 15 are subject to endorsement from the European Union. The Directors are assessing the impact of the above standards on the Group's future consolidated financial information.

3. FAIR VALUE MEASUREMENT

Financial instruments measured and reported at fair value are classified and disclosed in one of the following fair value hierarchy levels based on the significance of the inputs used in measuring its fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3 – Pricing inputs for the asset or liability that are not based on observable market data (unobservable inputs).

An investment is always categorised as Level 1, 2 or 3 in its entirety. In certain cases, the fair value measurement for an investment may use a number of different inputs that fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and is specific to the investment.

Valuation of investments in funds

The Group's investments in funds are subject to the terms and conditions of the respective fund's offering documentation. The investments in funds are primarily valued based on the latest available financial information. The Investment Manager reviews the details of the reported information obtained from the funds and considers: (i) the valuation of the fund's underlying investments; (ii) the value date of the NAV provided; (iii) cash flows (calls/distributions) since the latest value date; and (iv) the basis of accounting and, in instances where the basis of accounting is other than fair value, fair valuation information provided by the funds. If necessary, adjustments to the NAV are made to the funds to obtain the best estimate of fair value. The funds in which the Group invests are close-ended and unquoted. The NAV is provided to investors only and is not made publically available.

The following table analyses the fair value hierarchy of the Group's assets and liabilities measured at fair value at 31 December 2015:

Valuation of equity securities

The Group's equity securities investments are valued at recent transaction prices. As these equity securities are not traded in an active market, they are categorised as Level 3 investment assets.

Investment assets designated as held at fair value through profit or loss	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Investments in funds	31,596,504	–	–	31,596,504
Equity securities	9,663,113	859,929	–	8,803,184
Total	41,259,617	859,929	–	40,399,688

Derivative financial liabilities	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Forward foreign exchange contracts	9,880,887	–	9,880,887	–
Total	9,880,887	–	9,880,887	–

The following table analyses the fair value hierarchy of the Parent Company's assets and liabilities measured at fair value at 31 December 2015:

Investment assets designated as held at fair value through profit or loss	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Investments in funds	31,596,504	–	–	31,596,504
Total	31,596,504	–	–	31,596,504

Derivative financial liabilities	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Forward foreign exchange contracts	9,880,887	–	9,880,887	–
Total	9,880,887	–	9,880,887	–

There were no movements between Level 1 and Level 2 fair value measurements during the period ended 31 December 2015 and no transfers into and out of Level 3 fair value measurements for either the Parent Company or the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The following table presents the movement in Level 3 positions for the period for the Group:

	INVESTMENTS IN FUNDS £	EQUITY SECURITIES £
Beginning balance, 12 January 2015	–	–
Purchases	28,210,819	4,404,433
Sales	–	–
Transfers in/(out)	–	–
Net change in unrealised foreign exchange gains/(losses)	919,867	175,590
Net change in unrealised gains/(losses)	2,465,818	4,223,161
Ending balance, 31 December 2015	31,596,504	8,803,184

The following table presents the movement in Level 3 positions for the period for the Parent Company:

	INVESTMENTS IN FUNDS £
Beginning balance, 12 January 2015	–
Purchases	28,210,819
Sales	–
Transfers in/(out)	–
Net change in unrealised foreign exchange gains/(losses)	919,867
Net change in unrealised gains/(losses)	2,465,818
Ending balance, 31 December 2015	31,596,504

The net change in unrealised gains is recognised within gains on investments in the Consolidated Statement of Comprehensive Income.

Quantitative information regarding the unobservable inputs for Level 3 positions is given below:

DESCRIPTION	FAIR VALUE AT 31 DECEMBER 2015 £	VALUATION TECHNIQUE	UNOBSERVABLE INPUT	RANGE
Investments in funds	31,596,504	Net asset value	N/A	N/A
Equity securities	4,937,407	Transaction price	N/A	N/A
Equity securities	3,248,938	Discounted Cash Flows	Discount Rate Assumed Default Rate	5.13% – 11.55% 0.23% – 14.44%
Equity securities	616,839	Black Scholes Model	Risk Free Rate Volatility Strike Price Current Price	1.39% – 2.09% 25% – 35% $0.20 – £2.16 $0.425 – £ 2.98

The investments in funds consist of investments in Larkdale III, L.P. and VPC Offshore Unleveraged Private Debt Fund, L.P. These are valued based on the NAV as calculated at the balance sheet date. No adjustments have been deemed necessary to the NAV as it reflects the fair value of the underlying investments, as such no specific unobservable inputs have been identified. The NAVs are sensitive to movements in interest rates due to the funds' underlying investment in loans.

Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table presents the fair value of the Group's assets and liabilities not measured at fair value through profit and loss at 31 December 2015 but for which fair value is disclosed. The carrying value has been used where it is a reasonable approximation of fair value:

	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Assets				
Loans at amortised cost	487,873,797	–	–	487,873,797
Cash and cash equivalents	95,901,742	95,901,742	–	–
Cash posted as collateral	8,480,000	8,480,000	–	–
Interest receivable	4,256,382	–	4,256,382	–
Dividend and distribution receivable	556,612	–	556,612	–
Other assets and prepaid expenses	1,606,467	–	1,606,467	–
Total	598,675,000	104,381,742	6,419,461	487,873,797

	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Liabilities				
Notes payable	166,700,308	–	–	166,700,308
Management fee payable	836,541	836,541	–	–
Performance fee payable	1,301,904	1,301,904	–	–
Other liabilities and accrued expenses	6,059,542	6,059,542	–	–
Total	184,779,182	18,078,874	–	166,700,308

The following table presents the fair value of the Parent Company's assets and liabilities not measured at fair value through profit and loss at 31 December 2015 but for which fair value is disclosed. The carrying value has been used where it is a reasonable approximation of fair value:

	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Assets				
Investments in subsidiaries	298,863,103	–	–	298,863,103
Cash and cash equivalents	42,297,547	42,297,547	–	–
Cash pledged as collateral	8,480,000	8,480,000	–	–
Interest receivable	3,242,756	–	3,242,756	–
Other current assets and prepaid expenses	1,305,801	–	1,305,801	–
Total	354,189,207	50,777,547	4,548,557	298,863,103

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

	TOTAL £	LEVEL 1 £	LEVEL 2 £	LEVEL 3 £
Liabilities				
Performance fee payable	1,301,904	1,301,904	–	–
Management fee payable	288,331	288,331	–	–
Accrued expenses and other liabilities	2,257,753	2,257,753	–	–
Total	3,847,988	3,847,988	–	–

The table below provides details of the investments at amortised cost held by the Group for the period ended 31 December 2015:

	AMORTISED COST BEFORE IMPAIRMENT CHARGES £	IMPAIRMENT CHARGES £	CARRYING VALUE £
Loans at amortised cost	504,239,107	13,007,103	491,232,004
Total	504,239,107	13,007,103	491,232,004

Refer to Note 9 for further details regarding the impairment charges of the loans of the Group. The Parent Company does not hold any loans.

