RM Secured Direct Lending PLC

Annual Report and Accounts

for the period from incorporation on 27 October 2016 to 31 December 2017

RMFunds

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INVESTMENT OBJECTIVE, FINANCIAL INFORMATION AND PERFORMANCE SUMMARY

Investment objective

RM Secured Direct Lending PLC ("the Company") aims to generate attractive and regular dividends through investment in secured debt instruments of UK Small Medium 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 on page 6, 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

	Period ended 31 December 2017
Net asset value ("NAV") (£'000)	**£56,269**
NAV per Ordinary Share – IFRS calculation (pence)	**98.2p**
NAV per Ordinary Share – adjusted (pence)[1]	**98.6p**
Ordinary Share price (pence)	**101.5p**
Ordinary Share price premium to NAV	**3.0%**
NAV per C Share – adjusted (pence)[2]	**97.8p**
C Share price (pence)	**102.0p**
C Share price premium to NAV	**4.3%**

Performance summary

	% change
Total return (%) – Ordinary Share NAV and dividends[3]	**+2.8%**
Total return (%) – Ordinary Share price and dividends[4]	**+3.7%**

[1] The difference between this NAV and the IFRS calculated NAV of 98.2 pence is the time apportioned finance cost of the C Shares issued.
[2] Based on the net assets attributable to the C Share portfolio at the period end.
[3] Based on a starting NAV of 98.0 pence per Ordinary Share.
[4] Source: Bloomberg.

CHAIRMAN'S STATEMENT

Introduction

On behalf of the Board I am pleased to present the Company's initial annual report and financial statements for the first full financial period (the "Period"), from the successful Initial Public Offering ("IPO") in December 2016 to the end of the calendar year 2017. RM Secured Direct Lending PLC listed on the premium segment of the main market of the London Stock Exchange on 15 December 2016, issuing 50,300,000 Ordinary Shares at a price of £1 per share. In May 2017, the Company issued a further 7,000,000 Ordinary Shares at 101.25 pence per share. In addition, the Company issued 30,000,000 C Shares at a price of £1 per share in October 2017. The C Shares are expected to be converted to Ordinary Shares on 19 March 2018.

The Company was established to allow investors to participate in secured debt investments. These investments are typically secured over plant, property and equipment and/or cash flows. I am delighted to report that the Investment Manager has found suitable investment opportunities, which have allowed capital to be deployed in a timely manner. This program has met or exceeded targets set during investor roadshows. These investments exhibit the appropriate level of risk adjusted returns the Company seeks and the Investment Manager continues to see attractive opportunities to deploy capital which should allow the Company to raise additional capital during 2018.

The Company will be shortly issuing a prospectus for a programme in relation to the potential issuance of new Ordinary Shares, C Shares and Zero Dividend Preference Shares ("ZDP"). A circular and Notice of General Meeting has been sent to Shareholders separately to seek Shareholder approval for these proposals and an amended investment policy. As described in the circular, the Company has resolved to introduce what the Board considers to be a prudent level of structural gearing by way of the establishment of the ZDP Subsidiary and the issue of the ZDP Shares. In order to facilitate this structural gearing and for it to be used for investment purposes it is necessary to amend the existing investment policy. Full details of the proposed investment policy are provided in the circular. The General Meeting of the Company will take place on 28 March 2018 at 11.00 am.

Portfolio

At the period end the Ordinary Share portfolio had 23 debt investments totalling over £55m of deployed capital and the C Share portfolio had 9 debt investments which have been funded or committed to be funded totalling £21m. This represents 98% and 70% of the available capital of the Ordinary Shares and the C Shares respectively. The Board is delighted to have the broad sector diversity which was one of the initial objectives of the Company. Investments are spread across 13 sectors with the average yield on investments being 8.23% on the Ordinary Shares and 9.74% on the C Shares. Other key statistics are that 39% of the portfolio investments have their coupons linked to Libor and 69% of the investments are in the senior secured part of the capital structure, with the remainder being junior secured.

NAV and share price performance

As at 31 December 2017, the Company had 57,300,000 Ordinary Shares in issue and the closing price was 101.5 pence per share. Dividends totalling 2.2 pence per Ordinary Share were paid in the Period and this combined with the modest share price appreciation represents a 3.7% total return over the first full financial period of the Company.

As at 31 December 2017, the adjusted NAV per Ordinary Share was 98.6 pence and the share price was 101.5 pence per share, representing a premium of 3.0% to NAV.

As at 31 December 2017, the adjusted NAV per C Share was 97.8 pence and the share price was 102.0 pence per share, representing a premium of 4.3% to NAV.

Dividend

The Company has declared or paid dividends totalling 4.2 pence per Ordinary Share in respect of the financial period ended 31 December 2017, which is above the stated IPO dividend target of 4 pence per share. All the dividends have been classified as interest distributions.

On 15 February 2018 the Company declared an interim dividend for the quarter ended 31 December 2017 of 2.0 pence per Ordinary Share which will be paid on 23 March 2018.

Bank facility

During October, the Company entered into a £10m revolving credit facility with OakNorth Bank which expires on 4 May 2019. This will facilitate the tactical use of borrowings ahead of any known investment redemptions or capital raises. Aside from setup costs and an arrangement fee, there is no additional cost to maintaining the facility.

Regulation

In accordance with the Packaged Retail and Insurance-based Investment Products Regulation ("PRIIPS"), the Company has prepared a Key Information Document ("KID") which is available on the Company's website. It should be noted, however, that the cost, performance and risk calculations included in the KID follow the methodology prescribed by European Union rules and are not determined by the Company. Due to the limited trading history of the Company, the collateralised nature of the investments and the discount protection measures incorporated into the Articles of Association of the Company from inception, the Board and Investment Manager do not believe that the numbers in the KID accurately reflect the potential future returns of the Company.

Outlook

The Board believes the Company is well positioned to capitalise on opportunities during the next period as the Investment Manager has demonstrated the ability to source excellent investment opportunities and undertake a rigorous credit analysis and due diligence process. The Company has a diversified portfolio of secured loans generating a stable income and the Board would like to see the Company grow during 2018 with the aim of achieving the target dividend of 6.5%, spreading the Company's fixed costs and continued diversification of the portfolio.

The first Annual General Meeting ("AGM") will be held on 19 April 2018 where the Board and Investment Manager look forward to meeting Shareholders and answering any questions you may have. If you are unable to attend but have questions for the Board or Investment Manager then please contact N+1 Singers, who's details are on page 55.

The Board is grateful for the support of Shareholders and are delighted to have such a broad investor base. We would also like to thank the Investment Manager and the other professional advisors for their hard work and support throughout the first year.

Norman Crighton
Chairman
9 March 2018

INVESTMENT MANAGER'S REPORT

Overview

During the period, the Investment Manager ("RM") worked towards meeting the Investment Objectives outlined in the Prospectus by deploying the funds raised at IPO and developing a diverse portfolio of secured debt investments which will generate a steady return for Shareholders. By late spring, this initial investment process was largely complete and the Company undertook a tactical additional capital raise of £7 million ahead of the summer. During the autumn RM approached new and existing investors to participate in a more substantial C share issue and an additional £30 million was raised. Growing the capital base of the Company in this way will enable investors to get exposure to a broader portfolio of debt investments and will spread the Company's fixed costs. The Company closed this C Share issue in October and by period end the capital had largely been deployed or committed to investments. It is the intention of the Company to merge the two share classes before the end of March 2018.

The first year's target of a 4% dividend has been exceeded and for the current year the target is 6.5% as outlined in the IPO prospectus. The share price performance of the Company over the period has been stable, trading in a narrow range between 101 and 103 pence and at a premium of between 2% and 4% to NAV. RM have purchased 102,151 shares of the Company during the period which represents half of the management fee earned and is in line with the commitment to investors made at the IPO. This is in addition to investments by RM at the IPO in excess of 1,000,000 shares and the management team. The intention is to align the Investment Manager's interests with Shareholders and this commitment to invest a proportion of the management fee will continue until December 2019.

Market environment

Whilst stock markets have been strong, there has been volatility both in underlying government bonds and across the currency markets. The key change during the period was the movement in Bank of England base rate, which was moved higher for the first time in 10 years from 0.25% to 0.5%. This was combined with changing expectations for the direction interest rates are moving to, as 10-year UK government yields over the period have moved from 1.23% to 1.35%.

This is still a relatively low base rate and there is scope for this to move higher. RM have sought to minimise exposure to interest rates by making investments which are either linked to Libor and thus benefit from higher coupons during this period, or which are fixed rate investments with relatively short tenors. These shorter dated fixed rate investments can then be redeployed as they mature and protect the portfolio from any sudden market shocks with regards to interest rates moving higher and faster than current expectations.

The US markets are seeing yields rise, which is driving weaker sentiment to global fixed income markets – over the period US 10 year rates were as low as 2.1% in September and have been moving consistently higher since then.

Portfolio

As at the period end the Ordinary Share portfolio was almost fully deployed with an average yield on investments of 8.23% and 70% of the C share capital had been deployed or committed to funding above the target 8% yield. This is consistent with a target gross yield above 8% across the portfolio and given, the pipeline of opportunities, the Company announced on 15 February 2018 that the Ordinary and C Shares will merge during March. The Company focuses on private debt and at the period end, 77% and 86% of the Ordinary and C Share portfolios respectively are in private debt instruments.

	Ordinary Shares	31 December 2017 C Shares
Number of investments[1]	23	9
Number of sectors	11	7
Weighted average life (years)	3.48	4.47
Net asset value (IFRS Calculation)	£56.3m	£29.6m
Net asset value per share (cum income) (IFRS Calculation)	98.20	98.58
Total committed	£56.9m	£21.6m
Deployed	£55.8m	£14.6m
Average yield (on invested amount)	8.23%	9.74%
Average yield (including cash)	8.04%	4.72%
Senior secured / Junior secured	72% / 28%	57% / 43%
Fixed / Floating or index-linked	72% / 28%	16% / 84%
Private / Public investments	77% / 23%	86% / 14%

[1] Of these, 7 investments are shared between both Ordinary and C Shares.

Opportunities are sourced via a number of channels, including directly by the Investment Manager and via financial advisory firms. Borrowers and investments are reviewed by the Investment Manager to ensure they have the appropriate credit metrics and appropriate security for each investment. The Investment Manager considers carefully whether the yield is suitable on a risk adjusted basis when considering the credit metrics and the security package combined with ranking in the capital structure. Post transaction close and investment the transactions are carefully monitored by the Investment Manager.

The investment strategy employed by the Investment Manager is sector agnostic (environmental, social and governance criteria as detailed in the Company's prospectus). The focus is on investments which demonstrate robust credit metrics, are supported by excellent management teams and have appropriate levels of security. During the period the uncertainty created by Brexit negotiations, the challenging macro picture, and the headwinds facing the high street and consumers, made certain cyclical sectors challenging to transact in. To this end, the team focused on non-cyclical areas such as social infrastructure, including healthcare. The sector represents the Company's second largest exposure at 14% and is likely to grow during 2018. Healthcare investments cover the entire spectrum, from elderly care, to supported living and complex care. There are well known headwinds affecting this sector as staff costs are increasing and local government budgets come under pressure, however well-structured transactions generate appropriate risk-adjusted returns, supported by tangible security and stable cash flows.

RM Capital Markets Limited
9 March 2018

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION

Investment objective

The Company aims to generate attractive and regular dividends through investment in secured debt instruments of UK SMEs and mid-market corporates and/or individuals including any loan, promissory notes, lease, bond, or preference share (such debt instruments, as further described below, being "Loans") sourced or originated by the Investment Manager with a degree of inflation protection through index-linked returns where appropriate.

Investment policy

The Company will seek to meet its investment objective by making investments in a diversified portfolio of Loans to UK SMEs and mid-market corporates and/or to individuals. These Loans will generally be, but not limited to, senior, subordinated, uni-tranche and mezzanine debt instruments, documented as loans, notes, leases, bonds or convertible bonds. Such Loans shall typically have a life of 2-10 years. In certain limited cases, Loans in which the Company invests may have equity instruments attached, ordinarily any such equity interests would come in the form of warrants or options attached to a Loan. Typically the Loans will have coupons which may be fixed, index-linked or LIBOR linked.

For the purposes of this investment policy, UK SMEs include entities incorporated outside of the UK provided their assets and/or principal operations are within the UK. The Company is permitted to make investments outside of the UK to mid-market corporates.

Loans will be directly originated or sourced by the Investment Manager who will not invest in Loans sourced via or participations through, peer to peer lending platforms.

Loans in which the Company invests will be predominantly secured against assets such as real estate or plant and machinery and/or income streams such as account receivables.

The Company will make Loans to borrowers in a range of Market Sectors within certain exposure limits which will vary from time to time, according to market conditions and as determined by the Board, subject to the Investment Restrictions set out below.

The Company will at all times invest and manage its assets in a manner which is consistent to the spreading of investment risk.

