

Secured investments that power businesses

RM Secured Direct Lending plc

Half-Yearly Financial Report for the six months ended 30 June 2019



RM Secured Direct Lending PLC is an investment trust with c.£124m gross assets, which aims to preserve capital and generate a stable dividend of 6.5p per annum, paid quarterly.

RM Funds (the “Investment Manager”) aims to achieve this through an asset backed investment strategy, by providing non-benchmark sized Loans to borrowers across a variety of sectors. Lending is typically secured over plant, property, equipment, and/or contracted income such as receivables.

Contents

Investment Objective, Financial Information and Performance Summary	4
Chairman's Statement	5
Investment Manager's Report	7
Portfolio	11
Interim Management Report	14
Statement of Directors' Responsibility for the Half-Yearly Report	14
Unaudited Consolidated Statement of Comprehensive Income	15
Unaudited Company Statement of Comprehensive Income	16
Unaudited Consolidated Statement of Financial Position	17
Unaudited Company Statement of Financial Position	18
Unaudited Consolidated Statement of Changes in Equity	19
Unaudited Company Statement of Changes in Equity	20
Unaudited Consolidated Statement of Cash Flows	21
Unaudited Company Statement of Cash Flows	22
Notes to the Financial Statements	23
Alternative Performance Measures ('APMs')	32
Directors, Manager and Advisers	33

Portfolio Highlights:

Diverse
portfolio of
secure debt
investments

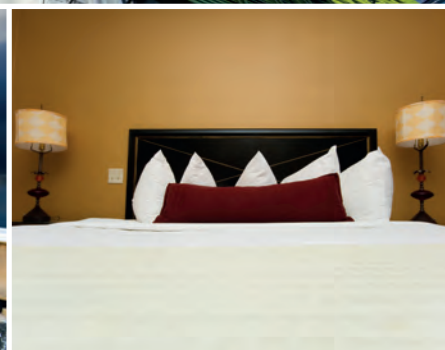
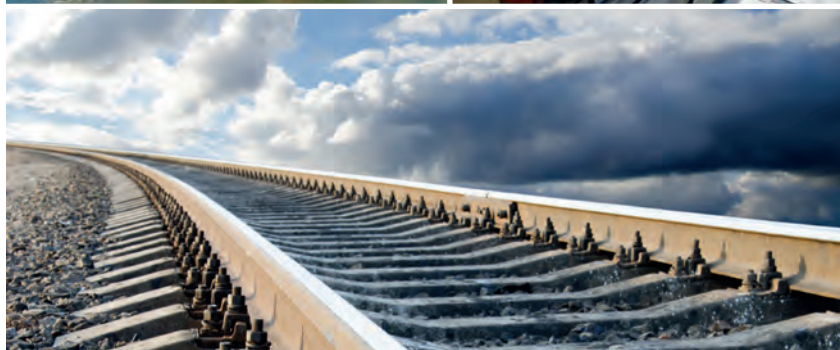
Loans
are typically
covenant
"heavy"

High yielding
with average
yield in excess
of 8.6%

RMFunds
The art of investment

“ We remain disciplined in our approach to steadily growing the Company, balancing this with our objective to improve liquidity in the Ordinary Shares for Investors, increase the portfolio diversity and reduce the fixed costs when spread over a larger capital base in order to reduce the ongoing charges ratio. Overall, we believe that the investment opportunity in secured debt remains significant in the long term and we are confident of the Investment Manager's ability to generate stable attractive returns for Investors. ”

Norman Crighton, Chairman



Investment Objective, Financial Information and Performance Summary

Investment objective

RM Secured Direct Lending plc (the 'Company' or 'RMDL') aims to generate attractive and regular dividends through investment in secured debt instruments of UK Small and Medium sized Enterprises ('SMEs'), and mid-market corporates and/or individuals including any loan, promissory notes, lease, bond, or preference share (such debt instruments, as further described in the prospectus, being 'Loans') sourced or originated by RM Capital Markets Limited (the 'Investment Manager') with a degree of inflation protection through index-linked returns where appropriate.

Financial information

	Six months ended 30 June 2019	Six months ended 30 June 2018
Gross asset value (£'000) ¹	£124,300	£107,600
Net asset value ("NAV") (£'000) per Ordinary Share-IFRS calculation (pence)	98.00	97.73
Ordinary Share price (pence)	101.50	101.50
Ordinary Share price premium to NAV ¹	3.6%	3.7%
Accrued entitlement per Zero Dividend Preference ("ZDP") Share (pence) ²	104.38	100.86
Dividend (pence) in respect of the Period	3.625	3.25

Performance summary

	% change ^{3,5}	% change ^{4,5}
Total return (%) - Ordinary Share NAV and dividends ¹	4.9	3.0
Total return (%) - Ordinary Share price and dividends ¹	3.6	3.6

¹ These are Alternative Performance Measures ('APMs').

² Based on the net assets attributable to the ZDP Shares as at 30 June 2019.

³ Total returns for the period to 30 June 2019, including dividend reinvestment.

⁴ Total returns for the period to 30 June 2018, including dividend reinvestment.

⁵ Source: Bloomberg.

Alternative Performance Measures ('APMs')

The financial information and performance summary data highlighted in the footnote to the above tables are considered to represent APMs of the Group and the Company. In addition to these APMs measures have been used by the Group to assess its performance.

Chairman's statement

On behalf of the Board, I am pleased to report continued positive momentum for RM Secured Direct Lending plc (the "Company") and have the opportunity to review the last six months.

An attractive performance and continued growth

The most important aspect has been the solid portfolio performance leading to an impressive net asset value ("NAV") total return (dividends re-invested at NAV) of 4.85% for the six month period ended 30 June 2019 (the "Period"). The NAV total return for Investors over the period from the Company's inception in December 2016 to 30 June 2019 has been 14.13%. In addition, the Company has continued to grow through the successful raising and deployment of capital, with a placing of 13.5million shares in March 2019 bringing the total number of Ordinary Shares to 112.2million.

Positive NAV and Share Price Performance – Sustainable income

The Company continues to deliver against its objective of creating sustainable income and returns for Investors.

The Company paid the fourth interim dividend for the fourth quarter of 2018 of 1.625 pence per Ordinary Share on 29 March 2019. During the Period, Investors were paid a first interim dividend of 1.625 pence together with a special dividend of 0.375 pence per Ordinary Share. The Board elected to pay the special dividend following a period of portfolio outperformance in Q1 2019 arising from the early repayment of loans and associated prepayment compensation.

The main driver for portfolio outperformance occurred 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.

The Company has continued to grow through the successful raising and deployment of capital, with a placing of 13.5m shares in March bringing the total number of Ordinary shares to 112.2m.

The Board has declared a second interim dividend of 1.625 pence per Ordinary Share, which will be payable on 27 September 2019 to Investors on the register at the close of business on 6 September 2019. Therefore, the aggregate dividend in respect of the Period is 3.625 pence per Ordinary Share.

Additional net revenue has been earned over the Period and is available for distribution to Investors, however this will be reviewed later in the year when there is better visibility on the full year picture as it is also the objective of the Company to have a stable and growing NAV. Therefore, the Board will continue to review the Company's progress and market outlook for the remainder of the year and make an assessment of the available revenue to distribute at a later date.

As at 30 June 2019, the Company had 112,224,581 Ordinary Shares in issue and the closing mid-price was 101.50 pence per share. The NAV per Ordinary Share was 98.00 pence.

