sme Credit Realisation Fund Limited

Half-Yearly Financial Report and Condensed Consolidated Financial Statements

for the six-month period ended 30 September 2021

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FORWARD-LOOKING STATEMENTS

This report includes statements that are, or may be considered, “forward-looking statements”. The forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

FINANCIAL HIGHLIGHTS

- Total comprehensive income for the period amounted to £7.21 million (September 2020: comprehensive loss of £6.32 million).
- Aggregate dividends of 2.63 pence per Ordinary share declared for the period ended 30 September 2021 (30 September 2020: 2.63 pence).
- The Company redeemed a total of 48,460,533 (30 September 2020: 44,551,554) shares for a total amount of £43,999,877 (30 September 2020: £38,499,584) during the period.

The information below is presented for the period ended or as at 30 September 2021 unless expressly stated to cover a different period.

NAV per Ordinary share	Total Net Assets	Ordinary share price	Market Capitalisation	Premium / (Discount)
93.27p	£80mil	88.5p	£76mil	(5.1%)

Annualised Dividends per Ordinary share	Earnings per Ordinary share	Share Price Total Return (inception to date)	NAV Total Return (inception to date)
5.25p	7.48p	26.54%	29.03%

SUMMARY INFORMATION

About the Company

SME Credit Realisation Fund Limited (the "Company" or the "Fund") is a closed-ended investment company incorporated with liability limited by shares in Guernsey under The Companies (Guernsey) Law, 2008 (as amended), on 22 July 2015.

Group Structure

The Company holds a number of its investments in loans through Special Purpose Vehicles ("SPVs"). This interim report for the period ended 30 September 2021 (the "Half-Yearly Report") includes the results of Basinghall Lending Designated Activity Company ("Basinghall"), Tallis Lending Designated Activity Company ("Tallis"), Lambeth Lending Designated Activity Company ("Lambeth"), and Queenhithe Lending Designated Activity Company ("Queenhithe"). The Company, Basinghall, Tallis, Lambeth and Queenhithe are collectively referred to in this report as the "Group".

Lambeth and Queenhithe both transferred their remaining portfolio's of Credit Assets to Basinghall during the year ended 31 March 2021 and liquidators were formally appointed and commenced proceedings to wind up each of the entities in an orderly manner. On 1 July 2021, the final meeting in relation to the liquidation of Lambeth took place. All liabilities have been discharged and final payment made to Basinghall under the class B note agreement and Lambeth's liquidation proceedings have been completed during the period. The proceedings for Queenhithe are still ongoing at the time of signing of this half-yearly financial report and condensed consolidated financial statements.

Capital Management

As at 30 September 2021 the total number of shares in issue was 85,704,389 (31 March 2021: 134,164,922) excluding nil (31 March 2021: nil) shares held in treasury.

The scrip dividend programme was discontinued by the Company in line with the change in the Company's Investment Objective and Policy as discussed below.

On 21 May 2019, the Company published a circular and notice of an EGM which set out details of, and sought shareholder approval for, certain Proposals. The Proposals involved modifying the Company's Investment Objective and Policy to reflect a realisation strategy, for the detailed reasons set out in that circular, and amending its Articles to include a mechanism to enable the Company to redeem shares in the Company compulsorily so as to return cash to shareholders.

On 11 June 2019, the Proposals were approved at the EGM.

The Company is in the process of returning capital via a combination of share buybacks, compulsory redemptions of shares and distributions of dividends, as the Group's portfolio of Credit Assets amortises. The directors resolved to suspend the programme of repurchases of the Company's shares on 2 April 2020 until further notice.

As at 30 September 2021, the Company has repurchased a total of 43,746,667 shares via share buyback (31 March 2021: 43,746,667) of which nil (31 March 2021: nil) remain held in treasury. During the period, a total of nil shares (31 March 2021: 10,000 shares) held in treasury were cancelled and formally discharged.

During the period, the Company has compulsorily redeemed a total of 48,460,533 (year to 31 March 2021: 124,126,432) shares for a total amount of £43,999,877 (31 March 2021: £105,499,718) throughout the period. All shares redeemed throughout the period were redeemed at the prevailing NAV per share at the date of declaration.

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to write to you to provide an update on the Company's progress for the period ended 30 September 2021. The Company continues to conduct a managed wind-down of its activities, with the objective of returning capital to shareholders promptly whilst seeking to maximise returns.

COVID-19 Pandemic

In my previous statement covering the full year audited financial statements published on 26 July 2021, I noted that "obvious risks remain around variant emergence, breadth of vaccine rollout and inconsistency of vaccine takeup, and visibility around a true normalisation of economic conditions in the next 12 months remains". It is tempting to maintain this narrative today. Vaccine rollout has seen significant headline success, particularly in the UK and other developed markets, yet large parts of the developing world continue to have very low levels of vaccination amongst their populations, leading to inevitable cross-border risk transfer when international travel expands, as it has done in recent months. The omicron variant's current preponderance in the UK in particular illustrates the point amply. Economic bounceback in the markets where the Company is active has been swift in the period under review, yet feels inherently fragile given many of the pandemic risk factors identified, quite separately from the dislocation of cross-border trade flows of which much has been written. Given these factors, I retain the view expressed above.

Performance Review and Net Asset Value ("NAV")

This report presents the financial position of the Company as at 30 September 2021.