Investment restrictions

The following investment limits and restrictions will apply to the Company's Loans and business which, where appropriate, shall be measured at the time of investment or once the Company is fully invested:

- the amount of no single Loan shall exceed 10% of Gross Assets;
- exposure to a single borrower shall not exceed 10% of Gross Assets;
- Loans will be made across not less than four Market Sectors;
- not less than 70% of Gross Assets will be represented by Loans denominated in Sterling or hedged back to Sterling;
- Loans made to borrowers in any one Market Sector shall not exceed 40% of Gross Assets;
- Loans with exposure to project development /construction assets shall not exceed 20% of Gross Assets;
- the Company will not provide Loans to borrowers whose principal business is defence, weapons, munitions or gambling;
- the Company will not provide Loans to borrowers which generate their annual turnover predominantly from tobacco, alcohol or pornography; and
- the Company will not invest in other listed closed-ended funds.

In the event of a breach of the investment guidelines and restrictions set out above, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Investment Manager will look to resolve the breach with the agreement of the Board.

The Company intends to conduct its affairs so as to qualify as an investment trust for the purposes of section 1158 of the CTA 2010, and its investment activities will therefore be subject to the restrictions set out above.

Borrowing and gearing

The Company may utilise borrowings for share buybacks and short term liquidity purposes. The Company may also, from time to time, use borrowing for investment purposes on a short term basis where it expects to raise additional equity. Gearing represented by borrowings will not exceed 20% of Net Asset Value calculated at the time of drawdown.

Hedging and derivatives

The Company may invest in derivatives for efficient portfolio management purposes. In particular the Company can engage in interest rate hedging. Loans will primarily be denominated in sterling, however the Company may make limited Loans denominated in currencies other than sterling and the Board, at the recommendation of the Investment Manager, may look to hedge any other currency back to sterling should they see fit.

Change of Investment policy

The Company has recently sent a circular to Shareholders to seek Shareholder approval of an amended investment policy at the General Meeting of the Company to be held on 28 March 2018 at 11.00 am. Details of the proposed amended Investment policy are provided in the Circular.

Dividend policy

Dividends are expected to be declared in May, August, November and March of each year in respect of the preceding quarter.

The Company targeted an annualised dividend yield of 4% (on the Issue Price) in the financial period from Admission to 31 December 2017 rising to a dividend yield of 6.5% (on the Issue Price) for the year to 31 December 2018.

Investors should note that the targeted annualised dividend yields are targets only and not profit forecasts and there can be no assurance that either will be met or that any dividend growth will be achieved.

Results and dividend

The Company was incorporated on 27 October 2016 and business operations commenced on 15 December 2016 when the Company was listed on the London Stock Exchange.

The Company's revenue return after tax for the period amounted to £2,363,000. The Company made a capital loss after tax of £983,000. Therefore, the total return after tax for the Company was £1,380,000.

The first interim dividend of 0.2p per Ordinary Share was declared on 24 May 2017 in respect of the period commencing from Admission on 15 December 2016 and ending on 31 March 2017, the second interim dividend of 0.2p per Ordinary Share for the quarter ending 30 June 2017 was declared on 4 August 2017 and the third interim dividend of 1.8p per Ordinary Share for the quarter ending 30 September 2017 was declared on 23 November 2017. On 15 February 2018, the Board declared a fourth interim dividend of 2.0p per Ordinary Share for the quarter to 31 December 2017.

As stated above, the Board has declared an interim dividend instead of a final dividend in respect of the quarter to 31 December 2017 and therefore does not recommend a final dividend in respect of the financial period ended 31 December 2017.

Key performance indicators ("KPIs")

The Board measures the Company's success in attaining its investment objective by reference to the following KPIs:

(i) Dividends

The Company has paid or proposed four interim dividends totalling, in aggregate, 4.2 pence per Ordinary Share, equivalent to 4.2% based on the Ordinary Share issue price of £1 per share at Admission. The targeted annualised dividend yield of 4% has therefore been met during the period.

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION

CONTINUED

(ii) Total return
The Company's total return is monitored by the Board. The Ordinary Shares generated a NAV total return of 2.8% in the period from Admission to 31 December 2017.

(iii) Discount/premium to NAV
The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. The Ordinary Share price closed at a 3.0% premium to the NAV as at 31 December 2017.

(iv) Control of the level of ongoing charges
The Board monitors the Company's operating costs. Based on the Company's average net assets for the period ended 31 December 2017, the Company's ongoing charges figure calculated in accordance with the AIC methodology was 1.90%.

Principal risks and uncertainties

Together with the issues discussed in the Chairman's Statement and the Investment Manager's Report, the Board considers that the principal risks and uncertainties faced by the Company fall into the following main categories:

(i) Market risks
Availability of appropriate investments
There is no guarantee that loans will be made in a timely manner.

Before the Company is able to make or acquire loans, the Investment Manager is required to complete necessary due diligence and enter into appropriate legal documentation. There can be no guarantee these steps will occur.

In addition the Company may become subject to competition in sourcing and making investments. Some of the Company's competitors may have greater financial, technical and marketing resources or a lower cost of capital and the Company may not be able to compete successfully for investments. Competition for investments may lead to the available interest coupon on investments decreasing, which may further limit the Company's ability to generate its desired returns.

If the Investment Manager is not able to source a sufficient number of suitable investments within a reasonable time frame whether by reason of lack of demand, competition or otherwise, a greater proportion of the Company's assets will be held in cash for longer than anticipated and the Company's ability to achieve its investment objective will be adversely affected. To the extent that any investments to which the Company is exposed prepay, mature or are sold it will seek to reinvest such proceeds in further investments in accordance with the Company's investment policy.

Market sectors
Loans will be made to borrowers that operate in different market sectors each of which will have risks that are specific to that particular market sector.

UK exit from the European Union
A referendum was held on 23 June 2016 to decide whether the UK should remain in the EU. A vote was given in favour of the UK leaving the EU ("Brexit"). The extent of the impact on the Company will depend in part on the nature of the arrangements that are put in place between the UK and the EU following Brexit and the extent to which the UK continues to apply laws that are based on EU legislation. In addition, the macroeconomic effect of a Brexit on the value of investments in the lending market and, by extension, the value of investments in the portfolio is unknown. As such, it is not possible to state the impact that Brexit will have on the Company and its investments. It could also potentially make it more difficult for the Company to raise capital in the EU and/or increase the regulatory compliance burden on the Company. This could restrict the Company's future activities and thereby negatively affect returns.

Management of risks
The Company has appointed an experienced Investment Manager who directly sources loans. The Company is investing in a wide range of loan types and sectors and therefore benefits from diversification. Investment restrictions are relatively flexible giving the advisor ability to take advantage of diverse loan opportunities.

The Investment Manager, AIFM, Broker and the Board review market conditions on an ongoing basis.

(ii) Risks associated with meeting the Company's investment objective or target dividend yield

The Company's investment objective is to generate attractive and regular dividends through investment in loans sourced or originated by the Investment Manager and to generate capital appreciation by virtue of the fact that the returns on some loans will be index-linked. The declaration, payment and amount of any future dividends by the Company will be subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing the investment policy and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant laws or generally accepted accounting principles from time to time.

Management of risks

The Investment Manager has a target portfolio yield which covers the level of dividend targeted by the Company. The Board reviews the position at board meetings.

(iii) Financial risks

The Company's investment activities expose it to a variety of financial risks which include liquidity, currency, leverage, interest rate and credit risks.

Further details on financial risks and the management of those risks can be found in note 17 to the financial statements.

(iv) Corporate governance and internal control risks

The Company has no employees and the directors have all been appointed on a non-executive basis. The Company must therefore rely upon the performance of third party service providers to perform its executive functions. In particular, the AIFM, the Investment Manager, the Administrator, the Company Secretary, the Registrar and their respective delegates, if any, will perform services that are integral to the Company's operations and financial performance.

Poor performance of the above service providers could lead to various consequences including the loss of the Company's assets, inadequate returns to shareholders and loss of investment trust status.

Management of risks

Each of the above contracts was entered into after full and proper consideration of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. All of the above services are subject to ongoing oversight of the Board and the performance of the principal service providers is reviewed on a regular basis.

(v) Regulatory risks

The Company and its operations are subject to laws and regulations enacted by national and local governments and government policy. Compliance with, and monitoring of, applicable laws and regulations may be difficult, time consuming and costly. Any change in the laws, regulations and/or government policy affecting the Company or any changes to current accountancy regulations and practice in the UK may have a material adverse effect on the ability of the Company to successfully pursue its investment policy and meet its investment objective and/or on the value of the Company and the shares. In such event, the performance of the Company, the Net Asset Value, the Company's earnings and returns to Shareholders may be materially adversely affected.

Management of risks

The Company has contracted out relevant services to appropriately qualified professionals. The Secretary and AIFM report on compliance matters to the Board on a quarterly basis and the Board has access to the advice of its Corporate Broker on a continuing basis. The assessment of regulatory risks forms part of the Board's risk assessment programme.

Viability statement

The directors have assessed the viability of the Company for the five years to 31 December 2022 (the ''Period'') as they consider this to be an appropriate Period taking into account the long-term nature of the Company's investment strategy, and the weighted average life of the Company's loan instruments.

In their assessment of the prospects of the Company, the directors have considered each of the principal risks and uncertainties set out above and the liquidity and solvency of the Company. The directors have considered the Company's income and expenditure projections and believe that they meet the Company's funding requirements. Portfolio activity and market developments are discussed at each quarterly Board meeting. The internal control framework of the Company is subject to a formal review on a regular basis.

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION

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The Company's income from investments provides substantial cover to the Company's operating expenses and any other costs likely to be faced by the Company over the Period of their assessment.

The Chairman's Statement and Investment Manager's Report present the positive long term investment case for secured debt instruments which also underpins the Company's viability for the Period.

Based on this assessment, the Board has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due in the Period.

Environmental matters

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Employees

The Company has no employees. As at 31 December 2017 the Company had three Directors of whom one is female and two are male. The Board's policy on diversity is contained in the Corporate Governance Report (see page 19).

Social, community and human rights issues

Having no employees, the Company, as an investment company, has no direct impact on social, community, environmental or human rights matters.

Outlook

The outlook for the Company is discussed in the Chairman's Statement on page 3.

Strategic report

The Strategic Report set out on pages 1 to 11 of this Annual Report was approved by the Board of Directors on 9 March 2018.

For and on behalf of the Board

Norman Crighton
Chairman
9 March 2018

PORTFOLIO

Largest 10 loans by drawn amounts across the entire portfolio

Business activity	Security type	Valuation £'000	Percentage of net asset
Asset finance business	Loan investment	8,000	9.3
Out-of-Home advertising	Loan investment	7,534	8.8
Payroll software provider	Loan investment	6,843	8.0
Automotive	Loan investment	6,217	7.2
Renewable energy (solar)	Loan investment	4,800	5.6
Student accommodation	Loan investment	4,420	5.1
Insurance broking	Debt security instrument	4,050	4.7
Power plant	Loan investment	4,000	4.7
Care provider	Loan investment	3,935	4.6
Care provider	Debt security instrument	3,002	3.5
Ten largest holdings		**52,801**	**61.5**
Other loan investments		16,399	19.1
Other debt security instruments		7,757	9.0
Total holdings		**76,957**	**89.6**
Other net assets*		8,886	10.4
Total net assets		**85,843**	**100.0**

* The above is based on the Company's net assets before deduction of the C Share liabilities.

Company Portfolio[1]

24
Number of Loans

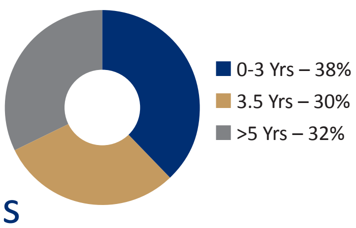
£92.9m
Total Committed[2]

8.07% – Ordinary Shares
4.73% – C Shares
Average Portfolio Yield including cash

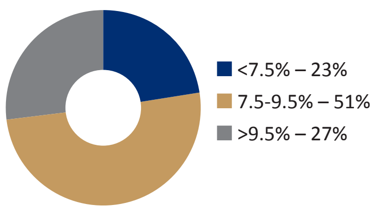
8.23% – Ordinary Shares
9.62% – C Shares
Average Portfolio Yield excluding cash

3.69 years
Average Life[3]

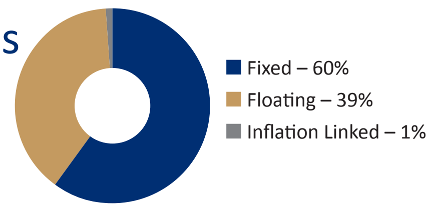
WAL of Loan Book



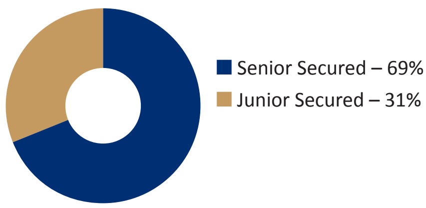
Annualised Yield



Coupon Type



Investment Type



[1] As at 31 December 2017; [2] Committed funds exceeds investment capital as some facilities are subject to the Company having available funds at drawdown; [3] Weighted-Average Life and average yield based on drawn amounts.

