

RM Secured Direct Lending PLC

Quarterly Fact Sheet

31st March 2019



Company Overview

ISIN - Ord's	GB00BYMTBG55
ISIN - ZDP's	GB00BG1TSQ91
Ticker Ord's	RMDL
Dividend	Quarterly
Listing	Main Market LSE Premium Listing
Target Dividend Yield	6.5% p. a ¹
Management Fee	0.875% ² :
Discount Management Strategy	Share buy-backs if 6% discount or more ³
Shares in Issue Ord's	112,224,581
Shares in issue ZDP's	10,869,950
Share Price Ord's mid	101.00p
Gross Assets	£121.7m ⁴
Net Assets Ord's	£110,389,138
Acc Cap Entitle ZDP's	£11,248,314
NAV per Share Ord's	98.36p
Accrued Capital Entitlement per ZDP	103.48p
Share Price Premium	+ 2.7% Ord's

Non-Executive Directors

Norman Crighton (Chairman)
Guy Heald
Marlene Wood

Advisory & Administration

AIFM: International Fund Management Limited

Administrator & Company Secretary:
PraxisIFM Fund Services (UK) Ltd

Valuation Agent: Mazars LLP

Legal Advisers: Gowling WLG (UK) LLP

Auditor: Ernst & Young LLP

Corporate Broker: N+1 Singer Advisory LLP

Investment Manager

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Company Address: RM Secured Direct Lending PLC,
Mermaid House, 2 Puddle Dock, London EC4V 3DB

Overview

RM Secured Direct Lending PLC ("RMDL" or the "Company") is a closed-ended investment trust established to invest in a portfolio of secured debt instruments. The Company aims to generate attractive and regular dividends through loans sourced or originated by RM Capital Markets Limited, (the "Investment Manager") with a degree of inflation protection through index-linked returns where appropriate. Loans in which the Company invests are predominantly secured against assets such as real estate or plant and machinery and/or income streams such as accounts receivable.

Market Update

There was a much better tone for risk assets in Q1 2019 when compared to where the markets were at year end, after a volatile Q4 2018. Global equity indices are up c.10% year to date and government bond yields were lower over the period, which is unusual, as risk free assets are expected to sell off in such market environments.

Corporate bonds have generally appreciated as spreads have seen significant tightening due to the "risk on" nature of the market rally over the quarter.

The key drivers of this government bond and equity rally are: the US/China trade dispute seems to be easing and the commentary coming from the Federal Reserve is increasingly dovish.

Nevertheless, there are continued signs that clouds are on the horizon; the yield curve in the US is as flat as it has been since 2007 – which is a key recession gauge – and within the Eurozone whilst equities have performed well, the economic outlook has not been solid. Growth across the Eurozone was minimal during Q1 2019 with Germany having no growth and Italy slipping into recession.

Overall our assessment is that whilst equities and credit seemed oversold in Q4 2018 they both now appear to be vulnerable to a pull back, as the recent market rally is not supported by economic data and the outlook for the global economy would appear to be weak for the remainder of this year. This assessment also supports the Company strategy of secured loan investments offering downside protection due to robust security packages and sufficient collateral with a focus on less cyclical sectors.

NAV

The Ordinary Share NAV as at 31st March 2019 was 98.36 pence, which is 0.02 pence lower than the end of February. The monthly movement in NAV was mainly driven by the ex-dividend effect of the 1.625 pence declared and paid in March and positive net interest income net of expenses of 0.56 pence, the prepayment and the sale of warrants previously announced totalling 1.35 pence, and a decrease in portfolio valuations of 0.18 pence. In addition, there is a decrease of 0.12 pence as the Board has agreed to amortise arrangement fees already received from borrowers during 2019 over the life of the relevant loans rather than treating them as received in full at payment date.

The NAV % Total Return for the month was 1.64% which is the best monthly performance to date and brings a total for NAV % Total Return for the quarter to 3.11%.



Company & Portfolio Update

Company Activity

The Company issued £13.5m new shares in March 2019 as part of the Company's placing programme which expired shortly thereafter, and as a result RMDL now has a market capitalisation of c£114m.

Portfolio Activity

There was a small amount of turnover within the portfolio as Loans either matured or were divested in order to use capital to fund other higher yielding bespoke opportunities. In addition, there were a number of drawdowns for existing borrowers. At the period end the portfolio had £102m invested across 33 investments and the Company had cash balances due to the March equity raise and the ICP Nurseries repayment (further detail below). This capital was deployed into three transactions in early April as outlined previously to the market on 8th April.