4. DERIVATIVES

Typically, derivative contracts serve as components of the Group's investment strategy and are utilised primarily to structure and hedge investments to enhance performance and reduce risk to the Group (the Group currently does not designate any derivatives as hedges for hedge accounting purposes as described under IAS 39). Derivative instruments are also used for trading purposes where the Investment Manager believes this would be more effective than investing directly in the underlying financial instruments. The only derivative contracts that the Group currently holds or issues are forward foreign exchange contracts.

The Group measures its derivative instruments on a fair value basis. See Note 2 for the valuation policy for financial instruments.

Forward contracts

Forward contracts entered into represent a firm commitment to buy or sell an underlying asset, or currency at a specified value and point in time based upon an agreed or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at the onset and the value of the contract at settlement date/year end date and is included in the Consolidated Statement of Comprehensive Income.

As of 31 December 2015, the following forward foreign exchange contracts were included in the Group's Consolidated Statement of Financial Position at fair value through profit or loss and the Parent Company's Statement of Financial Position at fair value through profit or loss:

SETTLEMENT DATE	PURCHASE CURRENCY	PURCHASE AMOUNT	SALE CURRENCY	SALE AMOUNT	FAIR VALUE £
21 January 2016	USD	6,000,000	GBP	4,007,824	65,885
Unrealised gain on forward foreign exchange contracts					65,885

SETTLEMENT DATE	PURCHASE CURRENCY	PURCHASE AMOUNT	SALE CURRENCY	SALE AMOUNT	FAIR VALUE £
21 January 2016	GBP	286,768,898	USD	436,750,000	(9,763,417)
21 January 2016	GBP	473,182	AUD	1,000,000	(21,305)
21 January 2016	GBP	3,064,644	EUR	4,375,000	(162,050)
Unrealised losses on forward foreign exchange contracts					(9,946,772)

The following tables provide information on the financial impact of netting for instruments subject to an enforceable master netting arrangement or similar agreement at 31 December 2015 for both the Parent Company and the Group:

As at 31 December 2015	Gross amounts of recognised financial assets £	Gross amounts of recognised financial liabilities to be set-off in the Statement of Financial Position £	Net amounts of recognised assets presented in the Statement of Financial Position £	Related amounts not eligible to be set-off in the Statement of Financial Position		Net Amount £
				Financial instruments £	Collateral received £	
Goldman Sachs	65,885	(65,885)	–	–	–	–
Total	65,885	(65,885)	–	–	–	–

As at 31 December 2015	Gross amounts of recognised financial assets £	Gross amounts of recognised financial liabilities to be set-off in the Statement of Financial Position £	Net amounts of recognised assets presented in the Statement of Financial Position £	Related amounts not eligible to be set-off in the Statement of Financial Position		Net Amount £
				Financial instruments £	Collateral received £	
Goldman Sachs	9,946,772	(65,885)	9,880,887	–	–	9,880,887
Total	9,946,772	(65,885)	9,880,887	–	–	9,880,887

5. INCOME AND GAINS ON INVESTMENTS AND LOANS

	31 DECEMBER 2015 £
Income	
Interest income	37,115,750
Distributable income from investments in funds	1,442,753
Dividend income	638,386
Other income	138,056
Total	39,334,945

	31 DECEMBER 2015 £
Net gains on investments	
Unrealised gain on investment in funds	2,465,817
Unrealised gain on equity securities	4,588,261
Total	7,054,078

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Introduction

Risk is inherent in the Group's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk arising from the financial instruments held by the Group.

Risk management structure

The Directors are ultimately responsible for identifying and controlling risks. Day to day management of the risk arising from the financial instruments held by the Group has been delegated to Victory Park Capital Advisors, LLC as Investment Manager to the Parent Company and the Group.

The Investment Manager regularly reviews the investment portfolio and industry developments to ensure that any events which impact the Group are identified and considered. This also ensures that any risks affecting the investment portfolio are identified and mitigated to the fullest extent possible.

The Group has no employees and the Directors have all been appointed on a Non-Executive basis. Whilst the Group has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Group is reliant upon the performance of third party service providers for its executive function. In particular, the Investment Manager, the Custodian, the Administrator and the Registrar will be performing services which are integral to the operation of the Group. Failure by any service provider to carry out its obligations to the Group in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Group.

The principal risks and uncertainties that could have a material impact on the Group's performance have not changed from those set out in detail on pages 14 to 24 of the Parent Company's IPO Prospectus.

In seeking to implement the investment objectives of the Parent Company while limiting risk, the Parent Company and the Group are subject to the investment limits restrictions set out in the Credit Risk section of this note.

Market risk (incorporating price, interest rate risk and currency)

Market risk is the risk of loss arising from movements in observable market variables such as foreign exchange rates, equity prices and interest rates. The Group is exposed to market risk primarily through its Financial Instruments.

Market price risk

The Group is exposed to price risk arising from the investments held by the Group for which prices in the future are uncertain. The investment in funds are exposed to market price risk. Refer to Note 3 for further details on the sensitivity of the Group's Level 3 investments to price risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Due to the nature of the investments at 31 December 2015, the Group has limited exposure to variations in interest rates as all current interest rates are fixed and determinable or variable based on the size of the loan.

While the Group is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, the downside exposure is limited at 31 December 2015 due to the fixed rate nature of the investments or interest rate floors that are in place on any variable interest rate loans.

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

Currency risk

Currency risk is the risk that the value of net assets will fluctuate due to changes in foreign exchange rates. Relevant risk variables are generally movements in the exchange rates of non-functional currencies in which the Group holds financial assets and liabilities.

The assets of the Group as of 31 December 2015 are invested in assets which are denominated in US Dollars, Euros, Pound Sterling and other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Group hedges currency exposure between Pound Sterling and any other currency in which the Group's assets may be denominated, in particular US Dollars and Euros.

Micro and Small Cap Company Investing Risk

The Group will generally invest with companies that are small, not widely known and not widely held. Small companies tend to be more vulnerable to adverse developments than larger companies and may have little or no track records. Small companies may have limited product lines, markets, or financial resources, and may depend on less seasoned management. Their securities may trade infrequently and in limited volumes. It may take a relatively long period of time to accumulate an investment in a particular issue in order to minimise the effect of purchases on market price. Similarly, it could be difficult to dispose of such investments on a timely basis without adversely affecting market prices. As a result, the prices of these securities may fluctuate more than the prices of larger, more widely traded companies. Also, there may be less publicly available information about small companies or less market interest in their securities compared to larger companies, and it may take longer for the prices of these securities to reflect the full value of their issuers' earnings potential or assets.