DIRECTORS' REPORT

The Directors present their report and accounts for the period from incorporation on 27 October 2016 to 31 December 2017. The Company commenced its operations on 15 December 2016 when its shares were admitted to trading on the London Stock Exchange.

Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 1 to 11.

Corporate governance

The Corporate Governance Statement on pages 17 to 20 forms part of this report.

Legal and taxation status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The manner in which the Company conducts its affairs meets the requirements for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. The Company has received initial approval as an investment trust and the Company must meet eligibility conditions and ongoing requirements in order for investment trust status to be maintained. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the period ended 31 December 2017 and intends to continue to do so.

Investment manager

RM Capital Markets Limited has been appointed as the Company's Investment Manager. RM Capital Markets Limited is regulated by the Financial Conduct Authority.

The Investment Manager is appointed under a contract subject to twelve months' notice with such notice not to expire prior to the third anniversary of first admission of the Ordinary Shares to trading on the London Stock Exchange.

The Investment Manager is entitled to remuneration each month at a rate equivalent to one twelfth of 0.875% (if over £75 million) or 0.50% (if under £75 million) per calendar month of the Net Asset Value of the Company. Until the period ending on the third anniversary of Admission, the Investment Manager shall apply 50% of the quarterly Management Fee received in subscribing for shares at Net Asset Value and/or purchasing shares in the market.

In accordance with the Directors' policy on the allocation of expenses, 100% of the management fee payable is charged to revenue.

The Board reviews this policy on a periodic basis and confirms this allocation remains consistent with their expectations of future returns from the portfolio.

Management engagement

The Directors are satisfied that the Investment Manager and AIFM have the suitable skills and experience to manage the Company's investments and that the AIFM has the suitable skills and experience to act as AIFM to the Company. The Directors believe that the continuing appointment of the AIFM and the Investment Manager is in the interests of shareholders as a whole.

Alternative Investment Fund Manager ("AIFM")

The AIFM is appointed to act as Alternative Investment Fund Manager of the Company for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD") subject to the overall supervision of the Board. The AIFM has delegated responsibility for the management of the Company's portfolio to the Investment Manager through an Investment Management Agreement.

Under the terms of the AIFM Agreement and with effect from Admission, the AIFM shall be entitled to receive from the Company a fee to be calculated and accrued monthly in arrears at a rate equivalent to 0.125% of the Company's NAV subject to an annualised minimum of £85,000 applied on a monthly basis. An annual review of the minimum fee will take place on 1 May each year with the first review commencing in 2018. The AIFM is also entitled to reimbursement of reasonable expenses incurred by it in the performance of its duties.

The AIFM Agreement is terminable by either the AIFM or the Company giving to the other not less than 6 months' written notice. The AIFM Agreement may be terminated with immediate effect on the occurrence of certain events, including insolvency, on a change of control of the AIFM or in the event of a material breach which fails to be remedied within 30 days of receipt of notice. The AIFM Agreement shall terminate immediately if the Investment Management Agreement is terminated for whatever reason.

The AIFM must ensure that an annual report containing certain information on the Company is made available to investors for each financial year.

Leverage (under AIFMD)
The AIFM is required to set leverage limits as a percentage of net assets for the Company utilising methods prescribed under AIFMD. These methods are known as the gross method and the commitment method. Under both methods the AIFM has set current maximum limits of leverage for the Company of 120%. A leverage percentage of 100% equates to nil leverage. The Company's leverage under each of these methods at its period end is shown below:

	Gross method	Commitment method
Maximum leverage limit	120%	120%
Actual leverage at 31 December 2017	100%	100%

Special reserve

In order to increase the distributable reserves available to facilitate the payment of future dividends, on 15 March 2017, the amount standing to the credit of the share premium account of the Company immediately following completion of the first issue of Ordinary Shares was cancelled and transferred to a Special reserve. The Company may, at the discretion of the Board, pay all or part of any future dividends out of this Special reserve, taking into account the Company's investment objective. Dividends will normally be funded through investment in Loans sourced or originated by the Investment Manager.

Share issues

The authority to issue new shares pursuant to the placing programme, detailed in the Company's prospectus dated 24 November 2016, expired on 23 November 2017.

The maximum number of Ordinary Shares which can be admitted to trading on the London Stock Exchange without the publication of a prospectus is 20% of the Ordinary Share Capital on a rolling previous 12 month basis at the time of admission of the shares.

The Company will be publishing a prospectus in March 2018 containing proposals for the further issuance of shares. A circular and Notice of General Meeting has been sent to Shareholders to seek Shareholder approval for the proposed amendments to the Company's investment policy and the proposed authority to allot and to disapply pre-emption rights in respect of up to 250 million C Shares and/or Ordinary Shares. The General Meeting will be held on 28 March 2018.

In addition to the above, the Board recommends that the Company is granted a new general authority to issue Ordinary Shares and to disapply pre-emption rights when issuing those Ordinary Shares. Resolutions to this effect will be put to shareholders at the Annual General Meeting and are contained in the Notice of Annual General Meeting.

Ordinary Shares issued under the above authority will not be issued at a price less than the (cum income) Net Asset Value per existing Ordinary Share at the time of issue.

Treasury shares

The Companies Act allows companies to hold shares acquired by way of market purchases as treasury shares, rather than having to cancel them. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. No Ordinary Shares will be sold from treasury at a price less than the (cum income) Net Asset Value per existing Ordinary Share at the time of their sale unless they are first offered pro rata to existing Shareholders. No Ordinary Shares were bought back during the period ended 31 December 2017 and no shares are currently held in Treasury.

Discount management

The Company may seek to address any significant discount to NAV at which its Ordinary Shares may be trading, through tender offers, buy-backs and the provision of a liquidity opportunity, as appropriate.

DIRECTORS' REPORT

CONTINUED

The Directors will consider repurchasing shares in the market if they believe it to be in Shareholders' interests.

The Directors may, at their absolute discretion, use available cash to purchase in the market, shares of a class in issue at any time, subject to having been granted authority to do so, should the shares of such class trade at an average discount to Net Asset Value (calculated daily in accordance with the methodology set out below) of more than 6% as measured each month over the preceding six month trading period. The average discount will be calculated by dividing the sum of the discount or premium (as the case may be) on each business day in a calendar month (adjusted for dividends) by the number of such business days. The premium or discount on any given day is to be calculated by reference to the closing share price and the Net Asset Value announced for that month.

In exercising their powers to buy back shares, the Directors have complete discretion as to the timing, price and volume of shares so purchased. No expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

The Directors have the authority to make market purchases of up to 14.99% of the Ordinary Shares in issue on the initial Admission. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (i) 5% above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares. Ordinary Shares will be purchased only at prices below the prevailing NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for remaining Shareholders.

It is intended that a renewal of the authority to make market purchases will be sought from Shareholders at each annual general meeting of the Company and such a resolution will be put forward at the forthcoming Annual General Meeting. Purchases of Ordinary Shares will be made within guidelines to be established from time to time by the Board. Any purchase of Ordinary Shares would be made only out of the available cash resources of the Company. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

Purchases of Ordinary Shares may be made only in accordance with the Articles of Association, the Companies Act, the Listing Rules and the Disclosure Guidance and Transparency Rules.

Liquidity opportunity

Before the Company's fourth annual general meeting, and at subsequent three yearly intervals, the Board currently intends (at its discretion) to formulate and submit to Shareholders, proposals (which may constitute a tender offer or other method of distribution) to provide an opportunity to realise the value of their Shares at or near the prevailing Net Asset Value per Share less costs.

Market information

The Company's share capital is listed on the London Stock Exchange. The NAV per Share is calculated in sterling for each business month that the London Stock Exchange is open for business. The monthly NAV per Share is published through a regulatory information service.

Revolving credit facility

The Company has a revolving credit facility with OakNorth Bank which expires on 4 May 2019. The facility is used for short-term purposes. Under the terms of the facility, a maximum of £10 million, can be drawn down. As at 31 December 2017, the overdraft facility had not been utilised.

Custodian

US Bank Global Corporate Trust Services has been appointed as the Company's custodian.

Company secretary & administrator

With effect from 23 November 2016, PraxisIFM Fund Services (UK) Limited has been appointed as the Company Secretary of the Company and in addition, as Administrator to provide administration services to the Company including calculation of its monthly Net Asset Value.

Valuation agent

Mazars LLP have been appointed as the Company's valuer with responsibility for valuing the Company's loan investments in accordance with IFRS.

Capital structure and voting rights

At the period end, the Company's issued share capital comprised 57,300,000 Ordinary Shares of 1 pence nominal value and 30,000,000 C Shares of 10 pence nominal value (together "the Shares"). Each holder of Shares is entitled to one vote.

All Shares carry equal voting rights and there are no restrictions on those voting rights. Voting deadlines are stated in the Notice of Meeting and Form of Proxy, at the end of this document, and have been set in accordance with the Companies Act 2006.

There are no restrictions on the transfer of Ordinary or C Shares, nor are there any limitations or special rights associated with the Shares.

The C Shares were issued on 25 October 2017 and will convert into Ordinary Shares ranking pari passu with the existing Ordinary Shares ("Conversion") on the basis of the conversion ratio which will be calculated, inter alia, on the earlier of (i) when 85% of the assets attributable to the C Share class have been invested; or (ii) six months after Admission (24 April 2018). As announced on 15 February 2018, the calculation date for the conversion of the C shares is expected to be 28 February 2018 and conversion will take place in March 2018.

Ordinary Shares arising on Conversion will rank pari passu with the Ordinary Shares in issue at the time of Conversion but will not be entitled to participate in any dividends or other distributions declared or payable in respect of the Ordinary Shares prior to Conversion.

Significant Shareholders

As at 31 December 2017, the Directors have been notified of, or have identified, the following interests comprising 3% or more of the issued share capital of the Company:

	Ordinary Shares held	C Shares held	% of voting rights held
CCLA Investment Management Limited	8,556,746	8,870,000	19.96
Old Mutual Plc	5,000,000	10,000,000	17.18
CG Asset Management	6,850,000	–	7.85
Charles Taylor Investment Management Company Ltd	3,680,000	–	4.22
Seneca Investment Managers	3,500,000	–	4.01
Hawksmoor Investment Management Limited	2,900,000	500,000	3.89

Since the period end, the Company has been notified that CG Asset Management's holding in the Company has decreased to 5,705,000 Ordinary Shares, 6.53% of the issued share capital.

Settlement of Ordinary Share transactions

Ordinary Share transactions in the Company are settled by the CREST share settlement system.

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment.

DIRECTORS' REPORT

CONTINUED

Notice of general meetings

At least twenty-one days' notice shall be given to all the members and to the auditors. All other general meetings shall also be convened by not less than twenty-one days' notice to all those members and to the auditors unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen days has been passed, in which case a general meeting may be convened by not less than fourteen days' notice in writing. A special resolution will be proposed at the Annual General Meeting to reduce the period of notice for general meetings other than the Annual General Meeting to not less than fourteen days.

Going concern

The Directors have adopted the going concern basis in preparing the accounts. The following is a summary of the Directors' assessment of the going concern status of the Company, which should be read in conjunction with the viability statement on pages 9 and 10.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this document. In reaching this conclusion, the Directors have considered the Company's portfolio of loan investments of £77.0 million as well as its income and expense flows and the cash position of £15.4 million. The Company's net assets at 31 December 2017 were £56.3 million. The total expenses (excluding finance costs and taxation) for the period ended 31 December 2017 were £1.1 million, which represented approximately 1.9% of average net assets during the year. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

Since inception the Company has delivered positive total return performance and met its objectives set out in the prospectus in relation to the annual dividend, which is reflected in the premium/low discount at which the Company's Shares have traded during and subsequent to the period end.

Directors' indemnities

Details on the Directors' indemnities in place are provided in the Directors' Remuneration Report.

Auditor information

Each of the Directors at the date of the approval of this report confirms that:

(i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(ii) the Director has taken all steps that he ought to have taken as Director to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In accordance with Section 489 of the Companies Act 2006, an ordinary resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put forward at the forthcoming Annual General Meeting.

By order of the Board

Anthony Lee
For and on behalf of
PraxisIFM Fund Services (UK) Limited
Company Secretary
9 March 2018

CORPORATE GOVERNANCE

Introduction

The Board of the Company has considered the principles and recommendations of The AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in The UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company. A copy of the AIC Code can be viewed on the AIC's website.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates The UK Corporate Governance Code), will provide more relevant information to Shareholders than solely reporting against The UK Corporate Governance Code.

The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for The UK Corporate Governance Code, has endorsed the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide fully meet their obligations under The UK Corporate Governance Code and the related disclosure requirements contained in the Listing Rules.

With effect from the Admission to trading, the Company has complied with the recommendations of the AIC Code and the relevant provisions of The UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

(i) the role of the chief executive;

(ii) the appointment of a senior independent Director;

(iii) executive Directors' remuneration; and

(iv) the need for an internal audit function.

For the reasons set out in the AIC Guide, the Board considers that these provisions are not relevant to the size and position of the Company, being an externally managed investment company with no executive Directors; therefore the Company does not comply with these provisions.