Prepayment & Sale of Equity Warrants

The main driver for portfolio outperformance occurred on the last day of the quarter when two loans to ICP Nurseries were prepaid by the borrower and equity warrants which had been issued to RMDL were sold to a third party. This led to a £6.25m principal repayment, in addition to the combined prepayment penalties on the debt and net proceeds of the warrant sale, which netted c£1.5m or 1.3 pence per ordinary share.

New Investments

Senior Secured Term Loan (c.£4.15m commitment) and Senior Secured Receivables Financing Facility (c.£1m commitment) – The Investment Manager structured and executed a £4.15m senior secured term loan to a business involved in the manufacture and installation of boilers and energy efficiency measures. The term loan is secured over a portfolio of real estate assets pledged as collateral by the sponsors. The receivables facility provides funding secured against receivables.

Secured Loan Note (£2m commitment, £10m Loan Note Programme). Praetura Commercial Finance – This is the Investment Manager's fourth transaction with a business backed by the Praetura Group. The transaction was structured to facilitate an initial £2m investment and flexibility to lend a further £8m as the business grows subject to approval from the Investment Manager. The funding is secured over the borrowers' assets which mainly consists of trade receivables. The transaction has been carefully structured such that there is sufficient diversity within the borrower's portfolio to ensure the lender is not significantly exposed to any one underlying counterparty not repaying an invoice. The underlying portfolio is independently audited by an external third-party agent on a quarterly basis acting for RMDL the lender.

Hotel Financing 'A': (c.£8.5m committed), & Hotel Financing 'B': (c.£8.3m committed) – Two portfolios of operating hotel assets, which include Crowne Plaza, Park Inn, Travel Lodge and Premier Inn, located in major cities across the UK, owned by a well renowned sponsor with a long-track record in real estate, hospitality and leisure. The financing contains a robust set of covenants including both balance sheet and cash flow financial covenants. The transaction signed during late March and formally completed during April.

Outlook

The Investment Manager is progressing several investment opportunities which are likely to be funded principally by the utilisation of the £10m RCF. As stated in the announcement released to the market on the 8th April the repayment of the RCF facility is expected to be funded through repayments and divestments of existing Loans and through further capital raises.



Company Portfolio at month end

33	£102m	8.62%	3.37 years
Number of Loans	Total invested ⁱ	Average Yield	Average Life

ⁱActual capital invested, excludes undrawn commitments, includes investments yet to settle;

Largest 10 loans by drawn amounts across the entire portfolio

Business Activity	Loan Value (£m)	Expected Yield	WAL
Asset Finance	10.19	8.00%	4.73
Forecourt Operator	8.70	5.44%	3.27
Telecommunications	7.30	11.25%	2.01
Business Services	7.00	6.56%	5.63
Automotive Parts Manufacturing	6.45	12.00%	3.72
Healthcare	6.00	6.27%	5.99
Heating manufacturing and installation	4.42	9.50%	0.76
Hotel	4.31	12.00%	0.19
Heating manufacturing and installation	4.11	8.00%	2.77
Renewable Energy	4.00	7.00%	1.07

Fund performance

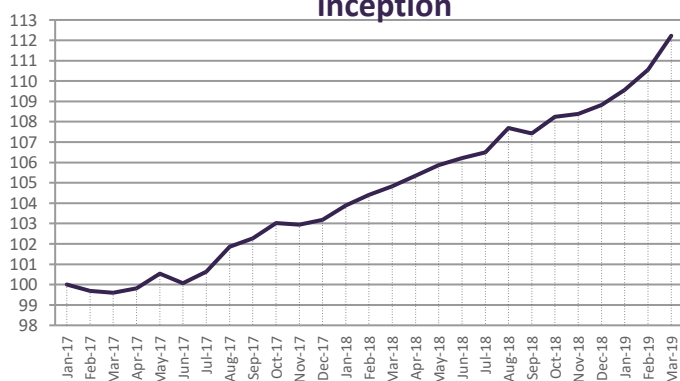
2019													YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Dividends p	-	-	1.625	-	-	-	-	-	-	-	-	-	1.625p
NAV (Cum income) p	97.62	98.38	98.36	-	-	-	-	-	-	-	-	-	-
NAV Total Return %	0.67	0.78	1.64	-	-	-	-	-	-	-	-	-	3.11%
Net Interest Income p	0.69	0.57	0.56	-	-	-	-	-	-	-	-	-	1.82p

