

RM Secured Direct Lending PLC

Quarterly Fact Sheet

30th September 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	119,735,581
Shares in issue ZDP's	10,869,950
Share Price Ord's mid	81.00p
Investment Managers holding (shares)	1,224,825
Total Loans	£126m ⁴
Net Assets Ord's	£109,654,995
Acc Cap Entitlement ZDP's	£11,889,979
NAV per Share Ord's	91.58p
Accrued Capital Entitlement per ZDP	108.92p
Share Price discount to NAV	-12%

Non-Executive Directors

Norman Crighton (Chairman)
Guy Heald
Marlene Wood

Advisory & Administration

AIFM: International Fund Management Limited

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

Valuation Agent: Mazars LLP

Legal Advisers: Gowling WLG (UK) LLP

Auditor: Ernst & Young LLP

Joint Corporate Brokers: N+1 Singer Advisory LLP and Peel Hunt LLP

Investment Manager

RM Capital Markets Limited, 7 Melville Crescent,
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Company Address: RM Secured Direct Lending PLC, 1st Floor, Senator House, 85 Queen Victoria Street, London. EC4V 4AB.

Overview

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

Market Update

A rangebound quarter for equities which saw global stock markets generally unchanged over the period and surprisingly resilient despite the emergence of the long expected second wave of the pandemic.

Credit products had an exceptionally good quarter as Government policy actions continued to reduce the perceived corporate risk premiums and credit spreads continue to tighten – for this period the total return on the Markit IBOX EUR Liquid High Yield Index was +4.19% (YTD -2.64%) and the S&P European Leveraged Loan index was 4.50% (YTD -1.13%).

NAV

The Company's NAV % Total Return for the month was +1.35%, which brings the NAV % Total Return for the quarter to 2.25%, year to date ("YTD") to -1.09% and for the last 12 months to 0.37%.

The Ordinary Share NAV as at 30th September 2020 was 91.58 pence per share, which is 0.39p lower than at 31st August 2020. This monthly return of -0.39 pence per share arose primarily from the ex-dividend effect of the 1.625 pence per share total ordinary dividend for the period Q2 2020, declared in July and paid in September 2020. Otherwise, there was positive net interest income net of expenses of 0.53 pence per share and an increase in portfolio valuations and currency hedging costs of 0.71 pence per share.

Summary for month (per share)

Net interest income	0.529
Change in portfolio valuations	0.710
Payment of Q2 Dividend	-1.625
Net NAV Move	-0.386



Portfolio Update

During the quarter the Company continued to purchase shares in the market. Overall, 1,524,000 shares were purchased during the quarter, bringing the total number held in treasury to 2,489,000. The share price discount to NAV has narrowed from 16% at the end of Q2 to 12% at the end of Q3. Both the Board and the Investment Manager remain focused on reducing the discount and therefore continue to closely monitor secondary market levels.

The portfolio size reduced slightly over the quarter from £131m to £126m as loans to Motor Fuel Group and part of the Busy Bees holding were divested over the period to repay the partially drawn RCF and provide capital for pipeline CBILS transactions. The average portfolio yield increased slightly to 8.89% from 8.62% in the previous quarter. Using the mid-market share price against the stated dividend target gives an implied yield for investors of 8.125% which is down from 8.44% at the end of Q2 and reflects the slight improvement in the share price over the period from 77.00 pence per share to 81.00 pence at a mid-price.

The principal focus over the quarter was the management and monitoring of the existing portfolio of investments. Below is a summary of some key investments and activities for the period:

New Investments

Energy Efficiency Loan. Coronavirus Business Interruption Lending “CBILS” eligible: The first CBILS loan for £500,000 was granted to a business operating in the energy efficiency sector. This three-year investment has a low Loan to Value (“LTV”) ratio of c. 26%, generates a net return of 8% to RMDL and has an 80% Government-backed partial guarantee should the borrower default. The first year’s interest is paid by HM Government. The investment also aligns with the UN Sustainable Development Goals. This investment provided a high impact catalyst to the business, helping the UK’s transition to Zero Net Carbon by 2050. This transaction is expected to be the first in a new series of energy efficiency lending by RMDL.