Leverage and Borrowing Risk

Whilst the use of borrowings by the Group should enhance the net asset value of an investment when the value of an investment's underlying assets is rising, it will, however, have the opposite effect where the underlying asset value is falling. In addition, in the event that an investment's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net revenue of the Group's investment and accordingly will have an adverse effect on the ability of the investment to make distributions to the Group.

Concentration of foreign currency exposure

The Investment Manager monitors the fluctuations in foreign currency exchange rates and may use forward foreign exchange contracts to hedge the currency exposure of the Parent Company and Group's non GBP denominated investments. The Investment Manager re-examines the currency exposure on a regular basis in each currency and manages the Parent Company's currency exposure in accordance with market expectations.

The below table presents the net exposure to foreign currency at 31 December 2015. The table includes forward foreign exchange contracts at their notional exposure value and excludes all GBP assets and liabilities recorded on the Group's Consolidated Statement of Financial Position.

	ASSETS 2015 £	LIABILITIES 2015 £	FORWARD CONTRACTS 2015 £	NET EXPOSURE 2015 £
Euro	3,225,425	–	3,064,644	160,781
US Dollar	563,523,453	(166,700,308)	282,761,074	114,062,071
Australian Dollar	2,407,211	–	473,182	1,934,029

If the GBP exchange rate simultaneously increased/decreased by 5% against the above currencies, the impact on profit would be an increase/decrease of £5,807,844. 5% is considered to be a reasonably possible movement in foreign exchange rates. The table above includes the exposure of the non-consolidated interest investment in the Group.

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The table below presents the net exposure to foreign currency at 31 December 2015. The table includes forward foreign exchange contracts at their notional exposure value and excludes all GBP assets and liabilities recorded on the Parent Company's Statement of Financial Position.

	ASSETS 2015 £	LIABILITIES 2015 £	FORWARD CONTRACTS 2015 £	NET EXPOSURE 2015 £
Euro	3,225,425	–	3,064,644	160,781
US Dollar	277,918,185	–	282,761,074	(4,842,889)
Australian Dollar	2,407,211	–	473,182	1,934,029

If the GBP exchange rate simultaneously increased/decreased by 5% against the above currencies, the impact on profit would be an increase/decrease of £137,404. 5% is considered to be a reasonably possible movement in foreign exchange rates.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price. Ordinary Shares are not redeemable at the holder's option.

The maturities of the non-current financial liabilities are disclosed in Note 8.

Current financial liabilities consisting of fees payable, accrued expenses and other liabilities are all due within three months.

The Investment Manager manages the Group's liquidity risk by investing primarily in a diverse portfolio of assets. At 31 December 2015, 2% of the loans have a stated maturity date of less than a year. The Group has no loans with a maturity date of more than five years.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group's credit risks arise principally through exposures to loans acquired by the Group, which are subject to risk of borrower default. The ability of the Group to earn revenue is completely dependent upon payments being made by the borrower of the loan acquired by the Group through a Platform. The Group (as a lender member) will receive payments under any loans it acquires through a Platform only if the corresponding borrower through that Platform (borrower member) makes payments on the loan.

Consumer loans are unsecured obligations of borrower members. They are not secured by any collateral, not guaranteed or insured by any third party and not backed by any governmental authority in any way. The Platforms and their designated third party collection agencies may be limited in their ability to collect on loans.

The Group will invest across various Platforms, asset classes, geographies (primarily United States and Europe) and credit bands in order to ensure diversification and to seek to mitigate concentration risks.

Credit quality

The credit quality of loans is assessed through the evaluation of various factors, including (but not limited to) credit scores, payment data, collateral and other information. Set out below is the analysis of the Group's loan investments by grade:

INTERNAL GRADE	SME & CONSUMER
A	43.15%
B	44.24%
C	12.61%
	100.00%

INTERNAL GRADE	DEFINITION
A	Highest credit quality borrowers or balance sheet loans structured with credit enhancement
B	High credit quality borrowers with some indicators of credit risk
C	Borrowers with elevated levels of credit risk

The following investment limits and restrictions shall apply to the Group, to ensure that the diversification of the Group's portfolio is maintained and that concentration risk is limited:

Platform restrictions

The Group does not intend to invest more than 20% of its Gross Assets in Debt Instruments (net of any gearing ring-fenced within any special purpose vehicle which would be without recourse to the Group), originated by, and/or Credit Facilities and equity instruments in, any single Platform, calculated at the time of investment. All such aggregate exposure to any single Platform (including investments via a special purpose vehicle) will always be subject to an absolute maximum, calculated at the time of investment, of 25% of the Group's Gross Assets.

Asset class restrictions

The Group does not intend to acquire Debt Instruments for a term longer than five years. The Group will not invest more than 20% of its Gross Assets, at the time of investment, via any single investment fund investing in Debt Instruments and Credit Facilities. In any event, the Group will not invest, in aggregate, more than 60% of its Gross Assets, at the time of investment, in investment funds that invest in Debt Instruments and Credit Facilities.

The Group will not invest more than 10% of its Gross Assets, at the time of investment, in other listed closed-ended investment funds, whether managed by the Investment Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

The following restrictions apply, in each case at the time of investment by the Group, to both Debt Instruments acquired by the Group via wholly-owned special purpose vehicles or partially-owned special purpose vehicles on a proportionate basis under the Marketplace Model, as well as on a look-through basis under the Balance Sheet Model and to any Debt Instruments held by another investment fund in which the Group invests:

- No single consumer loan acquired by the Group shall exceed 0.25% of its Gross Assets.
- No single SME loan acquired by the Group shall exceed 5.0% of its Gross Assets. For the avoidance of doubt, Credit Facilities entered into directly with Platforms are not considered SME loans.
- No single trade receivable asset acquired by the Group shall exceed 5.0% of its Gross Assets.

Other restrictions

The Group's un-invested or surplus capital or assets may be invested in Cash Instruments for cash management purposes and with a view to enhancing returns to Shareholders or mitigating credit exposure.

7. CASH AND CASH EQUIVALENTS

	PARENT COMPANY 31 DECEMBER 2015 £	GROUP 31 DECEMBER 2015 £
Cash held at bank	42,297,547	95,901,742
Total	42,297,547	95,901,742

The Parent Company has posted cash of £8,480,000 of collateral as at 31 December 2015 with Goldman Sachs in relation to the outstanding derivative financial liabilities.