2018													YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Dividends (pence)	-	2.00	-	-	-	1.625	-	1.625	-	-	-	1.625	6.875p
NAV (Cum Income) p	99.26	97.76	98.17	98.66	99.14	97.85	98.11	97.01	97.34	98.08	98.20	96.98	-
NAV Total Return %	0.68	0.50	0.41	0.50	0.49	0.34	0.26	0.53	0.34	0.76	0.12	0.41	5.47%
Net Interest Income p	0.85	0.64	0.47	0.48	0.52	0.55	0.56	0.50	0.49	0.60	0.51	0.62	6.98p

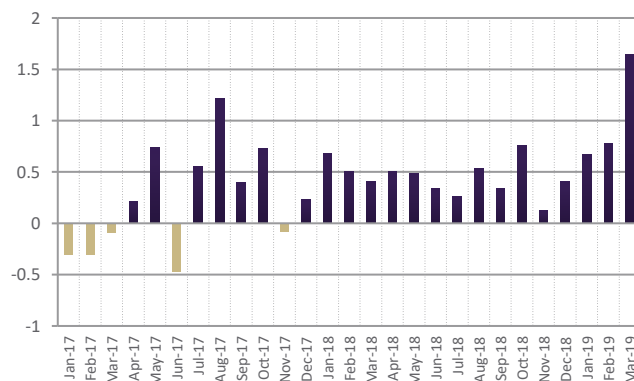
2017													YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Dividends p	-	-	-	-	-	0.20	-	0.20	-	-	1.80	-	2.20p
NAV (Cum income) p	97.70	97.40	97.31	97.51	98.23	97.57	98.11	99.11	99.51	100.24	98.36	98.59	-
NAV Total Return %	(0.31)	(0.31)	(0.09)	0.21	0.74	(0.47)	0.55	1.22	0.40	0.73	(0.08)	0.23	3.18%
Net Interest Income p	(0.20)	(0.13)	(0.03)	0.02	0.33	0.35	0.52	1.25	0.38	0.64	0.47	0.46	4.06p



Cumulative NAV Performance since inception

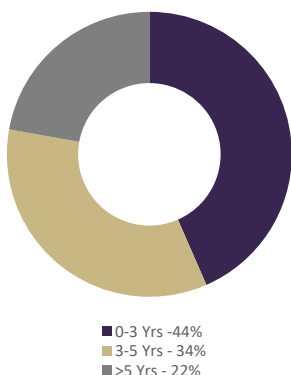


NAV monthly return %

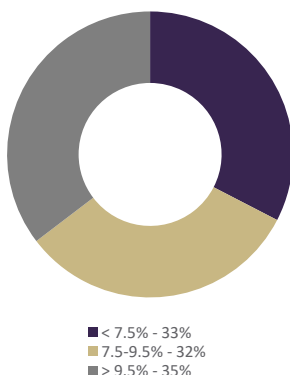


Portfolio Statistics

WAL of Loan Book



Annualised Yield



Coupon Type



Investment Type



Notes

- Dividend Yield based on IPO issue price. The target dividend should not be taken as an indication of the Company's expected future performance or results. The target dividend is a target only and there is no guarantee that it can or will be achieved and should not be seen as an indication of the Company's expected or actual return. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Actual events and conditions may differ materially from the assumptions used to establish the target dividend.
- Management fee on Net Assets including ZDP issue.
- Discount control mechanism triggers if shares trading at an average discount of more than six percent over previous 6-month trading period.
- Gross asset calculation is the sum of Net Assets, ZDPs and drawings of RCF.
- NAV total return % is calculated as NAV (cum income) at the end of the period, plus dividends declared during the period, divided by NAV (cum income) calculated on a per share basis at the start of the period.
- YTD NAV Total Return assumes dividends are reinvested at NAV and includes compounding.
- YTD Net Interest Income per share is the aggregate of the monthly net interest income per share figures based on the number of Ordinary shares in issue at the end of each respective month which can be diluted over the year by new Ordinary Shares being issued and therefore does not necessarily reflect the year end position for the Ordinary shareholders.
- Cumulative NAV performance rebased at 100 on Jan 2017 and assumes dividends are reinvested at NAV and includes compounding.

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