I am pleased to report a largely steady Ordinary Share price over the six months to June 2019 with reasonable secondary market trading activity largely in a narrow range around the mid-price of 101.50 pence. The Ordinary Shares have traded consistently at a premium to NAV since launch and the Ordinary Shares closed the half year around a 3.6% premium to the underlying NAV.

The NAV at 30 June 2019 was 98.00 pence per Ordinary Share, which is an increase of 1.02 pence from the 31 December 2018 NAV per Ordinary Share of 96.98 pence. This reflects the

underlying portfolio NAV total return of 4.85% year to date less the aggregate distributions of 3.625 pence per share paid to Investors in the Period.

RM ZDP plc

RM ZDP plc is a wholly owned subsidiary of the Company, which was established solely for the purpose of issuing Zero Dividend Preference Shares (the "ZDP"). The Company and RM ZDP plc collectively form the "Group". The issuance of the ZDPs has allowed the Company to lock in cost effective debt funding via a loan from RM ZDP plc to the Company.

High quality and well diversified portfolio

The Investment Manager continues to demonstrate its ability to source investments and recycle capital in order to earn attractive risk adjusted returns for Investors. During the Period, the Company made nine new investments, had 48 drawdowns on existing investments and in total had 11 repayments, realisations or divestments.

The portfolio grew 18% from £103m to £122m over the Period as, although the number of Loans in the portfolio at the Period end remained consistent with the 31 December year end, with 35 Loans, the average investment size increased from £3m to £3.5m. Overall private debt investments represent circa 95% of the portfolios holdings with the breakdown being 57% bespoke bilateral loans, 38% within club or syndicated private loans and 5% in more liquid corporate debt.

Chairman's statement

Continued



The portfolio continues to be well diversified and consequently, the largest portfolio investment is under 9% of NAV and the top 10 investments represent circa 61% of NAV.

Compared to the position at 31 December 2018 the average yield on investments at 8.61% is 6 basis points higher and the weighted average life of the investments is approximately 3.5 years, which is unchanged. The number of senior secured loans within the portfolio has reduced from 66% to 54%. However, the Investment Manager has focused on increasing exposure to only the very best junior secured investments, which are largely in defensive sectors and exhibit characteristics which are typical of Company investment criteria.

The number of investments linked to Libor reduced to 40% however the overall exposure to changes in inflation expectations is limited as the Investment Manager is focused on keeping fixed rate lending to shorter dated maturities wherever possible.

The portfolio continues to be well diversified and consequently, the largest portfolio investment is under 9% of NAV and the top 10 investments represent circa 61% of NAV. In addition, there is broad sector diversity as the portfolio is spread across 13 sectors. Any EUR or USD currency exposures arising from investments are largely hedged back into Sterling to minimise any currency exchange risk.

The Investment Manager has been consistent with its strategy of focusing the portfolio on non-cyclical sectors and, therefore, the largest exposures are to

Hotels (largely branded and mid-tier) 21%, Asset Finance (directly secured against pools of physical assets) 20%, and Health and Social Care 10% (secured against physical property and business assets).

Additional capacity from Bank Facility

The Company still benefits from the use of a £10m revolving credit facility ("RCF") with Oak North Bank. This facilitates the tactical use of borrowings ahead of any known investment redemptions or capital raises. Currently this is partly drawn. The Company has a 20% leverage limit and the use of the bank facility combined with the ZDPs will always remain with this limit. The Company does not incur any non-utilisation fees in connection with the facility.

Continuing to generate stable attractive returns

After a relatively benign period for markets it is the Board's expectation that volatility will pick up in public debt and equity markets. Private credit of the type invested in by the Company can still offer excellent risk adjusted returns at this point of the cycle, where quantitative easing and central bank actions have largely reduced yields available to investors in more liquid credit markets. These non-benchmark private debt investments of the type RMDL focuses on still come with

debt covenants which the benchmark debt markets are largely devoid of now. Our outlook is therefore cautiously optimistic as the Company carefully negotiates the final six months of the year.

We remain disciplined in our approach to steadily growing the Company, balancing this with our objective to improve liquidity in the Ordinary Shares for Investors, increase the portfolio diversity and reduce the fixed costs when spread over a larger capital base in order to reduce the ongoing charges ratio. Overall, we believe that the investment opportunity in secured debt remains significant in the long term and we are confident of the Investment Manager's ability to generate stable attractive returns for Investors.

The Board is grateful for the support of Investors and are delighted to have such a broad investor base. RM Funds continues to align their interests with Investors by purchasing shares with 50% of their management fees and I would like to thank them on behalf of the Board and Investors for their continued commitment to the Company. We would also like to thank RM Funds and the other professional advisors for their hard work and support. Please do not hesitate to contact me through N+1 Singer if any additional information is required.

Norman Crighton, Chairman
13 August 2019

Investment Manager's Report

RM Funds ("RM" or the "Investment Manager") is pleased with RM Secured Direct Lending's ("RMDL" or "the Company") continued positive performance in the first six months of the year to 30 June 2019 ("the Period") in which the portfolio delivered a steady net interest income margin.

Total Return ahead of target

In addition, arrangement and pre-payment fees, along with the sale of equity warrants, have led to additional NAV return for Investors. The total NAV % Return for the six months to 30 June 2019 is 4.85%, which is in excess of the Company's target and it is pleasing to be in such a position at this stage of the year. Leverage within the Company is limited to 20% and it has rarely exceeded 12% in the Period. This is important for Investors to note as the net interest income targets are being exceeded without utilising excessive structural leverage.

Continued origination and execution

The Company continues to benefit from the Investment Manager's established origination and investment capabilities in private credit, as shown by the portfolio's 18% growth to £122m, despite having had 11 repayments, realisations or divestments during this time. This has been an efficient use of Investor capital with minimal cash drag from holding cash on the balance sheet and is testament to the strong pipeline of opportunities which RM have progressed.

In addition, RM have managed an additional 48 further drawdowns to existing investments which have had due diligence and appropriate legal documentation completed. In this case RMDL is either funding receivables which are revolving or pools of additional assets being purchased. One of RMDL's key competitive attributes is its flexible approach to lending within tightly controlled parameters and makes funding from RMDL an attractive proposition to Borrowers. It should also be noted that this would not be possible without the help and assistance from the AIFM and Administrator who make such granular

One of RMDL's key competitive attributes is its flexible approach to lending within tightly controlled parameters and makes funding from RMDL an attractive proposition to Borrowers.

drawdowns possible from an operational perspective. Additionally, the listed format of the Company is an advantage as it makes these types of revolving or granular drawdowns easier to facilitate, which might be harder to fulfil from a more traditional private credit fund structure.

Exceeding dividend target

The half yearly dividend target has been exceeded, achieving an aggregate dividend in respect of the Period of 3.625 pence. For year to 31 December 2019 the expectation is for a payment in excess of 6.5 pence.

Supportive new and existing Investors

The Company's Broker, N+1 Singer and RM have met with a number of potential and existing investors during the Period to update them on the progress of the Company and feedback has been positive. We have seen existing Investors adding to their holdings as well as new Investors join the shareholder register.

The Company closed a share placing of 13.5m shares during March 2019, taking the market capitalisation to £113.9m. It is the intention that there will be continued growth of the Company during the remainder of 2019 in order to continue to reduce the Total Expense Ratio ("TER"), increase liquidity in the shares and continue to increase the portfolio diversification.

Investment Manager aligned with Investor interest

During the Period, RM has purchased 148,614 Ordinary Shares in the Company. This takes the direct investment in the Company to 1,043,989 and including shares owned across the management team to in excess of 1,500,000. The Investment Manager and Board feel this is the best way of demonstrating alignment with the interests of other Investors.