Existing Investments

Hotels (Operational) – (£34.4m): The hotel sector is the portfolio’s largest industry exposure, accounting for 27% of Gross Assets split across 7 loans. Despite the temporary closure of the hotels, they have continued to perform though the Covid pandemic with the continued servicing of cash interest payments.

Hotel (Development Glasgow) – (£5.1m): The quarter saw continued progress with a new Hotel Management Agreement (“HMA”) signed during August. It is the lending group’s intention to fund the final construction element with a view to complete the hotel in H1 2021. An updated valuation was undertaken with the new HMA counterparty in-situ, and, on an “as is” basis, the LTV is 71.5% and the Gross Development Value “GDV” once stabilised, is expected to be 65%.

Student Accommodation (Three loans) – (£16.6m): Together these loans represent 13% of Gross Assets. The investment team focused on this social infrastructure subset during Q3 given it is a key trading period for the sector as students return to university. Two of the three Loans have had issues which RM Funds is seeking to resolve during Q4 and all of these Loans have been marked lower (Loan 1 at 93% of face value, Loan 2 at 97.50% of face value and Loan 3 at 96% of face value) in order to reflect the specific loans risks and the increased risk within the sector with regards to occupancy; as it is uncertain as to what the outlook is in the near term.

Loan 1 (£6.1m nominal): This loan is senior secured on a new, purpose-built student accommodation (“PBSA”) in Coventry in a prime location: the asset has 80 bedrooms and the loan equates to £76k per bed. The loan was due to be repaid at the end of the quarter but due to the pandemic this refinancing has been postponed and the Investment Manager is working with the borrower to resolve this situation.

Loan 2 (£6.06m nominal): A mezzanine loan secured over five PBSA assets spread across four prime regional cities. Average occupancy is c68%. The borrower is paying cash for Q3’s interest payments and in addition, the Q2 interest which had previously been PIK, will be now be paid in cash, thus reducing the PIK balance. The lender currently holds one quarter cash interest in reserve and this reserve is due to increase to cover 4 quarters loan interest which would be a material enhancement.

Loan 3 (£4.4m nominal): A senior secured loan to a PBSA asset with 77 bedrooms. This loan equates to £78k per bed. The borrower has had ongoing issues with the operator which are still being resolved. Occupancy has been reported at 77% which is very positive however, to be conservative, any income accrued over the period has been written down as the timing of the income receipt is uncertain and RM is in the process of seeking to recover these amounts from the operator. Over Q4 RM is seeking to ensure all operator issues are resolved so interest service resumes as expected.



Income & Dividend

During the quarter a 1.625 pence per share dividend was announced and paid which is in line with the target dividend for the full year. The year-to-date dividend has an income cover of 1.1 times.

Historic dividend (pence per share)

Year	Target	Achieved
2017	4.00	4.20
2018	6.50	6.50
2019	6.50	7.03
2020 YTD	3.25	Q1&Q2 paid 3.25
ITD	20.25	20.98

Outlook

In the near to medium term the Investment Manager is progressing a number of CBILS eligible transactions which will enhance the credit profile of the portfolio, whilst not reducing any income returns. As at month end, the Company held cash or near cash from trades being settled of £6m and has capacity to draw an additional £10m under its revolving credit facility with OakNorth bank. In addition, due to positive screening by RM Funds of CBILS eligible transactions, there has been an increased allocation of capital to companies which the Investment Manager believes will aid the delivery of UN Sustainable Development Goals, in line with its objectives as a member of PRI. These transactions are within the existing investment scope and deliver a triple bottom line of economic, social and environmental benefits.

The Investment Manager has been conducting meetings with existing and potential shareholders over the past few weeks. If you would like to meet with the Investment Manager then please either contact Investment Manager directly or the Company's brokers N+1 Singer and Peel Hunt.