You will have noted the announcement made by the Company on 20 October 2021 disclosing the Company's NAV at 30 September 2021 at £79.94 million (31 March 2021: £119.24 million) and NAV per Share at that date at 93.27 pence (31 March 2021: 88.87 pence). Further, the Company's factsheet published on the same day, disclosed the following:

"The total Net Asset Value return for the quarter 1 July 2021 to 30 September 2021 was 1.06% (Q2 2021: 6.78%), driven by continued resilient portfolio performance in the quarter with borrower payments remaining strong and actual defaults on the portfolio below previously forecasted levels. This was partially offset by a reduction in the relative fair value of loans through a moderate revision to forward-looking assumptions to reflect macro-economic uncertainty, particularly in relation to the withdrawal of pandemic-related governmental support for businesses."

An analysis of the performance of the Company for the 6 month period to 30 September 2021 (with the 6 month period to 31 March 2021 for comparative purposes) is set out below:

Return Attribution

	1 Apr 2021 to 30 Sep 2021	1 Oct 2020 to 31 Mar 2021
Gross Income	3.14%	3.15%
Impairment	2.40%	(0.19%)
FVTPL Adjustment[1]	(0.33%)	2.87%
FVTOCI Adjustment[2]	1.52%	0.62%
Gain on sale of NPLs	-	0.34%
Servicing Fees	(0.31%)	(0.29%)
	6.42%	**6.50%**
Operating Expenses	(0.42%)	(0.41%)
FX Hedging Costs	0.05%	(0.02%)
Loan Interest Expense	-	-
Share Buybacks	-	-
Share Redemption	1.86%	3.03%
Net NAV Return	**7.90%**	**9.10%**

(1) FVTPL Adjustment includes fair value movements on the Company's interest in the EIB transaction

(2) FVTOCI Adjustment includes fair value movements on the portfolio of credit assets held by the Company, which moved to fair value accounting from 1 April 2020

CHAIRMAN'S STATEMENT

Performance since 30 September 2021

The Board continues to closely monitor data points within the Company's loan portfolio to assess the extent to which borrowers continue to be impacted by the economic consequences of the pandemic in their ability to satisfy their loan repayment obligations.

Data shows a largely positive outcome, quarter to quarter, compared to the downside expectations that are reflected in the board's net asset value model. Despite this trend, there remain a number of material risks to the downside:

- despite recent positive signs, economic reactivation stabilises at a "new normal" level which is materially below that which existed at the time of loan initiation, calling into question the viability of some business plans in the medium term;
- the impact of the recent withdrawal of governmental stimulus and support schemes, where the Company has adopted a cautious view to date through its period end provisioning; and
- the potential for a resurgence in the scale of pandemic activity and thus potential for further restrictions on social mobility and levels of business activity. There are already signs of this trend re-emerging.

It remains difficult to assess the likelihood or scale of impact of any of the above risk factors at this time.

Return of Capital

You will note that the Company's net asset value has reduced from £119.24 million at 31 March 2021 to £79.94 million at 30 September 2021, as the Company continues to make distributions to shareholders. In the 6 month period to 30 September 2021, £44 million was distributed to shareholders through compulsory share redemptions and £2.51 million through dividend payments. The balance of the movement between the two period ends is reconciled by performance.

The Company will continue to return capital to investors predominantly by way of compulsory redemption of shares as liquidity arises through loan repayments or by other means. The directors may also seek to apply free cash to on-market share repurchases if such a strategy is deemed to be in the best interests of shareholders as a whole.

Potential Portfolio Sales

The Company is not in active discussion with any parties in relation to the disposal of its loan portfolios in whole or in part, and the reducing size of these portfolios through natural loan amortisation suggests that any such transaction, at least in relation to performing assets, is now unlikely.

Conclusion

The Company continues to progress its managed winddown, which has operated as anticipated and is anticipated to continue to do so. I would like to express my continuing thanks to the Funding Circle team for the support provided to the Company, and would also like to thank my fellow Board members and our advisors for their industry and wise counsel in ensuring that the Company's response to the current environment remains focussed and fully risk assessed. Finally I would like to wish all shareholders a joyful and relaxing time over the holiday season.

RICHARD BOLÉAT
Chairman of the Board of Directors
15 December 2021

INTERIM REPORT

Incorporation

The Company is a limited liability company registered in Guernsey under The Companies (Guernsey) Law, 2008 (as amended) with registered number 60680.

Activities

The Company is registered as a closed-ended collective investment scheme in Guernsey pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended. Prior to the amendment of the Company's Investment Objective and Policy, the primary activity of the Company was investment in loans to small and medium sized enterprises in the United Kingdom, the United States and Continental Europe, in order to seek to provide shareholders with a sustainable and attractive level of dividend income. Following the result of the EGM on 11 June 2020, the Company has ceased investment into Credit Assets as the Company's Investment Objective and Policy were updated to facilitate the managed wind-down of the Company.

Defined Terms

Definitions appearing in this Interim Report used are shown on pages 33 to 34. The Company's prospectus, which may be found on the Company's website at www.smecreditrealisation.com contains a more comprehensive list of defined terms.

Strategy and Business Model

The Group was established to provide shareholders with a sustainable and attractive level of dividend income, primarily by way of investment in Credit Assets originated both directly through the platform operated by Funding Circle and indirectly, in each case as detailed in the Company's original investment policy. The Group identified the Funding Circle platform as a leader in the growing direct lending space to SMEs with its established infrastructure, scale of origination volumes and expertise in accurately assessing loan applications.