Improved market environment but macro uncertainty remains

The global equity and credit markets have had a solid first six months. The market weakness experienced over Q4 2018 reached its nadir in December 2018 but since January 2019 equities, government bonds and credit have all performed well, with global equities touching their years' highs during the second quarter of 2019. The most notable market move has been the global rally in government bond markets. Weak global data and the belief that inflation will not feed through as strongly as expected, particularly in the US, has seen a global rally across fixed income markets. Current expectations that central banks will be more accommodative for growth thus keeping interest rates lower for longer has been beneficial for equities as investors seek yield. The Investment Manager remains cautious as its attention is drawn to the 3 month/10 year US yield curve, which inverted during the quarter to June

Investment Manager's Report

Continued

2019. It has been widely reported that the yield curve between the US 3-month and 10-year bond has been negative before each recession for the past 50 years. In addition, the commentary and market noise surrounding the trade wars have reduced over the quarter, but the risk remains that policy mistakes with unintended consequences could damage global growth.

RM's expectation is for volatility to pick up especially as we move through the deal/no deal Brexit date at the end of October. Equities and credit seem priced to perfection and any change in sentiment to a risk-off mode could see significant price moves lower – although government bonds despite their eye-wateringly low yields seem to have their valuations underpinned by all of this uncertainty.

What does RM Secured Direct Lending offer investors?

Defensive Asset Class: Focus on capital preservation and income generation

Diversified Sector Exposure: Focus on non cyclical business sector lending

Stable Dividends: Target 1.625 p per quarter

Granular Loan Book: 35 Loans, secured over multiple assets

Protection from interest rate moves: 40% of investment book floating rate. Fixed rate focus on shorter maturities.

Strong Corporate Governance: NAV independently assessed by a leading international accountancy firm, reporting directly to the Board and AIFM

Ethical, Social Corporate Governance Criteria: A responsible and measured approach to lending

Conservative Leverage: Gearing capped at 20% of NAV

Access to substantial pipeline, resources, relationships and credit expertise provided by RM Funds

Fund Management Leadership



James Robson
Portfolio Manager,
Investment
Committee
Member

James has over 20 years of bond and loan trading experience, having initially spent 12 years working for global investment banks in the City trading credit and loan products.

In 2010, James founded RM Capital Markets which has grown to become a well-respected financial services business, advising on and executing corporate credit, government bonds and currencies. During 2015, James launched the RM Funds business which utilised the existing infrastructure and relationships RM Capital Markets have developed over the last 6 years to work with investors around Europe to help make the most of the market opportunities.



Pietro Nicholls
Portfolio Manager,
Investment
Committee
Member

Pietro has over 13 years of experience in investment banking, capital markets, project finance and corporate lending, including experience advising publicly listed, unlisted, government related entities on investment, financing, M&A and liability management solutions.

Since 2013, Pietro's team have advised on, sourced and or arranged over €1bn of debt finance transactions located within Western Europe.

Diversified portfolio focused on non-cyclical sectors

As at the Period end, the Ordinary Share portfolio capital was fully deployed. The average yield on investments of 8.61% was slightly higher than at the Company's year end. With 35 investments across 13 sectors there is a diversified and broad spread of risk – the top ten holdings account for 61% of the portfolio. Due to 40% of the investments having their coupons linked to Libor and the maturity on fixed rate investments generally limited, duration is low and consequently there is manageable exposure to a sharp move higher in global interest rate expectations.

RM has focused the portfolio on non-cyclical sectors with tangible asset backing or stable and visible cash flows.

With 35 investments across 13 sectors there is a diversified and broad spread of risk – the top ten holdings account for 61% of the portfolio.

The portfolio is also concentrated on investments to sponsor backed transactions; 95% of the portfolio is invested in private credit of which 57% are directly originated loans and 38% are club or syndicated transactions. As a non-bank lender, RMDL looks primarily to invest in non-benchmark private credit transactions where extra yield can be obtained due to an illiquidity and complexity premium whilst enhanced covenants and security can be obtained, specifically on directly originated transactions.

The sectors where RM sees the opportunity to generate attractive, risk-adjusted returns have been branded hotels which are aimed at mid-market accommodation (21%), pools of asset finance assets (19%) and healthcare (10%). RM expects to increase its current exposure to student accommodation, which is classified as social infrastructure, from the current 6.7% level. Construction risk is limited, with total exposure to Loans to borrowers who are constructing assets at 10%; well within the 20% portfolio limit. These Loans are carefully monitored and have a lenders agent acting for the Company.

30 June 2019 – Ordinary Shares

Number of investments	Number of sectors	Weighted average life (years)
35	13	3.46
Net asset value	Gross Assets	
£110 million	£124 million	
Net asset value per share (cum income)	Average yield (on deployed cash)	Private / Public investments
98 pence	8.61%	95 / 5%
Sen. secured / Sen. Holdco / Junior secured	Fixed / Floating / Index-linked	
54 / 17 / 29%	59 / 40 / 1%	

Investment Manager's Report

Continued

Strong pipeline of high quality secured lending opportunities

The Investment Management team has a strong pipeline of opportunities to deploy capital into during the second half of 2019. These transactions meet all of the characteristics which the Company focuses on, in areas such as student accommodation, renewable energy and hotels. Furthermore, RM is keen to see the continued growth of existing borrower relationships such as it has seen in the first half of the year, with 48 drawdowns

to existing borrowers. In addition, and very selectively, the Company will offer growth finance and take equity upside where appropriate. This has worked successfully during the first half of the year, with the successful exit of the ICP nurseries position. RM expects this strategy to continue give additional NAV future returns to Investors.

The markets, whilst currently stable and buoyant, are due a new bout of volatility. Given the focus on private credit with the specific attributes sought by RMDL,

as previously outlined, this should offer limited downside and risk and yet stable and visible returns. The Investment Manager is confident that particularly in these markets, RMDL offers the exact type of investment which yield hungry investors are seeking.

RM Funds 13 August 2019

Case studies



Praetura Asset Finance

Praetura Asset Finance is a provider of equipment to UK businesses. Praetura leases or hires equipment to a range of sectors including construction and plant, engineering, printing, transport, waste and recycling, and agriculture.

In 2017 the company sought funding which would enable it to develop its business and was introduced to RMDL. This is exactly the type of investment in which RMDL specialises. The investment is secured over circa 1000 individual pieces of equipment such as diggers and trucks and was documented in such a way that RMDL can easily provide additional funds should Praetura require additional funding as the business grows. This would be subject to satisfying a number of RMDL terms which ensure that the Loan remains well secured. Praetura supports a large number of businesses across the UK who rely on such equipment for their day to day business activities.



Solarplicity

Solarplicity is a leading UK vertically integrated energy provider which has accumulated over 400mw of installed capacity since 2012 and through its energy business is a licensed energy supplier.

In 2017, Solarplicity approached RMDL seeking a funding solution that would enable the aggregation of a number of smaller solar projects. RMDL benefits from physical security over the solar parks and visible contracted cash flows from power sales and UK energy subsidies. This is precisely the type of Loan RMDL focuses on, requiring a tailored funding solution. A total of £4.8 million was lent over August and September 2017. This transaction was repaid after the assets were sold and RMDL benefited from a modest pre-payment premium which is typical for transactions documented by the manager.



Voyage Care

Voyage Care is a leading care provider that supports individuals with complex care needs across the UK. The business supports over 3,000 adults and children operating out of 266 care homes, 22 rehabilitation centres and 13 day centres.

