

# RM Secured Direct Lending PLC

## Quarterly Fact Sheet

30 June 2018

### Company Overview

ISIN - Ord's	GB00BYMTBG55
ISIN - ZDP's	GB00BG1TSQ91
ISIN - C Shares	GB00BFX12M00
Ticker Ord's	RMDL
Dividend	Quarterly
Listing	Main Market LSE Premium Listing
Target Dividend Yield	6.5% p.a <sup>1</sup>
Management Fee	0.875% <sup>2*</sup> : 50% reinvested in shares
Discount Management Strategy	Share buy-backs if 6% discount or more <sup>3</sup>
Shares in Issue Ord's	87,415,374
Shares in Issue C's	11,329,363
Shares in issue ZDP's	10,869,950
Share Price Ord's mid	101.5p
Gross Assets	£107.6m
Net Assets Ord's	£85,537,395
Net Assets C's	£11,066,249
Acc Cap Entitle ZDP's	£10,963,337
NAV per Share Ord's	97.85p
NAV per Share C's	97.68p
Accrued Capital	100.86p
Entitlement per ZDP	
Share Price Premium	+ 3.7% 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 account receivables.

### Market Update

The global equity markets have been more challenging during the first half of the year, with credit market weakness accelerating during May and June, driven by US trade wars and the rise of populism within Europe hitting the headlines post the Italian elections. The quarter was also characterised by USD strength, consistent with the general weaker market sentiment. Credit markets spreads have widened back to the elevated levels last seen in 2016 post the Brexit vote.

The effect of this on the Company during Q2 has been weaker investor sentiment resulting in modest mark to market losses on the liquid proportion of the existing portfolio, despite there being no increase in the probability of default. The stronger USD has not had a material impact given the Company's currency exposures have been largely hedged.

The remaining six months of 2018 will likely see the continued negative effect on global growth from trade wars, coupled with the impact of ongoing Brexit discussions. Sovereign risk within the Eurozone is also likely to remain an ongoing factor.

However, further market weakness also provides opportunities as pricing is expected to become more favourable throughout the second half of the year, as the cost of funding across the market has increased and is likely to remain elevated.

### C Share Update

On 22 June, the Investment Manager notified the Board that 87% of the funds raised from the recent C Share issue had been invested with a Calculation Date set for 30 June. The Conversion Ratio will be announced on 16 July.

### 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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Dividends (pence)	-	2.00	-	-	-	1.625	-	-	-	-	-	-	3.625p
NAV (Cum Income) p	99.26	97.76	98.17	98.66	99.14	97.85	-	-	-	-	-	-	-
NAV Total Return <sup>4</sup> %	0.68	0.50	0.41	0.50	0.49	0.34	-	-	-	-	-	-	2.95% <sup>5</sup>
Net Interest Income p	0.85	0.64	0.47	0.48	0.52	0.55	-	-	-	-	-	-	3.51p <sup>6</sup>



#### 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

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##### Company Address

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## Company Update

The ZDP cash has been fully deployed along with 87% of the C share proceeds raised in early April. The capital invested has increased to £106.8 million across 30 investments with the proportion of investments in Senior Secured increasing from 69% to 74%. Floating rate investments are up from 53% to 54% which is in line with the target of reducing fixed rate exposures where possible. Over the period the Company had a NAV Total Return of 0.34% which takes the NAV Total Return to 2.95% over the half year. Given the pipeline transactions being processed the manager is confident at this point in time that the full year target dividend of 6.5pence per Ordinary share is achievable. Transaction highlights for the quarter are as follows:

**Healthcare:** Elysium Healthcare announced during March the intention to refinance their term loan facility and this transaction closed during the current quarter. The Company invested £6m in the new debt facility which is Libor linked and secured over the assets and cash flows of the business.

**Property Bridging:** the closing of a new facility to finance a bridge lender. The key attractions with this transaction are that the Investment Manager conducts its own analysis and approvals on each potential investment funded by this facility. The individual loans are secured and have modest leverage. During the period there were two drawdowns totalling £1.5m for this facility. The Investment Manager continues to seek direct investment in the property bridging space.

**L'Oscar Hotel:** the initial facility was fully funded and a second facility was documented to allow some additional funding now the hotel is fully operational. This additional facility was partially drawn down during the quarter.

**Forecourt operator:** a €5m investment in a private syndicated transaction for a large independent forecourt operator with a diversified portfolio of premium branded sites. Funded in Euros and hedged back to GBP to give a yield in excess of 9%.