On 11 June 2020, the Company changed its Investment Objective and Policy to facilitate a managed wind-down of the Company in a prudent manner consistent with the principles of good investment management as required by the Listing Rules.

Investment Objective and Policy

In order to implement the managed wind-down, it was necessary to amend the Company's Investment Objective and Policy to reflect the objective of realising the Company's portfolio.

The Investment Objective and Policy applicable prior to the approval of the Proposals was set out in the most recent Annual Report and also appended to the circular published on 21 May 2020. The revised Investment Objective and Policy is set out below.

> *"The Company will be managed with the intention of realising all remaining assets in the portfolio in a prudent manner which achieves a balance between maximising the value from the realisation of the Company's investments and making timely returns of capital to shareholders."*

The managed wind-down will be affected with a view to the Company realising all of its investments in accordance with the Investment Objective. Such realisations will comprise natural amortisation of the Company's investments in Credit Assets as well as potentially opportunistic portfolio sales.

During the financial year ended 31 March 2020, the Company ran an auction process as the Board explored a potential sale of a portion of the Company's assets during which it received a high level of interest from potential buyers. As announced in April 2021, it is still the Company's intention to effect a sale of a portion of its assets and the Company continues to engage with potential buyers. That said, given the recent market volatility and uncertainty caused by COVID-19, it is likely the asset sales shall be delayed, or may not proceed at all.

As a result of the Company's change in investment objective and policy, for the purposes of accounting, the Company's business model was deemed to have changed from hold to collect to hold to collect and sell during the financial year ended 31 March 2021.

The Company will not allocate further capital to Credit Assets, directly or indirectly via Leveraged Transactions or SPVs, or undertake capital expenditure except where necessary in the reasonable opinion of the Board in order to protect or enhance the value of any existing investments or to facilitate orderly disposals.

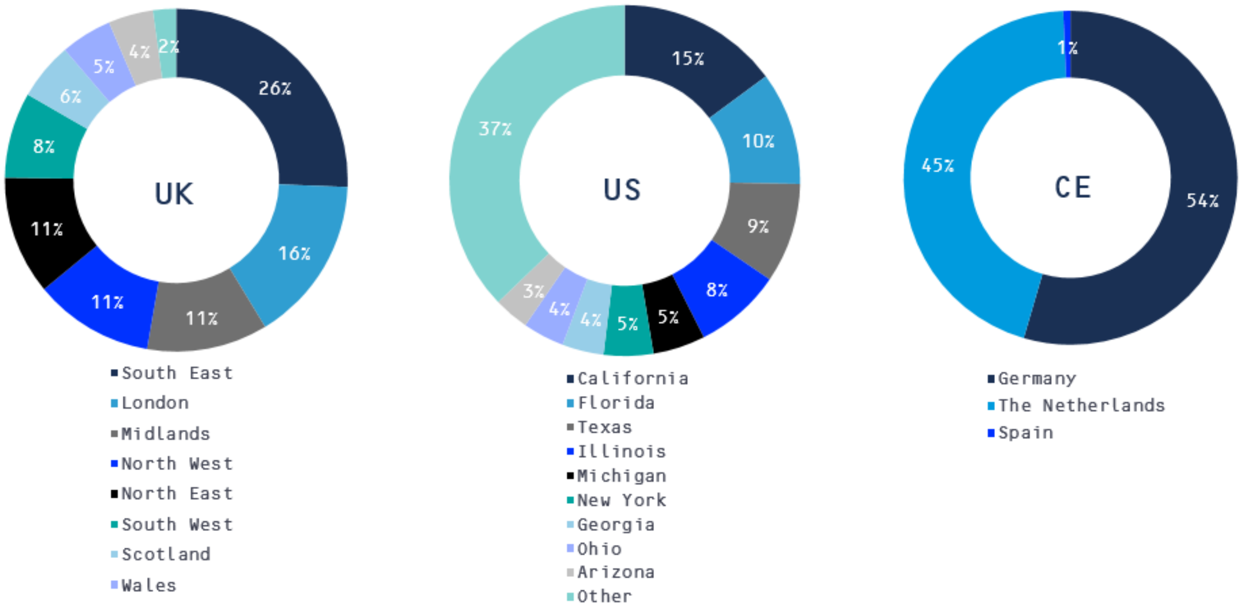
INTERIM REPORT

Investment Objective and Policy – (continued)

