

RM Secured Direct Lending PLC

Quarterly Fact Sheet

31st December 2020

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	118,364,282
Shares in issue ZDP's	10,869,950
Share Price Ord's mid	87.00p
Investment Managers holding (shares)	1,237,325
Total Loans	£131m ⁴
Net Assets Ord's	£111,123,419
Acc Cap Entitlement ZDP's	£11,942,373
NAV per Share Ord's	93.88p
Accrued Capital Entitlement per ZDP	109.87p
Share Price discount to NAV	-7.3%
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 Joint Corporate Brokers: N+1 Singer Advisory LLP and Peel Hunt LLP	
Investment Manager RM Capital Markets Limited, 4 th Floor, 7 Castle Street, Edinburgh EH2 3AH. Portfolio Managers: James.Robson@rm-funds.co.uk Pietro.Nicholls@rm-funds.co.uk Thomas.LeGrixDeLaSalle@rm-funds.co.uk	
www.rm-funds.co.uk Company Address: RM Secured Direct Lending PLC, 1 st Floor, Senator House, 85 Queen Victoria Street. London. EC4V 4AB.	

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" or "RM"). Loans in which the Company invests are predominantly secured against assets such as business assets, real estate or plant and machinery and/or income streams such as accounts receivable.

Market Update

Global stock markets performed robustly in the quarter, despite the impact of lockdowns arising from Covid-19. Principally, this can be attributed to the news that a number of vaccines had been developed and were in various stages of approval and deployment across key markets and increased in availability towards the end of the quarter. In addition, the market was boosted by the results of the US presidential election and the victory by Democratic nominee Joe Biden, offering the prospect of both further fiscal and monetary stimulus and a de-escalation in trade tensions. Furthermore, the Brexit trade deal negotiated between the United Kingdom and the European Union, which came into effect on New Year's Eve, eliminated the fear of a no deal Brexit and further reassured global markets.

Credit products for the second quarter running have benefitted from continued positive market momentum – for this quarterly period the total return on the Markit IBOX EUR Liquid High Yield Index was +0.68% (FY20 1.65%) and the S&P European Leveraged Loan index was 0.53% (FY20 2.38%).

NAV

The Company's NAV % Total Return for the month was +1.97%, which brings the NAV % Total Return for the quarter to 4.29% and for the full year 2020 to 3.15%.

The Ordinary Share NAV as at 31st December 2020 was 93.88 pence per share, which is 0.22p greater than at 30th November 2020. This monthly return of 0.22 pence per share arose primarily from the ex-dividend effect of the 1.625 pence per share total ordinary dividend for the period Q3 2020, declared in October and paid in December 2020. Otherwise, there was positive net interest income net of expenses of 1.06 pence per share and an increase in portfolio valuations and currency hedging costs of 0.79 pence per share.

Summary for month (pence per share)

Net interest income	+1.058
Change in portfolio valuations	+0.788
Payment of Dividend	-1.625
Net NAV Movement	+0.221



Company Activity

During the quarter, the Company continued to purchase shares in the market with an additional 1,371,299 shares acquired, bringing the total number held in treasury to 3,860,299. The share price discount to NAV has narrowed over the last three quarters from -16% at the end of Q2, then -12% at the end of Q3, to -7.3% at year end. Both the Board and the Investment Manager remain focused on reducing the discount to -6% or lower which is the targeted maximum discount level noted within the Company prospectus.

The portfolio size increased over the quarter by £5m as new CBILS transactions were closed. Cash management has been a key focus over this period and the Investment Manager has successfully rotated out of the majority of the syndicated loan investments with below target yields into higher yielding bilateral loans originated by RM Funds. This has led to a material increase in the average portfolio yield from 8.89% to 9.37% during the period. Using the mid-market current share price against the stated dividend target gives an implied income yield for investors of 7.55% down from 8.125% at the end of Q3, as the share price has appreciated over the period..

