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If you have sold or otherwise transferred all your TruFin Ordinary Shares, please forward this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected as soon as possible for onward transmission to the purchaser or transferee. If you have sold only part of your holding of TruFin Ordinary Shares you should retain these documents.

The distribution of this document together with the accompanying Form of Proxy into jurisdictions other than the UK may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

All of the DFC Holdings Demerger Shares are to be issued to holders of TruFin Ordinary Shares on the register of members of TruFin at the Demerger Record Time.

The Directors, whose names are set out on page 11 of this document, and the Company, collectively and individually, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

TruFin PLC

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 with registered number 125245)

Proposed sale of Zopa, Demerger of DFC and Notice of General Meeting

Nominated Adviser and Broker
Macquarie Capital (Europe) Limited

You should read the whole of this document. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 12 to 27 of this document which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to in this document.

Notice of a General Meeting of the Company to be held at the offices of Travers Smith LLP at 10 Snow Hill, London, EC1A 2AL at 10.00 a.m. on 7 May 2019 is set out at the end of this document. TruFin Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Resolutions to be proposed at the General Meeting. To be valid, the Form of Proxy must be completed and returned in accordance with the instructions printed thereon to the Company's Registrar, Equiniti (Jersey) Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA so as to be received as soon as possible but in any event no later than 48 hours before the time fixed for the General Meeting, being 10.00 a.m. on 5 May 2019. The completion and return of the Form of Proxy will not preclude TruFin Shareholders from attending the General Meeting and voting in person should they subsequently wish to do so. Whether or not you intend to attend the General Meeting, you are encouraged to complete and return the enclosed Form of Proxy in accordance with the instructions printed on the form.

For a discussion of the risk factors relating to the Demerger and the TruFin Group (in the context of the Demerger) and the DFC Group (in the context of the Demerger) please see "Risk Factors" in Part II of this document. Risk factors relating to the DFC Group following the Demerger are set out in the DFC Holdings Admission Document enclosed with this document. The Directors do not accept any responsibility for the information contained in the DFC Holdings Admission Document.

Macquarie is authorised and regulated by the FCA. Macquarie is acting as nominated adviser and broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Macquarie will not be responsible to anyone other than the Company for providing the protections afforded to customers of Macquarie or for advising any other person on the arrangements described in this document. Macquarie has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Macquarie for the accuracy of any information or opinions contained in this document or for the omission of any information. No representation or warranty, express or implied, is made by Macquarie as to, and no liability whatsoever is accepted by Macquarie in respect of, any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

It is the responsibility of any person receiving a copy of this document outside of the United Kingdom and Jersey, to satisfy themselves as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory. Persons (including, without limitation, nominees and trustees) receiving this document should not distribute or send this document into any jurisdiction when to do so would, or might, contravene local securities laws or regulations.

THE CONTENTS OF THIS DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE.

CONTENTS

	<u>Page</u>
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	4
STATISTICS	5
DEFINITIONS	6
DIRECTORS, SECRETARY AND ADVISERS	11
PART I—LETTER FROM THE CHAIRMAN	12
PART II—RISK FACTORS	28
PART III—FURTHER DETAILS OF THE DEMERGER	30
PART IV—UK TAXATION	33
PART V—ADDITIONAL INFORMATION	36
NOTICE OF GENERAL MEETING	39

OVERSEAS SHAREHOLDERS

The implications of the Demerger for, and the distribution of this document to, Overseas Shareholders may be affected by the laws of the relevant jurisdictions in which such Overseas Shareholders are located. Such Overseas Shareholders should inform themselves about, and observe, all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to their full observance of the laws of the relevant jurisdiction in connection with the Demerger and the distribution of this document, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Demerger in their particular circumstances.

The DFC Holdings Ordinary Shares have not been and will not be registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the DFC Holdings Ordinary Shares in the United States. The DFC Holdings Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the DFC Holdings Ordinary Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

FORWARD LOOKING STATEMENTS

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Zopa Transaction and the Demerger, the expected timing and scope of the Zopa Transaction and the Demerger, the expected business of the TruFin Group after the Demerger and other statements other than in relation to historical facts. Forward-looking statements are statements which contain, without limitation, words such as "intends", "anticipates", "targets", "estimates", "believes", "should", "plans", "will", "expects" and similar expressions or statements that are not historical facts. The statements are based on the assumptions and assessments by the TruFin Board and are naturally subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction or waiver of the conditions to the Demerger, local and global political and economic conditions, future revenues of TruFin being lower than expected, expected cost savings from the Demerger or other future transactions not being realised fully or in line with expected timeframes, competitive pressures in the industry increasing, foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.

Neither TruFin, nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and the City Code on Takeovers and Mergers), TruFin is not under any obligation and expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<u>Event time and/or date</u>	<u>2019</u>
Date of this document	17 April
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 5 May
General Meeting	10.00 a.m. on 7 May
Completion of Zopa Transaction	7 May
Latest time and date for lodging transfers of TruFin Shares in order for the transferee to be registered at the Demerger Record Time	5.00 p.m. on 8 May
Demerger Record Time	5.00 p.m. on 8 May
Conversion, subdivision and redesignation of the existing TruFin Ordinary Shares into the DFC Cancellation Shares and TruFin New Ordinary Shares	6.00 p.m. on 8 May
Effective Date of the TruFin Reduction of Capital	11.00 p.m. on 8 May
Demerger Effective Time (issue of DFC Holdings Demerger Shares)	11.00 p.m. on 8 May
Estimated time and date for the admission of the DFC Holdings Ordinary Shares to trading on AIM	8.00 a.m. on 9 May
CREST accounts credited with DFC Holdings Ordinary Shares (including the Sale Shares)	8.00 a.m. on 9 May
Expected date for despatch of definitive share certificates for DFC Holdings Ordinary Shares	By 16 May

(1) The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by TruFin and DFC Holdings in consultation with Macquarie, in which event details of the new times and dates will be notified to the London Stock Exchange, and where appropriate, TruFin Shareholders.

(2) All references in this document to times are to British Summer Time unless otherwise stated.

STATISTICS

Number of TruFin Ordinary Shares in issue at the date of this document	97,368,421
TruFin Ticker (AIM trading symbol)	TRU
ISIN	JE00BYVWJZ03

Information and statistics in relation to the DFC Group following the Demerger are set out in the DFC Holdings Admission Document enclosed with this document.

DEFINITIONS

In this document, where the context permits, the expressions set out below shall bear the following meanings:

“Act”	the Companies Act 2006
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies setting out the rules and responsibilities in relation to AIM companies published by the London Stock Exchange as amended from time to time
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers setting out the eligibility, ongoing obligations and certain disciplinary matters in relation to nominated advisers published by the London Stock Exchange as amended from time to time
“Arrowgrass”	Arrowgrass Master Fund Ltd
“Arrowgrass Sale”	the conditional placing by Macquarie of the Arrowgrass Sale Shares at the Placing Price pursuant to and on the terms of the Sale Agreement
“Arrowgrass Sale Shares”	19,443,907 DFC Holdings Demerger Shares
“Articles”	the articles of association of TruFin in force at the date of this document
“Business Day”	a day other than a Saturday or Sunday on which banks are open for commercial business in the City of London
“certificated” or “certificated form”	the description of a share or other security which is not in uncertificated form (that is not in CREST)
“Company” or “TruFin”	TruFin plc, a company incorporated in Jersey with registered number 125245
“Companies Law”	the Companies Law (Jersey) 1991, as amended
“Continuing TruFin Group”	TruFin and its subsidiaries and subsidiary undertakings following the Zopa Transaction and completion of the Demerger, excluding DFC and TruFin’s interests in Zopa
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear UK & Ireland Limited
“CREST Manual”	the compendium of documents entitled CREST Manual issued by CRESTCo from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, the CREST Rules, CCSS Operations Manual, and the CREST Glossary of Terms
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) and the Companies (Uncertificated Securities) (Jersey) Order 1999 as amended from time to time, and any applicable rules made under those regulations
“CREST Rules”	the rules from time to time issued by CRESTCo governing the admission of securities to and the operation of the CREST UK System
“CREST UK System”	the facilities and procedures of the relevant systems of which CRESTCo is the Approved Operator pursuant to the CREST Regulations

“CRESTCo”	Euroclear UK and Ireland Limited, the operator of the CREST UK System or such other person as may for the time being be approved by HM Treasury as operator under the CREST Regulations
“Demerger”	the proposed demerger of DFC from the TruFin Group to be effected by way of a capital reduction demerger on the terms and subject to the conditions set out in the Demerger Agreement
“Demerger Agreement”	the agreement between, amongst others, TruFin, DFC and DFC Holdings relating to the Demerger entered into on 17 April 2019, a summary of the principal terms of which is set out in paragraph 5 of Part V of this document
“Demerger Effective Time”	the time at which the demerger becomes effective, expected to be 11.00 p.m. on 8 May 2019
“Demerger Record Time”	5.00 p.m. on 8 May 2019
“Demerger Resolutions”	the resolutions numbered 1 and 2 set out in the Notice of General Meeting
“DFC”	Distribution Finance Capital Limited, a company incorporated in England and Wales with registered number 10198535
“DFC Business”	DFC’s business of being a lender focused on financing supply chains in the UK
“DFC Cancellation Shares”	B ordinary shares of £0.99 each in the capital of TruFin having the right to all income and capital derived from TruFin’s holding of DFC Shares
“DFC EBT”	the trustee of the employee benefit trust of DFC
“DFC Group”	DFC and, with effect from the Demerger Effective Time, DFC Holdings and DFC
“DFC Holdings”	Distribution Finance Capital Holdings plc
“DFC Holdings Admission”	the admission to trading on AIM of the DFC Holdings Ordinary Shares
“DFC Holdings Admission Document”	the document comprising an admission document relating to DFC Holdings for the purposes of the DFC Holdings Admission (together with any supplements or amendments thereto)
“DFC Holdings Board”	the board of directors of DFC Holdings from time to time
“DFC Holdings Demerger Shares”	the 97,368,420 DFC Holdings Ordinary Shares to be issued pursuant to the Demerger
“DFC Holdings Exchange Shares”	the 9,273,505 DFC Holdings Ordinary Shares to be issued by DFC Holdings in consideration of the transfer of the DFC Management Shares to be transferred by the DFC Management Shareholders, TruFin EBT and DFC EBT conditional upon DFC Holdings Admission
“DFC Holdings Ordinary Shares”	ordinary shares of one pence each in the capital of DFC Holdings
“DFC Introduction Agreement”	the conditional introduction agreement between (i) Macquarie; (ii) DFC Holdings; (iii) the DFC Holdings Board and (iv) the Company entered into on 17 April 2019 in connection with DFC Holdings Admission

“DFC Management Shares”	the shares held by the DFC Management Shareholders, TruFin EBT and DFC EBT in the capital of DFC
“DFC Management Shareholders”	Chris Dailey, Andrew Stafferton, Adrian Tilley, David Burton, Desmond McNamara, Gavin Morris, Paul Atherton, Philip Tarimo, Stephen Brown and Steve Reynolds
“DFC Shares”	A ordinary shares of £0.001 pence each in the capital of DFC
“Directors” or “TruFin Board”	the directors of the Company whose names appear on page 11 of this document
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the General Meeting
“FCA”	the UK Financial Conduct Authority
“General Meeting”	the general meeting (or any adjournment thereof) of the TruFin Shareholders to be convened pursuant to the Notice of General Meeting set out at the end of this document
“HMRC”	HM Revenue & Customs
“IFRS”	International Financial Reporting Standards, as adopted for use in the European Union
“London Stock Exchange”	London Stock Exchange plc
“New Articles”	the new articles of association of the Company to be adopted pursuant to Resolution 2(vi)(a)
“Nominated Adviser”, “Nomad” or “Macquarie”	the Company’s nominated adviser, Macquarie Capital (Europe) Limited
“Notice of General Meeting”	the notice convening the General Meeting contained in this document
“Overseas Shareholders”	TruFin Shareholders with registered addresses outside the UK and Jersey or who are incorporated in, registered in or otherwise resident or located in, countries outside the UK and Jersey
“Oxygen”	Oxygen Finance Group Limited and its subsidiary undertakings
“Placees”	purchasers for the Sale Shares, as procured by Macquarie pursuant to the Sale Agreement
“Placing Price”	£0.90 per Sale Share
“PRA”	Prudential Regulatory Authority
“Redeemable Shares”	the 50,000 redeemable shares of £1 each in the capital of the Company to be allotted and issued as part of the Demerger
“Registrar of Companies”	the Jersey Registrar of Companies
“Remuneration Committee”	the remuneration committee of the TruFin Board
“Resolutions”	each of the resolutions which are set out in the Notice of General Meeting
“Re-transfer Agreement”	the re-transfer agreement entered into by TruFin Holdings and Arrowgrass on 17 April 2019 in relation to the Zopa Transaction