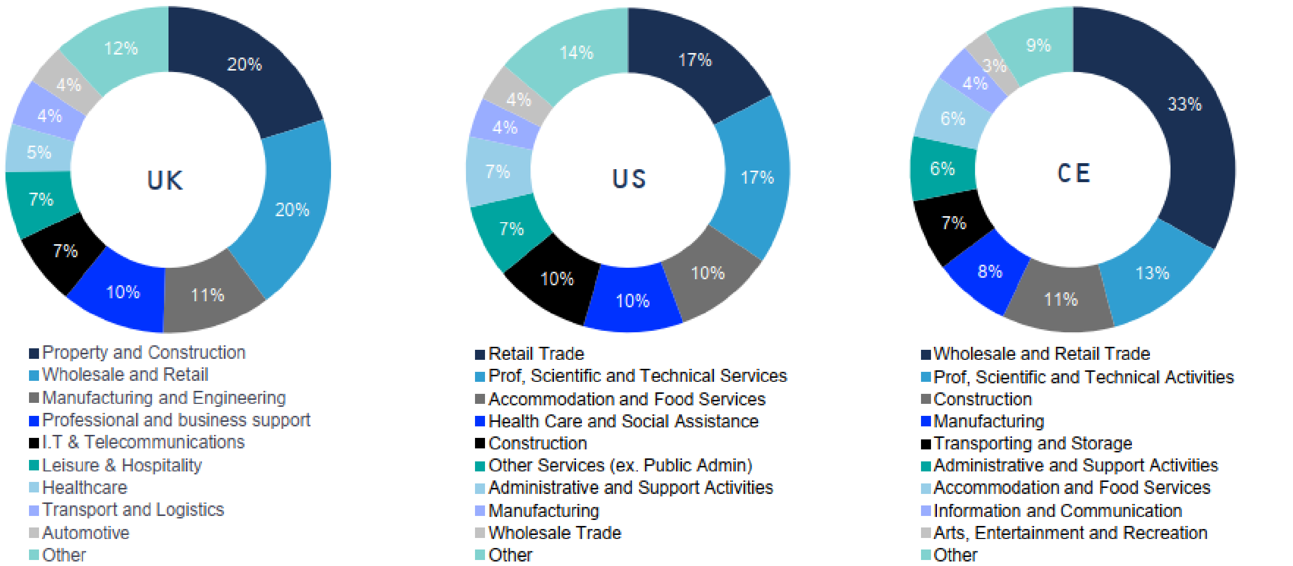
As at 30 September 2021, the Company held indirect investments in loans through the following investing companies:

Investing Company	Jurisdiction of Loans
Basinghall	**United Kingdom**
Tallis	**Germany, the Netherlands and Spain**
EIB SPV	**United Kingdom**

Region Split



Industry Split



Basinghall, Tallis and the EIB SPV were formed solely in connection with the implementation of the previous investment policy of the Company.

INTERIM REPORT

Investment Objective and Policy – (continued)

Loans acquired by Basinghall, Tallis and the EIB SPV (subject to the investment policy, any Portfolio Limits and Available Cash) were funded, in whole or in part, by advances made by the Company under the note programmes. The notes issued by Basinghall and Tallis to the Company are listed on the Euronext Dublin Stock Exchange. Loans acquired by Lambeth and Queenhithe were funded in part by Basinghall.

The assets held by each of Basinghall, Tallis and the EIB SPV are ring-fenced from other entities or SPV's and there is no cross-collateralisation between the SPV's in which the Company invests.

Borrowing Limitation

In pursuit of the original investment objective, the Company was able to borrow or use leverage, and also guarantee the borrowings of its Affiliates and Near Affiliates. The aggregate leverage or borrowings of the Company, its Affiliates and any Near Affiliates (including Basinghall, Tallis, Lambeth and/or Queenhithe) and guarantees of such borrowing or leverage by such person(s), was not permitted to exceed (at the time the relevant indebtedness is incurred or guarantee given) 0.5 times the then current NAV.

Following the approval of the resolution to execute a managed wind-down of the Company in its EGM on 11 June 2020, the leverage limit as described above no longer applies to the Company.

Results and dividends

The total comprehensive income for the period, determined under International Financial Reporting Standards ("IFRS"), amounted to £7.21 million (30 September 2020: loss of £6.32 million). The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by The Companies (Guernsey) Law, 2008 (as amended). Following the result of the EGM, the Directors expect to maintain quarterly dividend payments of 1.3125 pence per Ordinary Share on an annualised basis, which may be partially uncovered by income. Dividends declared during the period are disclosed in note 12.

Business review

On 21 May 2019, the Company published a circular and notice of EGM which sets out details of, and sought shareholder approval for, certain Proposals. Those Proposals involved modifying the Company's Investment Objective and Policy to reflect a realisation strategy and amending its Articles to include a mechanism to enable the Company to redeem shares in the Company compulsorily so as to return cash to shareholders.

On 11 June 2019, the Proposals were approved at the EGM.

The Interim Report includes further information about the Company's principal activities, financial performance during the period and indications of likely future developments.

In December 2018, the Company commenced a programme of repurchases of its shares in the secondary market. As at 30 September 2021, the Company has purchased a total of 43,746,667 shares (31 March 2021: 43,746,667) of which nil remained held in treasury at 30 September 2021. The share repurchase programme is currently inactive.

The Company also redeemed a total of 48,460,533 shares (31 March 2021: 124,126,432) for a total amount of £43,999,877 throughout the period (31 March 2021: £105,499,718).

On 11 April 2020, Lambeth fully repaid the remaining amount owed on its senior loan to Citibank. The remaining portfolio of Credit Assets held within Lambeth were transferred to Basinghall on 17 June 2020 for an amount equal to the principal and interest outstanding at 31 May 2020 being the economic cut-off date for the transaction. In October 2020, liquidators were formally appointed and commenced proceedings to wind up Lambeth in an orderly manner. On 1 July 2021, the final meeting in relation to the liquidation of Lambeth took place. All liabilities have been discharged and final payment made to Basinghall under the class B note agreement and Lambeth's liquidation proceedings have been completed during the period.