Portfolio Update

It has been a strong quarter for the portfolio both in terms of performance and activities within the portfolio. Key highlights include:

- £15m of HM Government guaranteed CBILS business written, representing c11% of NAV.
- £1.8m partial repayment of 2 hotel loans and an increase in the lender reserve attached to this facility of £1m.
- Resolution of Covid-related work-out assets contributing to additional NAV gains during the month.

CBILS Loans

RM Funds was initially granted £15m of HM Government Guarantee capacity, with the potential to upsize this by a further £10m. The Investment Manager is currently seeking approval for the additional capacity. All CBILS loans benefit from a UK Government Guarantee, protecting 80% of the principle and 100% of the first year's interest.

New Investments

Social Infrastructure > Aged Care Sector: Two tranche Senior Secured Loan (£5m CBILS, £2.8m Non-CBILS). The loan will be utilised to support the development of a high quality 72 bed purpose-built care home. The borrower has an extensive track record in developing and operating quality care homes in the UK.

Hospitality & Leisure > Senior Secured Loan (c.£4.5m CBILS). The loan will be utilised to support the development of hospitality and leisure assets. The loan benefits from an all-asset debenture and guarantee over key development assets.

Existing Investments

Social Infrastructure > Student Accommodation (£6.1m nominal; Loan ref 68). RM Funds executed a work-out strategy as the developer failed to action their Covid recovery plan. This loan is senior secured on a new, purpose-built student accommodation ("PBSA") in a prime location in Coventry city centre. The asset has 80 bedrooms and the loan equates to c.£76k/bed. The Investment Manager appointed FRP Advisory LLP "FRP" as part of the work-out process, which will involve the marketing, operational management and a variation of planning permissions to maximise the utility of the asset in the near to medium-term. The loan has been marked down to 81.86% of par valuing the loan at just over £5m. This values the asset at c.£62.8k per bed which is conservative versus some of the listed peer group and other private comparables.

Hospitality & Leisure > Hotel (Development) (£3.35m, Loan ref 58): This loan was partially refinanced by £2m during December 2020 generating a gain of approximately £700,000 as the loan was previously marked at 64.58% of face value. The remaining loan balance also saw a valuation increase to 73% of par value as the hotel development scheme was fully funded during the period by the senior and junior Lenders, in addition to further equity cash injection. The additional capital funded by RMDL was via the CBILS scheme. This loan trajectory is back to 100% of par value as the scheme is finalised over this coming year. Finally, the existing loan coupon was increased from 12% to 15% as part of the refinancing to reflect the general increase in debt costs since the Covid period started – this interest will roll up as is typical of a construction financing. In summary the property has a signed Hotel Management Agreement ("HMA") with a 5* counterparty and a fully funded scheme. An updated valuation was undertaken with the new HMA counterparty in-situ, and, on an "as is" basis, the LTV is 71.5% and the Gross Development Value "GDV" once stabilised, is expected to be 65%.

Social Infrastructure > Student Accommodation (£4.4m nominal; Loan ref 12): A senior secured loan to a PBSA asset with 77 bedrooms. This loan equates to c.£78k/bed. The borrower has had ongoing issues with the operator which have been resolved. RMDL had previously noted overdue



interest for this asset in the July Interim accounts, RM Funds are pleased to report that £500k was received in December 2020 and is key contributor to the excess income over the month.

Hospitality & Leisure > Hotels (Operational) Despite the temporary closure of the hotels, our counterparties have continued to perform through the Covid pandemic via cash interest payments. December saw significant progress with the reduction of risk within this portfolio exposure as our largest borrower completed a ground rent transaction on an asset held within the two loan portfolios (ref 66&67). This ultimately reduced the loan balance by c.£1.8m, lowered the LTV back to 80% and has enabled the borrower to deposit c.£1m in a RMDL lender control account.

Income & Dividend

During the quarter a 1.625 pence per share dividend was announced and paid which is line with the target dividend for the full year.