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8. NOTES PAYABLE

The Group entered into contractual obligations with third parties to structurally subordinate a portion of the principal directly attributable to existing investments. The cash flows received by the Group from the underlying investments are used to pay the lender principal, interest, and draw fees based upon the stated terms of the Credit Facility. Unless due to a fraudulent act, as defined by the Credit Facilities, none of the Group's other investment assets can be used to satisfy the obligations of the Credit Facilities in the event that those obligations cannot be met by the subsidiaries. Each subsidiary with a Credit Facility is a bankruptcy remote entity. The table below provides details of the outstanding debt of the Group at 31 December 2015:

31 DECEMBER 2015	INTEREST RATE	OUTSTANDING PRINCIPAL £	MATURITY
Credit Facility 05-2015	3.25%	41,890,000	30 April 2018
Credit Facility 07-2015	5.05%	82,741,612	30 January 2018
Credit Facility 08-2015	3.50%	36,325,367	21 August 2017

On 7 May 2015, one of the Parent Company's wholly owned subsidiaries entered into a credit facility ("Credit Facility 05-2015") for a maximum commitment amount of £100,000,000. As at 31 December 2015, £58,110,000 of the credit facility was undrawn.

On 31 July 2015, one of the Parent Company's subsidiaries entered into a credit facility ("Credit Facility 07-2015") for a maximum commitment amount of $150,000,000. As at 31 December 2015, $28,138,154 of the credit facility was undrawn.

On 21 August 2015, one of the Parent Company's subsidiaries entered into a credit facility ("Credit Facility 08-2015") for a maximum commitment amount of $125,000,000. As at 31 December 2015, $71,500,000 of the credit facility was undrawn.

The Group entered into a contractual obligation with a third party to structurally subordinate a portion of principal directly attributable to an existing loan facility. The Group is obligated to pay a commitment fee and interest to the third party on the obligation as interest is paid on the underlying loan facility. In the event of a default on the loan facility, the third party has first-out participation rights on the accrued and unpaid interest as well as the principal balance of the note. The maturity date of the existing loan facility on which leverage has been obtained is 30 January 2018 and the outstanding principal at 31 December is £5,743,329.

9. IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

Impairment of loans written off

A financial asset is past due when the counterparty has failed to make a payment when contractually due. The Group assesses at each reporting date whether there is objective evidence that a loan or group of loans, classified as loans at amortised cost, is impaired. In performing such analysis, the Group assesses the probability of default based on the number of days past due, using recent historical rates of default on loan portfolios with credit risk characteristics similar to those of the Group.

Impairment charges of loans written off £5,886,986 have been recorded in the Group's Consolidated Statement of Financial Position and are included in impairment charges on the Consolidated Statement of Comprehensive Income.

Impairment of loans reserved against

Loans are judged for impairment primarily based on payment delinquency. General expectations with regards to expected losses on loans at a given level of delinquency were assessed based on historical roll rates on the loans purchased by the Group. Impairments are recognised once a loan was deemed to have a non-trivial likelihood of facing a material loss. The Group has created a loan loss reserve to reflect the increasing likelihood of loss as loans progress to more advanced stages of delinquency as well as the increasing expected loss as loans become more delinquent. As at 31 December 2015, the Group has created a reserve provision on the outstanding principal of the Group's loans of £7,120,117, which is included in impairment charges on the Consolidated Statement of Comprehensive Income.

10. FEES AND EXPENSES

Investment management and performance fees

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

The management fee is payable in Pound Sterling monthly in arrears and is at the rate of 1/12 of 1.0% per month of NAV (the "Management Fee"). For the period from Admission until the date on which 90% of the net proceeds of the Issue have been invested or committed for investment (other than in Cash Instruments), the value attributable to any Cash Instruments of the Group held for investment purposes will be excluded from the calculation of NAV for the purposes of determining the Management Fee.

The Investment Manager shall not charge a management fee twice. Accordingly, if at any time the Group invests in or through any other investment fund or special purpose vehicle and a management fee or advisory fee is charged to such investment fund or special purpose vehicle by the Investment Manager or any of its affiliates, the Investment Manger agrees to either (at the option of the Investment Manager): (i) waive such management fee or advisory fee due to the Investment Manager or any of its affiliates in respect of such investment fund or special purpose vehicle, other than the fees charged by the Investment Manager under the Management Agreement; or (ii) charge the relevant fee to the relevant investment fund or special purpose vehicle, subject to the cap set out in the paragraph below, and ensure that the value of such investment shall be excluded from the calculation of the NAV for the purposes of determining the Management Fee payable pursuant to the above. The management fee expense for the period is £2,158,389, of which £836,541 was payable as of 31 December 2015.

Notwithstanding the above, where such investment fund or special purpose vehicle employs leverage from third parties and the Investment Manager or any of its affiliates is entitled to charge it a fee based on gross assets in respect of such investment, the Investment Manager may not charge a fee greater than 1.0% per annum of gross assets in respect of any investment made by the Parent Company or any member of the Group.

The performance fee is calculated by reference to the movements in the Adjusted NAV (as defined below) since the end of the Calculation Period in respect of which a performance fee was last earned or Admission if no performance fee has yet been earned (the "High Water Mark").

The performance fee will be calculated in respect of each 12 month period starting on 1 January and ending on 31 December in each calendar year (a "Calculation Period"), save that the first Calculation Period shall be the period commencing on Admission and ending on 31 December 2015 and provided further that if at the end of what would otherwise be a Calculation Period no performance fee has been earned in respect of that period, the Calculation Period shall carry on for the next 12 month period and shall be deemed to be the same Calculation Period and this process shall continue until a performance fee is next earned at the end of the relevant period.

The performance fee will be a sum equal to 15%. of such amount (if positive) and will only be payable if the Adjusted NAV at the end of a Calculation Period exceeds the High Water Mark. The performance fee shall be payable to the Investment Manager in arrears within 30 calendar days of the end of the relevant Calculation Period. "Adjusted Net Value" means the NAV adjusted for: (i) any increases or decreases in NAV arising from issues or repurchases of Ordinary Shares during the relevant Calculation Period; (ii) adding back the aggregate amount of any dividends or distributions (for which no adjustment has already been made under (i)) made by the Parent Company at any time during the relevant Calculation Period; and (iii) before deduction for any accrued performance fees.

The Investment Manager shall not charge a performance fee twice. Accordingly, if at any time the Group invests in or through any other investment fund, special purpose vehicle or managed account arrangement and a performance fee or carried interest is charged to such investment fund, special purpose vehicle or managed account arrangement by the Investment Manager or any of its affiliates, the Investment Manager agrees to (and shall procure that all of its relevant affiliates shall) either (at the option of the Investment Manager): (i) waive such performance fee or carried interest suffered by the Group by virtue of the Investment Manager's (or such relevant affiliate's/affiliates') management of (or advisory role in respect of) such investment fund, special purpose vehicle or managed account, other than the fees charged by the Investment Manager under the Management Agreement; or (ii) calculate the performance fee as above, except that in making such calculation the NAV (as of the date of the High Water Mark) and the Adjusted NAV (as of the NAV calculation date) shall not include the value of any assets invested in any other investment fund, special purpose vehicle or managed account arrangement that is charged a performance fee or carried interest by the Investment Manager or any of its affiliates (and such performance fee or carried interest is not waived with respect to the Group). The performance fee expense for the period is £1,301,904.