On 17 August 2020, Queenhithe fully repaid the remaining amount owed on its loan with Fleetbank. The remaining portfolio of Credit Assets held within Queenhithe were transferred to Basinghall on the same date for an amount equal to the principal and interest outstanding at 31 July 2020 being the economic cut-off date for the transaction. In December 2020, liquidators were formally appointed and commenced proceedings to wind up Queenhithe in an orderly manner. The proceedings are still ongoing as at the date of signing of these half-yearly financial statements.

The World Health Organisation declared COVID-19 as a global pandemic on 11 March 2020.

The Board continues to closely monitor the situation and the impact on the performance of the loan portfolios held by the Group. The Board receives updates on a regular basis from Funding Circle on current delinquency and default trends by geographic exposure. The Risk Committee also reviews a comprehensive range of other risks that may be impacted by COVID-19.

From 2020, the impact of COVID-19 led to the use of forbearance measures for eligible borrowers, including short term payment plans and payment holidays, to assist creditworthy borrowers whose businesses suffered a short-term liquidity shock as a result of the ongoing pandemic environment. Borrowers that went on forbearance measures implemented by Funding Circle have demonstrated resilient performance since coming off their plan.

INTERIM REPORT

Business review– (continued)

The directors have seen a large proportion of borrowers returning to making full contractual repayments which has assisted in the stronger than expected performance by each of the portfolios in the latter stages of the year. This continued throughout the period causing a reduction in impairment for the current period of £2,284,115 (refer to note 3).

The full impact of COVID-19 and the measures implemented on the Group's portfolios of Credit Assets in the mid to long term still remains uncertain, however the Directors continue to monitor the delinquency and default data available to them closely.

Going concern

The Directors have considered the financial performance of the Group and the impact of market conditions at the financial period end date and subsequently.

Whilst the managed wind-down of the Company continues to progress, there is no definite and final plan in place for the timing of liquidation of the Company's assets and the process of returning capital to shareholders.

The Company will therefore continue to redeem shares, pay dividends and where appropriate execute further share buy-backs. The Company has prepared cashflow forecasts and a liquidity analysis reviewing likely scenarios that are stress tested to support further distributions and to monitor the ongoing solvency of the Company. This is reviewed on a regular basis in light of new information received.

The Directors confirm that they have a reasonable expectation that the Company will pay its liabilities as they fall due over the period of the managed wind-down and as the ongoing COVID-19 pandemic progresses. As a result, the Directors continue to present the condensed consolidated financial statements on a going concern basis.

Principal Risk and Risk Management

There are a number of actual and potential risks and uncertainties which could have a material impact on the Group's actual results which may differ materially from expected and historical results, particularly given the implementation of the managed wind-down.

The Board of Directors has overall responsibility for risk management and internal control within the context of achieving the Company's objectives. The Board agrees the strategy for the Company, approves the Company's risk appetite and monitors the risk profile of the Company. The Company also maintains a risk register to identify, monitor and control risk concentration, which has been updated to reflect the managed wind-down.

The Company has established a risk matrix, consisting of the principal and emerging risks and the controls in place to mitigate those risks. The risk matrix provides a basis for the Audit Committee and the Board to regularly monitor the effective operation of the controls and to update the matrix when new risks are identified. The Board's responsibility for conducting a robust risk assessment are embedded in the Company's risk matrix and stress testing which helps position the Company to ensure compliance with The Association of Investment Companies Code of Corporate Governance's ("the AIC Code") requirements.

The Board continues to monitor the Company's systems of risk management and internal control and will continue to receive updates from the Company's external service providers to ensure that the principal risks and challenges faced by the Group are fully understood and managed appropriately. The Board did not identify any significant weaknesses during the period and up to the date of this Interim Report.

An overview of the principal risks and uncertainties that the Board considers to be currently faced by the Company are provided below, together with the mitigating actions being taken. The Directors have also linked the key performance indicators to the risks where relevant. Risks arising from the Group's use of financial instruments are set out in note 13 of the condensed consolidated financial statements.

Principal risk	Mitigation and update of risk assessment	Company's financial KPI affected by risk
COVID-19 The COVID-19 pandemic has had a significant economic impact across the world. As at 30 September 2021, the Group has seen stronger than expected performance by each of the portfolios causing a reduction in the impairment amount to be recognised for the period. However, it is still uncertain how performance will be affected in the mid to long term as forbearance measures and government initiatives continue to expire.	The directors continue to monitor delinquency and default levels on each of the separate loan portfolios closely, as well as the impact of government initiatives and forbearance measures implemented by Funding Circle.	Total distributions to the shareholders. Credit losses
Default risk Borrowers' ability to comply with their payment obligations in respect of loans may deteriorate due to adverse changes in economic and political factors, including the COVID-19 pandemic discussed above.	The directors have limited options available to them that will minimise the impact of the risk as the measures and initiatives being put in place are outside of their control.	Total distributions to the shareholders. Credit losses

Principal Risk and Risk Management – (continued)

