

RM Secured Direct Lending PLC

Quarterly Fact Sheet

31st March 2020

Company Overview

ISIN - Ord's	GB00BYMTBG55
ISIN - ZDP's	GB00BG1TSQ91
Ticker Ord's	RMDL
Dividend	Quarterly
Listing	Main Market LSE Premium Listing
Target Dividend Yield	6.5% p. a ¹
Management Fee	0.875% ²
Discount Management Strategy	Share buy-backs if 6% discount or more ³
Shares in Issue Ord's	122,224,581
Shares in issue ZDP's	10,869,950
Share Price Ord's mid	73.00p
Investment Managers holding (shares)	1,199,825
Total Assets	£131m ⁴
Net Assets Ord's	£105,899,612
Acc Cap Entitle ZDP's	£11,636,439
NAV per Share Ord's	86.64
Accrued Capital Entitlement per ZDP	107.05p
Share Price Premium	-16% Ord's

Non-Executive Directors

Norman Crighton (Chairman)
Guy Heald
Marlene Wood

Advisory & Administration

AIFM: International Fund Management Limited

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

Valuation Agent: Mazars LLP

Legal Advisers: Gowling WLG (UK) LLP

Auditor: Ernst & Young LLP

Corporate Broker: N+1 Singer Advisory LLP

Investment Manager

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

Overview

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

Market Update

Q1 was dominated by COVID-19 and its effect on the global economy. During March in particular, the risk premium for corporate credit increased as spreads widened and yields increased significantly. Central bank intervention has been swift and decisive in order to support many corporates who cannot function due to supply chain constraints or the lack of consumers. The current indications are that most economies will gradually exit this "lockdown" over the course of Q2 2020. Growth has slumped globally and there is a range of views in the market as to how fast GDP will rebound for H2 2020.

The result of the above is that corporate bonds and loans had their worst month since 2008 – for example Markit IBOX EUR Liquid High Yield index was -10.87% and the S&P European Leveraged Loan index -14.60%. These moves have been exacerbated by ETF and passive funds selling illiquid credit holdings into a weak market. It is the Investment Manager's view that although these undoubtedly will be specific losers, overall the businesses and sectors which RMDL focuses on offer significant value at these yields.

NAV

NAV % Total Return for the month was -10.53%, which brings the NAV % Total Return for the year to date ("YTD") to -9.66% and for the last 12 months to -5.22%.

The Ordinary Share NAV as at 31st March 2020 was 86.64 pence per share, a reduction of 10.53%. This monthly return of -12.09 pence per share arises from positive net interest income net of expenses of 0.60 pence per share and a decrease in portfolio valuations and currency hedging costs of 10.99 pence per share. In addition, there is an ex-dividend effect of the 1.70 pence total ordinary and special dividend declared and paid in March.

The NAV performance in March is reflective of the significant uncertainty and market volatility experienced in the period. The Investment Manager remains focused on the NAV performance over the medium term. RMDL is a long-only lender, it does not hedge any credit risk and operates a mark to market accounting policy. This means periods such as these will see higher NAV volatility than normal. Investing in secured debt gives an investor an expectation of capital preservation and the Investment Manager's base case scenario is that the credit spreads will return to more normal levels over the coming months and the portfolio values will recover.

Summary

Profit for month 0.60 pence per share

Headline change of -12.09 pence per share

Payment of Q4 2019 dividend 1.70 pence per share

Change in portfolio valuations -10.99 pence per share



Portfolio Update

Since the economic effects of the coronavirus began to be felt, the Investment Manager has worked closely with borrowers to ensure that businesses can endure the lockdowns in the UK and Europe, and resume operations over the coming months. The Investment Manager provided a portfolio update and an investor call during March regarding its expectations and activity with regard to the effects of COVID-19. On the call, available on the website, the Investment Manager focused on the top 10 holdings which account for circa 54% of the portfolio. The full portfolio is shown at the bottom of this factsheet.

Over the quarter, the portfolio size increased slightly from £134m to £136m of invested capital with the average coupon being 8.34%. Given the reduction in portfolio value which occurred during March, the portfolio running yield is 9.65%. As at month end, the share price was trading at a 16% discount to NAV which implies a running yield of 11.55% from the month end closing mid-market share price.

YTD the number of total investments remains unchanged at 34, split across 13 sectors as there has thus far been 1 full loan repayment and 1 new loan investment. The monitoring of the portfolio investments remains a key priority for RM.

The company holds cash balances of £3.02m and has capacity to draw an additional £4.2m under its revolving credit facility with OakNorth bank. In addition the Company has de-minimis obligations to fund existing transactions.