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

Earn-out fee

Certain loans purchased by the Group through a Platform are subject to a performance fee that the seller may be entitled to receive from the Group with respect to the performance of the loans. This fee may be due to the Platform 12 months after the purchase of the loans from the Platform. At 31 December 2015, the amount the Group has recognised is £2,909,078 and it is included in other liabilities and accrued expenses on the Consolidated Statement of Financial Position and in other expenses on the Consolidated Statement of Comprehensive Income.

Administration

The Group has entered into an administration agreement with Northern Trust Hedge Fund Services LLC. The Group pays to the Administrator an annual administration fee based on the Parent Company's net assets subject to a monthly minimum charge.

The Administrator shall also be entitled to be repaid all of its reasonable out-of-pocket expenses incurred on behalf of the Group. All Administrator fees are included in other expenses on the Consolidated Statement of Comprehensive Income.

Secretary

Under the terms of the Company Secretarial Agreement, Capita Registrars Limited is entitled to an annual fee of £50,000 (exclusive of VAT and disbursements). All Secretary fees are included in other expenses on the Consolidated Statement of Comprehensive Income.

Registrar

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee of £1.25 per Shareholder account per annum, subject to a minimum fee of £2,500 per annum (exclusive of VAT). All Registrar fees are included in other expenses on the Consolidated Statement of Comprehensive Income.

Custodian

Under the terms of the Custodian Agreement, Merrill Lynch, Pierce, Fenner & Smith Incorporated is entitled to be paid a fee of between US$180 and US$500 per annum per holding of securities in an entity. In addition, the Custodian is entitled to be paid fees up to US$300 per account per annum and other incidental fees. All Custodian fees are included in other expenses on the Consolidated Statement of Comprehensive Income.

Auditors' remuneration

For the period ended 31 December 2015, the remuneration for work carried out for the by the statutory auditors, PricewaterhouseCoopers LLP was as follows:

	£
Fees payable to the Company's Auditor for:	
❖ The audit of the Parent Company and Consolidated Financial Statements	100,000
❖ The audit of the Parent Company's subsidiaries	10,000
Fees paid to the Company's Auditor for:	
❖ Audit related assurance services	69,500
❖ Other assurance services	132,000

Amounts are included in other expenses on the Consolidated Statement of Comprehensive Income.

11. TAXATION

Investment trust status

It is the intention of the Directors to conduct the affairs of the Group so as to satisfy the conditions for approval as an investment trust under section 1158 of the Corporation Taxes Act 2010. As an investment trust the Parent Company is exempt from corporation tax on capital gains made on investments. Although interest income received would ordinarily be subject to corporation tax, the Parent Company will receive relief from corporation tax relief to the extent that interest distributions are made to shareholders. It is the intention of the Parent Company to make sufficient interest distributions so that no corporation tax liability will arise in the Parent Company.

Any change in the Group's tax status or in taxation legislation generally could affect the value of the investments held by the Group, affect the Group's ability to provide returns to Shareholders, lead to the loss of investment trust status or alter the post-tax returns to Shareholders.

The following table presents the tax chargeable on the Group for the period ended 31 December 2015:

	REVENUE	CAPITAL	TOTAL
Net return on ordinary activities before taxation	14,909,939	5,639,547	20,549,486
Tax at the standard UK corporation tax rate of 20.25%	3,019,161	1,141,970	4,161,131
Effects of:			
Capital items exempt from corporation tax	(3,019,161)	–	(3,019,161)
Non-taxable income	–	(1,141,970)	(1,141,970)
Total tax charge	–	–	–

Overseas taxation

The Parent Company and Group may be subject to taxation under the tax rules of the jurisdictions in which they invest, including by way of withholding of tax from interest and other income receipts. Although the Parent Company and Group will endeavour to minimise any such taxes this may affect the level of returns to Shareholders of the Parent Company.

12. NET ASSET VALUE PER ORDINARY SHARE

	31 DECEMBER 2015 £
Ordinary Shares	
Net assets	201,796,653
Shares in issue	200,000,000
Net asset value per Ordinary Share	100.90p
C Shares	
Net assets	182,523,227
Shares in issue	183,000,000
Net asset value per Ordinary Share	99.74p

13. SHAREHOLDERS' CAPITAL

Set out below is the issued share capital of the Company as at 31 December 2015:

	NOMINAL VALUE £	NUMBER OF SHARES
Ordinary Shares	0.01	200,000,000
C Shares	0.10	183,000,000

On incorporation, the issued share capital of the Parent Company was £0.01 represented by one Ordinary Share, held by the subscriber to the Parent Company's memorandum of association.

50,000 Management Shares of £1 nominal value were paid up in full on Admission and redeemed out of the proceeds of the issue.

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

Rights attaching to the Ordinary Shares and C Shares

The holders of the Ordinary Shares and C Shares are entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares and C Shares respectively. The holders of Ordinary Shares and C Shares shall be entitled to all of the Parent Company's remaining net assets after taking into account any net assets attributable to other share classes in issue. The Ordinary Shares and C Shares shall carry the right to receive notice of, attend and vote at general meetings of the Parent Company. The consent of the holders of Ordinary Shares and C Shares will be required for the variation of any rights attached to the Ordinary Shares and C Shares. The net return per Ordinary Share and the return per C Share are calculated by dividing the net return on ordinary activities after taxation by the number of shares in issue related to each share class.

Voting rights

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

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

Variation of Rights & Distribution on Winding Up

Subject to the provisions of the Act as amended and every other statute for the time being in force concerning companies and affecting the Parent Company (the "Statutes"), if at any time the share capital of the Parent Company is divided into different classes of shares, the rights attached to any class may be varied either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied either whilst the Parent Company is a going concern or during or in contemplation of a winding-up.

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

The Parent Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Parent Company will be proposed at the annual general meeting of the Parent Company to be held in 2020 and, if passed, every five years thereafter. Upon any such resolution not being passed, proposals will be put forward within three months after the date of the resolution to the effect that the Parent Company be wound up, liquidated, reconstructed or unitised.

If the Parent Company is wound up, the liquidator may divide among the shareholders in specie the whole or any part of the assets of the Parent Company and for that purpose may value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.

The table below shows the movement in shares during the period:

FOR THE PERIOD FROM 12 JANUARY 2015 TO 31 DECEMBER 2015	SHARES IN ISSUE AT THE BEGINNING OF THE PERIOD	SHARES SUBSCRIBED	SHARES REDEEMED	SHARES IN ISSUE AT THE END OF THE PERIOD
Management Shares	–	50,000	(50,000)	–
Ordinary Shares	–	200,000,000	–	200,000,000
C Shares	–	183,000,000	–	183,000,000

14. DIVIDENDS PER ORDINARY SHARE

The following table summarises the amounts recognised as distributions to equity shareholders in the period:

	31 DECEMBER 2015 £
2015 interim dividend of 0.90 pence per Ordinary Share paid on 3 September 2015	1,800,000
2015 interim dividend of 1.89 pence per Ordinary Share paid on 11 December 2015	3,780,000
Total	5,580,000

An interim dividend of 2.00 pence per Ordinary Share and 1.07 pence per C Share was declared by the Board on 29 January 2016 in respect of the period to 31 December 2015, which was paid on 7 March 2016 to shareholders on the register as of 12 February 2016. The interim dividend has not been included as a liability in these accounts in accordance with International Accounting Standard 10: Events After the Balance Sheet Date.

