

RM Secured Direct Lending PLC

Quarterly Fact Sheet

31 December 2018

Company Overview

ISIN - Ord's	GB00BYMTBG55
ISIN - ZDP's	GB00BG1TSQ91
Ticker Ord's	RMDL
Dividend	Quarterly
Listing	Main Market LSE Premium Listing
Target Dividend Yield	6.5% p.a ¹
Management Fee	0.875% ^{2*} : 50% reinvested in shares
Discount Management Strategy	Share buy-backs if 6% discount or more ³
Shares in Issue Ord's	98,724,581
Shares in issue ZDP's	10,869,950
Share Price Ord's mid	101.5p
Gross Assets	£113.3m ⁴
Net Assets Ord's	£95,739,568
Acc Cap Entitle ZDP's	£11,154,504
NAV per Share Ord's	96.98p
Accrued Capital Entitlement per ZDP	102.62p
Share Price Premium	+ 4.7% Ord's

Overview

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

Market Update

Equity markets remained weak during Q4 2018 with investor concern for global growth spreading to the credit markets. Investors also moved their attention to the high levels of corporate debt in place, largely due to the credit boom fuelled by quantitative easing. The Iboxx Liquid High Yield Total Return Index was down 3.51% for the quarter and the FTSE All Share Index (ASX) was down 10%. Concerns resurfaced during the quarter relating to how the US/China trade war will impact global growth combined with the evidence of the impact feeding through on bellwether names such as Apple. In addition, the uncertainty around the UK's future relationship with the European Union continued to unnerve markets and investor sentiment.

Looking ahead into Q1 2019, the Investment Manager expects volatility to remain elevated and with investors focusing their attention on the macro-economic data, credit and equity markets will remain generally weak. Poor industrial production figures across Europe, released in January 2019, reinforced the widely held view that the global economy is slowing. The Investment Manager believes that we are moving into the later stages of the business cycle and as a consequence our positioning should remain defensive with a bias towards non-cyclical sectors. Late-stage lending can be advantageous for the Company as lending rates can rise, however, caution is warranted as these areas can still be affected by asset price declines. The Investment Manager will maintain its intense focus on monitoring, control, covenants and the underlying security and collateral within the portfolio.

Fund Performance – 2017

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

Fund Performance – 2018^{5, 6, 7}

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends (pence)	-	2.00	-	-	-	1.625	-	1.625	-	-	-	1.625	6.88p
NAV (Cum Income) p	99.26	97.76	98.17	98.66	99.14	97.85	98.11	97.01	97.34	98.08	98.20	96.98	-
NAV Total Return %	0.68	0.50	0.41	0.50	0.49	0.34	0.26	0.53	0.34	0.76	0.12	0.41	5.47%
Net Interest Income p	0.85	0.64	0.47	0.48	0.52	0.55	0.56	0.50	0.49	0.60	0.51	0.62	6.98p



Non-Executive Directors

Norman Crighton (Chairman)
Guy Heald
Marlene Wood

Advisory & Administration

AIFM

International Fund Management Limited

Administrator & Company Secretary

PraxisIFM Fund Services (UK) Ltd

Valuation Agent

Mazars LLP

Legal Advisers

Gowling WLG (UK) LLP

Auditor

Ernst & Young LLP

Corporate Broker

N+1 Singer Advisory LLP

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NAV

The Ordinary Shares NAV as at 31st December was 96.98 pence which is 1.22 pence lower than the end of November. The monthly movement in NAV was mainly driven by the ex-dividend effect of the 1.625 pence declared and paid in December and positive net interest income net of expenses of 0.62 pence and a decrease in portfolio valuations of 0.22 pence.