“Sale Agreement”	the conditional agreement dated 17 April 2019 between (i) Macquarie; (ii) the TruFin EBT; (iii) Arrowgrass and (iv) DFC Holdings relating to the TruFin EBT Sale and the Arrowgrass Sale
“Sale Shares”	the Arrowgrass Sale Shares and the TruFin EBT Shares
“Satago”	Satago Financial Solutions Limited and its subsidiary undertakings
“SDRT”	stamp duty reserve tax
“Share Exchange”	the exchange of the DFC Management Shares for 9,273,505 DFC Holdings Ordinary Shares in accordance with the Subscription and Share Exchange Agreement
“Subscription and Share Exchange Agreement”	the subscription and share exchange agreement dated 17 April 2019 between the DFC Management Shareholders, TruFin EBT, DFC EBT, DFC and DFC Holdings relating to a subscription for new A ordinary shares in DFC and the Share Exchange
“subsidiary”	has the meaning given in section 1159 of the Act
“subsidiary undertaking”	has the meaning given in section 1162 of the Act
“TruFin” Admission“	admission of the entire issued share capital of TruFin to trading on AIM on 21 February 2018
“TruFin Admission Document”	the document dated 13 February 2018 and published by TruFin in connection with TruFin Admission
“TruFin EBT”	the trustee of the TruFin Employee Benefit Trust
“TruFin EBT Sale”	the conditional placing by Macquarie of the TruFin EBT Sale Shares at the Placing Price pursuant to and on the terms of the Sale Agreement
“TruFin EBT Sale Shares”	2,587,967 DFC Holdings Demerger Shares
“TruFin Group”	in respect of any period prior to the Demerger Effective Time, TruFin and its subsidiaries and subsidiary undertakings (including DFC but excluding TruFin’s interests in Zopa following the Zopa Transaction and, in respect of any period following the Demerger Effective Time, the Continuing TruFin Group
“TruFin Holdings”	TruFin Holdings Limited, a wholly-owned subsidiary of the Company
“TruFin Management Team”	Henry Kenner, James van den Bergh, Raxita Kapashi and Jason Rogers
“TruFin New Ordinary Shares”	ordinary shares of £0.91 each in the capital of TruFin following the conversion to par value, subdivision and redesignation pursuant to Resolution 2
“TruFin Ordinary Shares”	the existing ordinary shares of no par value each in the capital of TruFin
“TruFin Reduction of Capital”	the proposed reduction of capital by TruFin by the cancellation of the DFC Cancellation Shares and the reduction of TruFin’s nominal capital account
“TruFin Share Register”	the register of members of the Company
“TruFin Shareholders”	the holders from time to time of TruFin Ordinary Shares or TruFin New Ordinary Shares, as applicable
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

“uncertificated” or “in uncertificated form”	an ordinary share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, as amended, may be transferred by means of CREST
“US” or “United States” . .	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US Securities Act”	the US Securities Act of 1933, as amended
“VAT”	value added tax
“Zopa”	Zopa Group Limited
“Zopa Transaction”	the proposed sale by TruFin Holdings of its interests in Zopa
“Zopa Transaction Agreement”	the transaction agreement dated 17 April 2019 between Arrowgrass and TruFin Holdings relating to the Zopa Transaction

All quoted share prices contained in this document have been rounded to the nearest pence. Unless otherwise indicated, all references in this document to times are to London times.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Simon <u>Henry</u> Kenner	<i>Executive Chairman</i>
	James van den Bergh	<i>Deputy Chief Executive Officer</i>
	Raxita Kapashi	<i>Chief Financial Officer</i>
	Steve Baldwin	<i>Senior Independent Non-Executive Director</i>
	Penny Judd	<i>Independent Non-Executive Director</i>
	Peter Whiting	<i>Independent Non-Executive Director</i>
	Paul Dentskevich	<i>Independent Non-Executive Director</i>
Company Secretary	Ocorian Secretaries (Jersey) Limited	
	26 New Street	
	St. Helier	
	Jersey JE2 3RA	
Registered Office of the Company	26 New Street	
	St. Helier	
	Jersey JE2 3RA	
Nominated Adviser and Broker	Macquarie Capital (Europe) Limited	
	Ropemaker Place	
	28 Ropemaker Street	
	London EC2Y 9HD	
Auditors to the Company .	Deloitte LLP	
	1 New Street Square	
	London EC4A 3BZ	
Solicitors to the Company—UK law	Travers Smith LLP	
	10 Snow Hill	
	London EC1A 2AL	
Solicitors to the Company—Jersey law	Ogier	
	44 Esplanade	
	St Helier	
	Jersey JE4 9WG	
Solicitors to Macquarie	Stephenson Harwood LLP	
	1 Finsbury Circus	
	London EC2M 7SH	
Registrars	Equiniti (Jersey) Limited	
	26 New Street	
	St Helier	
	Jersey JE2 3RA	

PART I

LETTER FROM THE CHAIRMAN OF TRUFIN PLC

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991, with registered number 125245)

Directors:

Simon Henry Kenner (Executive Chairman)
James van den Bergh (Deputy Chief Executive Officer)
Raxita Kapashi (Chief Financial Officer)
Steve Baldwin (Non-Executive Director)
Penny Judd (Non-Executive Director)
Peter Whiting (Non-Executive Director)
Paul Dentskevich (Non-Executive Director)

Registered Office:

26 New Street
St. Helier
Jersey JE2 3RA

17 April 2019

To: TruFin Shareholders and, for information purposes only, to the holders of awards and options to subscribe for TruFin Ordinary Shares

Dear Shareholder,

Proposed sale of Zopa, Demerger of DFC and Notice of General Meeting

1. Background to the proposals

TruFin is the holding company of an operating group comprising three growth-focused FinTech and banking businesses operating in three niche finance markets supply chain finance, invoice finance and dynamic discounting. In addition, TruFin owns a minority stake in Zopa, a leading UK consumer peer-to-peer lender, which operates independently of the TruFin Group.

TruFin has today announced the publication of its financial results for the year ended 31 December 2018 together with a trading update, which are available on its website www.trufin.com.

Since the IPO of TruFin in February 2018, TruFin's main business in the supply chain finance sector, DFC, has continued to successfully grow its balance sheet. To date, DFC's balance sheet growth has been funded by both debt and equity from TruFin and third party wholesale funding.

The award of a bank licence to DFC would diversify DFC's funding sources and also enable DFC to replace the funding provided by TruFin in the medium term. Customer deposits, obtained under a banking licence, would be an attractively priced and dependable source of funding for DFC. In June 2018, DFC therefore submitted a banking licence application to the PRA.

Following engagement with the PRA, the TruFin Board considers that to maximise the opportunity for DFC to obtain a bank licence in the short to medium term the following should occur:

- DFC should no longer form part of the wider TruFin Group, which engages in financial services activities, but which is not regulated as a banking group;
- Arrowgrass should reduce its voting control over DFC, whether direct or indirect, to below 50%; and
- DFC should be capitalised with an incremental £25 million to provide sufficient capital to support the next 12 months of expected balance sheet growth following licence award as set out in DFC's regulatory business plan.

Following a review, the TruFin Board has concluded that the award of the banking licence to DFC in the short to medium term is the best option for maximising value for TruFin Shareholders. The TruFin Board is therefore proposing:

- the Demerger of DFC into a separate AIM listed company, with the existing shareholders in TruFin being given one new share in a new holding company of DFC for each existing TruFin Ordinary Share; and

- the sale of its stake in Zopa to Arrowgrass for a total cash consideration of £44.5 million, equal to the carrying book value of Zopa in TruFin's accounts as at 31 December 2018.

On Admission (and prior to any sell down by Arrowgrass and the TruFin EBT) the TruFin Shareholders will hold 91.3% of DFC Holdings.

The sale of TruFin's stake in Zopa, when aggregated with the Demerger constitutes a fundamental change of business for the purpose of Rule 15 of the AIM Rules. Accordingly, the TruFin Board is seeking TruFin Shareholder approval to sell its stake in Zopa and demerge DFC from the TruFin Group for the purposes of Rule 15 of the AIM Rules at a General Meeting of TruFin Shareholders to be held on 7 May 2019.

It is proposed that DFC will be demerged to a new company called Distribution Finance Capital Holdings plc. DFC Holdings is seeking admission of its entire issued and to be issued ordinary share capital to trading on AIM on 9 May 2019. The Demerger is conditional, inter alia, upon the approval of TruFin Shareholders at the General Meeting and completion of the Zopa Transaction.

If the Demerger proceeds, the TruFin Shareholders who are registered on the TruFin Share Register at the Demerger Record Time will receive one DFC Holdings Ordinary Share for every one TruFin Ordinary Share then held by them.

The Demerger is expected to become effective on 8 May 2019.

Following the Demerger, TruFin will remain the ultimate holding company of the Continuing TruFin Group and will continue to be listed on AIM.

Concurrently with these proposals, Arrowgrass has informed the TruFin Board that it has arranged the disposal of sufficient new shares in DFC Holdings such that after completion of the Demerger, it will own less than 50% of the votes in the equity share capital of DFC Holdings. The TruFin EBT has also agreed to sell its resultant holding of shares in DFC Holdings arising pursuant to the Demerger. Arrowgrass and the TruFin EBT have undertaken a conditional sale to institutional and other investors of an aggregate of 22,031,874 Sale Shares (representing 20.66% of the DFC Holdings issued share capital on DFC Holdings Admission) at the Placing Price of £0.90 per DFC Holdings Share. The Arrowgrass Sale and TruFin EBT Sale will occur at the time of, and conditional upon, DFC Holdings Admission. James van den Bergh and Raxita Kapashi have agreed to acquire 555,555 Sale Shares and 11,111 Sale Shares respectively at the Placing Price on Admission.

Certain Directors of TruFin and DFC have indicated an intention to acquire shares in the bookbuild.

On DFC Holdings Admission, DFC Holdings is expected to have a market capitalisation of £96 million, based on the Placing Price. Following the Demerger and DFC Holdings Admission, Arrowgrass will continue to hold 73.62% of TruFin, but its shareholding in DFC Holdings will have reduced to 48.99% (assuming no other changes to its TruFin shareholding prior to the Demerger Effective Time).

Later today DFC Holdings expects to publish the DFC Holdings Admission Document in connection with DFC Holdings Admission.

The purpose of this document is to:

- explain why the TruFin Board believes that the Zopa Transaction and the Demerger are in the best interests of TruFin Shareholders as a whole;
- set out the background to and reasons for the Zopa Transaction and the expected use of the proceeds of the Zopa Transaction;
- explain the Resolutions to be put to the TruFin Shareholders at the General Meeting to be held on 7 May 2019; and
- unanimously recommend that TruFin Shareholders vote in favour of the Resolutions.

2. Demerger: in the best interests of TruFin Shareholders

At the time of TruFin's IPO, the TruFin Board had a key strategic objective of obtaining a banking licence for DFC. The rationale then, as now, was that a banking licence offers the most appropriate funding model for DFC's business. Flexibility and depth of the deposits market enables DFC to optimise its business model and be able to continue satisfying its customers' needs independently of wholesale funding markets.

When the PRA informed the TruFin Board of its decision in December 2018 that there was likely to be a delay to the announced timetable for the approval of DFC's banking licence and following the announcement of this to the market, the TruFin Board commenced a review of the best way forward for TruFin Shareholders. As part of that review, consideration was given to all practical means to obtain a banking licence including, inter alia, the possibility of applying prudential consolidation to the wider TruFin Group and whether to withdraw the current application and re-apply at a late date. These were ultimately dismissed as impractical, costly and time-consuming.

The TruFin Board has concluded that the best interests of TruFin Shareholders would be served by prioritising the attainment of a banking licence in as timely a manner as possible.

With this conclusion and given the timetable of the existing licence application made to the PRA, first submitted in June 2018 and subject to a 12 month evaluation and decision making period, the TruFin Management Team has worked with the Board of DFC to pursue the Demerger and listing of DFC Holdings on AIM.

3. TruFin's strategic goals and objectives

Following the Zopa Transaction and Demerger, TruFin will be the holding company of an operating group comprising two growth-focused FinTech businesses operating in invoice finance and dynamic discounting: Oxygen and Satago.