Dividend

A final dividend was declared for Q4 2019 and paid in March 2020 of 1.625 pence and an additional special dividend of 0.075 pence was declared and paid on these dates following portfolio outperformance. This gives total distribution for 2019 of 7.025 pence per ordinary share and a NAV total return for the financial year 2019 of 8.18%.

Long term income sustainability remains a key priority. The Company has the capacity to maintain its dividend and to manage credit losses. The dividend cover during Q1 was 1.15 times the amount required to meet the 1.625 pence per share targeted for Q1. The dividend trajectory will be appraised by the Investment Manager and the Board on a monthly basis and reported to stakeholders via the factsheet.

Historic dividend (pence per share)

Year	Target	Achieved
2017	4.00	4.20
2018	6.50	6.50
2019	6.50	7.03
ITD	17.00	17.73

Outlook

Overall, the Investment Manager remains positive for the outlook of the portfolio and RMDL's ability to generate attractive risk-adjusted returns and preserve capital. Valuations are expected to improve as credit spreads return to more normal levels and the defensive nature of the portfolio will mean that significant income will still be generated and distributed as dividends.

Post the quarter end, the Company purchased 500,000 shares at a price of 72.5 pence per share on 7th April and these shares are held in treasury. This was at a significant discount to the NAV announced on the portfolio update on the 25th March. At the time of writing the share price remains at a significant discount to the NAV and the Board and the Investment Manager are monitoring this closely.



Company Portfolio at month end

34 **£136m** **9.65%** **3.31 years**

Number of Loans

Total invested ⁱ

Average Yield

Average Life

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

Largest 10 loans by drawn amounts across the entire portfolio

Business Activity	Loan Value (£m)	Expected Yield	WAL
Asset Finance	10.19	8.16%	3.73
Hotel	8.50	9.47%	3.99
Hotel	8.30	9.47%	3.99
Automotive parts manufacturing	7.16	15.00%	2.72
HR and payroll services	7.00	9.20%	4.62
Gym franchise	6.80	9.05%	6.32
National forecourt operator, UK	6.70	5.80%	2.27
Student Accommodation	6.14	9.23%	0.49
Healthcare	6.00	7.30%	4.99
Student Accommodation	5.93	9.23%	4.58



Fund performance

2020													YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Dividends p	-	-	1.70										1.70p
NAV (Cum income) p	98.31	98.74	86.64										-
NAV Total Return %	0.53	0.43	(10.53%)										-9.66%
Net Interest Income p	0.60	0.67	0.60										1.87p

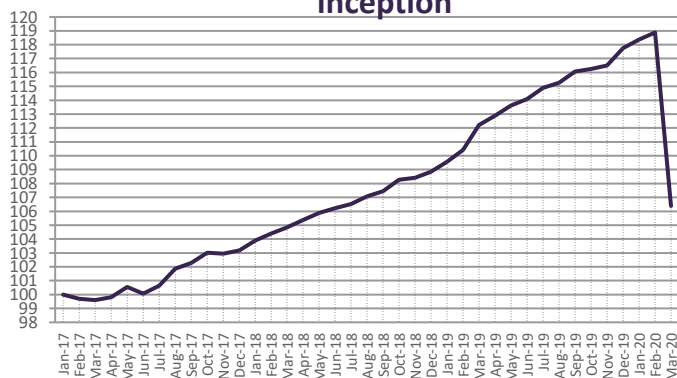
2019													YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Dividends p	-	-	1.625	-	-	2.00	-	-	1.625	-	-	1.70	6.95p
NAV (Cum income) p	97.62	98.38	98.36	98.95	99.59	98.00	98.69	99.00	98.05	98.24	98.45	97.79	-
NAV Total Return %	0.67	0.78	1.64	0.59	0.65	0.41	0.70	0.31	0.70	0.19	0.21	1.06	8.18%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

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

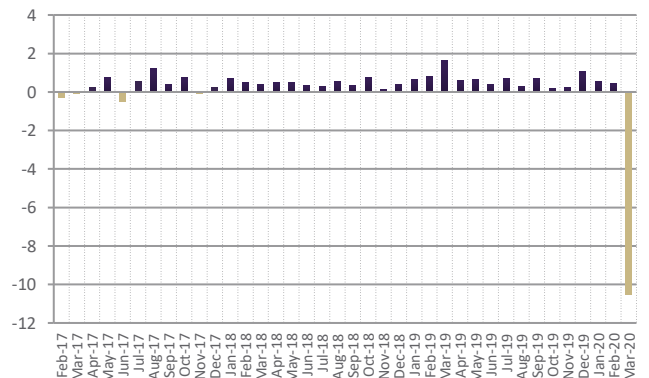
2017													YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Dividends p	-	-	-	-	-	0.20	-	0.20	-	-	1.80	-	2.20p
NAV (Cum income) p	97.70	97.40	97.31	97.51	98.23	97.57	98.11	99.11	99.51	100.24	98.36	98.59	-
NAV Total Return %	(0.31)	(0.31)	(0.09)	0.21	0.74	(0.47)	0.55	1.22	0.40	0.73	(0.08)	0.23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