Company Portfolio at month end

34	£126m	8.89%	3.04 years
Number of Loans	Total invested ⁱ	Average Yield	Average Life

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

Largest 10 loans by value across the entire portfolio

Business Activity	Loan Value (£m)	Expected Yield	WAL
Asset Finance	9.99	8.16%	3.25
Hotel	8.08	9.47%	3.51
Hotel	7.88	9.47%	3.51
Gym Franchising Business	6.46	10.28%	4.48
Automotive Parts Manufacturing	6.12	16.77%	2.24
Student Accommodation	5.91	9.23%	4.10
Student Accommodation	5.71	9.68%	0.01
Healthcare	5.42	5.91%	4.51
HR and Payroll Services	4.89	7.63%	4.15
Asset Finance	4.38	8.16%	3.25



Fund performance

	1 month	3 months	6 months	1 year	2 years	ITD
NAV Total Return %	1.35%	2.25%	9.49%	0.37%	8.39%	16.5%

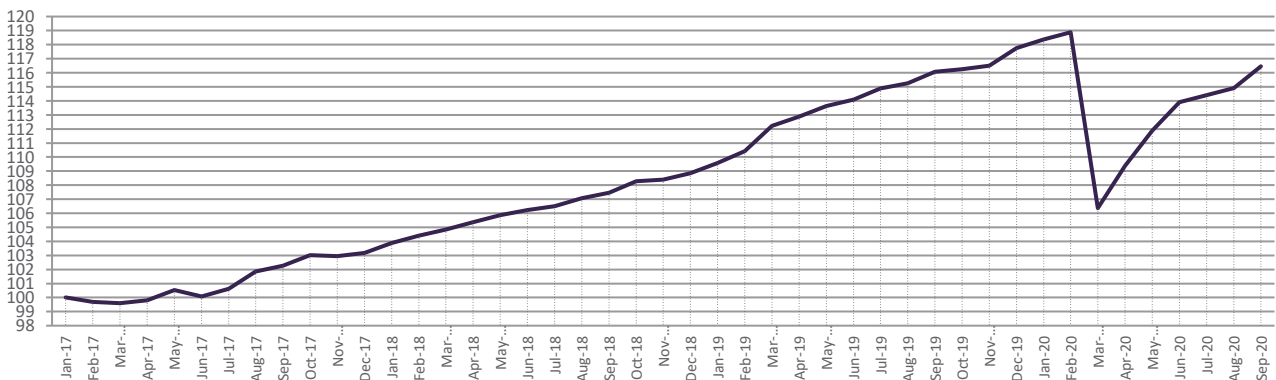
2020													YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Dividends p	-	-	1.70	-	-	1.625	-	-	1.625				4.95p
NAV (Cum income) p	98.31	98.74	86.64	89.10	91.14	91.16	91.56	91.97	91.58				-
NAV Total Return %	0.53	0.43	(10.53)	2.83	2.29	1.80	0.44	0.44	1.35				-1.09%
Net Interest Income p	0.60	0.67	0.60	0.53	0.53	0.53	0.53	0.53	0.53				5.45p

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

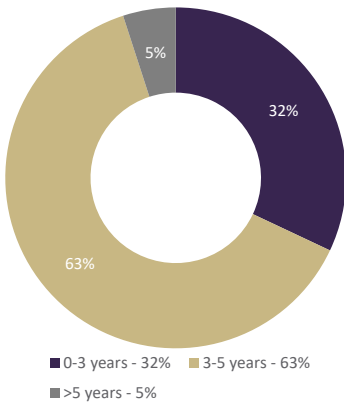
Cumulative NAV Performance since inception