Principal risk	Mitigation and update of risk assessment	Company's financial KPI affected by risk
Actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.	Economic uncertainties or developments as well as unemployment may impact upon default rates.	
Future wind-down risk Below are the key risks associated with the managed wind-down of the Company, beyond those inherent in the holding of amortising Credit Assets. Further details are available within the Circular published on 21 May 2019:		
The Company has conducted a price discovery process for the purpose of determining whether it is in the interests of the Company and shareholders as a whole to dispose of certain portions of the Company's loan portfolios, "en bloc". The Company's price discovery process has not resulted in a material consummated transaction or transactions. Following the COVID-19 pandemic, any price discovery process undertaken again in the future is likely to be impacted by the pandemic and its effects on the perceived value of the Company's loan portfolios.	The Board will continue to monitor the impact of the COVID-19 pandemic and changes in the valuation of the different loan portfolios before considering pursuing further price discovery processes and opportunistic portfolio sales. The Board will actively monitor and control the preparation and price discovery process to seek to ensure that it is operationally and economically optimised.	Total distributions to the shareholders. NAV total return
As the managed wind-down proceeds, and capital is returned to shareholders, the Company's fixed and variable costs, some of which are not capable of material mitigation due to the publicly listed status of the Company, are likely to rise as a proportion of the Company's net asset value, prior to dissolution of the Company.	The Board will actively seek to "right size" the Company's overhead base as net asset value reduces, through renegotiation with counterparties and potential restructuring of the Group to minimise unnecessary fixed and variable costs.	Total distributions to the shareholders.
The Company deploys surplus liquidity arising from portfolio amortisation and, potentially, portfolio sales, by way of capital return to shareholders. This capital return may take the form of dividends, share buybacks and compulsory redemptions of shares or any combination of these techniques. The balance of techniques used may result in greater or lesser share price volatility and varied tax treatments for investors.	The Board will actively seek to manage the use of various capital return techniques so as to seek to fairly balance the differing outcomes of those techniques.	Share price volatility.
As the size of the Company's non-UK portfolios decrease through amortisation (in the absence of portfolio sales), the Company's ability to deploy foreign currency hedges at appropriate cost may be impaired.	The Board will seek to maintain and enhance banking counterparty relationships to seek to retain access to institutional pricing.	Total distributions to the shareholders.
As the Company moves through the winddown process, accounting standards will require the Company to prepare its accounts on a basis other than going concern in the future.	The Board will review any adjustment required to the values of the Group's assets and liabilities when the basis of accounting changes to non-going concern.	Share price volatility and total distributions to shareholders.

As part of the process of evaluating principal risks, the Board also identifies emerging risks and how they impact on the Group's managed wind down process. The likelihood of occurrence of each risk and the extent of financial effect to the Group are considered when the Board makes economic decisions. The Board identified the following as emerging and other key operational risks:

Principal Risk and Risk Management – (continued)

Changes in the tax regulation in jurisdictions where the Group operates could have an impact on the treatment of income generated from loans held in subsidiaries.

The Company holds assets indirectly through subsidiaries established in Ireland.

There is currently no indication that this will become a principal risk to the Group but the Board will continue to monitor. Refer to note 10 for further information on taxation previously payable by Basinghall due to a change in tax regulation.

The Company has no employees and is reliant on the performance of third party service providers

The Company's investment administration functions have been outsourced to external service providers. Any failure by any external service provider to carry out its obligations could have a materially detrimental impact on the effective operation, reporting and monitoring of the Company's financial position. This may have an effect on the Company's ability to meet its investment objective successfully. The Board receives and reviews reports from its principal external service providers. The Board may request a report on the operational effectiveness of controls in place at the service providers as part of the annual quality review performed by the Board on the services provided by the external service providers. The results of the Board's review are reported to the Audit Committee.

Cybersecurity breaches

The Company is reliant on the functionality of Funding Circle's software and IT infrastructure to facilitate the process of servicing the Company's remaining credit assets. The Company is also reliant on the functionality of the IT infrastructure of its other service providers. These systems may be prone to operational, information security and related risks resulting from failures of, or breaches in, cybersecurity.

Along with other holders of risk assets generally, the Group is exposed to a range of macroeconomic, geopolitical and regulatory factors which could, in certain circumstances either individually or in combination have a negative effect on carrying values, portfolio returns, delinquencies and operating costs. The Directors have also considered the evolving requirements for clear disclosures of companies' long-term commitment to sustainable operations. The Board believes that given the ongoing wind down of the Company, there is limited value to making long-term targets or consideration of the effects of environmental, social and governance (ESG) issues to the Company. These factors are kept under review by the Board and relevant Board committees as appropriate.

Directors

The Directors who held office during the financial period end and up to the date of approval of this report were:

	Date of appointment
Frederic Hervouet	**12 August 2015**
Jonathan Bridel	**19 August 2015**
Richard Boléat	**19 August 2015**
Richard Burwood	**12 August 2015**
Sachin Patel	**18 May 2017**

Tom Parachini, Global Head of Legal and Regulatory at Funding Circle, is appointed as Alternate Director for Sachin Patel.

Directors' shares and interests

A list of all Directors who served during the period and up to the date of this report and their biographies are included on pages 30 to 31.

The appointment and replacement of Directors is governed by the Company's Articles of Incorporation, The Companies (Guernsey) Law, 2008 (as amended) and related legislation. The Articles of Incorporation themselves may be amended by special resolution of the Shareholders.

Directors’ shares and interests - continued

As at 30 September 2021, the Directors held the following Ordinary shares of the Company:

	Number of shares	
	30 September 2021	**31 March 2021**
Frederic Hervouet	**58,797**	**92,041**
Jonathan Bridel	**41,875**	**65,552**
Richard Boléat	**8,660**	**13,554**
Richard Burwood	**22,222**	**24,784**
Sachin Patel	**—**	**—**
	131,554	**195,931**

During the period, no Director had a material interest in a contract to which the Company was a party (other than his own letter of appointment). Mr. Patel is an employee of Funding Circle Limited.