In 2017, the business refinanced existing debt and issued £205 million of Senior Secured notes and £35 million of Second-ranking Secured notes, alongside a £40 million equity injection to boost near-term liquidity. With visible and stable earnings and a solid underlying property portfolio with a value in excess of £350 million this is exactly the type of investment RMDL focuses on. The investment participation is combined across both debt tranches to give an average yield in excess of 8% and a blend of risk across the capital structure.

Portfolio



Largest 10 loans by drawn amounts across the entire portfolio as at 30 June 2019

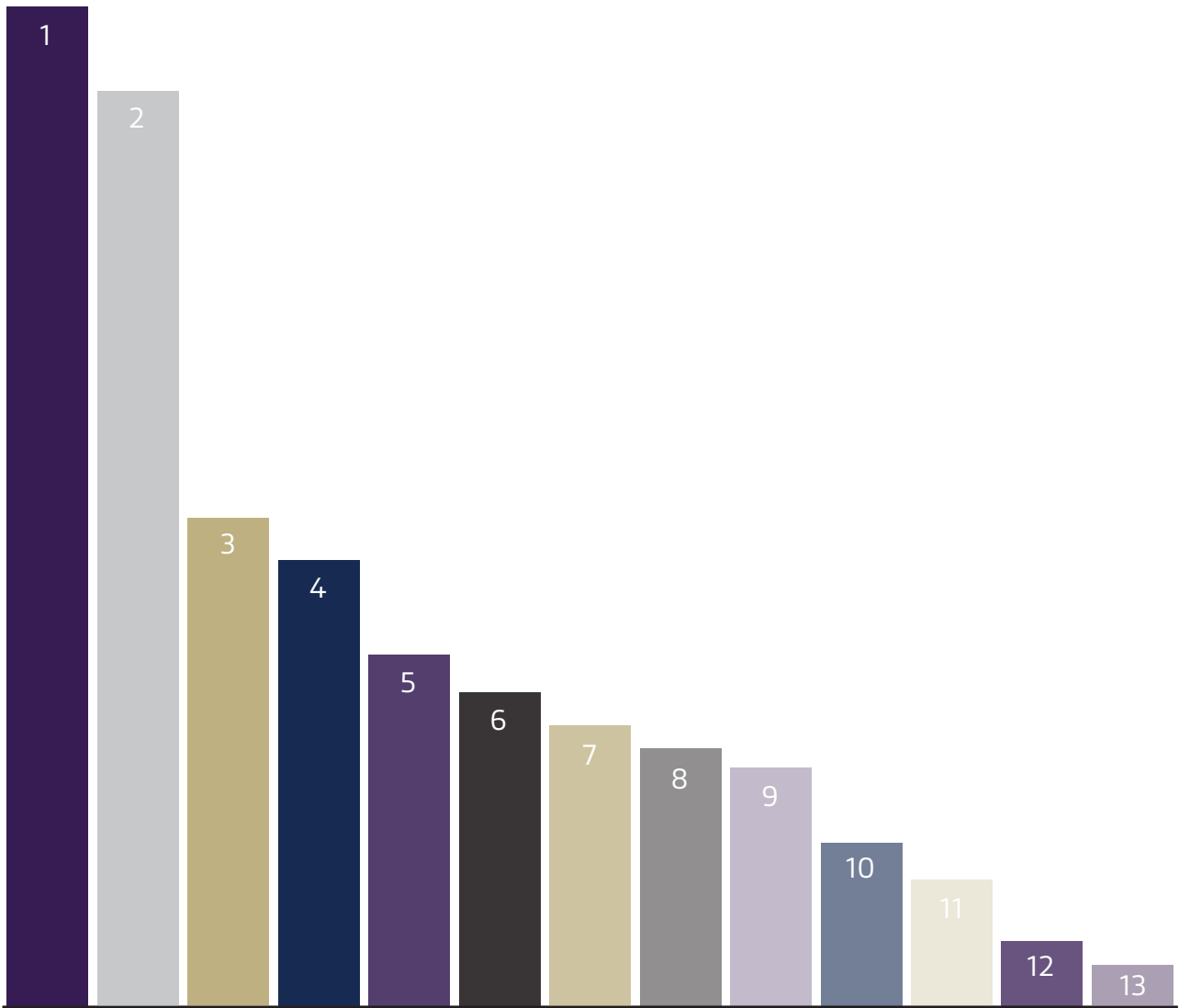
Business Activity	Instrument type (Private/Public/Bond)	Valuation £'000	Percentage of gross assets
Asset Finance	Private loan	10,194	8.2%
Hospitality	Private loan	8,504	6.8%
Hospitality	Private loan	8,296	6.7%
Telecommunications	Private loan	7,906	6.4%
Business Services	Private loan	6,405	5.2%
Automotive Parts Manufacturing	Private loan	6,866	5.5%
Forecourt Operator	Private loan	6,649	5.3%
Healthcare	Private loan	5,805	4.7%
Hospitality	Private loan	4,423	3.6%
Food Manufacturing	Private loan	4,421	3.6%
Ten largest holdings		69,469	57.2%
Other private loan investments		46,348	37.3%
Bond investments		6,500	5.2%
Total holdings		122,317	98.5%
Other net assets*		2,010	1.5%
Gross assets		124,327	100.0%

* Based on the Company's gross assets attributable to all share classes, before deducting the values of the ZDP Shares, and the Bank Loan – credit facility.

Portfolio

Continued

Sector Breakdown



Key

- | | | |
|--|-----------------------------------|-------------------------------------|
| 1. Hotel & Leisure: 21.3% | 6. Infrastructure – Social: 6.7% | 11. Real Estate – Residential: 2.7% |
| 2. Finance – Asset Finance: 19.5% | 7. Beverage & Food: 6.0% | 12. Infrastructure – Other: 1.4% |
| 3. Healthcare & Pharmaceuticals: 10.4% | 8. Automobiles & Components: 5.5% | 13. Finance – Receivables: 0.9% |
| 4. Services (Business): 9.5% | 9. Infrastructure – Energy: 5.1% | |
| 5. Consumer Goods (Non-durable): 7.5% | 10. Real Estate – Other: 3.5% | |

December 2018

Number
of loans:

35 loans

Gross
Assets:

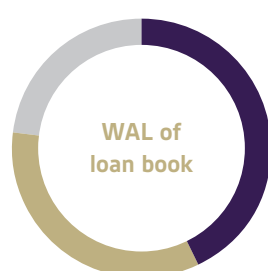
£106.9m

Average gross
portfolio yield:

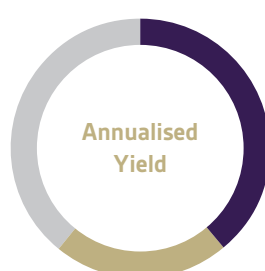
8.55%

Loan
average life:

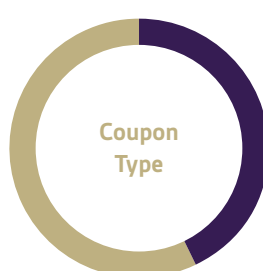
3.49 years



■ 0-3 years – 43%
■ 3-5 years – 34%
■ > 5 years – 23%



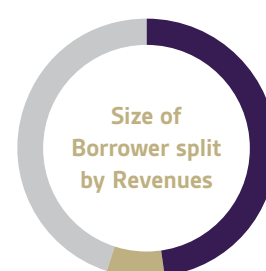
■ < 7.5% – 39%
■ 7.5-9.5% – 22%
■ > 9.5% – 39%