15. RELATED PARTY TRANSACTIONS

Each of the Directors is entitled to receive a fee from the Parent Company at such rate as may be determined in accordance with the Articles. Save for the Chairman of the Board, the fees are £30,000 for each Director per annum. The Chairman's fee is £50,000 per annum. The chairman of the Audit and Valuation Committee may also receive additional fees for acting as the chairmen of such a committee. The current fee for serving as the chairman of the Audit and Valuation Committee is £5,000 per annum. At 31 December 2015, £137,473 was paid to the Directors and £0 was owed for services performed.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Parent Company.

Investment management fees for the period ended 31 December 2015 are payable by the Parent Company to the Investment Manager and these are presented on the Consolidated Statement of Comprehensive Income. Details of investment management fees and performance fees payable during the period are disclosed in Note 10.

As at 31 December 2015, the Directors' interests in the Parent Company's Ordinary Shares were as follows:

	ORDINARY SHARES	C SHARES	TOTAL
Andrew Adcock	50,000	–	50,000
Clive Peggram	50,000	25,000	75,000
Kevin Ingram	20,000	15,000	35,000
Elizabeth Passey	10,000	–	10,000

Partners and Principals of the Investment Manager held 1,000,000 Ordinary Shares in the Parent Company at 31 December 2015.

On 25 March 2015, the Group acquired investments totalling £34,440,955 from affiliated funds managed by the Investment Manager.

The Group has invested in VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. The Investment Manager of the Parent Company also acts as manager to VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. The principal activity of VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. is to invest in alternative finance investments and related instruments with a view to achieving the Parent Company's investment objective. As at 31 December 2015, the Group owned 26% of VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. and the value of the Group's investment in VPC Offshore Unleveraged Private Debt Fund Feeder, L.P. was £20,830,142.

The Group has invested in Larkdale III, L.P. The Investment Manager of the Parent Company also acts as manager to Larkdale III, L.P. As at 31 December 2015, the Group owned 52% of Larkdale III, L.P. and the value of the Group's investment in Larkdale III, L.P. was £10,766,362.

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

The Investment Manager may pay directly various expenses that are attributable to the Group. These expenses are allocated to and reimbursed by the Group to the Investment Manager as outlined in the Management Agreement. Any excess expense previously allocated to and paid by the Group to the Investment Manager will be reimbursed to the Group by the Investment Manager. At 31 December 2015, £836,541 is due to the Investment Manager, and is included in the Accrued expenses and other liabilities balance on the Consolidated Statement of Financial Position.

16. SUBSIDIARIES

NAME	PRINCIPAL ACTIVITY	COUNTRY OF INCORPORATION	NATURE OF INVESTMENT	PERCENTAGE OWNERSHIP
VPC Specialty Lending Investments Intermediate, L.P.	Investment vehicle	USA	Limited partner interest	Sole limited partner
VPC Specialty Lending Investments Intermediate GP, LLC	General partner	USA	Membership interest	Sole member
ODVM II, L.P.	Investment vehicle	USA	Limited partner interest	Sole limited partner
ODVM II GP, LLC	General partner	USA	Membership interest	Sole member
LIAB, L.P.	Investment vehicle	UK	Limited partner interest	Sole limited partner
LIAB GP, LLC	General partner	UK	Membership interest	Sole member
Threadneedle Lending Ltd.	Investment vehicle	UK	Ordinary share capital	100%
SVTW, L.P.	Investment vehicle	USA	Limited partner interest	99%
SVTW GP, LLC	General partner	USA	Membership interest	99%
Duxbury Court I, L.P.	Investment vehicle	USA	Limited partner interest	96%
Duxbury Court I GP, LLC	General partner	USA	Membership interest	96%
Drexel I, L.P.	Investment vehicle	USA	Limited partner interest	67%
Drexel I GP, LLC	General partner	USA	Membership interest	67%
Larkdale II, L.P.	Investment vehicle	USA	Limited partner interest	59%
Larkdale II GP, LLC	General partner	USA	Membership interest	59%
Larkdale I, L.P.	Investment vehicle	USA	Limited partner interest	52%
Larkdale I GP, LLC	General partner	USA	Membership interest	52%

17. NON-CONTROLLING INTERESTS

The non-controlling interests arises from investments in limited partnerships considered to be controlled subsidiaries into which there are other investors. The value of the non-controlling interests at 31 December 2015 represents the portion of the NAV of the controlled subsidiaries attributable to the other investors. As at 31 December 2015, the portion of the NAV attributable to non-controlling interests' investments totalled £74,193,762. In the Consolidated Statement of Comprehensive Income, the amount attributable to non-controlling interests represents the increase in the fair value of the investment in the period.

The following entities have been consolidated which have material non-controlling interests:

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	PROPORTION OF OWNERSHIP INTERESTS HELD BY NON-CONTROLLING INTERESTS	PROFIT OR LOSS OF SUBSIDIARY ALLOCATED TO NON-CONTROLLING INTERESTS DURING THE PERIOD ENDED 31 DECEMBER 2015 £	ACCUMULATED NON-CONTROLLING INTERESTS IN SUBSIDIARY AS AT 31 DECEMBER 2015 £
Drexel I, L.P.	USA	33%	2,864,901	15,555,611
Duxbury Court I, L.P.	USA	4%	17,279	1,740,663
Larkdale I, L.P.	USA	48%	3,794,926	55,215,395
Larkdale II, L.P.	USA	41%	(146,683)	1,612,026
SVTW, L.P.	USA	1%	2,170	70,068