The strategic goal, as at the TruFin IPO, remains that of operating and creating a stable of niche lenders and payment providers whether through organic growth or acquisition.

The Directors believe that each of Oxygen and Satago operates in attractive niche markets. TruFin's flexible product offerings, focus on customer service and the effective use of technology, allows it to address the challenges of scalability and customer acquisition costs.

The Directors continue to believe that the growth of Oxygen and Satago will largely be organic rather than through mergers and acquisitions. However, the Directors will also continue to monitor acquisition opportunities that arise in the normal course of business.

The Directors have the following strategic objectives for each business:

Oxygen's future objectives and strategy

Oxygen will continue to build new client and supplier relationships which, given the operational gearing in the business, are expected to lead in turn to profitability and enhanced performance.

The Directors believe that Oxygen's product offering is well developed, robust and scalable. Oxygen's objective is to sign up more customers, sell more product to existing customers and benefit from inherent operational gearing in the business. In order to attract more customers, Oxygen has invested in improving its sales and onboarding teams through 2018.

It is also a focus of Oxygen's management to ensure that its customers fully benefit from the implementation of its services and to that end it continues to develop techniques to on-board more suppliers in a more efficient and timely manner.

In the medium term, Oxygen aims to continue its expansion in the UK public sector including with smaller councils and through further expansion into the NHS and Central Government. Simultaneously, Oxygen will pursue growth in the corporate sector, initially targeting large corporates with similar characteristics to the public sector.

Additionally, Oxygen plans to expand its product offering to its customer base. To that end it acquired Porge during 2018 and this has now been integrated into Oxygen. The strategy is to roll out this research insight service to existing customers of both companies.

The TruFin Board has every confidence in Oxygen's value and performance. However, TruFin will consider over time whether Oxygen would be more highly valued by an alternative owner. Once Oxygen has further demonstrated the achievement of key performance targets, the TruFin Board may therefore consider initiating a sale process.

Satago's future objectives and strategy

At the time of TruFin Admission, the Company stated that Satago was a nascent business with great potential. During 2018, that potential has begun to be realised.

In the core invoice financing business, customer acquisition is the key to success. The business' strategy was, and remains, to adopt a partnership model as a means of gaining the necessary traction and brand awareness. During 2018 the number of interested partners has grown materially and the business is starting to see the direct benefits in terms of business volumes. The Satago management is optimistic that these partnerships will develop further during 2019 and form the basis for future growth.

As the business has grown, the demand for a broader range of financing products has become increasingly apparent. The launch of such products will be explored in 2019, initially focusing on other short-term working capital facilities. Such new products will round out Satago's overall customer offering.

Satago's technology has been a key factor in attracting potential partners and customers. To that end it is a core objective to continue to invest in the platform.

With an increasing market presence and Satago's technological strength, various fee-paying services are now being considered in addition to the core lending business as another source of revenue.

In addition to the core business, Satago also offers some niche speciality lending in two verticals that exhibit attractive funding opportunities: mobile games publishing and the funding of financial intermediaries. It is a strategic goal to continue to develop these existing verticals, and where appropriate, add additional niches.

Satago will continue to target its origination of high yielding short-dated working capital assets, while managing risk via a superior understanding of the credit risk of prospective counterparties provided by its advanced technology and integrated customer business model.

Board and organisational structures

There are no expected immediate changes to the board or senior management of TruFin, DFC or DFC Holdings following the Demerger.

However, the TruFin Board will be conducting a full review of Head Office costs following the Demerger to ensure they are scaled appropriately for the Continuing TruFin Group.

Financial effects of the Demerger and Zopa Transaction

Having made due and careful enquiry, the Directors are of the opinion that, taking into account the net proceeds of the Zopa Transaction, the Company and the Continuing TruFin Group will have sufficient working capital available for their present requirements, that is, for at least the 12 months following the Demerger Effective Time.

For the financial year ended 31 December 2018, the TruFin Group had gross turnover of £9.5 million and an underlying operating loss, excluding share based payment charge, of £12.8 million. As at 31 December 2018, the TruFin Group had total net assets of £153.2 million.

For the financial year ended 31 December 2018, DFC had gross turnover of £5.2 million and an underlying operating loss of £7.0 million. As at 31 December 2018, DFC had total net assets of £54.6 million.

At 31 December 2018, DFC had outstanding loans to TruFin (the "TruFin Loans") amounting to £10 million and preference shares (together with accrued but unpaid dividends) amounting to approximately £4 million. Since the year end, these preference shares have been repaid and advanced as further TruFin Loans. These, together with a further £5 million advanced since the year end by TruFin, means that the total outstanding amount of TruFin Loans at the date of this document, is approximately £19 million. The TruFin Loans shall accrue interest at a rate of 5% per annum, and (i) £5,000,000 is repayable by 1 December 2019; (ii) £5,000,000 is repayable by 1 June 2020; and (iii) 8,868,219 is repayable by 1 December 2020, in each case, together with any accrued but unpaid interest thereon.

Following completion of the Zopa Transaction but prior to the Demerger, TruFin Holdings will subscribe for £25 million of new DFC Shares pursuant to the Subscription and Share Exchange Agreement.

Completion of the Zopa Transaction shall result in the investment held by the TruFin Group being reduced by £44.5 million with a corresponding increase in cash.

TruFin will also return a minimum of £10 million to TruFin Shareholders during 2019, of which a return of at least £5 million shall be effected by 30 June 2019 and the remainder by 31 December 2019. The TruFin Board is currently considering the most appropriate arrangement to facilitate this.

4. Summary of how the Demerger is to be effected

The Demerger is to be effected by TruFin returning to TruFin Shareholders capital in an amount equal to the market value of TruFin's shareholding in DFC as at the Demerger Effective Time. The return of capital to TruFin Shareholders will be satisfied by the transfer by TruFin to DFC Holdings of its DFC Shares and the allotment and issue by DFC Holdings of 97,368,420 DFC Holdings Demerger Shares credited as fully paid to the holders of TruFin Ordinary Shares who are registered on the TruFin Share Register at the Demerger Record Time.

Subject to the passing of a resolution by TruFin Shareholders, this will involve:

- the conversion of the existing TruFin Ordinary Shares of no par value into TruFin Ordinary Shares of £1.90 each by transferring the amount to the credit of TruFin's stated capital account immediately prior to the conversion to TruFin's nominal account;
- the subdivision and redesignation of each TruFin Ordinary Share of £1.90 each transferring to one TruFin New Ordinary Share of £0.91 each and one DFC Cancellation Share of £0.99 each credited as fully paid;
- the cancellation of the DFC Cancellation Shares and the reduction of TruFin's nominal capital account, which is expected to amount to £96.4 million in aggregate; and
- the return of capital by TruFin to TruFin Shareholders of an amount equal to the market value of TruFin's shareholding in DFC as at the Demerger Effective Time. The return of capital to TruFin Shareholders will be satisfied by the transfer by TruFin to DFC Holdings of 21,861,433 DFC Shares and the allotment and issue of 97,368,420 DFC Holdings Demerger Shares credited as fully paid by DFC Holdings to TruFin Shareholders who are registered on the TruFin Share Register at the Demerger Record Time on the basis of one DFC Holdings Ordinary Share for every one TruFin Ordinary Share then held.

DFC Holdings' share capital comprises one ordinary share and 50,000 redeemable preference shares and, therefore, the TruFin Board intends to allot and issue Redeemable Shares in TruFin prior to the Demerger becoming effective in order to ensure that the share capital of DFC Holdings mirrors as nearly as may be the share capital of TruFin as at the Demerger Record Time.

DFC Holdings will be an unquoted public limited company pending its admission to trading on AIM which is expected to take place at 8.00 a.m. on the Business Day following the Demerger.

The Demerger is conditional, inter alia, on:

- the approval by TruFin Shareholders of the Demerger Resolutions;
- completion of the Zopa Transaction and the subsequent £25 million subscription into DFC from the proceeds of the Zopa Transaction;
- the DFC Introduction Agreement not being terminated prior to the Demerger Effective Time; and
- no other events or developments occurring or existing that, in the judgment of the TruFin Board, in its sole and absolute discretion, would make it inadvisable to effect the Demerger.

Save for the approval of TruFin Shareholders, no other approvals are outstanding for the implementation of the Demerger.

Neither TruFin nor DFC Holdings will have a shareholding in the other following the Demerger.

Henry Kenner and James van den Bergh will be the only directors common to both TruFin and DFC Holdings after the Demerger.

It is proposed that an application will be made for the DFC Holdings Ordinary Shares to be admitted to trading on AIM on or around 9 May 2019.

The relationship agreement between Arrowgrass, Macquarie and TruFin will continue despite the Demerger as a result of Arrowgrass continuing to hold 73.62% of TruFin's issued share capital following the Demerger (assuming no other changes to its TruFin shareholding).

Each of Arrowgrass and Watrium has also entered into a relationship agreement with DFC Holdings as a result of their expected shareholdings in DFC Holdings on DFC Holdings Admission, further details of which are set out in the DFC Holdings Admission Document.

Further details of the Demerger are set out in Part III of this document.

Further details of TruFin's share incentive arrangements before and after the Demerger are set out in paragraph 9 of Part I of the Circular.

5. Exchange of shares in DFC for shares in DFC Holdings

Conditional upon and with effect on DFC Holdings Admission, the DFC Management Shareholders, TruFin EBT and DFC EBT have agreed to transfer their DFC Management Shares in exchange for the issue of the 9,273,505 DFC Holdings Exchange Shares in DFC Holdings issued share capital on DFC Holdings Admission.

6. Summary of Zopa Transaction and Use of Proceeds

The TruFin Board has today announced that it has agreed definitive terms to sell its stake in Zopa to Arrowgrass for a total cash consideration of £44.5 million.

It had been anticipated at the time of the IPO of TruFin that Zopa would look to carry out an IPO and at that future time the Directors would consider whether to sell TruFin's interest in Zopa, subject to a satisfactory valuation being achieved and the Directors determining how the proceeds should be allocated to maximise TruFin Shareholder value. The agreement with Arrowgrass, announced today, brings forward that decision.

At the time of TruFin's IPO, TruFin's c.15% stake in Zopa was valued at £36.5 million. Since that time, Zopa has undertaken a further capital raise which led to TruFin raising the value of its stake in Zopa to £44.5 million, as previously announced on 3 August 2018. As at 31 December 2018, Zopa's carrying value was £44.5 million.

The Zopa Transaction is conditional upon the passing of the Demerger Resolutions at the General Meeting and is expected to complete upon conclusion of the General Meeting on 7 May 2019.

The total cash proceeds of the Zopa Transaction are intended to be used by TruFin for the following purposes:

- £25 million for capitalising DFC's balance sheet for lending. Accordingly, it is proposed that following completion of the Zopa Transaction but prior to the Demerger, TruFin Holdings will subscribe for £25 million of new DFC Shares pursuant to the Subscription and Share Exchange Agreement;
- £9.5 million for additional working capital to support and implement the strategy of the Continuing TruFin Group, including the costs and expenses payable by the Company relating to the Demerger;
- to return a minimum of £10 million to TruFin Shareholders during 2019, of which a return of at least £5 million shall be effected by 30 June 2019 and the remainder by 31 December 2019. The TruFin Board is currently considering the most appropriate arrangement to facilitate this.

TruFin Shareholders should be aware that if the Demerger Resolutions are not approved at the General Meeting and the Zopa Transaction does not take place on or around 7 May 2019, the net proceeds of the Zopa Transaction will not be received by TruFin Holdings and the Demerger would not proceed.

If the Demerger Resolutions are not approved by the TruFin Shareholders the TruFin Board would be limited in its ability to implement the strategy of either the TruFin Group or the DFC Group. Further, the Company would be forced to seek further finance immediately, most likely through an equity fundraising with existing TruFin Shareholders. The TruFin Board believes

that this fundraising route, even if it raises sufficient funds to meet the working capital requirements of the Company, could have an adverse impact on the TruFin Group's business, reputation, financial condition and/or operating results.

The Zopa Transaction constitutes a related party transaction under Rule 13 of the AIM Rules as a result of Arrowgrass; ownership of 73.62% of the issued share capital of TruFin.

The Directors of TruFin, having consulted with Macquarie in its capacity as TruFin's nominated adviser for the purposes of the AIM Rules, consider the terms of the Zopa Transaction to be fair and reasonable insofar as the Company's shareholders are concerned.