■ Fixed – 43%
■ Floating – 57%



■ Senior Secured – 66%
■ Junior Secured – 18%
■ Holdco Secured – 16%



■ < £75m – 48%
■ £75-150m – 7%
■ £150+ – 45%

June 2019

Number
of loans:

35 loans

Gross
Assets:

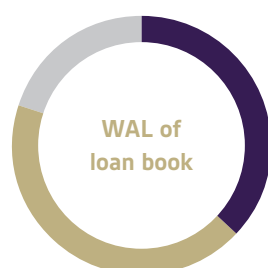
£124m

Average gross
portfolio yield:

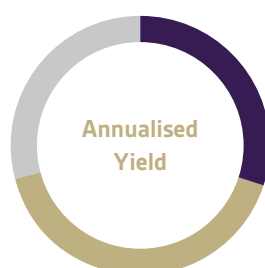
8.61%

Loan
average life:

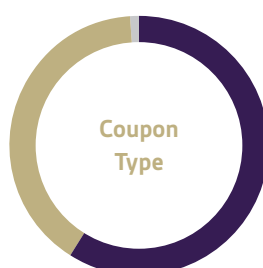
3.46 years



■ 0-3 years – 37%
■ 3-5 years – 43%
■ > 5 years – 20%



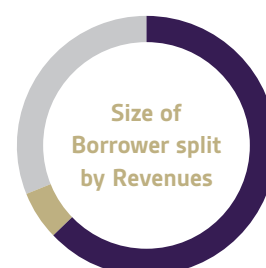
■ < 7.5% – 30%
■ 7.5-9.5% – 41%
■ > 9.5% – 29%



■ Fixed – 59%
■ Floating – 40%
■ Inflation linked – 1%



■ Senior Secured – 54%
■ Junior Secured – 29%
■ Holdco Secured – 17%



■ < £75m – 63%
■ £75-150m – 6%
■ £150+ – 31%

Interim Management Report

The Directors are required to provide an Interim Management Report in accordance with the Financial Conduct Authority's Disclosure Guidance and Transparency Rules ("DTR"). The Directors consider that the Chairman's Statement and the Investment Manager's Report in this Half-yearly Report provide details of the important events which have occurred during the period and their impact on the financial statements.

The following statement on related party transactions and the Statement of Directors' Responsibilities below, the Chairman's Statement and Investment Manager's Report together constitute the Interim Management Report of the Company for the six months ended 30 June 2019. The outlook for the Company for the remaining six months of the year ending 31 December 2019 is discussed in the Chairman's Statement and the Investment Manager's Report. The principal risks and uncertainties to the Group are unchanged from those disclosed on pages 9 to 11 of the Annual Report and Accounts for the year ended 31 December 2018.

The principal risks and uncertainties facing the Company are as follows:

- Market risks;
- Risks associated with meeting the Company's investment objective or target dividend yield;
- Financial risks, corporate governance, internal control risks; and
- Regulatory risks.

Related Party Transactions

The Company's Investment Manager, RM Capital Markets Limited is considered a related party under the Listing Rules. Details of the amounts paid to the Company's Investment Manager and the Directors during the period are detailed in the Notes to the Financial Statements.

Statement of Directors' Responsibility for the Half-yearly Report

The Directors confirm to the best of their knowledge that:

- The condensed set of financial statements contained within the Half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting.
- The Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's DTR.

Norman Crighton
Chairman of the Board of Directors

13 August 2019

Unaudited Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019

	Notes	Six months ended 30 June 2019			Six months ended 30 June 2018			Year ended 31 December 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(Losses) on investments		-	138	138	-	(416)	(416)	-	(807)	(807)
Income	4	6,097	-	6,097	3,788	-	3,788	8,199	-	8,199
Investment management fee	5	(509)	-	(509)	(424)	-	(424)	(894)	-	(894)
Other expenses	5	(506)	(89)	(595)	(450)	(124)	(574)	(978)	(156)	(1,134)
Return before finance costs and taxation		5,082	49	5,131	2,914	(540)	2,374	6,327	(963)	5,364
Finance costs		(243)	-	(243)	(144)	(354)	(498)	(380)	(657)	(1,037)
Return on ordinary activities before taxation		4,839	49	4,888	2,770	(894)	1,876	5,947	(1,620)	4,327
Taxation	6	(12)	-	(12)	(3)	-	(3)	(37)	17	(20)
Return on ordinary activities after taxation		4,827	49	4,876	2,767	(894)	1,873	5,910	(1,603)	4,307
Return per ordinary share (pence)	9	4.51p	0.05p	4.56p	4.03p	(1.30p)	2.73p	6.83p	(1.85p)	4.98p

The total column of this statement is the profit and loss account of the company.

All the revenue and capital items in the above statement derive from continuing operations.

'Return on ordinary activities after taxation' is also the 'Total comprehensive income for the period'.

The notes on pages 23 to 31 form an integral part of these financial statements.

Unaudited Company Statement of Comprehensive Income

For the six months ended 30 June 2019

		Six months ended 30 June 2019			Six months ended 30 June 2018			Year ended 31 December 2018		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(Losses) on investments		-	61	61	-	(416)	(416)	-	(865)	(865)
Income	4	6,097	-	6,097	3,788	-	3,788	8,199	-	8,199
Investment management fee	5	(509)	-	(509)	(424)	-	(424)	(894)	-	(894)
Other expenses	5	(461)	(89)	(550)	(450)	(124)	(574)	(920)	(156)	(1,076)
Return before finance costs and taxation		5,127	(28)	5,099	2,914	(540)	2,374	6,385	(1,021)	5,364
Finance costs		(243)	-	(243)	(144)	(354)	(498)	(380)	(657)	(1,037)
Return on ordinary activities before taxation		4,884	(28)	4,856	2,770	(894)	1,876	6,005	(1,678)	4,327
Taxation	6	-	-	-	(3)	-	(3)	(17)	17	-
Return on ordinary activities after taxation		4,884	(28)	4,856	2,767	(894)	1,873	5,988	(1,661)	4,327
Return per ordinary share (pence)	9	4.56p	(0.03p)	4.53p	4.03p	(1.30p)	2.73p	6.92p	(1.92p)	5.00p

The total column of this statement is the profit and loss account of the company.

All the revenue and capital items in the above statement derive from continuing operations.

'Return on ordinary activities after taxation' is also the 'Total comprehensive income for the period'.

The notes on pages 23 to 31 form an integral part of these financial statements.

Unaudited Consolidated Statement of Financial Position

	Notes	As at 30 June 2019 £'000	As at 30 June 2018 £'000	As at 31 December 2018 £'000
Fixed assets				
Investments at fair value through profit or loss	3	122,317	99,166	102,581
Current assets				
Trade Receivables		2,187	1,472	2,602
Cash and cash equivalents		3,486	9,308	8,138
		5,673	10,780	10,740
Payables: amounts falling due within one year				
Trade Payables		(3,663)	(2,376)	(6,446)
Bank Loan – Credit facility		(3,004)	-	-
C Shares in issue		-	(11,176)	-
		(6,667)	(13,552)	(6,446)
Net current (liabilities)/assets		(994)	(2,772)	4,294
Non-current liabilities				
Zero Dividend Preference Shares	7	(11,346)	(10,963)	(11,155)
Net assets		109,977	85,431	95,720
Capital and reserves: equity				
Share capital	8	1,122	874	987
Share premium		60,446	33,700	47,351
Capital redemption reserve		-	2,699	-
Special reserve		48,304	48,502	48,304
Capital reserve		(2,537)	(1,877)	(2,586)
Revenue reserve		2,642	1,533	1,664
Total shareholders' funds		109,977	85,431	95,720
NAV per share – Ordinary Shares (pence)	10	98.00p	97.73p	96.96p

The notes on pages 23 to 31 form an integral part of these financial statements.