Historic dividend (pence per share)

Year	Target	Achieved
2017	4.00	4.20
2018	6.50	6.50
2019	6.50	7.03
2020 YTD	4.875	Q1/Q2/Q3 paid 4.875
ITD	21.875	22.605

Outlook

The ongoing Covid-19 pandemic continues to create considerable macroeconomic uncertainty in the short term and the rate of the recovery will largely be tied to the development and deployment of vaccines. However, the outlook for the portfolio remains promising as the trajectory of the Loans within the portfolio continues to remain positive. There is still considerable value within the portfolio which RM expect to re-price higher as economic conditions normalise post the vaccine distribution. In addition, our expectation remains that the income generation from the portfolio will continue to be robust.

In addition, as previously noted RM Funds will continue to seek further opportunities to deploy capital primarily into new CBILS loans with a focus on non-cyclical sectors backed by real assets.

Should any current investors, analysts or prospective investors wish to hold meetings with the Investment Manager please contact RM Funds directly or via your sales representative at Peel Hunt or N+1 Singer.



Company Portfolio at month end

35

Number of Loans

£131m

Total invested ⁱ

9.37%

Average Yield

3.04 years

Average Life

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

Largest 10 loans by value across the entire portfolio

Business Activity	Loan Value (£m)	Expected Yield	WAL
Asset Finance	9.99	8.16%	3.00
Hotel	8.08	9.47%	3.26
Automotive parts manufacturing	6.84	15.29%	1.99
Gym franchise	6.25	10.88%	4.22
Hotel	6.17	9.47%	3.26
Healthcare	5.80	5.46%	4.26
Student Accommodation	5.78	9.23%	3.85
HR and payroll services	5.74	6.43%	3.90
Student Accommodation	5.03	10.99%	0.00
Hotel	5.00	8.00%	2.98



Fund performance

	1 month	3 months	6 months	1 year	2 years	ITD
NAV Total Return %	1.97%	4.29%	6.63%	3.15%	11.59%	21.46%

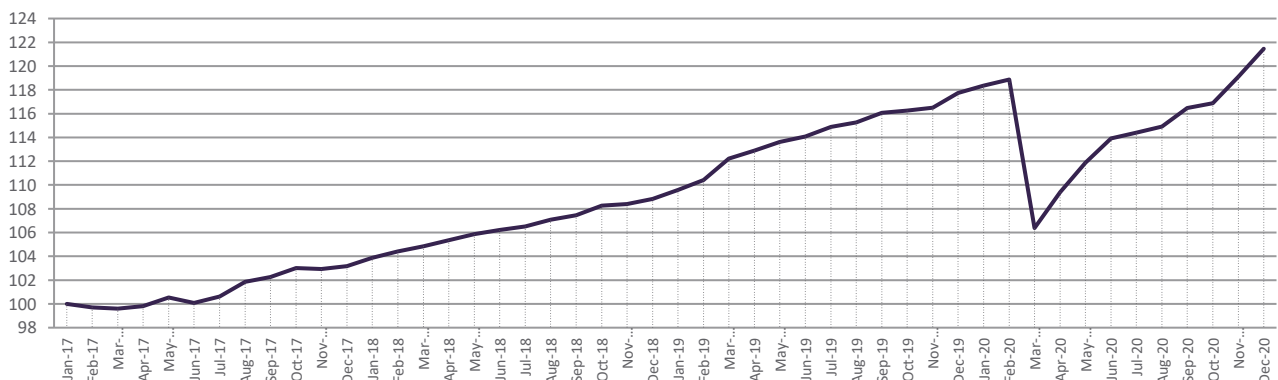
2020													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p	-	-	1.70	-	-	1.625	-	-	1.625	-	-	1.625	6.575p
NAV (Cum income) p	98.31	98.74	86.64	89.10	91.14	91.16	91.56	91.97	91.58	91.91	93.66	93.88	-
NAV Total Return %	0.53	0.43	(10.53)	2.83	2.29	1.80	0.44	0.44	1.35	0.36	1.91	1.97	3.15%
Net Interest Income p	0.60	0.67	0.60	0.53	0.53	0.53	0.53	0.53	0.53	0.45	0.41	1.06	6.96p