Company & Portfolio Update

Investments, Divestments & Repayments

As previously outlined during the Company's inaugural capital markets day on the 12th September 2018, the Investment Manager aims to provide consistently transparent disclosure relating to the Company's investment portfolio and borrower profiles for investors. During the Quarter there were some notable investments and changes to the portfolio with one significant repayment, one refinancing and a number of new investments made. Further information on these investments are detailed below;

Exterion Media – After Radio Group Global announced the purchase of Exterion Media in late October 2018, under the terms of the senior facility agreement, a change of control was triggered, requiring a repayment of the loan. The investment represented the second largest position for the Company (circa £8.5m) and generated an IRR of c.9.25%.

Children's Nurseries – The Investment Manager structured and executed a £5m acquisition facility to support ICP Nurseries growth strategy. The funding line was partially drawn at the end of November. The Company also made a second childcare investment during November into a syndicated facility with borrower Busy Bees which operate over 330 nurseries and is backed by Temasek Holdings, the Singapore Government's investment arm.

Property Bridging – Three high yielding transactions were closed over the quarter totalling circa £2.5m which are secured by a first charge. The relevant security for each of the transactions respectively is; agricultural land and related assets, a commercial office (prime, Edinburgh) and a residential property. The average yield for these transactions is in excess of 10% with an average Loan to Value ("LTV") below 70%.

Receivables Financing – A \$2.5m facility was provided to an existing borrower to fund their customer invoices. These invoices are in turn insured with a credit insurer and the facility is collateralised by the existing loan security package. An additional benefit is a credit enhancement in the form of a second charge from the sponsor's wider business. The coupon is 9% and the tenor is up to two years for the facility which revolves on a 90-day basis.

Praetura Asset Finance – The Investment Manager provided consent to the refinancing of the existing Praetura Asset Finance facility, generating a modest fee for the Company. Two new facilities have been financed which will be utilised respectively to support the growth of the Company and the acquisition of another asset finance business. Each financing has security over a ring-fenced and discreet pool of assets and are legally separate and distinct investments.

Clyde Street, Glasgow – Committed junior secured funding of £6m to facilitate the conversion of a student accommodation asset into a hospitality and leisure asset with a hotel management agreement. This was a complicated and carefully structured transaction which provides a high yielding return whilst recognising and mitigating risks that the Company is exposed to during this conversion phase. Day 1 LTV of c.72.50% reducing to c.59.50% LTV once stabilised.



Company Portfolio

Number of Loans:	35
Total Investments:	£105.2m
Average Gross Portfolio Yield:	8.55%
Loan Average Life:	3.49 years

Portfolio Investment Performance

Portfolio credit quality and borrower performance are currently in-line with the Investment Managers expectations. There were asset price declines during the period in the more liquid parts of the portfolio (due to the weaker market sentiment previously outlined) which were taken as losses through the P&L and are reflected in the current NAV figures. These declines of circa 48bps were significantly less than the broader credit market declines and can be attributed to the Investment Manager’s focus on well-secured Loans in companies and sectors which are generally less cyclical.

Overall, the the portfolio has performed well given the wider market and we should see prices recover as the market stabilises. Underlying credit quality remains firm, with no financial covenant breaches. The independent valuation agent (Mazars) continues to provide monthly valuation reports (independent of the Investment Manager) to the Board of Directors of the Company.

Pipeline

During the period, the Investment Manager committed all available cash to a series of transactions and submitted a utilisation request to OakNorth Bank to utilise the revolving credit facility.

The Investment Manager has over £30m of near-term opportunities, across the renewable energy, student accommodation, receivables and asset finance, and real estate sectors.

The Investment Manager remains highly selective of the investment opportunities it pursues on behalf of the Company.