Further details of the Zopa Transaction Agreement and Re-Transfer Agreement are contained in paragraph 5 of Part V of this document.

7. Current trading and prospects

TruFin

2019 has commenced well and revenues for the TruFin Group (including DFC) for the first quarter ended 31 March 2019 were £3.9 million (unaudited).

Oxygen continues to win customers and the sales pipeline for 2019 remains robust.

Satago anticipates strong demand in 2019 from the partnerships it has formed. However, capital remains a constraining factor in realising this demand. Following the Demerger, together with the steps described in this document such as the Zopa Transaction, this will be addressed.

DFC

During the first three months of the current financial year DFC has continued to see strong demand for its product offering. This has resulted in loans advanced increasing by in excess of 25% to £143 million (unaudited) and credit lines increasing by 26% to £253 million (unaudited) for the three months to end of March 2019. This has been coupled with strong growth in the number of manufacturers and dealers signed up.

For the remainder of 2019 the Directors expect to see continuation of this strong asset growth, even if a bank licence is not obtained during the year, given the existing funding in place and assuming that the current advanced discussions on mezzanine funding successfully conclude. The potential granting of a bank licence is not expected to require significant incremental investment during the year as the governance and operating processes required are already in place.

DFC signed an initial £40 million committed senior facility with Citibank in December 2017. The senior facility with Citibank first extended to £100 million in September 2018 and earlier today was further extended to £155 million (the "Citi SFA"). Under the Citi SFA, the provision of finance to DFC is indirect. Citibank advance funds to DFC Funding No. 1 Limited ("DFC Funding") (a special purpose vehicle which is not part of the Group and over which Citibank have taken security) to enable DFC Funding to purchase loan receivables from DFC. As part of the arrangement, DFC has provided DFC Funding with a £20 million mezzanine revolving loan facility and a £5 million junior facility to allow DFC Funding to acquire from DFC certain loans made by DFC to dealers.

Information on the financial performance of DFC for the financial year ended 31 December 2018 and business outlook is contained within the DFC Holdings Admission Document, enclosed with this document.

8. Risk factors

TruFin Shareholders should consider carefully the risks and uncertainties set out in Part II: "Risk Factors" relating to the Demerger and the TruFin Group (in the context of the Demerger) and the DFC Group (in the context of the Demerger), and the risk factors relating to the DFC Group following the Demerger set out in the DFC Holdings Admission Document enclosed with this document, along with all of the information set out in this document. If any or a combination of these risks actually occurs, the market price of the shares in TruFin and/or DFC Holdings may decline.

9. Share incentive arrangements

The Company has historically incentivised senior management by offering participation in the TruFin plc Performance Share Plan 2018 (the “PSP”) and the TruFin plc Joint Share Ownership Plan 2018 (the “JSOP”).

The TruFin plc Performance Share Plan 2018

As at the date of this document, options in respect of 9,276,316 TruFin Ordinary Shares have been granted under the PSP, equivalent to approximately 9.53% of TruFin’s issued share capital. There are three categories of options granted under the PSP which are set out below.

PSP Market Value Awards

Options over a total of 4,868,420 TruFin Ordinary Shares were granted to the TruFin Management Team on the date of TruFin Admission in the following amounts (the “PSP Market Value Awards”), equivalent to, at the time of grant, approximately 5% of the Company’s issued share capital:

<u>Name</u>	<u>Number of TruFin Ordinary Shares</u>
Henry Kenner	2,190,789
James van den Bergh	1,703,947
Jason Rogers	486,842
Raxita Kapashi	486,842
Total	<u>4,868,420</u>

The PSP Market Value Awards have an exercise price of 190p per share and vest automatically in 20% tranches on the achievement of share price targets. The PSP Market Value Awards were a one off award made at the time of TruFin Admission and therefore further awards on the same terms have not and will not be granted in the future under the PSP. Following vesting, the PSP Market Value Awards are exercisable until the tenth anniversary of TruFin Admission. Further details in respect of the PSP Market Value Awards were set out in Part 4 of the TruFin Admission Document.

PSP Performance Awards

Nil cost options over a total of 1,000,001 TruFin Ordinary Shares were granted to the TruFin Management Team on the date of TruFin Admission in the following amounts (the “PSP Performance Awards”), equivalent to, at the time of grant, approximately 1.3% of the Company’s issued share capital:

<u>Name</u>	<u>Number of TruFin Ordinary Shares</u>
Henry Kenner	368,421
James van den Bergh	263,158
Jason Rogers	184,211
Raxita Kapashi	184,211
Total	<u>1,000,001</u>

The PSP Performance Awards vest on the third anniversary of the date of TruFin Admission to the extent that performance targets relating to the business plans of Oxygen and DFC are met. It is intended that PSP Performance Awards (or similar) will be granted annually under the PSP. Following vesting, the PSP Performance Awards are exercisable until the tenth anniversary of the date of TruFin Admission. Further details in respect of the PSP Performance Awards were set out in Part 4 of the TruFin Admission Document.

PSP Founder Awards

Nil cost options over a maximum of 3,407,895 TruFin Ordinary Shares, in aggregate, were granted to Henry Kenner and James van den Bergh (the “**TruFin Founders**”) on the date of TruFin Admission in the following amounts (the “**PSP Founder Awards**”), equivalent to, at the time of grant, approximately 3.5% of the Company’s issued share capital:

<u>Name</u>	<u>Number of TruFin Ordinary Shares</u>
Henry Kenner	1,825,658
James van den Bergh	1,582,237
Total	<u>3,407,895</u>

The PSP Founder Awards vest automatically in tranches of 25% per year from the first anniversary of the date of TruFin Admission. The maximum number of TruFin Ordinary Shares that option holders are entitled to receive in connection with the PSP Founder Awards is limited. If the market value of a TruFin Ordinary Share exceeds 190p at the time of vesting, the number of TruFin Ordinary Shares subject to the vested part of the PSP Founder Award is reduced to ensure that the maximum aggregate value (at the time of vesting) of the TruFin Ordinary Shares in respect of which the PSP Founder Award has vested, is limited to 190p per TruFin Ordinary Share.

25% of the PSP Founder Awards vested on 21 February 2019, the result of which was that the award holders are entitled to exercise their PSP Founder Awards in respect of the following number of TruFin Ordinary Shares:

<u>Name</u>	<u>Number of TruFin Ordinary Shares</u>
Henry Kenner	437,973
James van den Bergh	379,577
Total	<u>817,550</u>

Following vesting, the PSP Founder Awards are exercisable until the tenth anniversary of TruFin Admission. Further details in respect of the PSP Founder Awards are set out in Part 4 of the TruFin Admission Document.

Joint Share Ownership Plan 2018

Under the JSOP, award holders jointly hold TruFin Ordinary Shares with the trustee of the TruFin plc Employee Benefit Trust (the “**TruFin EBT Trustee**”).

JSOP awards in respect of, in aggregate, 3,407,895 TruFin Ordinary Shares were awarded to Henry Kenner and James van den Bergh on the date of TruFin Admission in the following amounts (the “**JSOP Founder Awards**”), equivalent to, at the time of grant, approximately 3.5% of the Company’s issued share capital:

<u>Name</u>	<u>Number of TruFin Ordinary Shares</u>
Henry Kenner	1,825,658
James van den Bergh	1,582,237
Total	<u>3,407,895</u>

The JSOP Founder Awards vest automatically in tranches of 25% per year from the first anniversary of TruFin Admission. Upon vesting, the award holders become entitled to the value of the relevant TruFin Ordinary Shares over and above 190p per TruFin Ordinary Share. Further details in respect of the JSOP Founder Awards were set out in Part 4 of the TruFin Admission Document.

25% of the JSOP Founder Awards vested on 21 February 2019, the result of which was that the award holders became entitled to the value, as at the vesting date, over and above 190p per TruFin Ordinary Share in respect of 25% of the TruFin Ordinary Shares subject to the JSOP Founder Awards. Based on the closing share price of 198p per TruFin Ordinary Share on 20 February 2019, 4.04% (being the balance of the share price at vesting above 190p, expressed as a percentage) of the TruFin Ordinary Shares subject to the vested part of the JSOP Founder Awards became beneficially owned by the TruFin Founders. As a consequence, they became the beneficial holders of the following number of TruFin Ordinary Shares:

<u>Name</u>	<u>Number of TruFin Ordinary Shares received on vesting of 25% of the JSOP Founder Awards</u>
Henry Kenner	18,441
James van den Bergh	15,982
Total	34,423

The balance of TruFin Ordinary Shares (being 817,550 TruFin Ordinary Shares) that were also subject to the 25% of the JSOP Founder Awards that has vested have ceased to be subject to the JSOP and are legally and beneficially held by the TruFin EBT Trustee.

The JSOP Founder Awards and the PSP Founder Awards will together deliver, in aggregate, a maximum of 3,407,895 existing TruFin Ordinary Shares.

10. Effect of the Demerger and DFC Holdings Admission on the share incentive arrangements

As a result of and in consequence of the Demerger, the Remuneration Committee have agreed with award holders that certain actions will be taken in relation to the existing share incentive arrangements. A summary of the relevant actions is set out below. The Remuneration Committee consider that the resulting outcome is fair for TruFin Shareholders and the relevant award holders in light of the Demerger and DFC Holdings Admission.

The actions being taken are each in accordance with the terms on which the original awards were granted except that the protection from dilution in respect of the TruFin Founder Awards, and the ability for TruFin Market Value Awards holders to benefit from a return of value to TruFin Shareholders (in each case as referred to further below), have been approved of in addition by the Remuneration Committee, as set out in more detail below.

Founder Awards

The impact of the Demerger and DFC Holdings Admission on the JSOP Founder Awards and the PSP Founder Awards (the “**TruFin Founder Awards**”) is as follows.

DFC Holdings Shares held by the TruFin EBT Trustee and the TruFin Founders

In respect of the 25% of the TruFin Ordinary Shares under the JSOP Founder Awards that have vested, as a result of the Demerger, and without any action being taken by the TruFin EBT Trustee or the TruFin Founders, the TruFin EBT Trustee will, in its sole capacity, receive 817,550 DFC Holdings Shares and the TruFin Founders will, in their respective individual capacities, receive the following number of DFC Holdings Shares:

<u>Name</u>	<u>Number of DFC Holdings Shares</u>
Henry Kenner	18,441
James van den Bergh	15,982
Total	34,423

In respect of the remaining 75% of the TruFin Ordinary Shares subject to the JSOP Founder Awards that have not yet vested, as a result of the Demerger, and without any action being taken by the

TruFin EBT Trustee or the TruFin Founders, the TruFin EBT Trustee and the TruFin Founders will jointly receive 2,555,922 DFC Holdings Shares as follows:

<u>Name</u>	<u>Number of DFC Holdings Shares</u>
Henry Kenner and TruFin EBT Trustee	1,369,244
James van den Bergh and TruFin EBT Trustee	1,186,678
Total	<u>2,555,922</u>

As set out below in more detail, it has been agreed that the aggregate number of 3,373,472 DFC Holdings Shares to be received by the TruFin EBT Trustee in connection with the TruFin Founder Awards as a result of the Demerger shall cease to be subject to the terms of the JSOP and/or the PSP, and will instead be awarded to the TruFin Founders by the TruFin EBT Trustee (subject to the restrictions set out below).

Replacement Founder Awards

In order to ensure that Arrowgrass’ post-Demerger shareholding (when aggregated with the shareholding of the TruFin EBT Trustee) in DFC Holdings remains below 50%, it has been agreed that the TruFin EBT Trustee will award part of the DFC Holdings Shares it receives as a result of the Demerger (and which cease to be subject to the terms of the JSOP and/or the PSP) to the TruFin Founders. The number of DFC Holdings Shares to be transferred to each of the TruFin Founders will be proportionate to the number of TruFin Ordinary Shares subject to their original TruFin Founder Awards (the “**Replacement Founder Awards**”).

DFC Holdings Shares subject to the Replacement Founder Awards will be subject to a restriction on transfer and clawback which will cease to apply as follows:

- (i) 33% of the DFC Holdings Shares shall cease to be subject to a restriction on transfer and clawback on 21 February 2020;
 - (ii) 33% of the DFC Holdings Shares shall cease to be subject to a restriction on transfer and clawback on 21 February 2021; and
 - (iii) 34% of the DFC Holdings Shares shall cease to be subject to a restriction on transfer and clawback on 21 February 2022,
- (each a “**Relevant Date**”).