Cumulative NAV Performance since inception

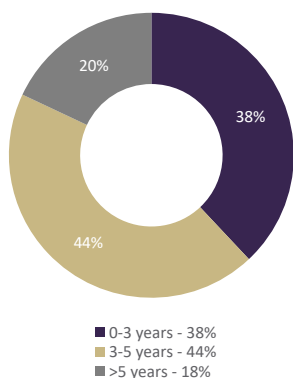


NAV monthly return %

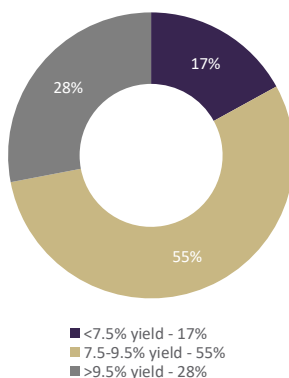


Portfolio Statistics

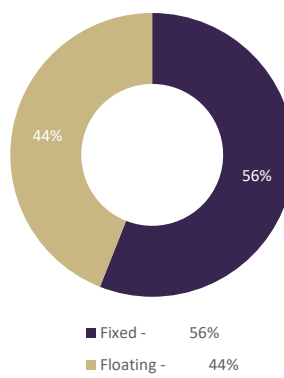
WAL of Loan Book



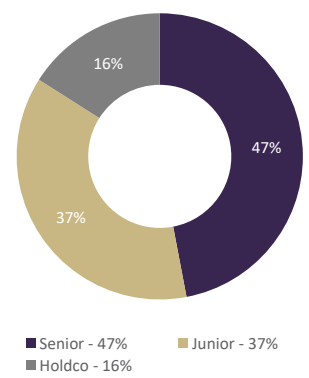
Annualised Yield



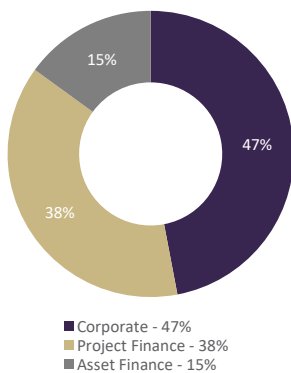
Coupon Type



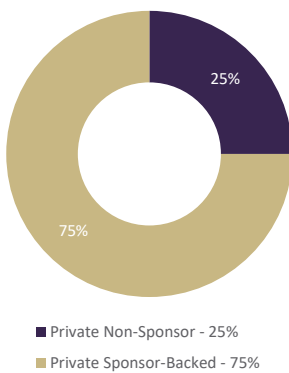
Ranking



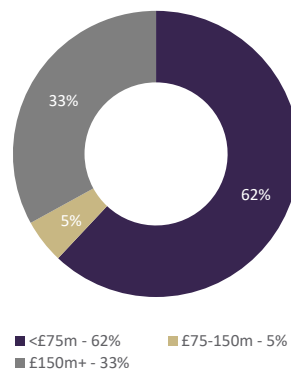
Investment Type



Ownership



Borrowers by Revenue





Full Portfolio Listing- As at 19th March 2020 for portfolio update call comprised as follows:

Borrower	Rank	Deal type	Sector	Business Description	Nominal m	LTV¹	Valuer
Private Loan-SPV	Holdco	Bilateral Loan	Asset Finance	U.K. focused asset backed lending	£10.1	68%	V Agent
Private Loan-SPV	Jnr	Bilateral Loan	Hotel	Three U.K. prime location regional city hotels.	£8.5	80%	V Agent
Private Loan-SPV	Jnr	Bilateral Loan	Hotel	Two U.K. prime location regional city hotels.	£8.3	80%	V Agent
Beinbauer	Holdco	Syndicated Loan	Manufacturing	Automotive Parts Manufacturing	€ 7.9	83%	V Agent
Zellis	Snr	Syndicated Loan	Business Services	HR and payroll services	£7.0		External
Motor Fuel Group	Snr	Syndicated Loan	Forecourt operator	National forecourt operator, UK	£6.7		External
Gym Franchise	Snr	Bilateral Loan	Healthcare and fitness	Owner operator of gym franchising	£6.8	40%	V Agent
Elysium	Snr	Syndicated Loan	Social Infrastructure	Providing acute and age care services	£6.0		External
Private Loan-SPV	Snr	Bilateral Loan	Social Infrastructure	Coventry based purpose-built student accommodation - prime location.	£5.9	74%	V Agent
Private Loan-SPV	Jnr	Bilateral Loan	Social Infrastructure	Five purpose-built student accommodations located in prime regional U.K. cities	£5.9	76%	V Agent
Private Loan-SPV	Jnr	Bilateral Loan	Real Estate	Hotel development, Glasgow	£5.1	91%	V Agent
Busy Bees Childcare	Snr	Syndicated Loan	Social Infrastructure	Leading childcare nursery group within the UK	£5.0		External
Valeo Foods	Holdco	Syndicated Loan	Food production and distribution	Manufacturer of staple food goods	£4.5		External
Private Loan - SPV	Snr	Bilateral Loan	Social Infrastructure	Operational student accommodation based in Glasgow	£4.4	62%	V Agent
Private Loan-SPV	Jnr	Bilateral Loan	Asset Finance	U.K. focused asset backed lending	£4.4	68%	V Agent