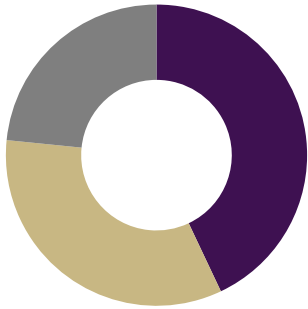
Largest 10 loans by drawn amounts across the entire portfolio

Business Activity	Loan Value (£m)	Expected Yield %	WAL
<i>Forecourt Operator</i>	8.70	5.52%	3.51
<i>Business Services</i>	7.00	6.39%	5.87
<i>Telecommunications</i>	6.79	11.50%	2.08
<i>Healthcare</i>	6.56	5.99%	0.51
<i>Automotive Parts Manufacturing</i>	6.30	12.00%	3.96
<i>Asset Finance</i>	6.19	8.00%	4.98
<i>Healthcare</i>	6.00	6.32%	6.24
<i>Childcare</i>	5.15	9.91%	4.14
<i>Forecourt Operator</i>	4.50	8.89%	7.20
<i>Student Accommodation</i>	4.42	9.50%	1.00



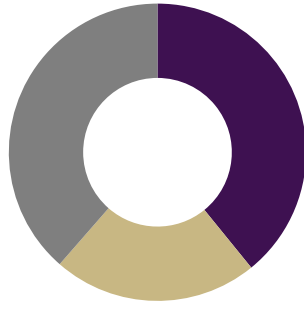
Portfolio Analysis

WAL of Loan Book



- 0-3 Yrs - 43%
- 3-5 Yrs - 34%
- >5 Yrs - 23%

Annualised Yield



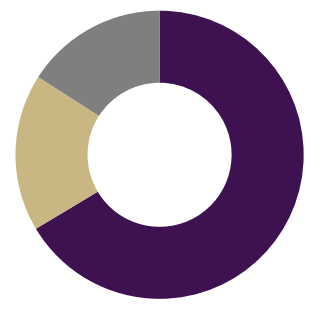
- < 7.5% - 39%
- 7.5-9.5% - 22%
- > 9.5% - 39%

Coupon Type



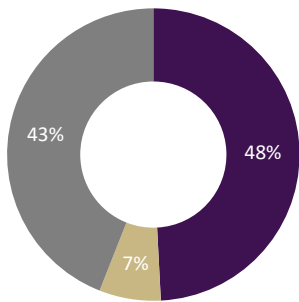
- Fixed - 43%
- Floating - 57%

Investment Type



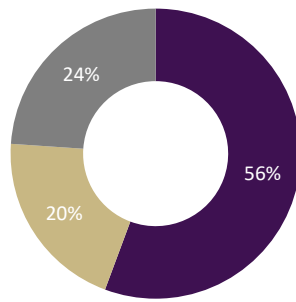
- Senior Secured - 66%
- Junior Secured - 18%
- Holdco Secured - 16%

Size of Borrower, split by Revenues



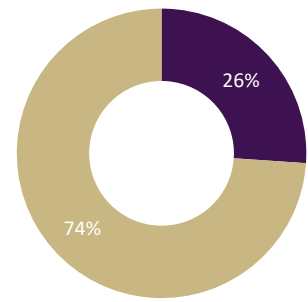
- <£75m
- £75-150m
- £150m+

Loans split by Investment Type



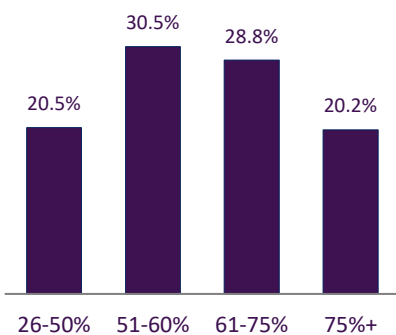
- Corporate
- Project Finance
- Asset Finance