If the Replacement Founder Award holder ceases to be an employee or director within the TruFin Group before a Relevant Date due to death, ill-health, injury or disability, the restriction on transfer will cease to apply to the portion of the DFC Holdings Shares that are otherwise still subject to a restriction on transfer. If the Replacement Founder Award holder ceases to be an employee or director within the TruFin Group due to having resigned or given notice prior to 21 February 2021 or due to summary dismissal for gross misconduct prior to 21 February 2022, the DFC Holdings Shares subject to the Replacement Founder Award (that have not otherwise ceased to be subject to clawback) will be transferred by them to (or to any other person at the direction of) TruFin for nil consideration.

If the Replacement Founder Award holder ceases to be an employee or director (that have not otherwise ceased to be subject to clawback) within the TruFin Group for any other reason prior to a Relevant Date, the DFC Holdings Shares will cease to be subject to clawback but will remain subject to a restriction on transfer on the same basis as set out above.

In the event of a delisting, a takeover (including by way of a court sanctioned scheme of arrangement), or the voluntary winding up of DFC Holdings or TruFin, the Replacement Founder Award shall cease to be subject to a restriction on transfer and clawback.

The DFC Holdings Shares received by the TruFin EBT Trustee as a result of the Demerger that are not awarded to the TruFin Founders in connection with the Replacement Founder Awards shall be disposed of by the TruFin EBT Trustee and the proceeds will be paid to the TruFin Founders as a bonus, the whole amount of which will be used by the TruFin Founders for the purpose of funding the income tax and employee social security contributions that will arise in relation to the Replacement Founder Awards and such bonus payment.

Original TruFin Founder Awards

The PSP Founder Awards and JSOP Founder Awards in respect of the TruFin Ordinary Shares shall continue on the same terms except that any reference to the TruFin Ordinary Share price in the related terms and conditions will be appropriately adjusted by reference to the respective share price of DFC Holdings and TruFin to reflect the Demerger.

In addition, in order to reflect the original intention at the time of TruFin Admission, the Remuneration Committee has agreed that the TruFin Founders and the TruFin EBT Trustee shall be protected from dilution in respect of the TruFin Founder Awards in the event of any equity fundraising by TruFin of up to £50 million that commences on or prior to 31 December 2021.

PSP Market Value Awards

As a result of the impact that the Demerger will have on the term of the PSP Market Value Awards, it has been agreed that the PSP Market Value Awards will be split in two so that:

- (i) part of the award will remain as an option in respect of TruFin Ordinary Shares (the “**TruFin Market Value Awards**”); and
- (ii) part of the award will be replaced with an award in respect of DFC Holdings Shares (the “**DFC Market Value Awards**”).

The TruFin Market Value Award

The TruFin Market Value Awards will be on the same terms as the original PSP Market Value Awards except that the exercise price will be appropriately adjusted by reference to the respective share price of DFC Holdings and TruFin to reflect the Demerger.

In addition, the Remuneration Committee has agreed that the TruFin Market Value Award holders will be given the opportunity to benefit from any value returned to TruFin Shareholders (following the Demerger and DFC Holdings Admission and prior to the exercise of the TruFin Market Value Awards). Where applicable, TruFin Market Value Award holders will be entitled to receive a cash payment at the time of the subsequent TruFin annual bonus cycle. Any such cash payment would be made (where relevant) in addition to any adjustment made to the exercise price and/or the target thresholds in connection with the return of value.

The DFC Market Value Award

The TruFin EBT Trustee will, conditional upon and immediately following the subscription by TruFin Holdings of 6,530,303 A ordinary shares in DFC, acquire 478,870 DFC Shares from TruFin for nil consideration. Such DFC Shares will, as part of the Share Exchange, be exchanged by the TruFin EBT Trustee for such number of DFC Holdings Shares as have an equivalent aggregate value (as at the time of the Share Exchange) as the DFC Shares exchanged.

The DFC Market Value Awards will comprise a restricted share award pursuant to which the award holder will hold DFC Holdings Shares in proportion to the number of TruFin Ordinary Shares subject to their original PSP Market Value Awards.

The DFC Holdings Shares subject to the DFC Market Value Awards will be provided by the TruFin EBT Trustee using part of the DFC Holdings Shares it receives as part of the Share Exchange and will be held by TruFin Management Team subject to a restriction on transfer and clawback which will cease to apply as follows:

- (i) 33% of the DFC Holdings Shares shall cease to be subject to a restriction on transfer and clawback on 21 February 2020;
 - (ii) 33% of the DFC Holdings Shares shall cease to be subject to a restriction on transfer and clawback on 21 February 2021; and
 - (iii) 34% of the DFC Holdings Shares shall cease to be subject to a restriction on transfer and clawback on 21 February 2022,
- (each a “**Relevant Date**”).

If the DFC Market Value Award holder ceases to be an employee or director within the TruFin Group before a Relevant Date due to death, ill-health, injury or disability, the restriction on transfer will cease

to apply to the portion of the DFC Holdings Shares that are otherwise still subject to a restriction on transfer.

If the DFC Market Value Award holder ceases to be an employee or director within the TruFin Group due to having resigned or given notice prior to 21 February 2021 or due to summary dismissal for gross misconduct prior to 21 February 2022, the DFC Holdings Shares subject to the DFC Market Value Award (that have not otherwise ceased to be subject to clawback) will be transferred by them to (or to any other person at the direction of) TruFin for nil consideration.

If the DFC Market Value Award holder ceases to be an employee or director within the TruFin Group for any other reason prior to a Relevant Date, the DFC Holdings Shares (that have not otherwise ceased to be subject to clawback) will cease to be subject to clawback but will remain subject to a restriction on transfer on the same basis as set out above.

In the event of a delisting, a takeover (including by way of a court sanctioned scheme of arrangement), or the voluntary winding up of DFC Holdings or TruFin, the DFC Market Value Awards shall cease to be subject to a restriction on transfer and clawback.

The DFC Holdings Shares received by the TruFin EBT Trustee in connection with Share Exchange that are not awarded to the TruFin Management Team by the TruFin EBT Trustee in connection with the DFC Market Value Awards shall be disposed of by the TruFin EBT Trustee and the proceeds will be paid to the TruFin Founders as a bonus, the whole amount of which will be used by the TruFin Management Team for the purpose of funding the income tax and employee social security contributions that will arise in relation to the DFC Market Value Awards and such bonus payment.

PSP Performance Awards

As a result of the Demerger, the part of the performance condition relating to the business plan of DFC will be deemed to be achieved in full in accordance with the terms of the original award. To reflect this, it has been agreed that a cash payment will be made to the award holders calculated by reference to 50% of the TruFin Ordinary Shares subject to the PSP Performance Awards and a price per share of 190p. Such cash payment will be made at the time of the TruFin annual bonus cycle in February 2020.

The PSP Performance Awards will continue on in their terms except that the performance condition will relate solely to the business plan of Oxygen.

The maximum number of TruFin Ordinary Shares in respect of which awards may be granted to the TruFin Management Team under the PSP prior to 21 February 2021 will be calculated by reference to a share price of 190p (being the TruFin Admission price) as appropriately adjusted by reference to the respective share price of DFC Holdings and TruFin to reflect the Demerger.

11. Taxation

The attention of TruFin Shareholders is drawn to Part IV of this document.

TruFin Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should contact their professional advisers immediately. The absence of any reference to the tax consequences of the Demerger for TruFin Shareholders who are subject to tax in any other particular jurisdiction should not be taken to imply that the implementation of the Demerger might not have adverse tax consequences for such TruFin Shareholders.

12. Overseas Shareholders

The implications of the Demerger for Overseas Shareholders may be affected by the laws of the jurisdiction in which they are resident or otherwise located. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the allotment and issue of DFC Holdings Demerger Shares pursuant to the Demerger, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

13. General Meeting

You will find set out at the end of this document a Notice of General Meeting of the Company to be held at the offices of Travers Smith LLP at 10 Snow Hill, London, EC1A 2AL on 7 May 2019 at 10.00 a.m. at which the Resolutions will be proposed.

The four Resolutions that are to be proposed at the General Meeting are:

(1) **Approve the Demerger and Zopa Transaction**

Resolution 1, which will be proposed as a ordinary resolution, is to approve the Demerger and Zopa Transaction for the purposes of Rule 15 of the AIM Rules;

(2) Resolution 2, which will be proposed as a special resolution, is to:

(i) **Authority to allot Shares**

authorise the Directors to allot the Redeemable Shares up to £50,000 in nominal value provided that such authority shall (subject to limited exceptions), expire fifteen months from the passing of the Resolution or, if earlier, the conclusion of the next annual general meeting of TruFin;

(ii) **Conversion to par value shares**

convert all issued TruFin Ordinary Shares of no par value into TruFin Ordinary Shares of £1.90 each;

(iii) **Subdivision and redesignation**

subdivide and redesignate all 97,368,421 TruFin Ordinary Shares of £1.90 each to 97,368,421 TruFin New Ordinary Shares of £0.91 each and 97,368,421 DFC Cancellation Shares of £0.99 each credited as fully paid;

(iv) **Authority for TruFin Capital Reduction**

approve the terms of the TruFin Reduction of Capital by the cancellation of the DFC Cancellation Shares and the reduction of the nominal capital account of TruFin;

(v) **Authority to allot Redeemable Shares on a non pre-emptive basis**

dis-apply TruFin Shareholders' pre-emption rights in relation to the allotment of the 50,000 Redeemable Shares to James van den Bergh provided that such authority shall (subject to limited exceptions), expire fifteen months from the passing of the Resolution or, if earlier, the conclusion of the next annual general meeting of TruFin; and

(vi) **Amendment to memorandum and articles of association of TruFin**

amend the memorandum and articles of association of TruFin to reflect Resolutions 2(ii), (iii) and (iv).

(3) Resolution 3, which will be proposed as an ordinary resolution, is to authorise the Directors to allot relevant securities up to £29,535,088 in nominal value (representing approximately one third of the share capital of the Company following the TruFin Reduction of Capital) provided that such authority shall (subject to limited exceptions), expire fifteen months from the passing of the Resolution or, if earlier, the conclusion of the next annual general meeting of TruFin.

(4) Resolution 4, which will be proposed as a special resolution, is to dis-apply TruFin Shareholders' pre-emption rights in relation to the allotment of equity securities for cash on a non pre-emptive basis up to an aggregate nominal amount of £8,860,526 (representing 10% of the Company's issued share capital following the TruFin Reduction of Capital) provided that such authority shall (subject to limited exceptions), expire fifteen months from the passing of the Resolution or, if earlier, the conclusion of the next annual general meeting of TruFin.

Resolutions 3 and 4 are being sought by the Company to replace its existing similar authorities obtained at its annual general meeting on 19 June 2018 following the proposed conversion to par value shares pursuant to Resolution 2(ii). There is currently no intention to issue TruFin Ordinary Shares pursuant to these Resolutions.

The Demerger is not conditional upon the passing of Resolutions 3 and 4.

TruFin Shareholders should read the Notice of General Meeting at the end of this document for the full text of the Resolutions and for further details about the General Meeting.

The attention of TruFin Shareholders is also drawn to the voting intentions of the Directors and connected parties as set out in paragraph 19 below.

14. Action to be taken

TruFin Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not TruFin Shareholders intend to be present at the General Meeting, they are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to be received by the Company's Registrars, Equiniti (Jersey) Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not later than 48 hours before the General Meeting is scheduled to begin. The completion and return of the Form of Proxy will not preclude TruFin Shareholders from attending the General Meeting and voting in person should they so wish.

If you have any questions about this document or the General Meeting, or are in any doubt as to how to complete and/or return the Forms of Proxy, please telephone Equiniti on 0371 384 2050 (from within the UK) or +44 (0)121 415 0259 (from outside the UK). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.30 a.m. and 5.30 p.m., Monday to Friday, excluding public holidays in England and Wales. Please note that Equiniti cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

15. Irrevocable Undertakings

Whilst Arrowgrass is supportive of the Demerger and Zopa Transaction, given its involvement in the Demerger and Zopa Transaction, it will abstain from voting on Resolution 1.

The Company has received an irrevocable undertaking to vote in favour of Resolution 2 from Arrowgrass holding, in total, 71,684,544 TruFin Ordinary Shares, representing, in aggregate, 73.62% of the Company's issued ordinary share capital.

16. Further Information

Your attention is drawn to the risk factors in Part II of this document, the principal terms of the Demerger in Part III and the additional information in Part V. TruFin Shareholders are advised to read the whole of this document and not only rely on the summary information contained in this letter.