The Board

Composition
At the date of this report, the Board consists of three non-executive Directors including the Chairman, two of whom are male and one female. All the Directors have served during the entire period since their appointment on 13 November 2016.

The Board believes that during the period ended 31 December 2017 its composition was appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Investment Manager and are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are given below:

Norman Crighton *(Non-executive Chairman)*
Norman is the Chairman of Weiss Korea Opportunity Fund and Chairman of Global Fixed Income Realisation Limited. Norman was, until May 2011, an investment manager at Metage Capital Limited where he was responsible for the management of a portfolio of closed-ended funds and has more than 27 years' experience in closed-ended funds having worked at Olliff and Partners, LCF Edmond de Rothschild, Merrill Lynch, Jefferies International Limited and latterly Metage Capital Limited. His experience covers analysis and research as well as sales and corporate finance.

Guy Heald *(Non-executive Director)*
Guy has spent most of his career in banking, not only specialising in markets, but also in general management positions overseeing all aspects of banking, including lending. He worked in London, New York and Tokyo and has an extensive knowledge of companies needs for financing and managing interest rate, liquidity and foreign exchange risks. During his career he worked for Brown Shipley, Chemical Bank and HSBC where he held senior positions including Head of Global Markets and Chief Executive Officer at HSBC Japan. After leaving banking in 2003 he has served as an adviser, non-executive director and trustee of several

CORPORATE GOVERNANCE

CONTINUED

charities as well as starting a number of successful family companies of his own. The SME market is of particular interest to Guy, specifically the challenges facing companies in their pursuit for growth, as he invests venture and growth capital himself.

Marlene Wood *(Non-executive Director and Chair of the Audit Committee)*
Marlene is a chartered accountant and currently non-executive director and audit committee chair of GCP Student Living plc and the finance committee chair of the Scottish Funding Council for Further and Higher Education. She also recently chaired the strategy working group for the University of the Highlands and Islands.

Marlene has 20 years' experience in the commercial property sector having been finance director for Miller Developments raising finance for major property transactions both in the UK and Europe. Her experience covers governance and risk management as well as financial oversight and debt raising.

The Board recognises the benefits to the Company of having longer serving Directors together with progressive refreshment of the Board.

In accordance with the Company's Articles of Association, at each Annual General Meeting, every Director shall retire from office and offer themselves for re-election. Resolutions for the election for each Director will be proposed as ordinary resolutions at the Annual General Meeting of the Company to be held on 19 April 2018.

The Directors have appointment letters which do not provide for any specific term. Copies of the Directors' appointment letters are available on request from the Company Secretary. Upon joining the Board, any new Directors receive an induction and relevant training is available to Directors on an ongoing basis.

The Directors, in order to fulfil their duties, are able to take independent professional advice at the expense of the Company.

A policy of insurance against Directors' and officers' liabilities is maintained by the Company.

Board committees

The Company has established an Audit and Management Engagement Committee ("Committee") which is chaired by Marlene Wood and consists of all the Directors. A report of the Audit and Management Engagement Committee is included in this Annual Report on pages 25 and 26.

The Company has not established a nomination committee or a remuneration committee because all of the Directors are independent non-executive directors of the Company. Therefore the Board as a whole will consider any further Director appointments, remuneration, length of service and any other relevant matters.

The Audit and Management Engagement Committee meets at least twice a year or more often if required. The Audit and Management Engagement Committee's principal duties are to consider the appointment, independence, objectivity, and remuneration of the auditor and to review the annual accounts and half-yearly financial report. The Committee also examines the effectiveness of the Company's risk management and internal control systems and receives information from the AIFM and the Portfolio Manager. In addition the terms of the appointment of the Investment Manager are annually reviewed as well as, the Investment Manager's performance and the terms of the Investment Management and AIFM Agreements. The Committee also reviews the continued appointment and performance of the Company's other service providers.

Meeting attendance

During the period under review, the Directors have attended the following meetings:

	Quarterly Board	Audit and Management Engagement Committee
Number held	**4**	**3**
Norman Crighton	4	3
Guy Heald	4	3
Marlene Wood	4	3

There were also a number of other Board and committee meetings to deal with administrative matters and approval of documentation.

Board diversity

The Company's policy is that the Board should have a broad range of skills. Consideration is given to the recommendations of the AIC Code and other guidance on boardroom diversity and reviewed annually.

Performance appraisal

A formal annual performance appraisal process is performed on the Board, the Chairman, the Audit and Management Engagement Committee, the Investment Manager and the Company's main service providers.

A programme consisting of open and closed ended questions was used as the basis for the appraisal. The results were reviewed by the Chairman and discussed with the Board. A separate appraisal of the Chairman was carried out by the other members of the Board and the results reported back to the Chairman by the Chair of the Audit and Management Engagement Committee. The results of the performance evaluation were positive and demonstrated that the Directors showed the necessary commitment for the effective fulfilment of their duties.

Internal control

Prior to the Company's listing a detailed review was carried out on the financial position, prospects and procedures applicable to the Company.

The AIC Code requires the Board to review the effectiveness of the Company's system of internal controls. The Board recognises its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board has undertaken a review of the aspects covered by the guidance and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as being matters of particular importance upon which it requires reports. The Board believes that the existing arrangements, set out below, represent an appropriate framework to meet the internal control requirements. Through these procedures the Directors have kept under review the effectiveness of the internal control system throughout the year up to the date of this report. The system in place accords with The FRC's 2014 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

Financial aspects of internal control

The Directors are responsible for the internal financial control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Company are safeguarded. As stated above, the Board has contractually delegated to external agencies the services the Company requires, but it is fully informed of the internal control framework established by the Investment Manager, the AIFM, the Administrator and the Company's Custodian to provide reasonable assurance on the effectiveness of internal financial controls.

These key procedures include review of management accounts and Net Asset Value and monitoring of performance at quarterly Board meetings, valuation of loans by an independent valuer, segregation of the administrative function from that of cash, custody and investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures. In addition, robust procedures have been put in place for authorisation of all expense payments.

The Statement of Directors' Responsibilities in respect of the accounts is on page 27 and a Statement of Going Concern is on page 16. The Report of the Independent Auditor is on pages 28 to 33.

Other aspects of internal control

The Board holds quarterly meetings, plus additional meetings as required. Between these meetings there is regular contact with the Investment Manager, the Company Secretary and the Administrator.

The Board has agreed policies with the Investment Manager on key operational issues. The Investment Manager and/or AIFM report in writing to the Board on all operational and compliance issues.

CORPORATE GOVERNANCE

CONTINUED

The Directors review management accounts from the Administrator, including holdings in the portfolio, transactions and other aspects of the financial position of the Company. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Corporate Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

This contact with the Investment Manager and the other key service providers enables the Board to monitor the Company's progress towards its objectives and encompasses an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored and a formal review, utilising a detailed risk assessment programme has been completed. This included consideration of the Administrator's and the Registrar's internal controls report. There are no significant findings to report from the review.

Principal risks

The Directors confirm that they have carried out an assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and how they are being managed is set out in the Strategic Report on pages 8 and 9.

Shareholder relations

The Company encourages all Shareholders to attend the Annual General Meeting and seeks to provide a minimum of twenty working days' notice of that meeting. The Notice of Meeting sets out the business of the AGM and any item not of an entirely routine nature is explained in the Directors' Report. Separate resolutions are proposed for each substantive issue. The Investment Manager has a programme of meetings with Shareholders and reports back to the Board on its findings. The Chairman and the Board welcome direct feedback from Shareholders.

Exercise of voting powers and stewardship code

The Company and the Investment Manager support the UK Stewardship Code issued by the Financial Reporting Council, but the UK Stewardship Code has limited applicability to the Company's circumstances as the Company holds loan investments.

Social and environmental policy

The Company has no staff, premises, manufacturing or other operations.

DIRECTORS' REMUNERATION POLICY

This policy provides details of the remuneration for the Directors of the Company (the "Remuneration Policy"). The Remuneration Policy will be put forward for approval by Shareholders at the AGM to be held on 19 April 2018. The provisions set out in this policy apply until they are next submitted for Shareholder approval at a maximum interval of three years. In the event of any proposed material variation to the policy, Shareholder approval will be sought for the proposed new policy prior to its implementation.

Service contracts

The Directors do not have service contracts with the Company but have received appointment letters and, following initial election by Shareholders at the AGM on 19 April 2018, are subject to re-election by Shareholders on an annual basis.

Directors' fees

The Directors shall be entitled to receive by way of fees for their services as Directors, such sum as the Board may from time-to-time determine within the limits set out in the Company's Articles of Association (not exceeding in aggregate £250,000 per annum or such other sum as the Company in General Meeting shall determine) or in the event that a Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

The Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors. These expenses are unlikely to be a significant amount.

Fees are payable from the date of appointment as a Director of the Company and cease on date of termination of appointment. The Directors are not entitled to compensation for loss of office and there are no pension or share option arrangements in place.

The Board will not pay any incentive fees to any person to encourage them to become a Director of the Company. The Board may, however, pay fees to external agencies to assist the Board in the search and selection of Directors.

Statement of consideration of conditions elsewhere in the Company

As stated above, the Company has no employees. Therefore the process of consulting with employees on the setting of the Remuneration Policy is not applicable.

Review of the Remuneration policy

The Directors' remuneration is reviewed on an annual basis by the Board and any changes are subject to approval by the Board. The remuneration payable to the Directors will take into account a number of factors, inter alia, the experience of the Directors, the complexity of the Company and prevailing market rates for the investment trust sector.

Effective date

This Remuneration Policy will be put forward for Shareholder approval at the Annual General Meeting to be held on 19 April 2018 and, if approved by Shareholders, will be effective from that date for not more than three years.

DIRECTORS' REMUNERATION REPORT

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An Ordinary resolution for the approval of this report will be put forward at the forthcoming Annual General Meeting.

The Directors' Remuneration Report is put forward for approval by Shareholders on an annual basis. The result of the Shareholder resolution on the Remuneration Report is non-binding on the Company, although it gives Shareholders an opportunity to express their views, which will be taken into account by the Board.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures are audited they are indicated as such. The auditor's opinion is on page 28.

Remuneration

The Company currently has three non-executive Directors.

As detailed in the Company's prospectus dated 24 November 2016, Directors' fees are payable at the rate of £30,000 per annum for each Director other than the Chairman, who is entitled to receive £36,000. The Chairman of the Audit and Management Engagement Committee is entitled to additional fees of £3,000 per annum.

The Board believes that these fees appropriately reflect prevailing market rates for an investment trust of the Company's complexity and size, and will also enable the Company to attract appropriately experienced additional Directors in the future.

The Board reviews the fees payable to the Directors on an annual basis.

Directors' service contracts

The Directors do not have service contracts with the Company and are not entitled to compensation on loss of office. The Directors have appointment letters which do not provide for any specific term. However, they are subject to re-election by Shareholders on an annual basis.

Directors' indemnities

Subject to the provisions of the Companies Act, but without prejudice to any indemnity to which a Director might otherwise be entitled, every past or present Director or officer of the Company (except the auditors) may, at the discretion of the Board, be indemnified out of the assets of the Company against all costs, charges, losses, damages and liabilities incurred by him for negligence, default, breach of duty, breach of trust or otherwise in relation or connection to the affairs or activities of the Company.

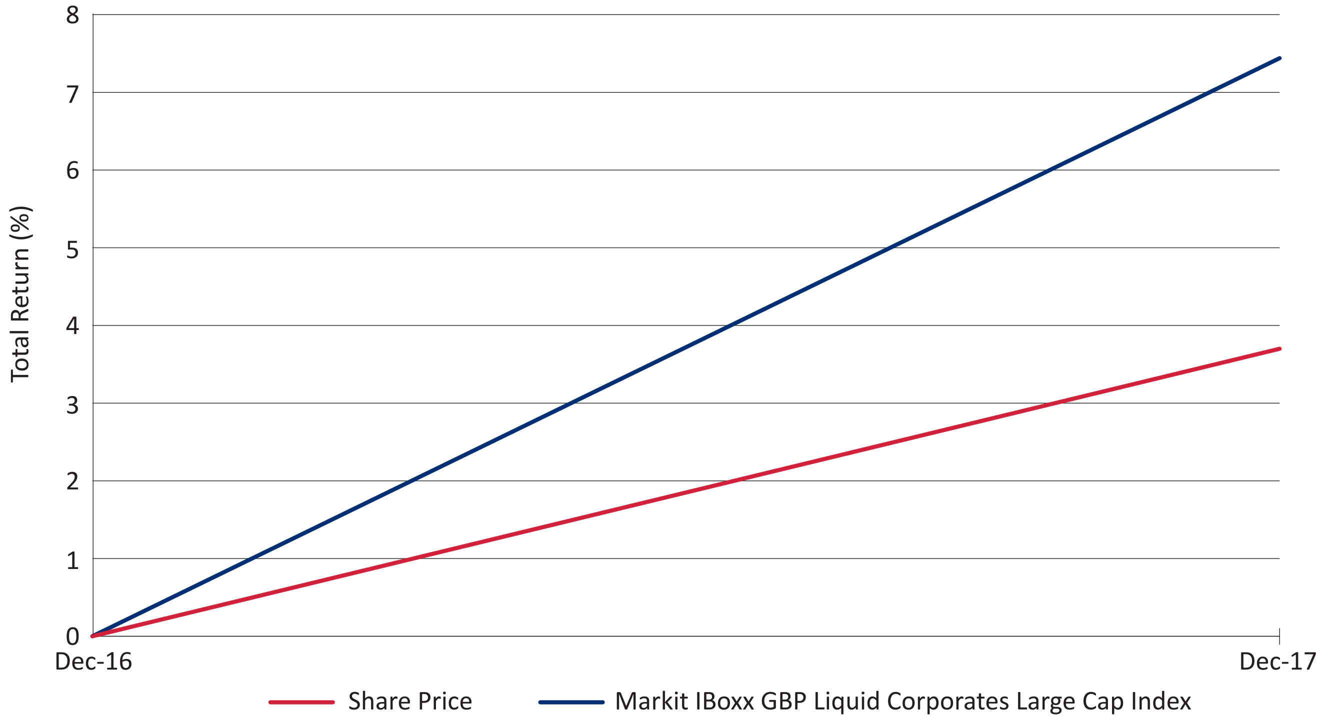
In addition the Board has purchased and maintains insurance at the expense of the Company for the benefit of such persons indemnifying them against any liability or expenditure incurred by them for acts or omissions as a Director or officer of the Company.