Unaudited Company Statement of Financial Position

	Notes	As at 30 June 2019 £'000	As at 30 June 2018 £'000	As at 31 December 2018 £'000
Fixed assets				
Investments at fair value through profit or loss	3	122,317	99,166	102,581
Investments in subsidiary		50	-	50
Current assets				
Trade Receivables		2,077	1,472	2,543
Cash and cash equivalents		3,468	9,308	8,120
		5,545	10,780	10,663
Payables: amounts falling due within one year				
Trade payables		(3,585)	(2,376)	(6,399)
Bank loan – Credit facility		(3,004)	-	-
C Shares in issue		-	(11,176)	-
		(6,589)	(13,552)	(6,399)
Net current (liabilities)/assets		(1,044)	(2,772)	4,264
Non-current liabilities				
Zero Dividend Preference Shares	7	(11,346)	(10,963)	(11,155)
Net assets		109,977	85,431	95,740
Capital and reserves: equity				
Share capital	8	1,122	874	987
Share premium		60,446	33,700	47,351
Capital redemption reserve		-	2,699	-
Special reserve		48,304	48,502	48,304
Capital reserve		(2,672)	(1,877)	(2,644)
Revenue reserve		2,777	1,533	1,742
Total shareholders' funds		109,977	85,431	95,740
NAV per share – Ordinary Shares (pence)	10	98.00p	97.73p	96.98p

The notes on pages 23 to 31 form an integral part of these financial statements.

Unaudited Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at beginning of the year		987	47,351	48,304	-	(2,586)	1,664	95,720
Return on ordinary activities		-	-	-	-	49	4,827	4,876
Issue of shares	8	135	13,365	-	-	-	-	13,500
Share issue costs		-	(270)	-	-	-	-	(270)
Dividend paid	11	-	-	-	-	-	(3,849)	(3,849)
Closing equity as at 30 June 2019		1,122	60,446	48,304	-	(2,537)	2,642	109,977

For the six months ended 30 June 2018

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at beginning of the year	573	6,845	48,502	-	(983)	1,332	56,269
Return on ordinary activities	-	-	-	-	(894)	2,767	1,873
C Share conversion to Ordinary shares	301	26,855	-	2,699	-	-	29,855
Dividend paid	-	-	-	-	-	(2,566)	(2,566)
Closing equity as at 30 June 2018	874	33,700	48,502	2,699	(1,877)	1,533	85,431

For the year ended 31 December 2018

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
Balance as at beginning of the period	573	6,845	48,502	-	(983)	1,332	56,269
Return on ordinary activities	-	-	-	-	(1,603)	5,910	4,307
C Share conversion to Ordinary shares	414	40,770	-	-	-	-	41,184
Ordinary shares issue cost	-	(264)	-	-	-	-	(264)
Dividend paid	-	-	(198)	-	-	(5,578)	(5,776)
Closing equity as at 31 December 2018	987	47,351	48,304	-	(2,586)	1,664	95,720

Distributable reserves comprise: the revenue reserve; and capital reserves attributable to realised profits including the special reserve.

Share capital represents the nominal value of shares that have been issued. The share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

The notes on pages 23 to 31 form an integral part of these financial statements.

Unaudited Company Statement of Changes in Equity

For the six months ended 30 June 2019

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at beginning of the year		987	47,351	48,304	-	(2,644)	1,742	95,740
Return on ordinary activities		-	-	-	-	(28)	4,884	4,856
Issue of shares	8	135	13,365	-	-	-	-	13,500
Share issue costs		-	(270)	-	-	-	-	(270)
Dividend paid	11	-	-	-	-	-	(3,849)	(3,849)
Closing equity as at 30 June 2019		1,122	60,446	48,304	-	(2,672)	2,777	109,977

For the six months ended 30 June 2018

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
Balance as at beginning of the year	573	6,845	48,502	-	(983)	1,332	56,269
Return on ordinary activities	-	-	-	-	(894)	2,767	1,873
C Share conversion to Ordinary shares	301	26,855	-	2,699	-	-	29,855
Dividend paid	-	-	-	-	-	(2,566)	(2,566)
Closing equity as at 30 June 2018	874	33,700	48,502	2,699	(1,877)	1,533	85,431

For the year ended 31 December 2018

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
Balance as at beginning of the period	573	6,845	48,502	-	(983)	1,332	56,269
Return on ordinary activities	-	-	-	-	(1,661)	5,988	4,327
C share conversion to Ordinary shares	414	40,770	-	-	-	-	41,184
Ordinary shares issue cost	-	(264)	-	-	-	-	(264)
Dividend paid	-	-	(198)	-	-	(5,578)	(5,776)
Closing equity as at 31 December 2018	987	47,351	48,304	-	(2,644)	1,742	95,740

Distributable reserves comprise: the revenue reserve; and capital reserves attributable to realised profits including the special reserve

Share capital represents the nominal value of shares that have been issued. The share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

The notes on pages 23 to 31 form an integral part of these financial statements.

Unaudited Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Operating activities			
Return on ordinary activities before finance costs and taxation*	5,131	2,374	5,364
Adjustment for losses on investments	(138)	416	807
Decrease/(increase) in debtors	447	403	(1,533)
Increase in creditors	701	88	1,023
Net cash flow from investing activities	6,141	3,281	5,661
Investing activities			
Private loan repayments/ bonds sales proceeds	28,280	36,913	60,111
Private loans issued/ bonds purchases	(51,318)	(65,375)	(88,580)
Purchase of investments	-	-	-
Net cash flow used in investing activities	(23,038)	(28,462)	(28,469)
Financing activities			
Finance costs	(51)	(234)	(95)
Zero Dividend Preference Shares issue proceeds	-	10,870	10,870
Ordinary Share issue proceeds	13,500	-	-
Ordinary Share issue costs	(270)	-	-
C Share issue proceeds	-	11,329	11,329
C Share issue costs	-	(227)	(264)
Other costs charged to capital	(89)	(124)	(156)
Foreign exchange losses	-	-	(403)
Oaknorth loan facility drawdown	3,004	-	-
Equity dividends paid	(3,849)	(2,566)	(5,776)
Net cash flow from financing activities	12,245	19,048	15,505
Increase in cash	(4,652)	(6,133)	(7,303)
Opening balance at beginning of the period	8,138	15,441	15,441
Closing Balance	3,486	9,308	8,138

* Cash inflow from interest on investment holdings was £4,042,000 (2018: £3,788,000).

The notes on pages 23 to 31 form an integral part of these financial statements.