2019													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p	-	-	1.625	-	-	2.00	-	-	1.625	-	-	1.70	6.95p
NAV (Cum income) p	97.62	98.38	98.36	98.95	99.59	98.00	98.69	99.00	98.05	98.24	98.45	97.79	-
NAV Total Return %	0.67	0.78	1.64	0.59	0.65	0.41	0.70	0.31	0.70	0.19	0.21	1.06	8.18%
Net Interest Income p	0.69	0.57	1.45	0.58	0.71	0.63	0.58	0.79	0.64	0.69	0.58	1.03	8.94p

2018													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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

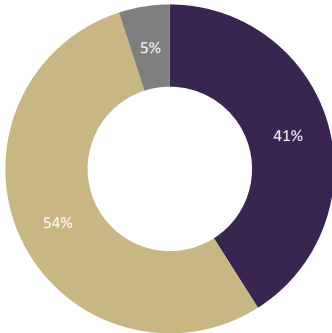
Cumulative NAV Performance since inception





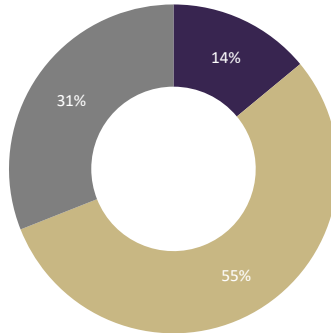
Portfolio Statistics

WAL of Loan Book



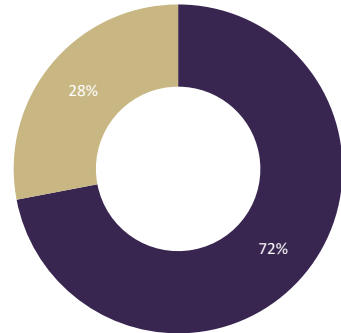
■ 0-3 years - 41% ■ 3-5 years - 54%
■ >5 years - 5%

Annualised Yield



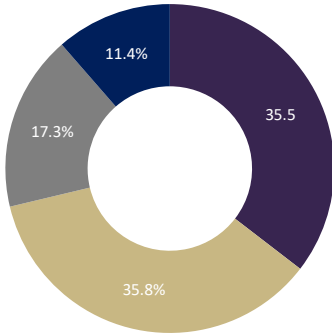
■ <7.5% yield - 14% ■ 7.5-9.5% yield - 55%
■ >9.5% yield - 31%

Coupon Type



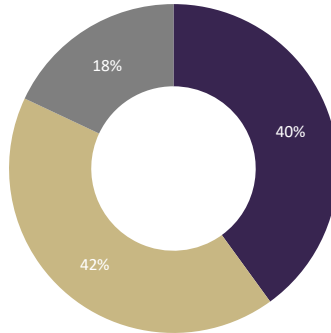
■ Fixed - 72% ■ Floating - 28%

Ranking



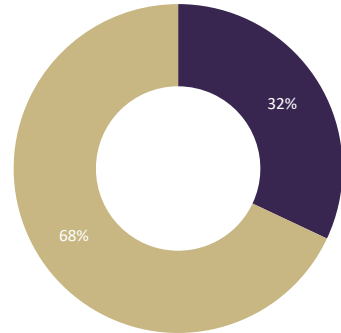
■ Senior - 35.4% ■ Junior - 35.8%
■ Holdco - 17.3% ■ CBILS G'tee - 11.4%

Investment Type



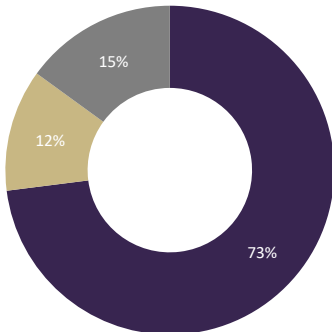
■ Corporate - 40% ■ Project Finance - 42%
■ Asset Finance - 18%