Director search and selection fees

No Director search and selection fees were incurred during the period to 31 December 2017.

Performance

The following graph compares the performance of the Company's share price to that of the Markit IBoxx GBP Liquid Corporates Large Cap Total Return Index, on a total return basis from inception of the Company on 15 December 2016 to the period end, 31 December 2017.



Directors' emoluments for the period ended 31 December 2017 (audited)

The Directors who served during the period received the following remuneration for qualifying services.

	Fees and taxable benefits Period to 31 December 2017 £'000
Norman Crighton	38
Marlene Wood	34
Guy Heald	31
	103

There are no other taxable benefits payable by the Company other than certain expenses, which may be deemed to be taxable. None of the above fees were paid to third parties.

A non-binding Ordinary resolution to approve the Directors' Remuneration Report contained in the Annual Report for the period ended 31 December 2017 will be put forward for approval at the Company's first Annual General Meeting to be held on 19 April 2018.

DIRECTORS' REMUNERATION REPORT

CONTINUED

Relative importance of spend on pay

The following table sets out the total level of Directors' remuneration compared to the distributions to Shareholders by way of dividends and share buybacks, and the management fees and other expenses incurred by the Company.

	2017 £'000
Income	3,586
Directors' fees	103
Management fees and other expenses	1,147
Dividends paid and payable to Shareholders	2,177

Directors' holdings (audited)

The Directors had the following shareholdings at 31 December 2017 and as at the date of this report, all of which are beneficially owned.

	Ordinary Shares as at 31 December 2017	Ordinary Shares as at date of this report
Norman Crighton	20,000	20,000
Guy Heald	20,000	20,000
Marlene Wood	20,000	20,000

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on the Remuneration Policy and Remuneration Report summarises, as applicable, for the financial period to 31 December 2017:-

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the financial period to 31 December 2017; and

(c) the context in which the changes occurred and decisions have been taken.

Norman Crighton
Chairman
9 March 2018

REPORT OF THE AUDIT AND MANAGEMENT ENGAGEMENT COMMITTEE

Role of the Audit Committee

The AIC Code of Corporate Governance recommends that Boards should establish audit committees consisting of at least three, or in the case of smaller companies, two independent non-executive directors. The Board is required to satisfy itself that at least one member of the audit committee has recent and relevant financial experience and that the Committee as a whole has experience and knowledge relevant to the sector. The main role and responsibilities of the audit committee should be set out in written terms of reference covering certain matters described in the Code. The Company complies with the Code.

The Audit and Management Engagement Committee meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and objectivity, and remuneration of the auditor and to review the annual accounts and half-yearly financial report. The Audit and Management Engagement Committee also reviews the Company's internal financial controls and its internal control and risk management systems. In addition the terms of the appointment of the Investment Manager are annually reviewed as well as, the Investment Manager's performance and the terms of the Investment Management and AIFM Agreements. The Committee also reviews the continued appointment and performance of the Company's other service providers.

Where non-audit services are provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement are considered before proceeding. Non-audit work was performed by Ernst & Young during the period ended 31 December 2017 in relation to the Initial Accounts for a fee of £20,000 plus VAT. Prior to the appointment as the Company's auditor, Ernst & Young provided reporting accountant services in relation to the Company's IPO and received fees of £61,500 plus VAT for those services. The Audit and Management Engagement Committee has considered the non-audit reporting accountant work performed by the auditor prior to and post the period end and does not consider that this compromises its independence.

Composition

All of the Directors of the Company are members of the Audit and Management Engagement Committee. The Audit and Management Engagement Committee has formal written terms of reference and copies of these are available on request from the Company Secretary. The Audit and Management Engagement Committee as a whole has recent and relevant financial experience. The Audit and Management Engagement Committee has considered the need for an internal audit function and deemed that it is not appropriate given the nature and circumstances of the Company but keeps the need for an internal function under periodic review. The Chairman of the Company is a member of the Audit and Management Engagement Committee. The Board and the Audit and Management Engagement Committee believe that this is appropriate as the Chairman has recent and relevant financial experience and is independent.

Meetings

There have been three Audit and Management Engagement Committee meetings in the period ended 31 December 2017. All Committee members attended these meetings.

Financial statements and significant accounting matters

The Audit and Management Engagement Committee considered the following significant accounting issues in relation to the Company's Financial Statements for the period ended 31 December 2017:

Valuation and existence of debt security instruments
The Company holds the majority of its assets in debt securities instruments. The valuation and existence of these debt securities instruments is the most material matter in the production of the financial statements. The debt securities instruments are valued by an independent valuer and the valuations at period end were agreed to the valuer's report. The Audit and Management Engagement Committee reviewed the procedures in place for ensuring accurate valuation and existence of investments and recommended these to the Board for review and approval.

Recognition of income
Income may not be accrued in the correct period. The Audit and Management Engagement Committee reviewed the Administrator's procedures for recognition of income and is comfortable that these are appropriate. The Audit and Management Engagement Committee has reviewed the internal controls report of the Company's Administrator which includes controls in relation to the recognition of income.

REPORT OF THE AUDIT AND MANAGEMENT ENGAGEMENT COMMITTEE

CONTINUED

Conclusion with respect to the Annual Report and financial statements

The Audit Committee has concluded that the Annual Report for the period ended 31 December 2017, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's business model, strategy and performance. The Audit and Management Engagement Committee has reported its conclusions to the Board of Directors. The Audit and Management Engagement Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the annual report.

Audit tenure

Ernst & Young LLP was selected as the Company's auditor at the time of the Company's launch following a competitive process and review of the Auditor's credentials. The appointment of the external auditor is reviewed annually by the Audit and Management Engagement Committee and the Board and is subject to approval by Shareholders. In accordance with the FRC guidance, the audit will be put out to tender within ten years of the initial appointment of Ernst & Young LLP in May 2017.

Effectiveness of external audit

The Audit and Management Engagement Committee is responsible for reviewing the effectiveness of the external audit process. The Audit Committee received a presentation of the audit plan from the external auditor prior to the commencement of the audit and a presentation of the results of the audit following completion of the main audit testing. The Audit and Management Engagement Committee performed a review of the external auditor following the presentation of the results of the audit. The review included a discussion of the audit process and the ability of the external auditor to fulfil its role. Following the above review, the Audit and Management Engagement Committee has agreed that the re-appointment of the Auditors should be recommended to the Board and the Shareholders of the Company.

Provision of non-audit services

The Audit and Management Engagement Committee has put a policy in place on the supply of any non-audit services provided by the external auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the auditor from remaining objective and independent.

Fees of £20,000 plus VAT were paid to Ernst & Young LLP in respect of non-audit services in the period ended 31 December 2017. Prior to the appointment as the Company's auditor, Ernst & Young provided reporting accountant services in relation to the Company's IPO and received fees of £61,500 plus VAT for those services. Ernst & Young LLP is providing reporting accountant services to the Company in respect of the Prospectus due to be issued in March 2018 and agreed upon procedures work in respect of the C Share conversion. These fees will, in aggregate, amount to £19,000 plus VAT.

Marlene Wood
Audit Committee Chairman
9 March 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and applicable law. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of the period and of the net return for the period. In preparing these accounts, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the Company's website at https://rmdl.co.uk/ which is maintained by the Company's Investment Manager. The work carried out by the auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since being initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmation statement

The Directors each confirm to the best of their knowledge that:

(a) the accounts, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and

(b) this Annual Report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board

Norman Crighton
Director
9 March 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RM SECURED DIRECT LENDING PLC

Opinion

We have audited the financial statements of RM Secured Direct Lending Plc ('the Company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 8 and 9 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 9 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 16 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 9 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Incomplete or inaccurate recognition of income from the investment portfolio • Incorrect valuation of the investment portfolio
Materiality	• Overall materiality of £0.56m which represents 1% of net assets.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate income recognition through failure to recognise proper income entitlements or apply the appropriate accounting treatment. *Refer to the Report of the Audit and Management Engagement Committee (pages 25 and 26), Accounting policy 2 (d) (page 39); and Note 4 of the Financial Statements (page 42).* The investment income receivable by the Company during the year directly affects the Company's ability to make a dividend payment to shareholders. The income receivable for the year to 31 December 2017 was £3.59m, split between interest income (£2.83m), loan redemption fees (£0.53m), arrangement fees (£0.14m) and other income including bank interest (£0.08m). Given the above income streams are manually calculated and recorded, we considered there to be a fraud risk in accordance with Auditing Standards in this area of our audit.	We performed the following procedures: • We recalculated the interest recognised in the period using an effective interest rate method for all loans and listed debt making reference to loan agreements or coupon terms. • We recalculated income recognised due to early prepayment of loans. • We recalculated the accrued interest receivable for a sample of loans and listed debt, confirming the income obligation arose prior to 31 December 2017. • For a sample of loans and listed debt, we recalculated the accrued interest receivable with reference to amounts received as at the year end. • For a sample of arrangement fee receipts, we recalculated the amount received with reference to the agreement between the trust and investment manager. • We tested the appropriateness of journal entries and other adjustments made in the preparation of financial statements.	• We noted no issues in recalculating the interest recognised on loans and listed debt using an effective interest rate method and the loan agreement or coupon terms. • We noted no issues when recalculating the income recognised due to early prepayment of loans. • We noted no issues in recalculating the accrued interest receivable for a sample of loans and listed debt. We confirmed the income obligation arose prior to 31 December 2017. • We noted no issues in recalculating a sample of arrangement fee income recognised in the period. • We noted no issues with the sample of journal entries tested and other adjustments made in the preparation of the financial statements in relation to income.

INDEPENDENT AUDITOR'S REPORT

CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation of the investment portfolio *Refer to the Report of Audit and Management Engagement Committee (pages 25 and 26); Accounting policy 2 (b) (page 39); and Note 3 of the Financial Statements (page 40).* The valuation of the assets held in the investment portfolio is the key driver of the Company's investment return. The value of the portfolio at 31 December 2017 was £76.96m comprising of debt instruments including loans issued directly to lenders and listed debt. Incorrect asset pricing could have an impact on the portfolio valuation and, therefore, the return generated for shareholders.	We performed the following procedures: • We agreed the value of all investments held at the period end per the accounting records to the valuation report prepared by Mazars. • We agreed the price of all listed debt in the portfolio to independent market sources. • We engaged our valuation specialists to perform a detailed review of a sample of loans issued directly by the Company. • We assessed the Mazars valuation methodology and reviewed the loan valuation report for any anomalies. • We ensured the financial statements contain adequate disclosures regarding the valuation of investments, including those disclosures required under IFRS 13 'Fair Value Measurement'. • We tested the appropriateness of journal entries and other adjustments made in the preparation of financial statements.	• We noted no issues in agreeing the value of all investments held at the period end from the accounting records to the valuation report prepared by Mazars. • We noted no issues in agreeing the price of all listed debt in the portfolio to independent market sources. • We noted no issues with the Directors' valuation when compared to the acceptable range determined by our valuation specialists for the sample of loans tested. • We noted no issues in relation to our review of the valuation for any anomalies. • We noted no issues when ensuring the financial statements contain the adequate disclosures regarding the valuation of investments, including those disclosures required under IFRS 13 'Fair Value Measurement'. • We noted no issues with the sample of journal entries tested and other adjustments made in the preparation of the financial statements in relation to investments.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £0.56m which is 1% of net assets. We believe that net assets are the most important financial metric on which shareholders would judge the performance of the Company, and accordingly, consider this to be an appropriate metric to determine materiality.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £0.28m. We have set performance materiality at this percentage based on the basis this is the first full period of accounts for the Company.