Private Loan-SPV	Jnr	Bilateral Loan	Real Estate	Cambridge based recently built hotel - prime location	£4.0	74%	V Agent
Trent Capital	Snr	Bilateral Loan	Manufacturing & Energy Efficiency	Boiler manufacturer and energy efficiency measure installer	£3.7	85%	V Agent
Mehiläinen	Jnr	Syndicated Loan	Social infrastructure	Finnish private provider of healthcare and care services	€ 3.5	44%	External
Premier Foods	Snr	Bond	Food manufacturing	Britain's largest food manufacturing company.	£3.5	64%	External
L'Oscar	Snr	Bilateral Loan	Real Estate	Boutique central London hotel	£3.1	64%	V Agent
Voyage Care	Jnr	Bond	Social Infrastructure	Providing nursing, dementia and aged care facilities	£3.0	54%	External
EG Group	Snr	Syndicated Loan	Forecourt Operator	Global forecourt operator	£2.9	49%	External
Praetura Commercial	Snr	Bilateral Loan	Asset Finance	U.K. focused Invoice discounting	£2.7	58%	V Agent
Euroports	Jnr	Syndicated Loan	Economic Infrastructure	European ports business with worldwide operations.	€2.0	52%	External
EG Group 2L	Jnr	Syndicated Loan	Forecourt operator	Global forecourt operator	€ 1.8	52%	External
Private Loan-SPV	Snr	Bilateral Loan	Real Estate	Property Bridging - residential	£1.8	66%	V Agent
Trent Capital	Snr	Bilateral Loan	Manufacturing & Energy Efficiency	Boiler manufacturer and energy efficiency measure installer	£1.5	90%	V Agent
Private Loan-SPV	Snr	Bilateral Loan	Renewable and Energy Efficiency	Payments from domestic renewable heat scheme	£1.4	85%	V Agent
Private Loan	Snr	Bilateral Loan	Real Estate	Property Bridging - business	£1.3	70%	V Agent
L'Oscar B	Snr	Syndicated Loan	Real Estate	Boutique central London hotel (B facility)	£0.9	58%	V Agent
Private Loan-SPV	Jnr	Bilateral Loan	Hotel	Travelodge Hotel	£0.9	67%	V Agent



Private Loan-SPV	Snr	Bilateral Loan	Real Estate	Business premises	£0.6	63%	V Agent
Private Loan - SPV	Snr	Bilateral Loan	Renewable and Energy Efficiency	Payments from domestic renewable heat scheme	£0.5	85%	V Agent
Private Loan - SPV	Snr	Bilateral Loan	Real Estate	Property Bridging - residential	£0.5	56%	V Agent

1. LTV – As per recent collateral report/valuation/implied or actual equity contribution from sponsor- for private syndicated facilities left blank.

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. 50% of the Management Fee is used by the Investment Manager to buy shares in the Company as part of the discount control mechanism and to align management interests with Shareholders

3. Discount control mechanism triggers if shares trading at an average discount of more than six percent over previous 6-month trading period.

4. Total Asset calculation is the sum of Net Assets, ZDPs and drawings of RCF, including loans closed but not settled.

5. NAV total return % is calculated as NAV (cum income) at the end of the period, plus dividends declared during the period, divided by NAV (cum income) calculated on a per share basis at the start of the period.

6. YTD NAV Total Return assumes dividends are reinvested at NAV and includes compounding.

7. YTD Net Interest Income per share is the aggregate of the monthly net interest income per share figures based on the number of Ordinary shares in issue at the end of each respective month which can be diluted over the year by new Ordinary Shares being issued and therefore does not necessarily reflect the year end position for the Ordinary shareholders.

8. Cumulative NAV performance rebased at 100 on Jan 2017 and assumes dividends are reinvested at NAV and includes compounding.

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