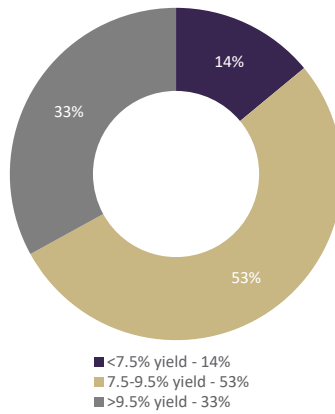


Portfolio Statistics

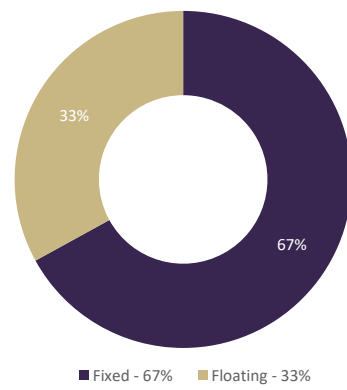
WAL of Loan Book



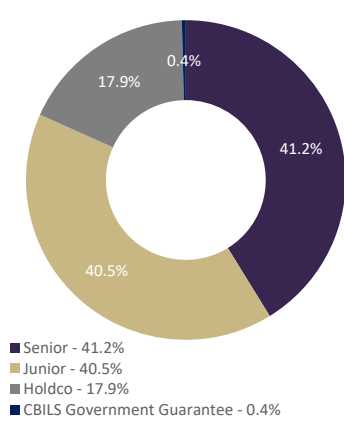
Annualised Yield



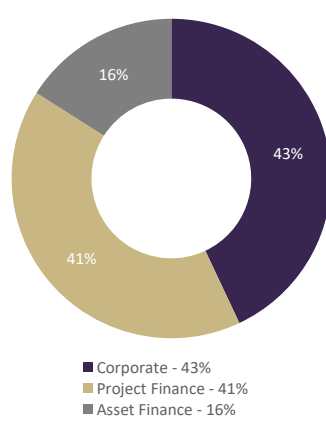
Coupon Type



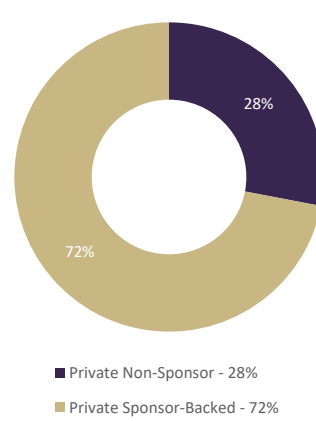
Ranking



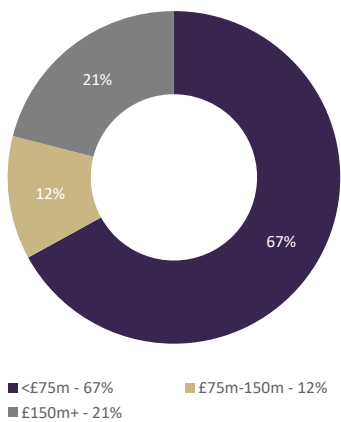
Investment Type



Ownership



Borrowers by Revenue





Loan Ref#	Borrower Name	Deal Type	Sector	Business Description	Nominal	Market Value	Valuer
60	Private Loan - SPV	Bilateral Loan	Asset Finance	U.K. focused asset backed lending	10,193,916	9,990,038	Mazars
66	Private Loan - SPV	Bilateral Loan	Hotel	Five U.K. prime location regional city hotels.	8,504,440	8,079,218	Mazars
67	Private Loan - SPV	Bilateral Loan	Hotel	Five U.K. prime location regional city hotels.	8,295,560	7,880,782	Mazars
39	Beinbauer	Syndicated Loan	Automotive parts manufacturing	Automotive Parts Manufacturing	7,902,472	6,124,415	Mazars
76	Gym Franchise	Bilateral Loan	Gym franchise	Owner operator of gym franchising	7,180,201	6,462,181	Mazars
37	Zellis (previously NGA)	Syndicated Loan	HR and payroll services	HR and payroll services	7,000,000	4,891,250	Markit
68	Private Loan - SPV	Bilateral Loan	Student Accommodation	Coventry based purpose built student accommodation - prime location.	6,143,120	5,713,102	Mazars
74	Private Loan - SPV	Bilateral Loan	Student Accommodation	Six purpose built student accommodations located in prime regional U.K. cities	6,063,059	5,911,483	Mazars
6	Elysium	Syndicated Loan	Healthcare	Providing acute and age care services	6,000,000	5,415,000	Markit
58	Private Loan - SPV	Bilateral Loan	Hotel	Hotel development, Glasgow	5,165,965	3,336,438	Mazars
34	Valeo Foods	Syndicated Loan	Food manufacturing	Manufacturer of staple food goods	4,500,000	4,050,000	Markit
61	Private Loan - SPV	Bilateral Loan	Asset Finance	U.K. focused asset backed lending	4,469,939	4,380,540	Mazars
12	Private Loan - SPV	Bilateral Loan	Student Accommodation	Operational student accommodation based in Glasgow	4,420,000	4,243,200	Mazars
62	Trent Capital	Bilateral Loan	Manufacturing & Energy Efficiency	Boiler manufacturer and energy efficiency measure installer	4,085,424	3,881,153	Mazars