Ownership



■ Private Non-Sponsor - 32%
■ Private Sponsor-Backed - 68%

Borrowers by Revenue



■ <£75m - 73% ■ £75m-150m - 12%
■ £150m+ - 15%



Loan Ref#	Borrower Name	Deal Type	Sector	Business Description	Nominal	Market Value	Payment	Valuer
60	Private Loan - SPV	Bilateral Loan	Asset Finance	U.K. focused asset backed lending	10,193,916	9,990,038	Cash	V Agent
66	Private Loan - SPV	Bilateral Loan	Hotel	Five U.K. prime location regional city hotels.	8,504,440	8,079,218	Cash	V Agent
39	Beinbauer	Syndicated Loan	Automotive parts manufacturing	Automotive Parts Manufacturing	8,047,480	6,840,358	PIK	V Agent
76	Gym Franchise	Bilateral Loan	Gym franchise	Owner operator of gym franchising	7,331,508	6,231,781	PIK	V Agent
67	Private Loan - SPV	Bilateral Loan	Hotel	Five U.K. prime location regional city hotels.	6,410,307	6,166,032	Cash	V Agent
6	Elysium	Syndicated Loan	Healthcare	Providing acute and age care services	6,000,000	5,800,020	Cash	External
74	Private Loan - SPV	Bilateral Loan	Student Accommodation	Six purpose-built student accommodations located in prime regional U.K. cities	5,930,000	5,781,750	Cash	V Agent
37	Zellis (previously NGA)	Syndicated Loan	HR and payroll services	HR and payroll services	7,000,000	5,740,000	Cash/PIK	External
68	Private Loan - SPV	Bilateral Loan	Student Accommodation	Coventry based purpose-built student accommodation - prime location.	6,168,120	5,028,819	PIK	V Agent
80	Private Loan - SPV	Bilateral Loan	Hotel	Hotel development, Glasgow (CBILS)	5,000,000	5,000,000	Cash	V Agent
82	Private Loan - SPV	Bilateral Loan	Healthcare	Project finance - Care home (CBILS)	5,000,000	5,000,000	Cash	V Agent
79	Private Loan - SPV	Bilateral Loan	Building Contractor	Building contractor (CBILS)	4,500,000	4,500,000	Cash	V Agent
61	Private Loan - SPV	Bilateral Loan	Asset Finance	U.K. focused asset backed lending	4,469,939	4,380,540	Cash	V Agent
34	Valeo Foods	Syndicated Loan	Food manufacturing	Manufacturer of staple food goods	4,500,000	4,266,585	Cash	External
12	Private Loan - SPV	Bilateral Loan	Student Accommodation	Operational student accommodation based in Glasgow	4,420,000	4,243,200	Cash	V Agent
17	L'Oscar	Bilateral Loan	Hotel	Boutique central London hotel	4,100,000	4,100,000	Cash	V Agent
73	Private Loan - SPV	Bilateral Loan	Hotel	Cambridge based recently built hotel - prime location	4,000,000	3,900,000	Cash	V Agent
62	Trent Capital	Bilateral Loan	Manufacturing & Energy Efficiency	Boiler manufacturer and energy efficiency measure installer	4,085,424	3,881,153	PIK	V Agent
75	Private Loan - SPV	Bilateral Loan	Hotel	Hotel situated by Bristol airport.	3,400,000	3,315,000	Cash	V Agent
51	Mehiläinen	Syndicated Loan	Healthcare	Finnish private provider of healthcare and care services	3,129,191	3,082,253	Cash	External
16	Voyage Care	Bond	Healthcare	Providing nursing, dementia and aged care facilities	3,000,000	2,695,000	Cash	External
64	Private Loan - SPV	Bilateral Loan	Invoice Finance	U.K. focused Invoice discounting	2,750,000	2,612,500	Cash	V Agent