NAME OF SUBSIDIARY		SUMMARISED FINANCIAL INFORMATION FOR SUBSIDIARY 31 DECEMBER 2015 £
Drexel I, L.P.	Distributions to non-controlling interests	1,048,060
	Profit/(loss) of subsidiary for period ended 31 December 2015	5,276,912
	Assets as at 31 December 2015	47,208,982
	Liabilities as at 31 December 2015	335,714
Duxbury Court I, L.P.	Distributions to non-controlling interests	39,924
	Profit/(loss) of subsidiary for period ended 31 December 2015	1,482,374
	Assets as at 31 December 2015	45,315,850
	Liabilities as at 31 December 2015	224,696
Larkdale I, L.P.	Distributions to non-controlling interests	3,534,118
	Profit/(loss) of subsidiary for period ended 31 December 2015	6,889,350
	Assets as at 31 December 2015	197,224,837
	Liabilities as at 31 December 2015	83,280,925
Larkdale II, L.P.	Distributions to non-controlling interests	–
	Profit/(loss) of subsidiary for period ended 31 December 2015	(352,008)
	Assets as at 31 December 2015	7,648,498
	Liabilities as at 31 December 2015	3,682,214
SVTW, L.P.	Distributions to non-controlling interests	–
	Profit/loss of subsidiary for period ended 31 December 2015	1,973,017
	Assets as at 31 December 2015	106,212,539
	Liabilities as at 31 December 2015	36,891,126

FINANCIAL STATEMENTS continued

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 12 JANUARY 2015 (DATE OF INCORPORATION) TO 31 DECEMBER 2015

18. INVESTMENTS IN FUNDS

The Group has been determined to exercise significant influence in relation to certain of its in funds and other entities, as such these investments are considered to be associates for accounting purposes and represent interests in unconsolidated structured entities. The following additional information is therefore provided as required by IFRS 12, Disclosure of Interests in Other Entities:

NAME OF ASSOCIATE	PRINCIPAL PLACE OF BUSINESS	PRINCIPAL ACTIVITY	PROPORTION OF OWNERSHIP INTERESTS HELD	BASIS OF VALUATION	FAIR VALUE OF INTEREST AS AT 31 DECEMBER 2015 £	MAXIMUM EXPOSURE TO LOSS AS AT 31 DECEMBER 2015 £
VPC Offshore Unleveraged Private Debt Fund Feeder, L.P.	Cayman Islands	Investment fund	26%	Designated as held at fair value through profit or loss – using NAV	20,830,142	20,830,142
Larkdale III, L.P.	USA	Investment vehicle	52%	Designated as held at fair value through profit or loss – using NAV	10,766,362	10,766,362

NAME OF ASSOCIATE	SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATE	31 DECEMBER 2015 £
VPC Offshore Unleveraged Private Debt Fund Feeder, L.P.	Profit/(loss) of associate for period ended 31 December 2015	8,578,166
	Assets as at 31 December 2015	81,314,328
	Liabilities as at 31 December 2015	2,291,131
Larkdale III, L.P.	Profit/(loss) of associate for period ended 31 December 2015	6,088,575
	Assets as at 31 December 2015	30,890,931
	Liabilities as at 31 December 2015	166,891

The Group's investments in associates all consist of limited partner interests in funds. There are no significant restrictions between investors with joint control or significant influence over the associates listed above on the ability of the associates to transfer funds to any party in the form of cash dividends or to repay loans or advances made by the Group.

19. SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

The Company declared a dividend of 2.00 pence per Ordinary Share for the three month period ended 31 December 2015 and 1.07 pence per C Share for the period from 2 October 2015 to 31 December 2015 on 29 January 2016 and paid the dividend on 7 March 2016.

The Parent Company completed its second securitisation successfully on 26 February 2016.

The Parent Company announced that it had substantially invested the initial C Share proceeds and completed the conversion of the C Shares into new Ordinary shares on 4 March 2016. The Company's issued share capital consisted of 382,615,665 Ordinary Shares of £0.01 each with voting rights as of the date of the conversion.

The Parent Company completed its initial investment in LoanMart of £46,860,000 in March, which included a first-out participation with an existing counterparty.

There were no other significant events subsequent to the period end.

SHAREHOLDER INFORMATION

FOR THE PERIOD ENDED 31 DECEMBER 2015

INVESTMENT OBJECTIVE

The Company's investment objective is to generate an attractive total return for shareholders consisting of distributable income and capital growth through investments in specialty lending opportunities.

INVESTMENT POLICY

The Company seeks to achieve its investment objective by investing in opportunities in the specialty lending market through Platforms and other lending related opportunities.

The Company invests directly or indirectly into available opportunities, including by making investments in, or acquiring interests held by, third party funds (including those managed by the Investment Manager or its affiliates).

Direct investments include consumer loans, SME loans, advances against corporate trade receivables and/or purchases of corporate trade receivables originated by Platforms ("Debt Instruments"). Such Debt Instruments may be subordinated in nature, or may be second lien, mezzanine or unsecured loans.

Indirect investments include investments in Platforms (or in structures set up by Platforms) through the provision of senior secured floating rate credit facilities ("Credit Facilities"), equity or other instruments. Additionally, the Company's investments in Debt Instruments and Credit Facilities are made through subsidiaries of the Company or through partnerships in order to achieve bankruptcy remoteness from the platform itself, providing an extra layer of credit protection.

The Company may also invest in other specialty lending related opportunities through a combination of debt facilities, equity or other instruments.

The Company may also invest (in aggregate) up to 10% of its Gross Assets (at the time of investment) in listed or unlisted securities (including equity and convertible securities or any warrants) issued by one or more Platforms or specialty lending entities.

The Company invests across various Platforms, asset classes, geographies (primarily US, UK and Europe) and credit bands in order to create a diversified portfolio and thereby mitigates concentration risks.

INVESTMENT RESTRICTIONS

The following investment limits and restrictions apply to the Company, to ensure that the diversification of the Company's portfolio is maintained and that concentration risk is limited.

PLATFORM RESTRICTIONS

Subject to the following, the Company generally does not intend to invest more than 20% of its Gross Assets in Debt Instruments (net of any gearing ring-fenced within any SPV which would be without recourse to the Company), originated by, and/or Credit Facilities and equity instruments in, any single Platform, calculated at the time of investment. All such aggregate exposure to any single Platform (including investments via an SPV) will always be subject to an absolute maximum, calculated at the time of investment, of 25% of the Company's Gross Assets.

ASSET CLASS RESTRICTIONS

Single loans acquired by the Company will typically be for a term no longer than five years.

The Company will not invest more than 20% of its Gross Assets, at the time of investment, via any single investment fund investing in Debt Instruments and Credit Facilities. In any event, the Company will not invest, in aggregate, more than 60% of its Gross Assets, at the time of investment, in investment funds that invest in Debt Instruments and Credit Facilities.

The Company will not invest more than 10% of its Gross Assets, at the time of investment, in other listed closed-ended investment funds, whether managed by the Investment Manager or not, except that this restriction shall not apply to investments in listed closed-ended investment funds which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed closed-ended investment funds.

SHAREHOLDER INFORMATION continued

The following restrictions apply, in each case at the time of investment by the Company, to both Debt Instruments acquired by the Company via wholly-owned SPVs or partially-owned SPVs on a proportionate basis under the Marketplace Model, on a look-through basis under the Balance Sheet Model and to any Debt Instruments held by another investment fund in which the Company invests:

- No single consumer loan acquired by the Company shall exceed 0.25% of its Gross Assets.
- No single SME loan acquired by the Company shall exceed 5.0% of its Gross Assets. For the avoidance of doubt, Credit Facilities entered into directly with Platforms are not considered SME loans.
- No single trade receivable asset acquired by the Company shall exceed 5.0% of its Gross Assets.