Given the importance of the distinction between revenue and capital for the Company we have also applied a separate tolerable threshold of £0.12m for the revenue column of the Statement of Comprehensive Income, being 5% of profit before taxation.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.03m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 27**– the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit and Management Engagement committee reporting set out on pages 25 and 26** – the section describing the work of the audit and Management Engagement committee does not appropriately address matters communicated by us to the audit and Management Engagement committee; or

INDEPENDENT AUDITOR'S REPORT

CONTINUED

- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 17** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities set out on page 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to incomplete or inaccurate recognition of income and incorrect valuation of the investment portfolio. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed as auditors by the Board of Directors for the period 27 October 2016 to 31 December 2017 and subsequent years. We signed an engagement letter on 15 November 2017.

  Our total period of uninterrupted engagement is from 27th October 2016, covering the period ending 31 December 2017.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Sue Dawe (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
9 March 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM INCORPORATION ON 27 OCTOBER 2016 TO 31 DECEMBER 2017

	Notes	Revenue £'000	Capital £'000	Total £'000
Loss on investments	3	–	(853)	(853)
Income	4	3,586	–	3,586
Investment management fee	5	(370)	–	(370)
Other expenses	6	(777)	–	(777)
Return before finance costs and taxation		**2,439**	**(853)**	**1,586**
Finance costs	7	(32)	(174)	(206)
Return on ordinary activities before taxation		**2,407**	**(1,027)**	**1,380**
Taxation	8	(44)	44	–
Return on ordinary activities after taxation		**2,363**	**(983)**	**1,380**
Return per Ordinary Share (pence)	12	**4.35p**	**(1.81p)**	**2.54p**

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 38 to 52 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2017 £'000
Fixed assets		
Investments at fair value through profit or loss	3	76,957
Current assets		
Receivables	9	1,069
Cash and cash equivalents		15,441
		16,510
Payables: amounts falling due within one year		
Payables	10	(7,624)
C Shares in issue		(29,574)
Net current assets		**(20,688)**
Total assets less current liabilities		**56,269**
Net assets		**56,269**
Capital and reserves: equity		
Share capital	11	573
Share premium		6,845
Special reserve		48,502
Capital reserve		(983)
Revenue reserve		1,332
Total Shareholders' funds		**56,269**
NAV per share – Ordinary Shares – adjusted (pence)	13	**98.59p**
NAV per share – Ordinary Shares – IFRS calculation (pence)	13	**98.20p**

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 9 March 2018 and signed on their behalf by:

Norman Crighton
Director

The Company is registered in England and Wales with registered number 10449530.

The notes on pages 38 to 52 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM INCORPORATION ON 27 OCTOBER 2016 TO 31 DECEMBER 2017

	Notes	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance as at beginning of the period		–	–	–	–	–	**–**
Return on ordinary activities		–	–	–	(983)	2,363	**1,380**
Issue of Ordinary Shares	11	573	56,815	–	–	–	**57,388**
Share issue costs		–	(1,215)	–	–	–	**(1,215)**
Transfer to Special reserve		–	(48,755)	48,755	–	–	**–**
Special reserve costs		–	–	(24)	–	–	**(24)**
Dividend paid	14	–	–	(229)	–	(1,031)	**(1,260)**
Balance as at 31 December 2017		**573**	**6,845**	**48,502**	**(983)**	**1,332**	**56,269**

Distributable reserves comprise: the Revenue reserve; the Capital reserve attributable to realised profits; and 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 38 to 52 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM INCORPORATION ON 27 OCTOBER 2016 TO 31 DECEMBER 2017

	Notes	£'000
Operating activities		
Return on ordinary activities before finance costs and taxation*		1,586
Adjustment for losses on investments		844
Increase in debtors		(1,069)
Increase in creditors		691
Net cash flow from operating activities		**2,052**
Investing activities		
Proceeds from sale of investments		29,676
Purchase of investments		(100,617)
Net cash flow from investing activities		**(70,941)**
Financing activities		
Share issue proceeds	11	57,388
Share issue costs	11	(1,215)
C Share issue proceeds	11	30,000
C Share issue costs		(559)
Transfer to Special reserve costs		(24)
Equity dividends paid	14	(1,260)
Net cash flow from financing activities		**84,330**
Increase in cash		**15,441**
Opening balance at beginning of the period		**–**
Balance as at 31 December 2017		**15,441**

*Cash inflow from interest received on investment holdings was £2,713,000.

The notes on pages 38 to 52 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

RM Secured Direct Lending PLC 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 Company's investment objective is to generate attractive and regular dividends through investment in secured debt instruments of UK SMEs and mid-market corporates and/or for individuals 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.

The Company's shares were admitted to the Official List of the UK Listing Authority with a premium listing on 15 December 2016. On the same day, trading of the Ordinary Shares commenced on the London Stock Exchange. The registered office is Mermaid House, 2 Puddle Dock, London, EC4V 3DB.

2. Accounting policies

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

(a) Basis of accounting
The financial statements have been prepared on a going concern basis in accordance with IFRS, which comprise standards and interpretations approved by the IASB and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect and to the extent that they have been adopted by the European Union. Further details on going concern are provided in the Directors' Report on page 16. The financial statements have been prepared on a historical cost basis, except for the measurement at fair value of investments.

The Board has determined by having regard to the currency of the Company's share capital and the predominant currency in which its Shareholders operate, that sterling is the functional and reporting currency. Where presentational recommendations set out in the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued in the UK by the AIC in November 2014 and updated in January 2017, do not conflict with the requirements of IFRS, the Directors have prepared the financial statements on a basis consistent with the recommendations of the SORP, in the belief that this will aid comparison with similar investment companies incorporated in the United Kingdom.

In accordance with the SORP, the Statement of Comprehensive Income has been analysed between a revenue return (dealing with items of a revenue nature) and a capital return (relating to items of a capital nature). Revenue returns include, but are not limited to, investment related income, operating expenses, income related finance costs and taxation (in so far as they are not allocated to capital). Net revenue returns are allocated via the revenue return to the Revenue reserve.

Capital returns include, but are not limited to, profits and losses on the disposal and the valuation of non-current investments, operating costs and finance costs (in so far as they are not allocated to revenue). Net capital returns are allocated via the capital return to Capital reserves.

Dividends on Ordinary Shares may be paid out of Revenue reserve, Capital reserve and Special reserve.

In the opinion of the Directors, there are no new standards that became effective during the period that had a material impact on the financial statements. At the date of approval of these financial statements, the following standard, which has not been applied in these financial statements, was in issue but not yet effective:

- Amendments to IAS 7 'Statement of Cash flows', is effective for annual periods beginning on or after 1 January 2017. The main objective of these amendments is to provide disclosures that enable users of financial statements to evaluate changes arising from financing activities. This should improve the information provided to users of financial statements about an entity's financing activities.

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2018, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The Company's loan investments are held at fair value through profit or loss and, in accordance with IFRS 9, will continue to be classified as such based on below assessment.

i) Classification and measurement
The classification of financial assets is based on the Company's business model and the contractual cash flow characteristics of its investments. Assessment of contractual cash flows is one of the criteria for determining whether financial assets should be classified as measured at amortised cost i.e. whether the cash flows from a financial asset constitutes Solely the Payment of Principal and Interest ('SPPI'). A financial asset that does not meet the SPPI criterion is always measured at fair value through profit or loss, unless it is equity instrument for which an entity may apply fair value through other comprehensive income election. The Company does not expect a significant impact on its Statement of Financial Position or equity on applying the classification and measurement requirements of IFRS 9.

ii) Impairment
IFRS 9 changes the basis of recognition of impairment on financial assets from an incurred loss to an expected credit loss approach for assets held at amortised cost and fair value through other comprehensive income. Under this approach, the impairment loss would be recognised from the date of origination depending on the credit quality of the asset.

iii) Hedge accounting
The Company does not currently designate any hedges as effective hedging relationships, which qualify for hedge accounting. Therefore, the Company does not expect there to be any impact with respect to hedge accounting on the Company as a result of applying IFRS 9.

The Board is currently considering the impact of the above standards. Based on its assessment, the standards are not expected to have a material impact on the Company's financial statements.

The financial statements have also been prepared on the assumption that approval as an investment trust will continue to be granted.

There are no comparatives as this is the Company's first accounting period.

(b) Investments
Investments consist of debt instruments, which includes bonds and loans made by the Company. The debt instruments are designated on initial recognition as at fair value through profit or loss as they are included in a group of financial assets that are managed and their performance evaluated on a fair value basis. They are initially and subsequently measured at fair value. Gains/losses are attributed to the capital column of the Statement of Comprehensive Income. The debt instruments are derecognised when their term expires, or they are sold or repaid.

(c) Foreign currency
Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as at the date of the transaction. Monetary assets and liabilities and non-monetary assets held at fair value denominated in foreign currencies are translated into sterling using London closing foreign exchange rates at the period end. Any gain or loss arising from a change in exchange rates is included as an exchange gain or loss to capital or revenue in the Statement of Comprehensive Income as appropriate. Foreign exchange movements on investments are included in the Statement of Comprehensive Income within loss on investments.

(d) Income
Interest income is recognised in the revenue column of the Statement of Comprehensive Income on a time apportioned basis.

All other income including deposit interest, early redemption fees and arrangement fees received are accounted for on a receipt basis. The arrangement fees are recognised when the investment is recognised.

(e) Capital reserves
Realised and unrealised gains and losses on the Company's investments are recognised in the capital column of the Statement of Comprehensive Income and allocated to the Capital reserve.

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

2. Accounting policies continued

(f) Expenses
All expenses are accounted for on an accruals basis. Expenses are recognised in the revenue column of the Statement of Comprehensive Income.

Management fees and finance costs
The Company is expecting to derive its returns predominantly from interest income. Therefore, the Board has adopted a policy of allocating all management fees and finance costs (in so far as they are not directly attributable to capital) to the revenue column of the Statement of Comprehensive Income.

(g) Taxation
The charge for taxation is based upon the net revenue for the period. The tax charge is allocated to the revenue and capital columns of the Statement of Comprehensive Income according to the marginal basis whereby revenue expenses are first matched against taxable income arising in the revenue account. Deferred taxation will be recognised as an asset or a liability if transactions have occurred at the initial reporting date that give rise to an obligation to pay more taxation in the future, or a right to pay less taxation in the future. An asset will not be recognised to the extent that the transfer of economic benefit is uncertain.

(h) Financial liabilities
Bank loans and overdrafts are initially recorded at the proceeds received net of direct issue costs and subsequently measured at amortised cost using the effective interest rate. C Shares are treated as debt on issue and reclassified as equity upon conversion to the Company's Ordinary Shares. The associated costs of issuing C Shares are treated as capital and amortised over the period between issue and conversion of C Shares.

(i) Dividends
Interim dividends to the Shareholders are recorded in the Statement of Changes in Equity on the date that they are paid. Final dividends are recorded in the Statement of Changes in Equity when they are approved by Shareholders.

(j) Judgements, estimates and assumptions
The preparation of financial statements requires the Directors to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly significantly. The most significant assumptions and estimates are disclosed in note 3 on page 41.

During the period, there have been no estimates, judgements or assumptions, which have had a significant impact on the financial statements.

3. Investment at fair value through profit or loss

(a) Summary of valuation

	Period ended 31 December 2017 £'000
Financial assets held:	
Debt securities and loan investments	76,957
	76,957

(b) Movements

	Period ended 31 December 2017 £'000
Book cost at the beginning of the period	–
Opening gains on investments	–
Opening valuation	**–**
Purchases at cost	107,477
Sales:	
– proceeds	(29,676)
– losses on investment	(689)
Closing losses on investments	(155)
Closing valuation at period end	**76,957**
Book cost at end of the period	77,112
Losses on investment holdings at the period end	(155)
Closing valuation at period end	**76,957**

(c) Losses on investments

	Period ended 31 December 2017 £'000
Losses on investment	(689)
Movements in losses on investment holdings at the period end	(155)
Other capital losses	(9)
Total losses on investments	**(853)**

Significant accounting estimates and judgements

The Company recognises loan investments at fair value through profit or loss. The significant assumptions made at the point of valuation of loans are the discounted cash flow analysis and/or benchmarked discount/interest rates, which are deemed appropriate to reflect the risk of the underlying loan.

These assumptions are monitored to ensure their ongoing appropriateness.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4. Income

	Period ended 31 December 2017 £'000
Income from investments	
Bond and loan interest	2,834
Bank interest	20
Arrangement fees	142
Loan redemption fees	531
Other income	59
Total	**3,586**

5. Investment management fee

	Period ended 31 December 2017 £'000
Basic fee:	
100% charged to revenue	370
Total	**370**

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) is used as the basis of calculating the management fees.

There is no performance fee payable to the Investment Manager.

6. Other expenses

	Period ended 31 December 2017 £'000
Administration and Company Secreterial fees	166
Auditor's remuneration*:	
Statutory audit fee	48
Non-audit fees	24
Broker fees	95
Consultancy fees	66
Custody fees	30
Directors' fees	103
AIFM fees	95
Valuation fees	59
Other expenses	91
Total	**777**

*Auditor's remuneration includes VAT of £8,000 on statutory audit fees and £4,000 on non-audit fees. The non-audit fees were in relation to the audit of the Company's initial accounts during the period.