73	Private Loan - SPV	Bilateral Loan	Hotel	Cambridge based recently built hotel - prime location	4,000,000	3,900,000	Mazars
75	Private Loan - SPV	Bilateral Loan	Hotel	Hotel situated by Bristol airport.	3,400,000	3,315,000	Mazars
51	Mehiläinen	Syndicated Loan	Healthcare	Finnish private provider of healthcare and care services	3,174,891	3,047,896	Markit
17	L'Oscar	Bilateral Loan	Hotel	Boutique central London hotel	4,100,000	4,100,000	Mazars
16	Voyage Care	Bond	Healthcare	Providing nursing, dementia and aged care facilities	3,000,000	2,691,986	Markit
41	EG Group	Syndicated Loan	Global forecourt operator	Global forecourt operator	2,954,695	2,791,567	Markit
64	Private Loan - SPV	Bilateral Loan	Invoice Finance	U.K. focused Invoice discounting	2,750,000	2,612,500	Mazars
54	Busy Bees Childcare	Syndicated Loan	Childcare nurseries	Leading childcare nursery group within the UK	2,500,000	2,361,600	Markit
71	Euroports	Syndicated Loan	Port-infrastructure	European ports business with worldwide operations.	1,814,224	1,777,939	Markit
44	EG Group 2L	Syndicated Loan	Global forecourt operator	Global forecourt operator	1,697,467	1,616,837	Markit



52	Private Loan - SPV	Bilateral Loan	RHI Receivables	Payments from domestic renewable heat scheme	1,067,000	1,067,000	Mazars
63	Trent Capital (Fusion) RF	Bilateral Loan	Manufacturing & Energy Efficiency	Boiler manufacturer and energy efficiency measure installer	1,045,742	941,168	Mazars
69	Private Loan - SPV	Bilateral Loan	Hotels	Travelodge Hotel located in Morecombe, Lancashire	900,000	855,000	Mazars
48	Private Loan - SPV	Bilateral Loan	Property Bridging	Residential property	882,862	838,719	Mazars
45	Private Loan - SPV	Bilateral Loan	Property Bridging	Business premises	687,343	687,343	Mazars
28	Private Loan - SPV	Bilateral Loan	Property Bridging	Residential property	606,213	606,213	Mazars
76.b	Gym Franchise	Bilateral Loan	Gym franchise	Owner operator of gym franchising	516,708	465,037	Mazars
78	Private Loan - SPV	Bilateral Loan	Energy Efficiency	Provider of energy efficiency measures	500,000	500,000	Mazars
9	Private Loan - SPV	Bilateral Loan	RHI Receivables	Payments from domestic renewable heat scheme	446,735	347,872	Mazars

Notes

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

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