

RM Secured Direct Lending PLC

Quarterly Fact Sheet

30th June 2019

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	112,224,581
Shares in issue ZDP's	10,869,950
Share Price Ord's mid	101.00p
Gross Assets	£124.3m ⁴
Net Assets Ord's	£109,977,087
Acc Cap Entitle ZDP's	£11,346,412
NAV per Share Ord's	98.00p
Accrued Capital Entitlement per ZDP	104.38p
Share Price Premium	+ 3.06% 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") 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

Asset prices remained well supported during Q2 2019 with global stock markets reaching year-to-date highs over the period, however the key market move has been the global rally in government bond markets. Weak global data and the belief that inflation will not feed through as strongly as expected, particularly in the US, has seen a global rally across fixed income markets. Current expectations that central banks will be more accommodative for growth thus keeping interest rates lower for longer has been beneficial for equities as investors seek yield.

The Investment Manager remains cautious as its attention is drawn to the 3 month/10 year US yield curve, which inverted during the quarter. It has been widely reported that the yield curve between the US 3-month and 10-year bond has been negative before each recession for the past 50 years. In addition, the commentary and market noise surrounding the trade wars have reduced over the quarter, but the risk remains that policy mistakes with unintended consequences could damage global growth.

NAV

NAV % Total Return for the month was 0.41% and brings a total for NAV % Total Return for the first half 2019 to 4.82%.

The Ordinary Share NAV as at 30th June 2019 was 98.00 pence, which is 1.59 pence lower than the end of May. The monthly movement in NAV was mainly driven by the ex-dividend effect of the 2.00 pence total declared in March and paid in June and positive net interest income net of expenses of 0.63 pence and a decrease in portfolio valuations of 0.22 pence.

The Investment Manager will continue to use part of their management fee to purchase shares and will be notifying the market on or shortly after 16th July that the purchase for Q2 2019 has been completed, increasing their total direct holding to circa 1,000,000 shares.



Company & Portfolio Update

Portfolio Activity

During the quarter there were three new investments, 34 drawdowns on existing facilities and four Loans matured. Since inception over 65 investments have been made by the Investment Manager on behalf of the Company, demonstrating the Investment Manager's ability to both deploy/recycle capital and earn attractive risk-adjusted returns. The portfolio now consists of 35 investments split across 13 sectors. The average yield on the portfolio decreased by 1 bps to 8.61% [in the quarter]. Invested capital currently stands at £124m, with the RCF facility partial drawn. The weighted average life of the Loans within the portfolio is 3.46 years and duration of 1.33 years.

Overall, private debt represents c.95% of the portfolio's holdings with the full breakdown as follows: 57% bilateral loans, 38% within club or syndicated private loans and 5% in liquid corporate debt.

New Investments in the Quarter

Student Accommodation

- £6m loan to project finance a student accommodation development site in Coventry. This loan is secured by a first charge over the property. The transaction has been structured as a typical project finance transaction, with an all asset debenture and enhanced lender control via project bank accounts and fortnightly monitoring by a quantity surveyor (Lender's monitor) acting on behalf of the Lender. Funds are not released until the relevant costs have been incurred and signed off by the Lender's monitor, as is typical of transactions of this nature structured by the Investment Manager, meaning that capital is advanced only as and when value has been created.

Hotel Financing

- £900,000 (three year tenor, 10%) commitment to a hospitality and leisure real estate asset primarily leased to Travelodge. Benefits from security over the real estate asset and a 17 year unexpired contracted cashflow.

Food Manufacturing

- £1.5m increase in existing loan facility (six year, 9.5%) participation to Valeo Foods (total: £4.5m), a branded food manufacturer.
- £3m new investment in Premier Foods' existing bond (three year tenor, 5.8%).

Pipeline

The pipeline remains healthy with no signs of slowing. The Investment Manager is conducting due diligence and documentation on several transactions which are expected to close during Q3. The Investment Manager expects that it will fully utilise the RCF facility in the near term.

Outlook

The Investment Manager remains confident in its ability to originate and close high quality investments. It is focused on deploying and recycling capital into non-cyclical sectors, with real asset security and limited correlation to wider equity markets. The Investment Manager recognises the underlying risks to global equities as a result of the ongoing political and economic uncertainty, particularly as we head into Q3. The monitoring of the existing loans remains a priority, with all loans marked-to-market on a monthly basis reflecting perceived or actual risks to underlying Loan performance. The Investment Manager will continue to maintain this strict discipline relating to the due diligence, structuring, documentation and overall credit quality of existing and prospective investments.