Prior to appointment as the Company's Auditor, Ernst & Young LLP, received £61,500 plus VAT for non-audit Initial Public Offering related services, which have been treated as a capital expense and included in 'Share issue costs' disclosed in the Statement of Changes in Equity on page 36.

7. Finance costs

	Period ended 31 December 2017		
	Revenue £'000	Capital £'000	Total £'000
Loan arrangement fees	32	–	32
C Share finance costs	–	174	174
Total	**32**	**174**	**206**

During October 2017, the Company entered into a £10m revolving credit facility with OakNorth Bank. This will facilitate the tactical use of borrowings ahead of any known investment redemptions or capital raises. Aside from setup costs and an arrangement fee, there is no additional cost to maintaining the facility. There had been no drawdown of the facility during the period.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

8. Taxation

	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of tax charge/(credit) the period:			
Corporation tax	44	(44)	–
Total current tax charge/(credit) (see note 8 (b))	**44**	**(44)**	**–**

(b) Factors affecting the tax charge for the period:
The effective UK corporation tax rate for the period is 19.28%. The tax charge differs from the charge resulting from applying the standard rate of UK corporation tax for an investment trust company. The differences are explained below:

	Revenue £'000	Capital £'000	Total £'000
Return on ordinary activities before taxation	2,407	(1,027)	1,380
UK corporation tax at 19.28%	464	(198)	266
Effects of:			
Gain on investments held at fair value not taxable	–	164	164
Disallowed expenses	–	34	34
Interest distributions paid/payable	(420)	(44)	(464)
Total tax charge	**44**	**(44)**	**–**

The Company is not liable to tax on capital gains due to its status as an investment trust.

(c) Deferred tax assets/(liabilities)
The Company had no recognised or unrecognised deferred asset/liability as at the period end.

9. Receivables

	Period ended 31 December 2017 £'000
Amounts falling due within one year:	
Bond and loan interest receivable	873
Other debtors	196
Total	**1,069**

10. Payables

	Period ended 31 December 2017 £'000
Amounts falling due within one year:	
Loans for future settlement	6,860
Other creditors	764
Total	**7,624**

11. Share capital

	No. of Shares	As at 31 December 2017 £'000
Allotted, issued & fully paid:		
Ordinary Shares of 1 pence	57,300,000	573
C Shares of 10 pence	30,000,000	3,000

Share Movement

The table below sets out the share movement since incorporation 27 October 2016 to 31 December 2017.

	Shares issued	Shares redeemed	Shares in issue at 31 December 2017
Management Shares	50,000	(50,000)	–
Ordinary Shares	57,300,000	–	57,300,000
C Shares	30,000,000	–	30,000,000

On incorporation, the issued share capital of the Company was £0.01 represented by one Ordinary Share, held by RM Capital Markets Limited as subscriber to the Company's memorandum of association. The Ordinary Share was fully paid up.

To enable the Company to obtain a certificate of entitlement to conduct business and to borrow under Section 761 of the Act, on 3 November 2016, 50,000 redeemable management shares of £1 each ("Management Shares") were allotted to the Investment Manager. The Management Shares were fully paid up and were redeemed at the same price, immediately following Admission on 15 December 2016 out of the proceeds of the Issue.

On 15 December 2016, 50,300,000 Ordinary Shares of 1 pence each ("Ordinary Shares") were allotted and issued to Shareholders as part of the placing and offer for subscription in accordance with the Company's prospectus dated 24 November 2016.

On 24 May 2017, the Company issued and allotted 7,000,000 Ordinary Shares.

In response to demand from investors, on 25 October 2017 30,000,000 of the Company's Shares ("C Shares"), were issued at a price of £1 per share as part of the placing and offer for subscription in accordance with the Company's prospectus dated 24 November 2016. The C Shares will convert into Ordinary Shares ranking pari passu with the existing Ordinary Shares on the basis of the conversion ratio which will be calculated, inter alia, on the earlier of (i) 85% of the assets attributable to the C Share class have been invested ("Conversion"); or (ii) six months after Admission (24 April 2018). These C Shares are expected to be converted into Ordinary Shares before the end of March 2018.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

12. Return per Ordinary Share

Total return per Ordinary Share is based on the gain on ordinary activities after taxation of £1,380,000.

Based on the weighted average number of 54,349,738 Ordinary Shares in issue from commencement of the Company's operations on 15 December 2016 to 31 December 2017, the returns per share were as follows:

	Period ended 31 December 2017		
	Revenue	Capital	Total
Return per Ordinary Share	**4.35p**	**(1.81p)**	**2.54p**

13. Net asset value per share

The net asset value per share attributable to the Ordinary Shareholders at the period end were as follows:

	Net Asset Value per share 31 December 2017 (pence)	Net assets attributable 31 December 2017 £'000
Ordinary Share NAV	98.59	56,490
Loss attributable to C Shares	(0.09)	(47)
IFRS adjustment (C Share finance costs)	(0.30)	(174)
Ordinary Share NAV (IFRS calculation)	**98.20**	**56,269**

The net asset value per share is based on total Shareholders' funds of £56,269,000 and 57,300,000 Ordinary Shares in issue at the period end.

The IFRS adjustment is in respect of the C Share finance costs in relation to classification of the C Shares as debt as per IFRS requirement. The impact on the NAV of the finance costs will reverse at conversion of the C Shares into Ordinary Shares.

14. Dividend

The dividend relating to the period ended 31 December 2017, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered is detailed below:

	Pence per Ordinary Share	Revenue £'000	Capital £'000
Interim dividend – Paid 30 Jun 2017	0.20p	–	115
Interim dividend – Paid 15 Sep 2017	0.20p	–	114
Interim dividend – Paid 29 Dec 2017	1.80p	1,031	–
Total interim dividends paid	**2.20p**	**1,031**	**229**
Interim dividend – payable*	2.00p	1,146	–
Total dividends paid and proposed	**4.20p**	**2,177**	**229**

*Not included as a liability in the period ended 31 December 2017 financial statements.

On 15 February 2018, the directors approved the payment of an interim dividend at the rate of 2.0p per Ordinary Share with an ex-dividend date of 22 February 2018, a record date of 23 February 2018 and a payment date of 23 March 2018. The dividend will be funded from the Company's Revenue reserve.

The Company has elected to designate the interim dividends for the period as interest distributions to its ordinary Shareholders.

15. Related party transaction

Fees payable to the Investment Manager are shown in the Statement of Comprehensive Income. As at 31 December 2017 the fee outstanding to the Manager was £63,000.

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 Directors. As at 31 December 2017, there were no Directors' fee outstanding. The Directors' fees are disclosed in Note 6 and the Directors' shareholdings are disclosed in the Directors' Remuneration Report on page 24.

Arrangement fees are paid by some borrowers to the Investment Manager. The amount the Investment Manager can retain from borrowers in most cases is capped at 1.25% and agreed with the Board. The Company receives any arrangement fees from the Investment Manager in excess of the 1.25% or otherwise agreed with the borrower. During the period to 31 December 2017, the Company received £142,000 in arrangement fees from RM.

As at 31 December 2017, the Investment Manager held 602,151 Ordinary Shares in the Company.

On the 16 January 2018, the Investment Manager purchased a further 79,458 of the Company's Ordinary Shares. Following this purchase, the Investment Manager's total holding of Ordinary Shares is 681,609.

16. 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 Company's investments and liabilities at fair value are detailed in the table below:

	31 December 2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets:				
Debt securities	–	36,074	–	36,074
Loan investments	–	–	40,883	40,883
Total financial assets	**–**	**36,074**	**40,883**	**76,957**
Financial liabilities:				
C Shares in issue (market value)	30,600	–	–	30,600
Total financial liabilities	**30,600**	**–**	**–**	**30,600**

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.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

16. Classification of financial instruments continued

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. Interest rates used in the valuation range from 5.5% to 12.0%. Sensitivity analysis of interest rates can be found at page 50.

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

Reconciliation of the Level 3 classification investments during the period to 31 December 2017 is shown below:

	£'000
Balance as at beginning of the period	–
New loans during the period	60,518
Repayments during the period	(19,622)
Realised gains during the period	26
Unrealised losses at the period end	(39)
Closing balance as at 31 December	**40,883**

Sensitivity analysis
A 5% increase or decrease in the valuation of the Level 3 loan investment portfolio at the period end would have resulted in a £2,044,000 corresponding increase or decrease to the Company's total Shareholders' funds, all other things being equal.

17. Financial Instrument and capital disclosures

(i) Market risks
The Company is subject to a number of Market risks in relation to economic conditions and healthcare companies. Further detail on these risks and the management of these risks are included in the Directors' report.

The Company's financial assets and liabilities at 31 December 2017 comprised:

	Interest bearing £'000	Non-interest bearing £'000	Total £'000
Investments			
GB sterling	66,433	–	66,433
Euro	8,026	–	8,026
US dollar	2,498	–	2,498
Total investment	**76,957**	**–**	**76,957**
Cash and cash equivalents			
Floating rate – £ sterling	15,441	–	15,441
Short term debtors	–	1,069	1,069
Short term creditors	–	(37,198)	(37,198)
Total	**92,398**	**(36,129)**	**56,269**

Price risk sensitivity
The effect on the portfolio of a 10.0% increase or decrease in the value of the loans would have resulted in an increase or decrease of £7,696,000 in the investments held at fair value through profit or loss at the period end date. This analysis assumes that all other variables remain constant.

(ii) Credit risks
The Company's investments will be predominantly in the form of loans whose revenue streams are secured against contracted, predictable medium to long-term cash flows and/or physical assets such as property, whole business assets, receivables and contracts and land lease cashflows and whose debt service payments are dependent on such cash flows and/or the sale or refinancing of the physical assets.

There are a number of risks that could result in either the cash flows of the borrower being lower than anticipated or the sale or refinancing of the physical assets not generating as much capital as anticipated. This would potentially adversely affect the ability of the borrower to service its debts including any loans. The key risks relating to the loans include risks relating to residual value, counterparty default, reliance on sub-contractors and/or servicers, senior debt covenant breach risk, bridge loans, no control over decisions made at project and asset level, assumptions and errors in targeted returns on loans and financial models, liability of operating risk, rates of inflation, rates of interest, insurance costs and availability, delays in the receipt of anticipated cash flows, acquisition risks and borrower default, loan non-performance and collateral risks.

The Company is also exposed to the risk of default on cash held at the bank and other trade receivables. The maximum exposure to credit risk on cash at bank and other trade receivables at 31 December 2017 was £15,441,000 and £1,069,000 respectively. None of these amounts are considered past due or impaired and interest is based on the prevailing money market rates.

The table below shows the Company's exposure to credit risks as the period end.

	Fair value £'000	Maximum exposure £'000
Loan investments	40,883	40,883
Debt security instruments	36,074	36,074
Cash and cash equivalent	15,441	15,441
Receivables	1,069	1,069
Total	**93,467**	**93,467**

Management of risks
The Asset Finance Team of the Investment Manager reports a number of key metrics on a monthly basis to the Investment Manager's Credit Committee including pipeline project information, outstanding loan balances, lending book performance and early warning indicators. The Investment Manager's Credit Committee reports to the Board quarterly on investment matters as investment advisors.

The team also monitors ongoing credit risks in respect of the loans.

(iii) Interest rate risks
Loans
The Company may make loans based on estimates or projections of future interest rates because the Investment Manager expects that the underlying revenues and/or expenses of a borrower to whom the Company provides loans will be linked to interest rates, or that the Company's returns from a loan are linked to interest rates. If actual interest rates differ from such expectation, the net cash flows of the borrower or payable to the Company may be lower than anticipated.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

17. Financial Instrument and capital disclosures continued

Interest rate sensitivity

Based on the Company's loan investments, secured debt instruments, cash and cash equivalents as at 31 December 2017, a 0.50% increase/(decrease) in interest rates, all other things being equal, would lead to a corresponding increase/(decrease) in the Company's income as follows.

	0.50% Increase £'000	0.50% Decrease £'000
Loan investments	204	(204)
Debt security instruments	180	(180)
Cash and cash equivalent	77	(77)
Total	**461**	**(461)**

Management of risks

The Investment Manager's investment process takes into account interest rate risk. The investment strategy is to invest in loans with maturities typically between 2 and 10 years. Exposure to predominantly higher yielding loans and possible floating rate investments can mitigate interest rate risk to some extent.

(iv) Liquidity risks

Liquidity risk is defined as the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The cash and cash equivalent balance at the period end was £15,441,000.

Financial liabilities by maturity at the period end are shown below:

	31 December 2017 £'000
Within one month	6,860
Between one and three months	365
Between three months and one year	–
More than one year	399
Total	**7,624**

The Investment Manager manages the Company's liquidity risk by investing in a diverse portfolio of loans and secured debt instruments in line with the Investment Policy and Investment restrictions on pages 6 and 7. The Investment Manager may utilise other measures such as borrowing, share issues including treasury shares for liquidity purposes.