TruFin Shareholders will also find accompanying this document: (i) a copy of the DFC Holdings Admission Document, containing further details about the DFC Business, its prospects, the Arrowgrass Sale and the TruFin EBT Sale and (ii) the Form of Proxy.

17. Documents available

Copies of this document, the DFC Holdings Admission Document and the Audited Annual Accounts for the year ended 31 December 2018 will be available to the public, free of charge, at the Company's registered office at 26 New Street, St Helier, Jersey, JE2 3RA and the offices of Travers Smith LLP at 10 Snow Hill, London, EC1A 2AL during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for one month from the date of this document.

This document is also available on the Company's website, www.TruFin.com.

18. Importance of the vote and recommendation

If the Demerger Resolutions are not approved by TruFin Shareholders and the Zopa Transaction does not complete, the TruFin Board will be limited in its ability to implement the strategy of either the TruFin Group or the DFC Group and there will be working capital risks for the TruFin Group and the DFC Group. This could have an adverse impact on the TruFin Group's and DFC Group's respective businesses, reputation, financial condition and/or operating results. Please refer to the risk factors in Part II for further details.

The Directors consider that the Resolutions are in the best interests of the Company and would promote the success of the TruFin Group for the benefit of TruFin Shareholders as a whole. Accordingly, the Directors unanimously recommend that TruFin Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Yours faithfully

Henry Kenner
Executive Chairman

PART II
RISK FACTORS

If the Demerger proceeds, TruFin Shareholders, who previously had an indirect interest in the DFC Business, will have a direct interest in the DFC Group and, accordingly, will be directly subject to risks affecting the DFC Group, its business, its results of operations and its financial condition.

This section addresses the existing and future material risks that relate to the Demerger and the TruFin Group (in the context of the Demerger) and the DFC Group (in the context of the Demerger). The risks below are not the only ones that the TruFin Group and the DFC Group will face. Some risks are not yet known and some that are not currently deemed material could later turn out to be material. All of these risks could materially affect the TruFin Group or the DFC Group, their respective incomes, operating profits, earnings, net assets, liquidity and capital resources. In such a case, the market price of the TruFin New Ordinary Shares and/or the DFC Holdings Ordinary Shares may decline and TruFin Shareholders could lose all or part of their investment.

TruFin Shareholders and prospective investors should read this section in conjunction with this entire document. TruFin Shareholders should also read Part II of the DFC Holdings Admission Document to review the existing and future material risks that relate to the DFC Group.

Risks relating to the Demerger and the TruFin Group (in the context of the Demerger)

1. *The Demerger and Zopa Transaction may not complete*

Completion of the Demerger and Zopa Transaction is subject to the approval by TruFin Shareholders at the General Meeting. If completion of the Demerger and the Zopa Transaction do not occur, DFC and Zopa will remain part of the TruFin Group, which could result in a delay in the execution of the business plan of DFC and the rest of the TruFin Group and may mean that DFC will be unable to realise the benefits that the TruFin Board believes will result from the Demerger and the Zopa Transaction. This could have an adverse impact on TruFin's business, reputation, financial condition and/or operating results.

2. *The Demerger is conditional upon the Zopa Transaction and DFC Holdings Admission is conditional upon the Demerger*

Completion of the Demerger is conditional upon the Zopa Transaction completing but the Zopa Transaction is not conditional upon completion of the Demerger. Completion of the Demerger is expected to complete on the Business Day after completion of the Zopa Transaction and there is a therefore risk that the Zopa Transaction completes and the Demerger does not complete. In addition, DFC Holdings Admission is conditional upon the Demerger completing but the Demerger is expected to complete on the Business Day prior to DFC Holdings Admission. There is therefore a risk that the Zopa Transaction and Demerger complete but DFC Holdings Admission does not occur. In any such circumstances, this could have an adverse impact on TruFin's business, reputation, financial condition and/or operating results.

3. *Working capital risks relating to the Demerger and Zopa Transaction not proceeding*

TruFin Shareholders should be aware that if the Demerger Resolutions are not approved at the General Meeting and the Zopa Transaction does not take place on or around 7 May 2019, the net proceeds of the Zopa Transaction will not be received by TruFin Holdings. The Directors consider that this would not be in the best interests of TruFin, DFC or the TruFin Shareholders.

Subject to the Demerger Resolutions being approved at the General Meeting and the Zopa Transaction taking place, the Directors believe that the TruFin Group following the Demerger will have sufficient working capital available for its present requirements, that is, for at least the 12 months following the Demerger Effective Time. If the Demerger Resolutions are not approved by the TruFin Shareholders the TruFin Board would be limited in its ability to implement the strategy of either the TruFin Group or the DFC Group. Further, the Company would be forced to seek further finance immediately, most likely through an equity fundraising with existing TruFin Shareholders, albeit, that such funds realised may be insufficient to meet the working capital requirements of the TruFin Group. The TruFin Board believes this fundraising route, even if it raised sufficient funds to meet the working

capital requirements of the Company, could have an adverse impact on the TruFin Group's business, reputation, financial condition and/or operating results.

4. *The Demerger may fail to realise anticipated benefits*

There can be no guarantee that either the DFC Group or the TruFin Group will realise any or all of the anticipated benefits of the Demerger, either in a timely manner or at all. If either the DFC Group or the TruFin Group fails to realise some or all of the anticipated Demerger benefits, including if DFC does not obtain a banking licence, it could have an adverse impact on the relevant group's business, reputation, financial condition and/or operating results.

5. *The TruFin Group will be less diverse*

The operations of the TruFin Group post-Demerger will be smaller and its activities less diverse than the current TruFin Group. Should any one of its operations under-perform, this could have a larger impact on the TruFin Group than it would have had on the TruFin Group prior to the Demerger. However, the Directors believe that the increased focus of the TruFin Group following the Demerger will enable it actively to pursue growth opportunities and reduce this risk in the future.

6. *Significant trading volumes of TruFin New Ordinary Shares in the public market in the period post-Demerger and subsequently could impact the share price*

Following the Demerger there may be a period of relatively high volume trading in the TruFin New Ordinary Shares as the shareholder register of TruFin finds its natural composition. The Directors are unable to predict whether substantial amounts of the TruFin New Ordinary Shares will be sold in the open market following the Demerger. Sales of a substantial number of the TruFin New Ordinary Shares in the public market after the Demerger, or the perception that these sales might occur, could depress the market price of the TruFin New Ordinary Shares.

7. *There will be an outstanding loan between TruFin Holdings and DFC following the Demerger*

There will be an outstanding loan in the amount of approximately £19 million from TruFin Holdings to DFC following the Demerger which is unsecured. In the event that DFC is unable to repay this loan at the staged payment dates, being 1 December 2019, 1 June 2019 and 1 December 2020, it could have an adverse impact on the TruFin Group's business, reputation, financial condition and/or operating results.

Risks relating to DFC (in the context of the Demerger)

1. *DFC may not obtain a banking licence if the Demerger does not complete*

In order to expand its business, DFC wishes to obtain a banking licence from the PRA. In order to give DFC the best opportunity to obtain this, the TruFin Board believes it is optimal for DFC to not be a part of the TruFin Group and for Arrowgrass' indirect shareholding in DFC to be reduced to below 50%. If completion of the Demerger and the Arrowgrass Sale do not occur, then the TruFin Board believes it is likely to result in a delay in DFC obtaining, or DFC not obtaining, its banking licence and the execution of the business plan of DFC and the rest of the TruFin Group. This may mean that DFC will be unable to realise the benefits that the TruFin Board believes will result from the Demerger. This could have an adverse impact on TruFin's business, reputation, financial condition and/or operating results.

2. *Working capital risks relating to DFC*

The TruFin Group intends to use £25 million of the net proceeds of the Zopa Transaction to capitalise DFC's balance sheet for lending. If the Demerger Resolutions are not approved by the TruFin Shareholders the DFC board of directors would be limited in its ability to implement the strategy of DFC. Further, TruFin and/or DFC would be forced to seek further finance immediately, most likely through an equity fundraising with existing TruFin Shareholders, albeit, that such funds realised may be insufficient to meet the funding requirements of DFC. The Directors believe either of these fundraising routes, even if they raised sufficient funds to meet the capital requirements of DFC, could have an adverse impact on DFC's business, reputation, financial condition and/or operating results.

PART III
FURTHER DETAILS OF THE DEMERGER

A new independent company, DFC Holdings, has been established as the holding company to which DFC will be transferred. DFC Holdings will be an unquoted public limited company pending the DFC Holdings Admission. The Demerger is conditional, among other things, upon the passing of the Demerger Resolutions to be proposed at the General Meeting. The Demerger is expected to become effective on 8 May 2019. The notice of the General Meeting is set out at the end of this document.

1. DFC Cancellation Shares

In order for the Demerger to benefit from the tax treatments summarised in Part IV of this document, the capital reduced, cancelled and returned to TruFin Shareholders must include the complete cancellation of a class of share held by all the TruFin Shareholders and with the right to income and capital from TruFin's holding of its DFC Shares. There will be a subdivision and redesignation of 97,368,421 TruFin Ordinary Shares of £1.90 each in TruFin to 97,368,421 TruFin New Ordinary Shares of £0.91 each and 97,368,421 DFC Cancellation Shares of £0.99 each credited as fully paid for the purposes of the Demerger. Share certificates will not be issued in respect of the DFC Cancellation Shares.

The holders of TruFin Ordinary Shares who are registered on the TruFin Share Register at the Demerger Record Time will then hold: one DFC Cancellation Share for every one TruFin Ordinary Share held; and one New TruFin Ordinary Share for every one TruFin Ordinary Share held.

2. The TruFin Reduction of Capital and Demerger

The TruFin Reduction of Capital will involve the passing of Resolution 2 by TruFin Shareholders to:

- (i) cancel the DFC Cancellation Shares and reduce the nominal capital account of TruFin in the aggregate amount of £96,394,737; and
- (ii) direct TruFin, in accordance with the terms of the Demerger Agreement and in satisfaction of its obligation to return capital to the holders of the DFC Cancellation Shares, to transfer the DFC Shares to DFC Holdings in consideration for the issue by DFC Holdings of 97,368,420 fully paid up DFC Holdings Demerger Shares of £0.01 each in DFC Holdings to the TruFin Shareholders in proportion to their cancelled holdings of DFC Cancellation Shares.

The TruFin Reduction of Capital will involve the cancellation of the DFC Cancellation Shares and the reduction of TruFin's nominal capital account. The amount of capital reduced and cancelled on the DFC Cancellation Shares and TruFin's nominal capital account will be returned to the TruFin Shareholders in the form of 97,368,420 DFC Holdings Demerger Shares to be issued credited as fully paid by DFC Holdings in accordance with the terms of the Demerger Agreement following the transfer to DFC Holdings of the 21,861,433 DFC Shares by TruFin. The amount of capital so reduced and cancelled on the DFC Cancellation Shares and the related reduction in TruFin's nominal capital account will have a value equal to TruFin's shareholding in DFC as at the Demerger Effective Time.

The 97,368,420 DFC Holdings Demerger Shares will be allotted and issued to the holders of TruFin Ordinary Shares who are registered on the TruFin Share Register at the Demerger Record Time on the basis of:

one DFC Holdings Demerger Share for every one TruFin Ordinary Share

held by them at that time and save that the number of DFC Holdings Demerger Shares to be allotted and issued to James van den Bergh will be reduced by the number of DFC Holdings Ordinary Shares already held by him so that, upon the Demerger becoming effective, all TruFin Shareholders will hold one DFC Holdings Ordinary Share for every one TruFin Ordinary Share held at the Demerger Record Time.

TruFin Shareholders will continue to hold their TruFin New Ordinary Shares in TruFin.

The TruFin Reduction of Capital will require approval by TruFin Shareholders by way of a special resolution to be proposed at the General Meeting. The TruFin Reduction of Capital will not become effective until registration by the Registrar of Companies of the special resolution.

3. Share Exchange

Pursuant to the Subscription and Share Exchange Agreement, the DFC Management Shareholders, DFC EBT Trustee and TruFin EBT Trustee have agreed to transfer their DFC Management Shares in DFC conditional on and with effect on DFC Holdings Admission in exchange for the issue of the 9,273,505 DFC Holdings Exchange Shares in aggregate.

4. Conditions

The Demerger is conditional on, inter alia, the following matters:

- (i) the approval by the TruFin Shareholders of the Demerger Resolutions;
- (ii) completion of the Zopa Transaction;
- (iii) the Sale Agreement not being terminated; and
- (iii) no other events or developments occurring or existing that, in the judgment of the TruFin Board, in its sole and absolute discretion, would make it inadvisable to effect the Demerger.