Company Portfolio at month end

35 Number of Loans **£124m** Total invested ⁱ **8.61%** Average Yield **3.46** years 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	8.00%	4.51
Hospitality	8.50	9.00%	4.77
Hospitality	8.30	9.00%	4.77
Telecommunications	7.91	11.16%	1.78
Business Services	7.00	6.58%	5.41
Automotive Parts Manufacturing	6.87	12.00%	3.50
Forecourt Operator	6.70	5.06%	3.05
Healthcare	6.00	6.23%	5.77
Hospitality	4.74	12.18%	0.13
Food manufacturing	4.50	9.67%	6.12

Fund performance

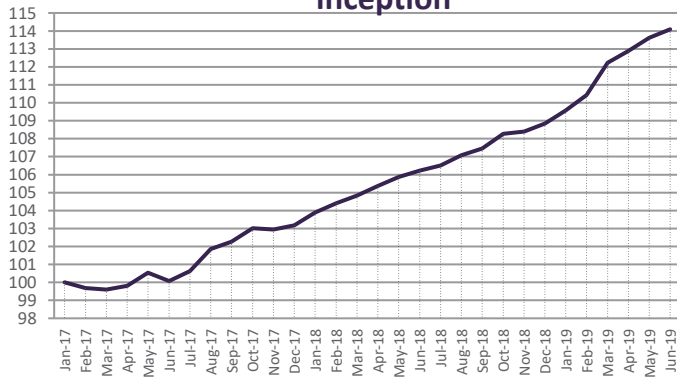
2019													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p	-	-	1.625	-	-	2.00	-	-	-	-	-	-	3.625p
NAV (Cum income) p	97.62	98.38	98.36	98.95	99.59	98.00	-	-	-	-	-	-	-
NAV Total Return %	0.67	0.78	1.64	0.59	0.65	0.41	-	-	-	-	-	-	4.82%
Net Interest Income p	0.69	0.57	0.56	0.58	0.71	0.63	-	-	-	-	-	-	3.74 p

2018													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
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

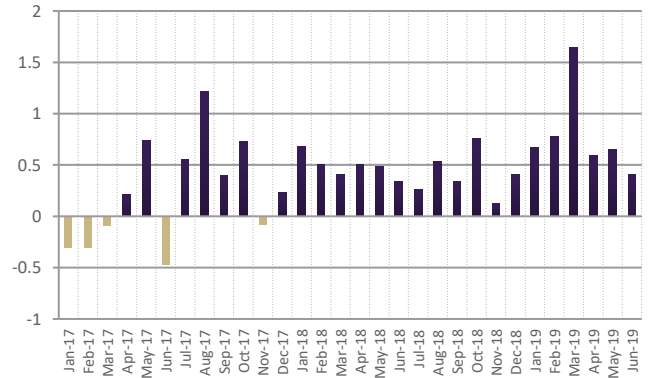
2017													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends p	-	-	-	-	-	0.20	-	0.20	-	-	1.80	-	2.20p
NAV (Cum income) p	97.70	97.40	97.31	97.51	98.23	97.57	98.11	99.11	99.51	100.24	98.36	98.59	-
NAV Total Return %	(0.31)	(0.31)	(0.09)	0.21	0.74	(0.47)	0.55	1.22	0.40	0.73	(0.08)	0.23	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



Cumulative NAV Performance since inception

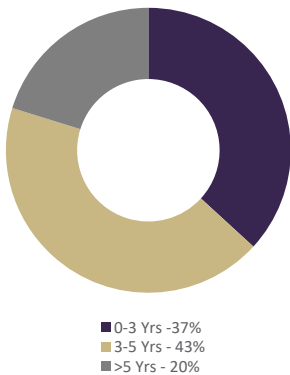


NAV monthly return %

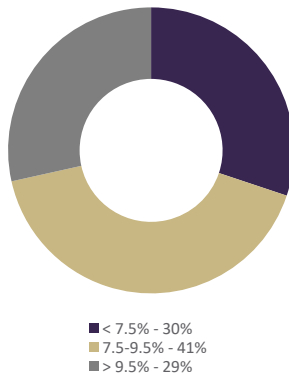


Portfolio Statistics

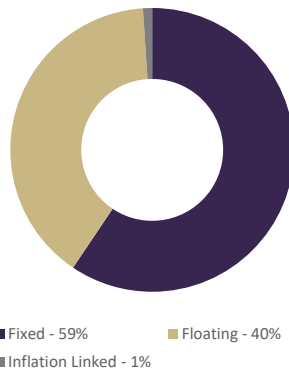
WAL of Loan Book



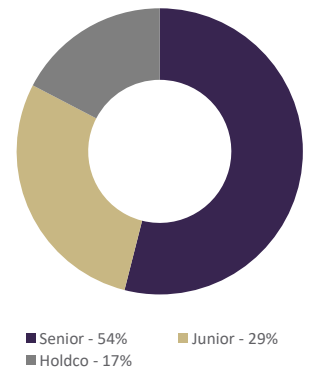
Annualised Yield



Coupon Type



Investment Type



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. 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
- Discount control mechanism triggers if shares trading at an average discount of more than six percent over previous 6-month trading period.
- Gross asset calculation is the sum of Net Assets, ZDPs and drawings of RCF.
- 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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