The maturity profile of the Company's portfolio as at the period end is as follows:

	31 December 2017 £'000
Within one year	8,626
Between one year and three years	15,929
Between three years and five years	22,750
More than five years	29,652
Total portfolio	**76,957**

(v) Foreign currency risks
Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company invests in debt security instruments that are denominated in currencies other than sterling. Accordingly, the value of the Company's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Company will necessarily be subject to foreign exchange risks.

Based on the financial assets and liabilities at 31 December 2017 and all other things being equal, if sterling had weakened against the local currencies by 10%, the impact on the Company's net assets at 31 December 2017 would have been as follows:

	31 December 2017 £'000
Euro	9
US dollar	97
Total	**106**

Foreign currency risk profile

			31 December 2017
	Investment exposure £'000	Net monetary exposure £'000	Total currency exposure £'000
Euro	–	85	85
US dollar	775	190	965
Total	**775**	**275**	**1,050**

Management of currency risks
The Company's Investment Manager monitors the currency risk of the Company's portfolio on a regular basis. Foreign currency exposure is regularly reported to the Board by the Investment Manager. The Investment Manager may hedge any currency back to sterling as they see fit.

Fair values of financial assets and liabilities
All financial assets and liabilities are recognised in the financial statements at fair value, with the exception of short term assets and liabilities, which are held at nominal value that approximates to fair value.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

17. Financial Instrument and capital disclosures continued

Capital management

The Company considers its capital to consist of its share capital of Ordinary Shares of 1 pence each and C Shares of 10p each as disclosed in Note 11, its distributable reserves, which comprise Revenue reserve, Capital reserve and the Special reserve. In accordance with IFRS, the Company's Ordinary Shares are considered to be equity and the C Shares are non-equity.

The Company has a stated discount control policy. The Investment Manager and the Company's broker monitor the demand for the Company's shares and the Directors review the position at Board meetings. Further details on share issues during the year and the Company's policies for issuing further shares and buying back shares (including the Company's discount management) can be found in the Directors' Report on pages 13 and 14.

The Company did not buy back Ordinary Shares and had no shares in treasury during the period.

The Company's policy on borrowing is detailed in the Directors' Report on page 7.

During the period, the Company entered into a £10m revolving credit facility with OakNorth Bank. The Company is required to comply with various covenants contained in the facility agreement. In particular, the loan to net asset value ratio must not exceed 20% of the Company's calculated at the time of draw down. There was no draw down during the period to 31 December 2017.

18. Post balance sheet events

There are no post balance sheet events other than as disclosed in this Annual Report.

GLOSSARY

Admission	Admission of the Ordinary or C Shares to the premium listing segment of the Official List of the UKLA and admission of the Shares to trading on the main market for listed securities of the London Stock Exchange.
AIC	Association of Investment Companies.
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22 July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask directors questions about the Company in which they are invested.
C Shares	C Shares of 10 pence each in the capital of the Company.
CTA 2010	Corporation Tax Act 2010
Custodian	An entity that is appointed to safeguard a company's assets.
Discount	The amount, expressed as a percentage, by which the share price is less than the net asset value per share.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment Company	A company formed to invest in a diversified portfolio of assets.
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.

GLOSSARY

CONTINUED

Leverage	An alternative word for "Gearing". Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company's positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.
Liquidity	The extent to which investments can be sold at short notice.
Loans or Secured Debt Instruments	Secured debt instruments of UK SMEs and mid-market corporates and/or individuals including any loan, promissory notes, lease, bond, or preference share such debt instruments.
Net assets	An investment company's assets less its liabilities.
Net asset value (NAV) per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).
Ongoing charges	A measure, expressed as a percentage of *average net assets*, of the regular, recurring annual costs of running an investment company.
Ordinary Shares	The Company's ordinary shares of 1 pence each in the capital of the Company.
Portfolio	A collection of different investments held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the *net asset value* per share.
Share buyback	A purchase of a company's own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Total return	A measure of performance that takes into account both income and capital returns.
Treasury shares	A company's own shares which are available to be sold by a company to raise funds.
Volatility	A measure of how much a share moves up and down in price over a period of time.
ZDP Share	Zero dividend preference share.

DIRECTORS, INVESTMENT 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

U.S. Bank Global Corporate Trust Services
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*

Mermaid House
2 Puddle Dock
London
EC4V 3DB

Administrator and 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.

RM SECURED DIRECT LENDING PLC
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of RM Secured Direct Lending Plc will be held at the offices of N+1 Singer, 1 Bartholomew Lane, London, EC2N 2AX on 19 April 2018 at 11.00 am for the following purposes:

To consider and if thought fit pass the following resolutions of which resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10, 11 and 12 will be proposed as special resolutions.

1. To receive the Company's Annual Report and Accounts for the period from incorporation to 31 December 2017, with the reports of the Directors and auditors thereon.

2. To approve the Directors' Remuneration Policy.

3. To approve the Directors' Remuneration Report included in the Annual Report for the period from incorporation to 31 December 2017.

4. To elect Norman Crighton as a Director.

5. To elect Guy Heald as a Director.

6. To elect Marlene Wood as a Director.

7. To appoint Ernst & Young LLP as Auditors to the Company.

8. To authorise the Directors to determine the remuneration of the Auditor until the conclusion of the next Annual General Meeting of the Company.

9. Authority to allot relevant securities

That, without prejudice to any subsisting authorities as at the date of this resolution, the Directors be and are generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot, or grant rights to subscribe for or to convert any security into Ordinary Shares of one pence each in the capital of the Company ("Ordinary Shares") up to an aggregate nominal amount equal to £87,300 (or such other amount as shall be equivalent to 10% of the issued Ordinary Share capital of the Company (excluding shares held in Treasury) at the date of this resolution and that this authority shall expire (unless previously varied, revoked or renewed by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution but so that the Directors may, at any time prior to the expiry of such power, make an offer or agreement which would or might require Ordinary Shares to be allotted after the expiry of such power and the Directors may allot Ordinary Shares in the pursuance of such an offer or agreement as if the authority granted by this resolution had not expired.

10. Disapplication of pre-emption rights

That, subject to the passing of resolution 9 above, and without prejudice to any subsisting authorities as at the date of this resolution, the Directors be and are empowered, pursuant to section 570 and 573 of that Act, to allot and make offers or agreements to allot Ordinary Shares and/or sell Ordinary Shares held as treasury shares pursuant to the authority referred to in resolution 9 above as if section 561 of the Act did not apply to any such allotment in each case for cash up to an aggregate nominal amount of £87,300 (or such other amount as shall be equivalent to 10% of the issued Ordinary Share capital of the Company (excluding shares held in Treasury) at the date of this resolution) and that this authority shall expire (unless previously varied, revoked or renewed by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution but so that the Directors may, at any time prior to the expiry of such power, make an offer or agreement which would or might require Ordinary Shares to be allotted after the expiry of such power and the Directors may allot Ordinary Shares in the pursuance of such an offer or agreement as if the authority granted by this resolution had not expired.

11. Authority to make market purchases

That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares, provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 8,589,270 (representing 14.99 per cent of the Company's issued Ordinary Share capital (excluding shares held in Treasury) at the date of the notice of this meeting);

(b) the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1 pence;

(c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of (i) 5 per cent above the average of the middle market quotations for the Ordinary Shares for the five business days immediately before the day on which it purchases that share and (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares;

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and

(e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

12. Notice of general meeting

That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 days' notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

By order of the Board

Anthony Lee
For and on behalf of PraxisIFM Fund Services (UK) Limited
Company Secretary

9 March 2018

Registered Office:
Mermaid House
Puddle Dock
London EC4V 3DB

NOTES TO NOTICE OF ANNUAL GENERAL MEETING

Website address

1. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from https://rmdl.co.uk/investor-centre/investor-relations/.

Entitlement to attend and vote

2. Only those holders of Ordinary Shares registered on the Company's register of members at close of business on 17 April 2018 or, if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.

Appointment of proxies

3. Members entitled to attend, speak and vote at the meeting (in accordance with Note 2 above) are entitled to appoint one or more proxies to attend, speak and vote in their place. If you wish to appoint a proxy please use the Form of Proxy enclosed with this document or follow the instructions at note 7 below if you wish to appoint a proxy through the CREST electronic proxy appointment service. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. The completion and return of the Form of Proxy will not stop you attending and voting in person at the meeting should you wish to do so. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of this form (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of Ordinary Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope.

4. You can appoint the Chairman of the Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words "the Chairman of the Meeting" on the Form of Proxy and insert the full name of your appointee.

5. You can instruct your proxy how to vote on each resolution by ticking the "For" and "Against" boxes as appropriate (or entering the number of shares which you are entitled to vote). If you wish to abstain from voting on any resolution please tick the box which is marked "Vote Withheld". It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution. If you do not indicate on the Form of Proxy how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the meeting.

A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy.

Appointment of proxy using hard copy form

6. The Form of Proxy and any power of attorney (or a notarially certified copy or office copy thereof) under which it is executed must be received by Link Asset Services at 11.00 am on 17 April 2018 in respect of the meeting. Any Forms of Proxy received before such time will be deemed to have been received at such time. In the case of an adjournment, the Form of Proxy must be received by Link Asset Services no later than 48 hours before the rescheduled meeting.

On completing the Form of Proxy, sign it and return it to Link Asset Services at the address shown on the Form of Proxy in the envelope provided. As postage has been pre-paid no stamp is required.

Appointment of proxy through CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy's appointee through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be lodged at 11.00 am on 17 April 2018 in respect of the meeting. Any such messages received before such time will be deemed to have been received at such time. In the case of an adjournment, all messages must be lodged with Link Asset Services no later than 48 hours before the rescheduled meeting.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF.

In the case of a member which is a company, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified in note 2 opposite then, subject to the paragraph directly below, your proxy will remain valid.

Completion of a Form of Proxy will not preclude a member from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.

If you submit more than one valid proxy appointment in respect of the same Ordinary Shares, the appointment received last before the latest time for receipt of proxies will take precedence.

NOTES TO NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

Nominated persons

9. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights:

- You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the meeting.
- If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.
- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in the notes to the form of proxy.

Questions at the meeting

10. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Issued shares and total voting rights

11. The total number of shares in issue in the Company is 57,300,000 Ordinary Shares of 1 pence each and 30,000,000 C shares of 10 pence each, a total of 87,300,000 voting shares. On a vote by a show of hands, every holder of Ordinary Shares who (being an individual) is present by a person, by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share held by him.

Communication

12. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- calling Link Asset Services' shareholder helpline (lines are open from 9.00 am to 5.30 pm Monday to Friday, excluding public holidays):
  - (i) From UK: 0871 664 0300 (calls cost 12p per minute plus network extras);
  - (ii) From Overseas: +44 371 664 0300 (calls from outside the UK are charged at applicable international rates); or
- in writing to Link Asset Services. You may not use any electronic address provided either in this notice of meeting or in any related documents (including the Form of Proxy for this meeting) to communicate with the Company for any purposes other than those expressly stated.

RM SECURED DIRECT LENDING PLC
FORM OF PROXY

I/We ____

of ____

(BLOCK CAPITALS PLEASE)

being (a) member(s) of RM Secured Direct Lending PLC appoint the Chairman of the meeting, or

(see note 1)

of ____

as my/our proxy and, on a poll, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the offices of N+1 Singer, 1 Bartholomew Lane, London, EC2N 2AX on 19 April 2018 at 11.00 am and any adjournment thereof.

Please indicate with an 'X' in the spaces provided how you wish your votes to be cast on the resolutions specified.

ITEM	RESOLUTION	FOR	AGAINST	WITHHELD	DISCRETIONARY
1.	To receive and adopt the Annual Report and Accounts for the period ended 31 December 2017.				
2.	To approve the Directors' Remuneration Policy.				
3.	To approve the Directors' Remuneration Report.				
4.	To elect Norman Crighton as a Director.				
5.	To elect Guy Heald as a Director.				
6.	To elect Marlene Wood as a Director.				
7.	To appoint Ernst & Young LLP as Auditors to the Company.				
8.	To authorise the Directors to determine the remuneration of the Auditor.				
9.	Authority to allot relevant securities.				
10.	Authority to disapply pre-emption rights.				
11.	Authority to make market purchases.				
12.	Notice of general meeting.				

Subject to any voting instructions so given the proxy will vote, or may abstain from voting, on any resolution as they may think fit.

Signature ______________________ Dated this ______________ day of ____________ 2018

NOTES

1. If any other proxy is preferred, strike out the words "Chairman of the Meeting" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
2. If the appointer is a corporation this form must be completed under its common seal or under the hand of some officer or attorney duly authorised in writing.
3. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for or against a resolution.
4. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
5. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
6. To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company, Link Asset Services not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be.
7. The completion of this form will not preclude a member from attending the Meeting and voting in person.
8. Any alteration of this form must be initialled. Your completed and signed proxy form should be posted, in the enclosed reply paid envelope, to the Company's Registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF, so as to arrive before 11.00 am on 17 April 2018.

Park Communications – 33973