It should be noted that, although it is currently TruFin's intention that the Demerger should be concluded, TruFin is entitled to decide not to proceed with the Demerger at any time prior to completion of the Demerger. Furthermore, whilst immediately after the Demerger DFC Holdings will be an unquoted company, the DFC Holdings Board intends to seek DFC Holdings Admission on the Business Day after completion of the Demerger.

5. Dealings, share certificates and CREST

DFC Holdings Demerger Shares

The latest time and date for lodging transfers of TruFin Ordinary Shares with Equiniti Limited in order to be registered by the Demerger Record Time is 5.00 p.m. on 8 May 2019. The entitlement to receive DFC Holdings Demerger Shares pursuant to the Demerger is not transferable.

If the Demerger Resolutions are passed, no action needs to be taken by TruFin Shareholders to receive DFC Holdings Demerger Shares pursuant to the Demerger.

TruFin Shareholders who hold their TruFin Ordinary Shares in CREST are expected to have their CREST accounts credited with DFC Holdings Demerger Shares on 9 May 2019.

Definitive share certificates in respect of DFC Holdings Ordinary Shares are expected to be posted to DFC Holdings shareholders who hold their TruFin Ordinary Shares in certificated form by 16 May 2019. DFC Holdings share certificates will be despatched at the DFC Holdings shareholders' risk to their registered address as it appeared on the TruFin Register. In the case of joint holders, certificates will be despatched to the person whose name appears first on the DFC Holdings Register. Prior to despatch of definitive share certificates in respect of those DFC Holdings Demerger Shares, transfers of those DFC Holdings Demerger Shares will be certified against the register of members of DFC Holdings. No temporary documents of title for DFC Holdings Demerger Shares will be issued.

Please note that no new share certificates will be posted in respect of TruFin New Ordinary Shares.

All mandates relating to the monetary payment of dividends on the TruFin Ordinary Shares and other instructions given by TruFin Shareholders and in force at the Demerger Record Time shall, unless and until revoked or amended, be deemed as from the Demerger Effective Time to be valid and effective mandates or instructions to DFC Holdings in relation to the DFC Holdings Demerger Shares issued.

As at the date of this document, the Company had no treasury shares in issue.

6. Information for Overseas Shareholders

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the Demerger.

Overseas Shareholders should inform themselves about and observe all applicable legal requirements. It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in which they reside or are otherwise located in connection with the allotment and issue of DFC Holdings Demerger Shares following the Demerger, including the obtaining of any governmental, exchange control or other

consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

This document has been prepared for the purpose of complying with English law, Jersey law and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the UK and Jersey.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Demerger in their particular circumstances.

PART IV

UK TAXATION

The following comments do not constitute tax advice and are intended only as a general guide. They are based on current United Kingdom tax law and what is understood to be HM Revenue & Customs' current published practice as at the date of this document (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of TruFin Shareholders. Any person who is in any doubt as to their tax position, or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional adviser without delay.

The comments below are intended to apply only to TruFin Shareholders: (i) who are resident (and, in the case of individuals, domiciled) in (and only in) the UK for UK tax purposes (unless the position of non-UK resident Shareholders is expressly referred to); (ii) to whom split-year treatment does not apply; (iii) who are and will be the absolute beneficial owners of (as applicable) their TruFin Ordinary Shares, DFC Shares, DFC Cancellation Shares, DFC Holdings Ordinary Shares and any dividends paid in respect of those shares; (iv) who hold, and will hold, their shares as investments (otherwise than through an individual savings account or a pension arrangement) and not as securities to be realised in the course of a trade; and (v) to whom the UK tax rules concerning carried interest do not apply in relation to their holding or disposal of shares.

The comments below may not apply to certain Shareholders, such as dealers in securities, broker dealers, insurance companies and collective investment schemes, pension schemes, shareholders who are exempt from UK taxation, Shareholders who acquire or acquired their TruFin Ordinary Shares, DFC Shares, DFC Cancellation Shares or DFC Holdings Ordinary Shares under TruFin's share incentive arrangements or by (or deemed to be by) virtue of an office or employment. Such TruFin Shareholders may be subject to special rules.

The DFC Holdings Admission Document will contain an explanation of certain UK tax consequences of holding, purchasing and disposing of DFC Holdings Ordinary Shares.

The material set out in paragraph A below does not constitute tax advice. TruFin Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate independent professional tax adviser.

1. Capital Reorganisation

For the purposes of CGT:

- The subdivision and redesignation of the TruFin Ordinary Shares into TruFin New Ordinary Shares and DFC Cancellation Shares should in practice be treated as a reorganisation of TruFin's share capital. TruFin Shareholders in receipt of TruFin New Ordinary Shares and DFC Cancellation Shares following the subdivision and redesignation should not be treated as making a disposal of their holding of TruFin Ordinary Shares and no liability to CGT should arise. Instead, each TruFin Shareholder's resultant holding of TruFin New Ordinary Shares and DFC Cancellation Shares should, for CGT purposes, be treated as the same asset and as having been acquired at the same time, and for the same consideration, as such TruFin Shareholder's holding of TruFin Ordinary Shares; and
- upon a subsequent disposal (or deemed disposal) of all or part of the TruFin Shareholder's TruFin New Ordinary Shares or DFC Cancellation Shares, the TruFin Shareholder's aggregate CGT base cost in such shares should be apportioned between their holding of TruFin New Ordinary Shares and their holding of DFC Cancellation Shares broadly by reference to the respective values of such holdings at the date of the subsequent disposal or deemed disposal.

2. Demerger

2.1 Taxation of income

The cancellation of the DFC Cancellation Shares and reduction of TruFin's nominal capital account under the TruFin Reduction of Capital represents a repayment of capital to TruFin Shareholders and consequently does not represent a distribution as defined in Part 23 of the Corporation Tax Act 2010. Accordingly, TruFin Shareholders should neither incur any liability to income nor should they be entitled to any tax credit in respect of the TruFin Reduction of Capital.

2.2 Taxation of Chargeable Gains

TruFin Shareholders should not be treated as making a disposal or part disposal of their DFC Cancellation Shares upon the TruFin Reduction of Capital, and so no chargeable gain or allowable loss should arise.

TruFin Shareholders should not be treated, by virtue of the cancellation of their DFC Cancellation Shares and the receipt of DFC Holdings Ordinary Shares under the Demerger, as making a disposal or part disposal of their DFC Cancellation Shares for the purposes of taxation of chargeable gains. Clearance has been obtained from HMRC under Section 138 of the Taxation of Chargeable Gains Act 1992 that they will not seek to invoke the anti-avoidance provisions in Section 137(1) of that Act to deny such treatment.

The DFC Holdings Ordinary Shares issued to each holder of TruFin Ordinary Shares who is registered on the TruFin Share Register at the Demerger Record Time should be treated as the same asset and as having been acquired at the same time as the DFC Cancellation Shares, which in turn (and together with the TruFin New Ordinary Shares) should be treated as the same asset and as having been acquired at the same time as the TruFin Shareholder's TruFin Ordinary Shares. On this basis, the TruFin Shareholders should not incur a liability to taxation of chargeable gains in respect of the Demerger.

Upon a subsequent disposal (or deemed disposal) of all or part of a TruFin Shareholder's holding of TruFin New Ordinary Shares or holding of DFC Holdings Ordinary Shares, a TruFin Shareholder's aggregate CGT base cost in such holdings should be apportioned between the holding of TruFin New Ordinary Shares and/or DFC Holdings Ordinary Shares (as applicable) that is disposed of (the "**Disposed Holding**") and the holding of TruFin New Ordinary Shares and/or DFC Holdings Ordinary Shares (as applicable) that is retained (the "**Retained Holding**") (broadly) by reference to the respective values of such Disposed Holding and such Retained Holding at the date of such subsequent disposal or deemed disposal.

3. Share Exchange

Taxation of chargeable gains

The DFC Management Shareholders should not be treated as making a disposal or part disposal of their DFC Management Shares upon the transfer of their DFC Management Shares in DFC to DFC Holdings in exchange for the issue of DFC Holdings Exchange Shares, and so no chargeable gain or allowable loss should arise.

DFC Management should not be treated, by virtue of the exchange of their DFC Management Shares for DFC Holdings Ordinary Shares, as making a disposal or part disposal of their DFC Management Shares for the purposes of taxation of chargeable gains. Clearance has been obtained from HMRC under Section 138 of the Taxation of Chargeable Gains Act 1992 that they will not seek to invoke the anti-avoidance provisions in Section 137(1) of that Act to deny such treatment.

The DFC Holdings Ordinary Shares to be issued to DFC Management Shareholders should be treated as the same asset and as having been acquired at the same time as the DFC Management Shares. On this basis, the DFC Management Shareholders should not incur a liability to taxation of chargeable gains in respect of such share exchange.

4. Subsequent Disposals

A subsequent disposal or deemed disposal of TruFin New Ordinary Shares or DFC Holdings Ordinary Shares may, depending on individual circumstances (including the availability of exemptions and reliefs), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation on chargeable gains.

5. Stamp Duty and stamp duty reserve tax ("SDRT")

Paperless transfers of shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Under the CREST system, no stamp duty or SDRT should arise on a transfer of shares into the system unless such a transfer is made for a

consideration in money or money's worth, in which case a liability to SDRT (usually at a rate of 0.5%) will arise.

The allocation and issue of DFC Holdings Ordinary Shares should not give rise to a liability to stamp duty or SDRT. Any subsequent conveyance or transfer on sale of shares would usually be subject to stamp duty on any instrument of transfer at a rate of 0.5% of the amount or value of the consideration (rounded up, if necessary, to the nearest £5), subject to certain exemptions and reliefs. A charge to SDRT at a rate of 0.5% would usually arise in relation to an unconditional agreement to transfer shares (where the SDRT charge is not cancelled by the execution of an instrument of transfer, within six years of the date of the agreement, and a corresponding payment of stamp duty).

However, neither stamp duty nor SDRT should arise on transfers of TruFin New Ordinary Shares or DFC Holdings Ordinary Shares on AIM, including instruments transferring TruFin New Ordinary Shares or DFC Holdings Ordinary Shares and agreements to transfer TruFin New Ordinary Shares or DFC Holdings Ordinary Shares, provided AIM continues to be a "recognised growth market" and the TruFin New Ordinary Shares and DFC Holdings Ordinary Shares are admitted to trading on AIM but not listed on that or any other market (for the purposes of paragraph 5 of Schedule 24 to Finance Act 2014 in relation to stamp duty and for the purposes of section 99 of Finance Act 1986 in relation to SDRT).

6. Transactions In Securities

Under section 684 Income Tax Act 2007 (for individuals), HM Revenue & Customs can, in certain circumstances, counteract income tax advantages arising in relation to transactions in securities. Were section 684 to be successfully invoked against any TruFin Shareholder in relation to the Demerger, that individual TruFin Shareholder would be likely to be taxed as though the consideration for the cancellation of their DFC Cancellation Shares was dividend income rather than a capital receipt. Were section 684 to be successfully invoked against any DFC Management Shareholder in relation to the exchange of their DFC Management Shares for DFC Holdings Exchange Shares, that individual Shareholder would be likely to be taxed as though the consideration for the DFC Management Shares was dividend income rather than a capital receipt.

Under the provisions of Part 15 of the Corporation Tax Act 2010, HM Revenue & Customs can in certain circumstances counteract corporation tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HM Revenue & Customs to the Demerger, Shareholders who are subject to corporation tax might be liable to corporation tax as if they had received an income amount rather than a capital amount on the cancellation of their DFC Cancellation Shares.

Clearance has been obtained from HMRC under section 701 ITA 2007 (for individuals) and section 748 CTA 2010 (for Shareholders subject to corporation tax) confirming that they are satisfied that the transactions involved in the Demerger are such that no notice under section 698 ITA 2007 or section 743 CTA 2010 should be served in respect of the proposed transactions.