Unaudited Company Statement of Cash Flows

For the six months ended 30 June 2019

Notes	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Operating activities			
Return on ordinary activities before finance costs and taxation*	5,099	2,374	5,364
Adjustment for losses on investments	(61)	416	865
Decrease/(increase) in debtors	466	403	(1,474)
Increase in creditors	637	88	938
Net cash flow from operating activities	6,141	3,281	5,693
Investing activities			
Private loan repayments/ bonds sales proceeds	28,280	36,913	60,111
Private loans issued/ bonds purchases	(51,318)	(65,375)	(88,580)
Purchase of investments	-	-	(50)
Net cash flow used in investing activities	(23,038)	(28,462)	(28,519)
Financing activities			
Finance costs	(51)	(234)	(95)
Zero Dividend Preference Shares issue proceeds	-	10,870	10,870
Ordinary Share issue proceeds	13,500	-	-
Ordinary Share issue costs	(270)	-	-
C Share issue proceeds	-	11,329	11,329
C Share issue costs	-	(227)	(264)
Other costs charged to capital	(89)	(124)	(156)
Foreign exchange losses	-	-	(403)
Oaknorth loan facility drawdown	3,004	-	-
Equity dividends paid	(3,849)	(2,566)	(5,776)
Net cash flow from financing activities	12,245	19,048	15,505
Decrease in cash	(4,652)	(6,133)	(7,321)
Opening balance at beginning of the period	8,120	15,441	15,441
Closing Balance	3,468	9,308	8,120

* Cash inflow from interest on investment holdings was £4,042,000 (2018: £3,788,000).

The notes on pages 23 to 31 form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

RM Secured Direct Lending plc (the "Company" or "RMDL") was incorporated in England and Wales on 27 October 2016 with registered number 10449530, as a closed-ended investment company. The Company commenced its operations on 15 December 2016. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The consolidated financial information of the Company comprises that of the Company and its subsidiary RM ZDP Plc (together referred to as the "Group").

The Company's investment objective is to generate attractive and regular dividends through investment in secured debt instruments of UK SMEs and mid-market corporates including any loan, promissory notes, lease, bond or preference share sourced or originated by the Investment Manager with a degree of inflation protection through index-linked returns where appropriate.

2. Basis of preparation and significant accounting policies

Statement of compliance

The interim unaudited financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules ('DTRs') of the UK's Financial Conduct Authority. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Group as at and for the year ended 31 December 2018. The financial statements of the Group as at and for the year ended 31 December 2018 were prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). The financial information for the year ended 31 December 2018 in the interim unaudited financial statements has been extracted from the audited Annual Report and Accounts.

When presentational guidance set out in the Statement of Recommended Practice ('SORP') for Investment Companies issued by the Association of Investment Companies ('the AIC') in November 2014 and updated in February 2018 is consistent with the requirements of 'IFRS', the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements.

The Directors have a reasonable expectation that the Company has adequate operational resources to continue in operational existence for at least twelve months from the date of approval of these financial statements.

Accounting policies

The accounting policies used by the Company in preparing these interim unaudited financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2018.

Notes to the Financial Statements

Continued

3. Investment at fair value through profit or loss – Group and Company

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Financial assets held:			
Bond investments	3,497	18,982	10,023
Private loan investments	118,820	80,184	92,558
	122,317	99,166	102,581

4. Income – Group and Company

	Six months ended 30 June 2019 £'000	Six months ended 30 June 2018 £'000	Year ended 31 December 2018 £'000
Income from investments			
Bond and private loan interest	6,016	3,382	7,547
Bank interest	3	4	7
Arrangement fees	46	171	354
Loan redemption fees	22	228	228
Other income	10	3	63
Total	6,097	3,788	8,199

5. Investment management fee and other expenses

Group

	As at 30 June 2019 £'000	As at 30 June 2018 £'000	As at 31 December 2018 £'000
Expenses charged to revenue:			
Investment management fees	509	424	894
Other administration charges	506	450	978
Total revenue expenses	1,015	874	1,872
Expenses charged to capital:			
Prospectus issue and capital transaction costs	89	124	156
Total capital expenses	89	124	156

Company

	As at 30 June 2019 £'000	As at 30 June 2018 £'000	As at 31 December 2018 £'000
Expenses charged to revenue:			
Investment management fees	509	424	894
Other administration charges	461	450	920
Total revenue expenses	970	874	1,814
Expenses charged to capital:			
Prospectus issue and capital transaction costs	89	124	156
Total capital expenses	89	124	156

The Company's Investment Manager is RM Capital Markets Limited. The Investment Manager is entitled to receive a management fee payable monthly in arrears and is at a rate of one-twelfth of 0.5% if the Company's net assets are less than £75 million. If the Company's net assets are in excess of £75 million then they are entitled to receive a management fee one twelfth of 0.875% per calendar month of net assets payable a month in arrears. The combined net assets of both the Ordinary and C Shares (if any in issue) are used as the basis of calculating the management fees.

There is no performance fee payable to the Investment Manager.

Notes to the Financial Statements

Continued

6. Taxation

Group

	Six months ended 30 June 2019			Six months ended 30 June 2018			Year ended 31 December 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000	Capital £'000	Total £'000
Analysis of tax charge / (credit) the period:									
Corporation tax	12	-	12	3	-	3	37	(17)	20
Total current tax charge	12	-	12	3	-	3	37	(17)	20

Company

	Six months ended 30 June 2019			Six months ended 30 June 2018			Year ended 31 December 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000	Capital £'000	Total £'000
Analysis of tax charge / (credit) the period:									
Corporation tax	-	-	-	3	-	3	17	(17)	-
Total current tax charge	-	-	-	3	-	3	17	(17)	-

7. Zero dividend preference ('ZDP') shares – Group and Company

	As at 30 June 2019 £'000	As at 30 June 2018 £'000	As at 31 December 2018 £'000
Opening Balance	11,155	-	-
Issue proceeds of ZDP shares	-	10,870	10,870
Accrued interest during the period	191	93	285
	11,346	10,963	11,155

8. Share capital – Group and Company

	As at 30 June 2019		As at 30 June 2018		As at 31 December 2018	
	No. of shares	£'000	No. of shares	£'000	No. of shares	£'000
Allotted, issued & fully paid:						
Ordinary shares of 1p	112,224,581	1,122	87,415,374	874	98,724,581	987
C Shares of 10p pence	-	-	11,329,363	1,133	-	-

Share movement

The table below sets out the share movement for the 6 months ended 30 June 2019.

	Opening balance	Shares issued	Share conversions	Shares in issue at 30 June 2019
Ordinary Shares	98,724,581	13,500,000	-	112,224,581
C Shares	-	-	-	-

The table below sets out the share movement for the 6 months ended 30 June 2018.

	Opening balance	Shares issued	Share conversions	Shares in issue at 30 June 2018
Ordinary Shares	57,300,000	-	30,115,374	87,415,374
C Shares	30,000,000	11,329,363	(30,000,000)	11,329,363

The table below sets out the share movement for the year ended 31 December 2018.

	Opening balance	Shares issued	Share conversions	Shares in issue at 31 December 2018
Ordinary Shares	57,300,000	-	41,424,581	98,724,581
C Shares	30,000,000	11,329,363	(41,329,363)	-

Notes to the Financial Statements

Continued

9. Return per Ordinary Share

Group

Total return per Ordinary Share is based on the gain on ordinary activities after taxation of £4,876,000 (30 June 2018: £1,873,000; 31 December 2018: £ 4,307,000).

Based on the weighted average of number of 107,078,173 (30 June 2018: 68,614,063; 31 December 2018: 86,484,141) Ordinary Shares in issue for the six months ended 30 June 2019, the returns per share were as follows:

	Six months ended 30 June 2019			Six months ended 30 June 2018		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per ordinary share	4.51p	0.05p	4.56p	4.03p	(1.30p)	2.73p

	Year ended 31 December 2018		
	Revenue	Capital	Total
Return per ordinary share	6.83p	(1.85p)	4.98p

Company

Total return per Ordinary Share is based on the gain on ordinary activities after taxation of £4,856,000 (30 June 2018: £1,873,000; 31 December 2018: £ 4,327,000).