OTHER RESTRICTIONS

The Company's un-invested or surplus capital or assets may be invested in Cash Instruments for cash management purposes and with a view to enhancing returns to shareholders or mitigating credit exposure.

Where appropriate, the Company will ensure that any SPV used by it to acquire or receive (by way of assignment or otherwise) any loans to UK consumers shall first obtain the appropriate authorisation from the FCA for consumer credit business.

BORROWING POLICY

Borrowings may be employed at the level of the Company and at the level of any investee entity (including any other investment fund in which the Company invests or any SPV that may be established by the Company in connection with obtaining leverage against any of its assets).

The Company may, in connection with seeking such leverage or securitising its loans, seek to assign existing assets to one or more SPVs and/or seek to acquire loans using an SPV.

The Company may establish SPVs in connection with obtaining leverage against any of its assets or in connection with the securitisation of its loans (as set out further below). It intends to use SPVs for these purposes to seek to protect the levered portfolio from group level bankruptcy or financing risks.

The aggregate leverage of the Company and any investee entity (on a look-through basis, including borrowing through securitisation using SPVs) shall not exceed 1.5 times its NAV.

As is customary in financing transactions of this nature, the particular SPV will be the borrower and the Company may from time to time be required to guarantee or indemnify a third party lender for losses incurred as a result of certain "bad boy" acts of the SPV or the Company, typically including fraud or wilful misrepresentation or causing the SPV voluntarily to file for bankruptcy protection. Any such arrangement will be treated as 'non-recourse' with respect to the Company provided that any such obligation of the Company shall not extend to guaranteeing or indemnifying Ordinary portfolio losses or the value of the collateral provided by the SPV.

SECURITISATION

The Company may use securitisation typically only for loans purchased directly from Platforms through the Marketplace Model in order to improve overall profitability by: (i) lowering the cost of financing; (ii) further diversifying its portfolio using the same amount of equity capital; and (iii) to lowering the credit risk to the Company.

In order to securitise certain assets, a bankruptcy remote SPV would be established, solely for the purpose of holding the underlying assets and issuing asset-backed securities ("ABS") secured only on these assets within the SPV. Each SPV would be Platform specific and would be owned by the Company, in whole or in part alongside Other VPC Funds or investors. Each SPV used for securitisation will be ring-fenced from one another and will not involve cross-collateralisation. The SPV will then aim to raise debt financing in the capital markets by issuing ABS that are secured only on assets within the SPV. The SPV will also enter into service agreements with the relevant Platforms to ensure continued collection of payments, pursuance of delinquent borrowers (end consumers) and otherwise interaction with borrowers in much the same manner as if the securitisation had not occurred.

SHARE REGISTER ENQUIRIES

For shareholder enquiries, please contact +44 (0) 871 664 0300. If you are outside the United Kingdom, please call +44 371 664 0300.

Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales

SHARE CAPITAL AND NET ASSET VALUE INFORMATION

Ordinary £0.01 Shares	200,000,000	C £0.10 Shares	183,000,000
SEDOL Number	BVG6X43	SEDOL NUMBER	BVG6X65
ISIN Number	GB00BVG6X439	ISIN NUMBER	GB00BVG6X652

SHARE PRICES

The Company's shares are listed on the London Stock Exchange.

ANNUAL AND HALF-YEARLY REPORTS

Copies of the Annual and Half-Yearly Reports are available from the Investment Manager on telephone +001 312 705 1244 and are available on the Company's website http://vpcspecialtylending.com.

PROVISIONAL FINANCIAL CALENDAR

2 June 2016	Annual General Meeting
June 2016	Payment of interim dividend to 31 March 2016
30 June 2016	Half-year End
September 2016	Announcement of half-yearly results
September 2016	Payment of interim dividend to 30 June 2016
December 2016	Payment of interim dividend to 30 September 2016
31 December 2016	Year End

DIVIDENDS

The following table summarises the amounts recognised as distributions to equity shareholders in the period:

	£
2015 interim dividend of 0.90 pence per Ordinary Share paid on 3 September 2015	1,800,000
2015 interim dividend of 1.89 pence per Ordinary Share paid on 11 December 2015	3,780,000
2015 interim dividend of 2.00 pence per Ordinary Share paid on 7 March 2016	4,000,000
2015 interim dividend of 1.07 pence per C Share paid on 7 March 2016	1,958,100
Total	11,538,100

SHAREHOLDER INFORMATION continued

GLOSSARY OF TERMS

Look-Through Leverage Ratios – The aggregate leverage of the Company and any investee entity (on a look through basis, including borrowing through securitisations using SPVs) shall not exceed 1.50 times its NAV.

Market Capitalisation – Month-end closing share price multiplied by the number of shares outstanding at month end.

NAV (Cum Income) or NAV or Net Asset Value – The value of assets of the Company less liabilities determined in accordance with the accounting principles adopted by the Company.

NAV (Cum Income) Return – The theoretical total return on shareholders' funds per share reflecting the change in NAV assuming that dividends paid to shareholders were reinvested at NAV at the time dividend was announced.

NAV (Ex Income) – The NAV of the Company, including current year capital returns and excluding current year revenue returns and unadjusted for dividends relating to revenue returns.

NAV per Share (Cum Income) – The NAV (Cum Income) divided by the number of shares in issue.

NAV per Share (Ex Income) – The NAV (Ex Income) divided by the number of shares in issue.

Premium/(Discount) to NAV (Cum Income) – The amount by which the share price of the Company is either higher (at a premium) or lower (at a discount) than the NAV per Share (Cum Income), expressed as a percentage of the NAV per share.

Share Price – Closing share price at month end (excluding dividends reinvested).

CONTACT DETAILS OF THE ADVISERS

Directors	Andrew Adcock Clive Peggram Elizabeth Passey Kevin Ingram *all of the registered office below*
Registered Office	40 Dukes Place London EC3A 7NH United Kingdom
Company Number	9385218
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Corporate Brokers	Jefferies International Limited Vintners Place 68 Upper Thames Street London EC4V 3BJ United Kingdom
	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET United Kingdom
Investment Manager and AIFM	Victory Park Capital Advisors, LLC 227 West Monroe Street Suite 3900 Chicago IL 60606 United States
Company Secretary	Capita Company Secretarial Services Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom
Administrator	Northern Trust Hedge Fund Services LLC 50 South LaSalle Street Chicago Illinois 60603 United States
Registrar	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

SHAREHOLDER INFORMATION continued

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	Millennium Trust Company 2001 Spring Road Oak Brook IL 60723 United States
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Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT United Kingdom

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