Ownership Profile of Borrowers



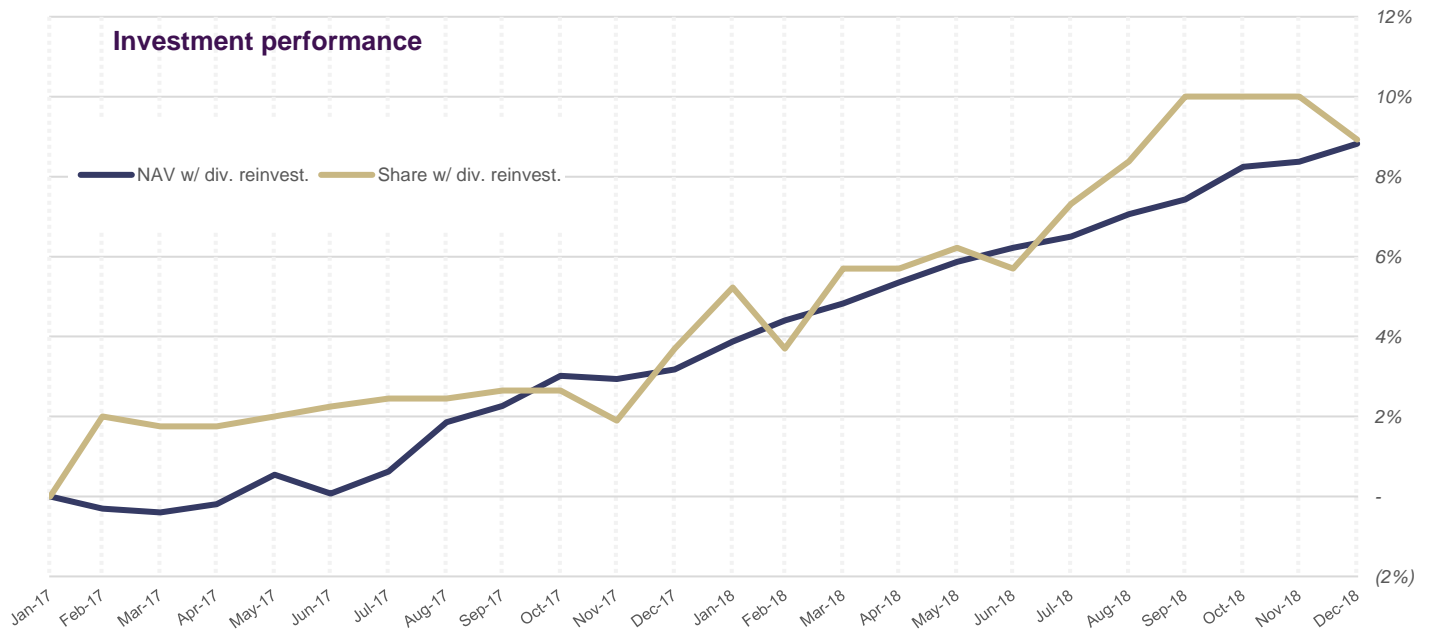
- Private Non-Sponsor
- Private Sponsor-Backed

Loan to Value⁸





Performance Analysis



Performance summary		NAV (reinv. div.)
Year-to-date		5.47%
Inception-to-date		8.82%
NAV		96.98



Notes

1. Dividend Yield based on IPO issue price. The target dividend should not be taken as an indication of the Company's expected future performance or results. The target dividend is a target only and there is no guarantee that it can or will be achieved and should not be seen as an indication of the Company's expected or actual return. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Actual events and conditions may differ materially from the assumptions used to establish the target dividend.
2. Management fee on Net Assets including ZDP issue.
3. Discount control mechanism triggers if shares trading at an average discount of more than six percent over previous 6 month trading period.
4. Includes partially drawn credit facility.
5. NAV total return % is calculated as NAV (cum income) at the end of the period, plus dividends declared during the period, divided by NAV (cum income) calculated on a per share basis at the start of the period.
6. YTD NAV Total Return assumes dividends are reinvested at NAV and includes compounding.
7. YTD Net Interest Income per share is the aggregate of the monthly net interest income per share figures based on the number of Ordinary shares in issue at the end of each respective month which can be diluted over the year by new Ordinary Shares being issued and therefore does not necessarily reflect the year end position for the Ordinary shareholders.
8. Loan to Value ("LTV") as at the most recent asset valuation or from most recent corporate reporting date – LTV split as a percentage of the Portfolio.

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