PART V
ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors, whose names are set out on page 11 of this document, and the Company, collectively and individually, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors' interests in the Company

As at 16 April 2019 (being the latest practicable date prior to the publication of this document), the interests of each Director in the share capital of the Company is:

<u>Director</u>	<u>Number of TruFin Ordinary Shares currently held</u>	<u>Percentage of issued share capital currently held</u>	<u>Expected Number of TruFin New Ordinary Shares to be held immediately following Demerger</u>	<u>Expected Percentage of issued share capital to be held immediately following Demerger</u>
Henry Kenner	18,441	0.02%	18,441	0.02%
James van den Bergh	165,982	0.17%	165,982	0.17%
Raxita Kapashi	—	0.00%	—	0.00%
Steve Baldwin	—	0.00%	—	0.00%
Peter Whiting	26,315	0.03%	26,315	0.03%
Penny Judd	24,723	0.03%	24,723	0.03%
Paul Dentskevich	—	0.00%	—	0.00%

Certain Directors have share options including options over TruFin Ordinary Shares granted as at the date of the document that enable them to subscribe for TruFin Ordinary Shares under the Company's share option schemes, further details of which are set out in paragraph 9 of Part I:

3. Directors' Service Contracts and Letters of Appointment

There are no service contracts or letters of appointment between any Director and the Company except for the service contracts and letters of appointment listed below:

<u>Director</u>	<u>Date of Service Contract/Letter of Appointment</u>
Henry Kenner	1 January 2018
James van den Bergh	1 January 2018
Raxita Kapashi	1 January 2018
Steve Baldwin	10 January 2018
Peter Whiting	15 January 2018
Penny Judd	15 January 2018
Paul Dentskevich	10 January 2018

4. Significant shareholders

In so far as is known to the Company as at 17 April 2019 (being the latest practicable date prior to the publication of this document), the following persons are interested directly or indirectly in 3% or more of the Company's share capital, and the amount of such person's interest, is as follows:

<u>Name</u>	<u>Number of TruFin Ordinary Shares currently held</u>	<u>Percentage of issued share capital currently held</u>	<u>Expected Number of TruFin New Ordinary Shares to be held immediately following Demerger</u>	<u>Expected Percentage of issued share capital to be held immediately following Demerger</u>
Arrowgrass	71,684,544	73.62	71,684,544	73.62
Watrium AG	6,003,159	6.23	6,003,159	6.23
Liontrust Asset Management	3,526,315	3.62	3,526,315	3.62

As at 17 April 2019 (being the latest practicable date prior to the publication of this document), and save as disclosed in this paragraph 4, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company nor is it aware of any arrangements the operation of which may, at a subsequent date, result in a change in control of the Company.

5. Zopa Transaction Agreement and related Re-Transfer Agreement

On 17 April 2019, TruFin Holdings and Arrowgrass entered into the Zopa Transaction Agreement relating to the Zopa Transaction. The aggregate consideration payable by Arrowgrass under the Zopa Transaction is £44.5 million and the Zopa Transaction is expected to complete immediately following the General Meeting (subject to the passing of Resolution 1 in the Notice of General Meeting and the Zopa Transaction Agreement not being terminated prior to completion). The Zopa Transaction Agreement is conditional upon, inter alia, there not being a material adverse change in Zopa prior to completion and the DFC Introduction Agreement relating to DFC Holdings not having been terminated.

In the event that Arrowgrass ceases to be an "Affiliate" of TruFin Holdings for the purposes of Zopa's articles of association (i.e. Arrowgrass ceases to hold directly or indirectly more than 50% of the voting rights in TruFin Holdings) such that it would be required under the articles to retransfer the shares to TruFin Holdings (and a waiver or amendment to such provisions is not obtained), Arrowgrass shall transfer the shares back to TruFin Holdings for nil consideration, whereupon the Re-Transfer Agreement entered into by TruFin Holdings and Arrowgrass on 17 April 2019 shall apply and Arrowgrass shall retain the benefit of economic rights to the shares in Zopa whilst TruFin Holdings holds the legal and beneficial ownership in such shares.

6. Demerger Agreement

On 17 April 2019 the Company, TruFin Holdings, DFC and DFC Holdings entered into the Demerger Agreement which sets out the principal actions required in connection with the Demerger including the process for the transfer of 21,861,433 DFC Shares by the Company to DFC Holdings in consideration for the allotment and issue by DFC Holdings of DFC Holdings Demerger Shares to the holders of TruFin Ordinary Shares who are registered on the TruFin Share Register on the Demerger Effective Time.

7. Subscription and Share Exchange Agreement

On 17 April 2019, DFC Holdings entered into the Subscription and Share Exchange Agreement with the DFC Management Shareholders, TruFin EBT, DFC EBT and DFC which sets out the principal actions required in connection with the Share Exchange including the process for the transfer of the DFC Management Shares held by the DFC Managers, TruFin EBT and DFC EBT to DFC Holdings in consideration for the allotment and issue of the DFC Holdings Exchange Shares to the DFC Managers, TruFin EBT and DFC EBT. Prior to the transfer, the DFC Managers shall subscribe for 173,244 A ordinary shares of £0.001 each (in aggregate) pursuant to the Subscription and Share Exchange Agreement.

The Subscription and Share Exchange Agreement also contains certain restrictions on sale and forfeiture provisions that apply to the DFC Managers' Share Exchange Shares. These restrictions and forfeiture provisions will apply to parcels of Share Exchange Shares held by the DFC Managers between Admission and 31 May 2023.

17 April 2019

TRUFIN PLC
(the “Company”)

(Incorporated and registered in Jersey under the Companies (Jersey) Law 1991 with registered number 125245)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company will be held at the offices of Travers Smith LLP at 10 Snow Hill, London, EC1A 2AL at 10.00 a.m. on 7 May 2019 for the purpose of considering and, if thought fit, passing, the following resolutions (the “**Resolutions**”) which in the case of Resolutions 1 and 3 will be proposed as Ordinary Resolutions and in the case of Resolutions 2 and 4 will be proposed as Special Resolutions.

ORDINARY RESOLUTION

1 Approval of Demerger and Zopa Transaction

THAT, the demerger (the “**Demerger**”) and sale of the Company’s interests in Zopa (“**Zopa Transaction**”) as described in the circular of the Company dated 17 April 2019 accompanying the notice of general meeting (the “**Circular**”) is hereby approved for the purposes of Rule 15 of the AIM Rules for Companies and generally and each and any of the Directors be and are hereby authorised to conclude and implement the Demerger and Zopa Transaction to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as they consider necessary or expedient for the purpose of giving effect to the Demerger and Zopa Transaction with such amendments, modifications, variations or revisions as are not of a material nature.

SPECIAL RESOLUTION

Authority to allot Shares

THAT:

2(i) for the purposes of the Articles of Association of the Company (the “**Articles**”), the Directors be and are generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this Resolution) up to an aggregate nominal amount of £50,000 (in connection with the proposed allotment of redeemable shares as described in the Circular) provided that this authority, unless duly renewed, varied or revoked by the Company, will expire on the date being fifteen months from the date of the passing of this Resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this Resolution, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities (as defined in the Notes to the Resolutions) to be allotted after such expiry and, the Directors may allot Relevant Securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this Resolution has expired;

2(ii) Conversion to par value shares

the issued share capital of the Company be converted from an unlimited amount of no par value shares to 97,368,421 ordinary par value shares of £1.90 each and that the issued shares in the Company be converted from 97,368,421 no par value shares to 97,368,421 par value shares of £1.90 each with immediate effect;

Subdivision and redesignation

2(iii) the 97,368,421 ordinary shares of £1.90 each in the capital of the Company shall be sub-divided and re-designated into 97,368,421 ordinary shares of £0.91 each and 97,368,421 B ordinary shares of £0.99 each (the “**DFC Cancellation Shares**”) in the capital of the Company, such shares to have the rights and be subject to the conditions contained in the Articles, with effect from 6.00 p.m. on 8 May 2019;

Authority for TruFin Capital Reduction

2(iv) (a) all of the issued DFC Cancellation Shares of £0.99 each in the share capital of the Company be cancelled and extinguished; and

- (b) the nominal capital account of the Company be reduced by such an amount (the “**Return of Capital Amount**”) as shall, when taken together with the aggregate nominal value of the DFC Cancellation Shares, be equal to the market value of the Company’s interest in its wholly owned subsidiary, Distribution Finance Capital Limited (“**DFC**”), as at the date on which the Demerger becomes effective (the “**Demerger Effective Time**”);

Authority to allot Redeemable Shares on a non-pre-emptive basis

- 2(v)** the Directors be given the general power to allot equity securities for cash, pursuant to the authority conferred by Resolution 2(i), as if Article 3 (pre-emption rights) of the Articles did not apply to any such allotment, provided that this power shall be limited to (in addition to Resolution 3) the allotment of redeemable shares as described in the Circular provided that the power granted by this Resolution will expire on the date being fifteen months from the date of the passing of this Resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this Resolution (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and, the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this Resolution has expired; and
- 2(vi)** (a) the Articles be replaced with effect from 6.00 p.m. on 8 May 2019 to reflect the passing of Resolutions 2(ii) to 2(iv) (inclusive) with the New Articles produced to the General Meeting and initialled by the Chairman of the General Meeting in substitution for, and to the exclusion of, the existing Articles;
- (b) the memorandum of association of the Company be amended with immediate effect pursuant to Resolution 2(ii), by:
- (i) deleting paragraph 3 in its entirety and replacing it with the following:
“The Company is a par value company.”; and
- (ii) deleting paragraph 6 in its entirety and replacing it with the following:
“The share capital of the Company is 185,049,999.90 divided into 97,368,421 ordinary shares of 1.90 each and 50,000 redeemable non-voting preference shares of £1.00 each.”
- (c) the memorandum of association of the Company be amended with effect from 6.00 p.m. on 8 May 2019 pursuant to Resolution 2(iii) by deleting paragraph 6 in its entirety and replacing it with the following:
“The share capital of the Company is 185,049,999.90 divided into 97,368,421 ordinary shares of £0.91 each, 97,368,421 B ordinary shares of £0.99 each and 50,000 redeemable non-voting preference shares of £1.00 each.”

ORDINARY RESOLUTION

- 3 THAT**, for the purposes of the New Articles, the Directors be and are generally and unconditionally authorised to allot Relevant Securities up to an aggregate nominal amount of £29,535,088 representing approximately one third of the Company’s issued ordinary share capital following the issue and allotment of Relevant Securities in accordance with this Resolution, provided that this authority, unless duly renewed, varied or revoked by the Company, will expire on the date being fifteen months from the date of the passing of this Resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this Resolution, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted after such expiry and, the Directors may allot Relevant Securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

This Resolution revokes and replaces all unexercised powers previously granted to the directors to allot relevant securities (other than pursuant to Resolution 2(i)) but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

- 4 **THAT**, the Directors be given the general power to allot equity securities for cash, pursuant to the authority conferred by Resolution 3, as if Article 3 (pre-emption rights) of the New Articles did not apply to any such allotment, up to an aggregate nominal amount of £8,860,526 representing approximately 10% of the Company's issued share capital following the TruFin Reduction of Capital, provided that the power granted by this Resolution will expire on the date being fifteen months from the date of the passing of this Resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this Resolution (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and, the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

BY ORDER OF THE BOARD

Henry Kenner

Registered Office:
26 New Street
St. Helier
Jersey JE2 3RA

17 April 2019

Explanatory Notes:

Entitlement to attend and vote

1. The Company specifies that only those members registered on the Company's register of members at:
 - 1.1. 6.30 p.m. on 5 May 2019; or
 - 1.2. if this meeting is adjourned, at 6.30 p.m. on the day 2 days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to more than one share. To appoint more than one proxy please refer to the notes on the proxy form.

Appointment of proxies using hard copy proxy form

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - completed and signed;
 - sent or delivered to Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA; and
 - received by Equiniti Limited no later than 10.00 a.m. on 5 May 2019.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. Please note that communications regarding the matters set out in this notice will not be accepted in electronic form, other than as specified in the enclosed proxy form.

Appointment of proxies by joint members

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instruction

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cutoff time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hardcopy proxy form, please contact Equiniti (Jersey) Limited of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Equiniti (Jersey) Limited of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Equiniti Registrars Limited no later than 10.00 a.m. on 5 May 2019.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person.

Definition of Relevant Securities

9. Relevant Securities shall mean:

Shares in the Company other than shares allotted pursuant to:

- an employee share scheme (as defined by section 1166 of the Act);
- a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
- a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.

Any right to subscribe for or convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

Appointment of proxy using CREST

10. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the crest message must be received by the company's agent (7RA01) by 10.00 a.m. on 5 May 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST applications host) from which the company's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through crest should be communicated to the proxy by other means. CREST personal members or other crest sponsored members, and those crest members who have appointed voting service provider(s), should contact their crest sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on crest procedures, limitations and system timings, please refer to the CREST manual. We may treat a proxy appointment sent by crest as invalid in the circumstances set out in article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