**Children's nursery:** Senior Secured Loan to a growing business in the South East - the final drawdown of £1.3m took place during the quarter so the entire £5m investment is now fully funded. This transaction also has some additional upside as equity options have been negotiated which could be valuable should the business hit its growth targets and exit strategy.

## Pipeline & NAV

The Investment Manager has identified an attractive pipeline of opportunities for investment. The next transaction is likely to be in the Health and Social Care Sector where a strategic investment has been undergoing due diligence over past two months with this transaction expected to close in late July or early August. In total, there is in excess of £30m of near term opportunities being reviewed including Health and Social Care, Asset Finance, Property and Hospitality. As previously communicated with stakeholders the intention is to optimise the existing portfolio by bringing forward these higher yielding pipeline transactions over the summer and divesting circa 7% of the portfolio held in lower yielding more liquid investments. The net effect of this is that it is the Investment Manager's intention that the portfolio average yield will increase over the coming months.

The Ordinary Shares NAV as at 30<sup>th</sup> June was 97.85 pence which is 0.34 points higher than the end of May (after the dividend payment made during the month is included) and is made up of interest income net of expenses of 0.55 pence and a decrease in portfolio valuations of 0.21 pence – the majority of this is market sentiment feeding into valuations which we expect to recover and the risk of credit impairments have not changed.

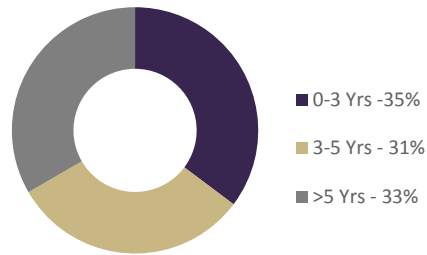


## Portfolio Analysis

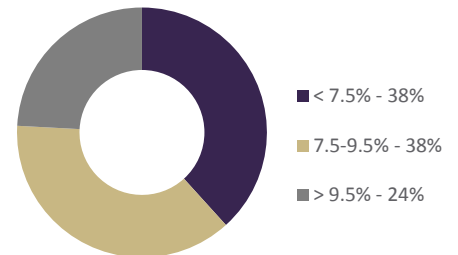
### Company Portfolio<sup>1</sup>

Number of Loans	<b>30</b>
Total Committed cash	<b>£106.8m</b>
Average Gross Portfolio Yield	<b>8.27%</b>
Average Life <sup>2</sup>	<b>3.86 years</b>

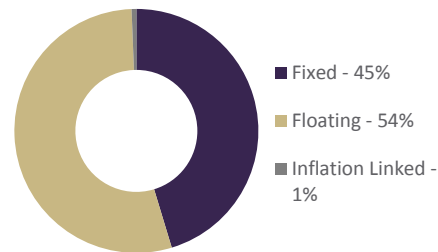
WAL of Loan Book



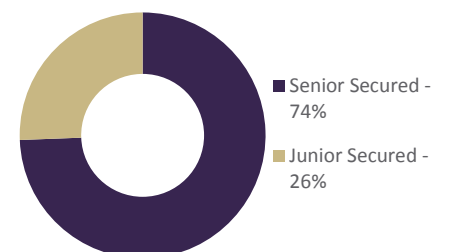
Annualised Yield



Coupon Type



Investment Type



## Largest 10 loans by drawn amounts

Business Activity	Loan Value (£m)	Expected Yield %	WAL <sup>3</sup>
Asset Finance	10.00	8.00%	3.51
Advertising	8.50	9.36%	4.22
Business Services	7.00	6.08%	6.41
Automotive Parts Manufacturing	6.40	12.00%	4.50
Healthcare	5.48	6.01%	5.42
Child Care	5.05	9.00%	4.67
Forecourt Operator	4.43	8.79%	7.74
Student Accommodation	4.42	9.50%	1.53
Renewable Energy	4.00	7.00%	1.76
Insurance Brokerage	4.00	8.09%	5.05

1. as at 30 June 2018; 2 & 3 Weighted-Average Life and average yield based on drawn amounts;



## 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. 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.
5. YTD NAV Total Return assumes dividends are reinvested at NAV and includes compounding.
6. YTD Net Interest Income per share is the aggregate of the monthly net interest income per share figures based on the number of shares in issue at the end of each respective month which can be diluted over the year by new Ordinary Shares being issued.

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