Based on the weighted average of number of 107,078,173 (30 June 2018: 68,614,063; 31 December 2018: 86,484,141) Ordinary Shares in issue for the six months ended 30 June 2019, the returns per share were as follows:

	Six months ended 30 June 2019			Six months ended 30 June 2018		
	Revenue	Capital	Total	Revenue	Capital	Total
Return per ordinary share	4.56p	(0.03p)	4.53p	4.03p	(1.30p)	2.73p

	Year ended 31 December 2018		
	Revenue	Capital	Total
Return per ordinary share	6.92p	(1.92p)	5.00p

10. Net Asset Value per Share

Group

The net asset value per share is based on Company's total shareholders' funds of £109,977,000 (30 June 2018: £85,431,000; 31 December 2018: £95,720,000), and on 112,224,581 (30 June 2018: 87,415,374; 31 December 2018: 98,724,581) Ordinary Shares in issue at the year end.

Company

The net asset value per share is based on Company's total shareholders' funds of £109,977,000 (30 June 2018: £85,431,000; 31 December 2018: £95,740,000), and on 112,224,581 (30 June 2018: 87,415,374; 31 December 2018: 98,724,581) Ordinary Shares in issue at the year end.

11. Dividend

On the 27 February 2019, the Directors approved the payment of a final interim dividend for year ended 31 December 2018 to ordinary shareholders at the rate of 1.625 pence per Ordinary Share. The dividend had a record date of 8 March 2019 and was paid on 29 March 2019. The dividend was funded from the Company's Revenue Reserve.

On 1 May 2019, the Directors approved the payment of a first interim dividend for the quarter ended 31 March 2019 at the rate of 1.625 pence per Ordinary Share together with an additional special dividend of 0.375 pence per share. The dividend had a record date of 7 June 2019 and was paid on 28 June 2019. The dividend was funded from the Company's Revenue reserve.

On 7 August 2019, the Directors approved the payment of an interim dividend for the quarter ended 30 June 2019 at the rate of 1.625 pence per Ordinary Share. The dividend will have a record date of 6 September 2019 and will be payable on 27 September 2019. The dividend will be funded from the Company's Revenue reserve.

The Company has elected to designate all of the above dividends as interest distributions to its Ordinary Shareholders.

12. Related Party Transaction

Fees payable to the Investment Manager are shown in the Statement of Comprehensive Income. As at 30 June 2019 the fee outstanding to the Investment Manager was £89,000.

Fees are payable at an annual rate of £36,000 to the Chairman, £33,000 to the Chairman of the Audit Committee and £30,000 to the other Director.

The Directors had the following shareholdings in the Company, all of which are beneficially owned.

	As at 30 June 2019 Ordinary shares	As at 30 June 2018 Ordinary shares	As at 31 December 2018 Ordinary shares
Norman Crighton	30,030	20,000	30,030
Guy Heald	20,000	20,000	20,000
Marlene Wood	20,000	20,000	20,000

Notes to the Financial Statements

Continued

13. Classification of Financial Instruments

IFRS 13 requires the Company to classify its investments in a fair value hierarchy that reflects the significance of the inputs used in making the measurements. IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy under IFRS 13 are as follows:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable for the asset or liability.

The classification of the Group's investments held at fair value through profit or loss is detailed in the table below:

	30 June 2019				30 June 2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets:								
Financial assets – Private loans and bonds	-	38,844	-	38,844	-	43,717	-	43,717
Financial assets – Private loans	-	-	83,473	83,473	-	-	55,449	55,449
Total financial assets	-	38,844	83,473	122,317	-	43,717	55,449	99,166
Financial liabilities:								
Zero Dividend Preference Shares	11,346	-	-	11,346	10,963	-	-	10,963
Total financial liabilities	11,346	-	-	11,346	10,963	-	-	10,963

	31 December 2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets:				
Financial assets – Private loans and bonds	-	44,568	-	44,568
Financial assets – Private loans	-	-	58,013	58,013
Total financial assets	-	44,568	58,013	102,581
Financial liabilities:				
Zero Dividend Preference Shares	11,155	-	-	11,155
Total financial liabilities	11,155	-	-	11,155

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Level 3 holdings are valued using a discounted cash flow analysis and benchmarked discount/interest rates appropriate to the nature of the underlying loan and the date of valuation.

Interest rates are a significant input into the Level 3 valuation methodology.

There have been no movements between levels during the reporting period. The Company considers factors that may necessitate the transfers between levels using the definition of the levels 1, 2 and 3 above.

14. Post Balance Sheet Events

There are no other post period end events other than those disclosed in this report.

15. Status of this Report

These financial statements are not the Company's statutory accounts for the purposes of section 434 of the Companies Act 2006. They are unaudited. The Half-yearly financial report will be made available to the public at the registered office of the Company. The report will be available in electronic format on the Manager's website (www.rm-funds.co.uk).

The information for the year ended 31 December 2018 has been extracted from the last published audited financial statements, unless otherwise stated. The audited financial statement has been delivered to the Registrar of Companies. The Auditors reported on those accounts and their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The Half-yearly financial report was approved by the Board of Directors on 13 August 2019.

Alternative Performance Measures ('APMs')

Gross Asset Value

The Company's gross assets comprise the net asset value of the Company's Ordinary Shares and the accrued capital entitlement of the ZDP Shares, with the breakdown as follows:

As at 30 June 2019		Page	£'000	Per Share (Pence)
Ordinary Shares – NAV	a	18	109,977	98.00
RM ZDP plc – Accrued entitlement	b	18	11,346	102.62
Bank Loan – Credit facility	c	18	3,004	–
Gross asset value	a+b+c		124,327	n/a

Premium

The amount, expressed as a percentage, by which the share price is more than the Net Asset Value per share.

As at 30 June 2019		Page	Per Share (Pence)
NAV per Ordinary Share (p)	a	4	98.00
Share price (p)	b	4	101.5
Premium	(b/a)-1		3.6%

Total return

A measure of performance that includes both income and capital returns. This takes into account capital gains and reinvestment of dividends paid out by the Company into its Ordinary Shares on the ex-dividend date.

As at 30 June 2019		Page	Share price	NAV
Opening at 1 January 2019 (p)	a	n/a	96.98	101.50
Closing at 30 June 2019 (p)	b	4	98.00	101.50
Dividend income adjustment factor	c	n/a	1.0379	1.0360
Adjusted closing (p): (d = b x c)	d	n/a	101.71	105.15
Total return	(d/a)-1		4.9%	3.6%

Directors, Manager and Advisers

Directors

Norman Crighton
Non-Executive Chairman

Guy Heald

Marlene Wood

Broker

N+1 Singer Advisory LLP
1 Bartholomew Lane, London EC2N 2AX

Custodian

US Bank
125 Old Broad Street, London EC2N 1AR

AIFM

International Fund Management Limited
Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4NA

Registrar

Link Asset Services
The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Valuation Agent

Mazars LLP
Tower Bridge House, Katherine's Way, London E1W 1DD

Investment Manager

RM Capital Markets Limited
7 Melville Crescent, Edinburgh EH3 7JA

Registered Office*

RM Secured Direct Lending plc
Mermaid House, 2 Puddle Dock, London EC4V 3DB

Administrator & Company Secretary

PraxisIFM Fund Services (UK) Limited
Mermaid House, 2 Puddle Dock, London EC4V 3DB

Auditors

Ernst & Young LLP
One Atria, 144 Morrison Street, Edinburgh EH3 8EX

Solicitors to the Company

Gowling WLG (UK) LLP
4 More London Riverside, London SE1 2AU

* Registered in England and Wales No. 10449530