58	Private Loan - SPV	Bilateral Loan	Hotel	Hotel development, Glasgow	3,349,267	2,444,965	PIK	V Agent
71	Euroports	Syndicated Loan	Port-infrastructure	European ports business with worldwide operations.	1,788,109	1,780,295	Cash	External
44	EG Group 2L	Syndicated Loan	Global forecourt operator	Global forecourt operator	1,673,033	1,648,640	Cash	External
69	Private Loan - SPV	Bilateral Loan	Hotels	Travelodge Hotel located in Morecombe, Lancashire	900,000	855,000	Cash	V Agent
48	Private Loan - SPV	Bilateral Loan	Property Bridging	Residential property	882,862	838,719	Cash	V Agent
63	Trent Capital (Fusion) RF	Bilateral Loan	Manufacturing & Energy Efficiency	Boiler manufacturer and energy efficiency measure installer	952,283	757,054	Cash	V Agent
52	Private Loan - SPV	Bilateral Loan	RHI Receivables	Payments from domestic renewable heat scheme	701,595	701,595	Cash	V Agent
45	Private Loan - SPV	Bilateral Loan	Property Bridging	Business premises	687,343	687,343	Cash	V Agent
28	Private Loan - SPV	Bilateral Loan	Property Bridging	Residential property	606,213	606,213	Cash	V Agent
78	Private Loan - SPV	Bilateral Loan	Energy Efficiency	Provider of energy efficiency measures (CBILS)	500,000	500,000	Cash	V Agent
76b	Gym Franchise	Bilateral Loan	Gym franchise	Owner operator of gym franchising	532,558	452,674	PIK	V Agent
83	Private Loan - SPV	Bilateral Loan	Healthcare	Project finance - Care home	450,304	450,304	Cash	V Agent
9	Private Loan - SPV	Bilateral Loan	RHI Receivables	Payments from domestic renewable heat scheme	421,295	332,402	Cash	V Agent

Notes

1. 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.
2. Management fee on Net Assets including ZDP issue. Fee 0.875% NAV up to £250m, 0.80% NAV above £250m less than £500m and 0.75% of the prevailing NAV above £500m NAV. Investment Manager will purchase a minimum of £10,000 of shares from this fee Quarterly.
3. Discount control mechanism triggers if shares trading at an average discount of more than six percent over previous 6-month trading period.
4. Total Loans includes settled and unsettled investments.
5. 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.
6. YTD NAV Total Return assumes dividends are reinvested at NAV and includes compounding.
7. 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.
8. Cumulative NAV performance rebased at 100 on Jan 2017 and assumes dividends are reinvested at NAV and includes compounding.

Disclaimer

This Report is intended solely for the information of the person to whom it is provided by the Company, the Investment Manager or the Administrator. This Report does not constitute an offer or solicitation for the purchase or sale of any investment or financial instrument in the Company and should not be relied on by any person for the purpose of accounting, legal or tax advice or for making an investment decision. The payment of dividends and the repayment of capital are not guaranteed by the Company. Any forecast, projection or target is indicative only and not guaranteed in any way, and any opinions or views expressed in this Report are those of the Investment Manager, and do not constitute investment advice and are subject to change without notice, and neither the Company nor the Investment Manager is under any obligation to update such opinions. Whether the Company proceeds with any investment is dependent on multiple factors including, but not limited to the completion of satisfactory due diligence. Past performance is not a reliable indicator of future performance, and investors may not get back the original amount invested. Unless otherwise stated, the sources for all information contained in this report are the Investment Manager and the Administrator. Information contained in this Report is believed to be accurate at the date of publication, but none of the Company, the Investment Manager and the Administrator gives any representation or warranty as to the Report's accuracy or completeness. This report does not contain and is not to be taken as containing any financial product advice or financial product recommendation. None of the Company, the Investment Manager and the Administrator accepts any liability whatsoever for any loss (whether direct or indirect) arising from any use of this Report or its contents. RM Capital Markets Limited is authorised and regulated by the FCA, registered in Scotland (Registered Number: SC380707).