Related party transactions

The related parties of the Group, the transactions with those parties during the period and the outstanding balances as at 30 September 2021 are disclosed in Note 14 to the condensed consolidated financial statements.

Company Secretary

The Company Secretary is Sanne Group (Guernsey) Limited of De Catapan House, Grange Road, St Peter Port, Guernsey GY1 2QG.

On behalf of the Board

RICHARD BOLÉAT
Chairman of the Board of Directors

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the best of their knowledge and belief, the Directors confirm that:

- the Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting"; and
- the Half-Yearly Financial Report, comprising the Financial Highlights, the Summary Information, the Chairman's Statement, and the Interim Report, meets the requirements of an interim management report and includes a fair review of the information required by DTR 4.2.4R;
    - DTR 4.2.7R of the UK Disclosure Guidelines and Transparency Rules, being an indication of important events that have occurred during the first six months and their impact on the Condensed Consolidated Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - DTR 4.2.8R of the UK Disclosure Guidelines and Transparency Rules, being related party transactions that have taken place in the first six months and that have materially affected the financial position or performance of the Group during the period, and any material changes in the related party transactions disclosed in the last Annual Report.

The maintenance and integrity of the Group and Company's website is the responsibility of the Directors. The work carried out by the independent auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the condensed consolidated financial statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Richard Boléat
Chairman of the Board of Directors

Jonathan Bridel
Chairman of the Audit Committee

Independent review report to SME Credit Realisation Fund Limited

Report on the Condensed Consolidated Financial Statements

Our conclusion

We have reviewed SME Credit Realisation Fund Limited's Condensed Consolidated Financial Statements (the "interim financial statements") in the Half-Yearly Financial Report and Condensed Consolidated Financial Statements (the "interim report") of SME Credit Realisation Fund Limited (the "Company") for the 6-month period ended 30 September 2021. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 September 2021;
- the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Shareholders' Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Company is The Companies (Guernsey) Law, 2008 and International Financial Reporting Standards (IFRSs).

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent review report to SME Credit Realisation Fund Limited (continued)

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
15 December 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2021

	Notes	(Unaudited) 1 April 2021 to 30 September 2021 £	(Unaudited) 1 April 2020 to 30 September 2020 £
Operating income			
Interest income on loans advanced	3, 5	3,742,785	9,073,630
Net gain on financial asset at fair value through profit or loss	4	1,810,145	—
Net realised and unrealised gain on foreign exchange		682,628	—
Bank interest income		2,431	12,028
Total operating income		6,237,989	**9,085,658**
Operating expenditure			
(Decrease)/ increase in impairment loss provision on loans	3	(2,284,115)	13,364,498
Net realised and unrealised loss on foreign exchange		—	1,085,544
Loan servicing fees	14	371,826	792,640
Loan interest expense		—	63,600
Commitment fee		—	187,500
Company administration and secretarial fees		105,570	190,141
Audit, audit-related and non-audit related fees		99,346	118,965
Corporate broker services		17,500	25,000
Corporate services fees	14	54,608	105,582
Legal fees		30,559	254,343
Directors' remuneration and expenses	14	80,425	87,447
Professional services fee – portfolio valuation		30,765	19,710
Regulatory fees		14,624	6,545
Other operating expenses		117,011	277,592
Net operating (income)/ expenditure		**(1,361,881)**	**16,579,107**
Operating income/(loss) before taxation for the period		**7,599,870**	**(7,493,449)**
Taxation for the period	10	—	(348,117)
Operating income/(loss) after taxation for the period		**7,599,870**	**(7,841,566)**
Other comprehensive income: Items that may be reclassified to profit or loss (Loss)/gain on movement in fair value of loans advanced	3	(393,030)	1,525,785
Total comprehensive income/(loss) for the period		**7,206,840**	**(6,315,781)**
Earnings per share			
Basic and diluted	11	7.48p	(3.37p)
Weighted average number of shares outstanding			
Basic and diluted	11	101,603,194	232,346,512

Other comprehensive income

The other comprehensive income recognised above relates to the unrealised (loss)/gain on the movement in fair valuation of the Group's portfolio of loans advanced.

The Notes on pages 19 to 29 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Notes	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £
ASSETS			
Cash and cash equivalents	6	17,951,245	30,784,718
Other receivables and prepayments		8,216	9,870
Fair value of currency derivatives	7	—	768,964
Financial asset at fair value through profit or loss	4	6,951,362	5,141,217
Loans advanced	3	55,963,784	83,355,445
TOTAL ASSETS		**80,874,607**	**120,060,214**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	113,513,271	157,513,148
Retained deficit		(35,691,576)	(40,782,264)
Other reserves		2,114,862	2,507,892
TOTAL SHAREHOLDERS' EQUITY		**79,936,557**	**119,238,776**
LIABILITIES			
Liability fair value of currency derivatives	7	196,856	—
Accrued expenses and other liabilities	8	741,194	821,438
TOTAL LIABILITIES		**938,050**	**821,438**
TOTAL EQUITY AND LIABILITIES		**80,874,607**	**120,060,214**
NAV per share outstanding		**93.27p**	**88.87p**

The condensed consolidated financial statements on pages 15 to 29 were approved and authorised for issue by the Board of Directors on 15 December 2021 and were signed on its behalf by:

Richard Boléat
Chairman

Jonathan Bridel
Chairman of the Audit Committee

The Notes on pages 19 to 29 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Notes	Share capital £	Other Reserves £	Retained deficit £	Total £
Balance at 1 April 2021		157,513,148	2,507,892	(40,782,264)	119,238,776
Redemption of ordinary shares	9	(43,999,877)	—	—	(43,999,877)
Dividends declared	12	—	—	(2,509,182)	(2,509,182)
Operating profit after taxation for the period		—	—	7,599,870	7,599,870
Other comprehensive loss for the period		—	(393,030)	—	(393,030)
Balance at 30 September 2021 (unaudited)		**113,513,271**	**2,114,862**	**(35,691,576)**	**79,936,557**

Balance at 1 April 2020		263,017,723	—	(33,007,021)	230,010,702
Redemption of ordinary shares	9	(38,499,854)	—	—	(38,499,854)
Share buybacks	9	(4,857)	—	—	(4,857)
Dividends declared	12	—	—	(5,938,057)	(5,938,057)
Operating loss after taxation for the period		—	—	(7,841,566)	(7,841,566)
Other comprehensive income for the period		—	1,525,785	—	1,525,785
Balance at 30 September 2020 (unaudited)		**244,513,012**	**1,525,785**	**(46,786,644)**	**179,252,153**

The Notes on pages 19 to 29 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Notes	(Unaudited) 1 April 2021 to 30 September 2021 £	(Unaudited) 1 April 2020 to 30 September 2020 £
Operating activities			
Operating income/(loss) for the period before taxation		7,599,870	(7,493,449)
Adjustments for:			
Foreign exchange (gain)/loss		(340,010)	1,660,721
Interest income on loans advanced		(3,742,785)	(9,073,630)
Impairment of loans	3	(2,284,115)	13,364,498
Net change in fair value of financial asset at fair value through profit or loss	4	(1,810,145)	—
Fair value movement of currency derivatives	7	965,820	(3,242,481)
Operating cash flows before movements in working capital		**388,635**	**(4,784,341)**
Principal and interest collections on loans advanced	3	34,027,192	68,109,328
Decrease in other receivables and prepayments		1,654	34,129
Decrease in accrued expenses and other liabilities		(80,244)	(1,139,761)
Net cash generated from operating activities		**34,337,237**	**62,219,355**
Financing activities			
Loans repayments received		—	(11 531 076)
Dividends paid	12	(2,509,182)	(5,938,057)
Repurchase of ordinary shares		—	(4,857)
Redemption of ordinary shares	9	(43,999,877)	(38,499,854)
Net cash used in financing activities		**(46,509,059)**	**(55,973,844)**
Net (decrease)/increase in cash and cash equivalents		**(12,171,822)**	**6,245,511**
Cash and cash equivalents at the beginning of the period		30,784,718	46,602,238
Foreign exchange loss on cash and cash equivalents		(661,651)	(638,084)
Cash and cash equivalents at the end of the period	6	**17,951,245**	**52,209,665**

The Notes on pages 19 to 29 form part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

1. GENERAL INFORMATION

The Company is a closed-ended limited liability company registered under The Companies (Guernsey) Law, 2008 (as amended) with registered number 60680. The Company is a registered collective investment scheme in Guernsey and admitted to trading on the London Stock Exchange's Main Market and listed on the UKLA's premium segment. The Company's home member state for the purposes of the EU Transparency Directive is the United Kingdom. As such, the Company is subject to regulation and supervision by the Financial Conduct Authority, being the financial markets supervisor in the United Kingdom. The registered office of the Company is De Catapan House, Grange Road, St Peter Port, Guernsey GY1 2QG.

The Company was established to provide shareholders with sustainable and attractive levels of dividend income, primarily by way of investment in loans originated both directly through the Platforms operated by Funding Circle and indirectly, in each case as detailed in the investment policy. The Company identified Funding Circle as a leader in the growing Platform lending space with its established infrastructure, scale of origination volumes and expertise in accurately assessing loan applications.

On 21 May 2019, the Company published a circular and notice of extraordinary general meeting ("EGM") which sets out details of, and sought shareholder approval for, certain Proposals. The Proposals involved modifying the Company's Investment Objective and Policy to reflect a realisation strategy and amending its Articles to include a mechanism to enable the Company to redeem shares in the Company compulsorily so as to return cash to shareholders.

On 11 June 2019, the Proposals were approved at the EGM as discussed in detail in the most recent Annual Report. The Company publishes net asset value statements on its website at www.smecreditrealisation.com.

2. BASIS OF PREPARATION

The Company has prepared these Condensed Consolidated Financial Statements on a going concern basis in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom Financial Conduct Authority and prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 'Interim Financial Reporting'. This Half-Yearly Report does not comprise statutory financial statements within the meaning of The Companies (Guernsey) Law, 2008 (as amended) and should be read in conjunction with the audited Consolidated Financial Statements of the Group for the year ended 31 March 2021, which have been prepared in accordance with IFRS. The statutory financial statements for the year ended 31 March 2021 were approved by the Board of Directors on 27 July 2021. The opinion of the auditor on those financial statements was unqualified. The accounting policies adopted in these condensed consolidated financial statements are unchanged since 31 March 2021. The Company does not have seasonal or cyclical interim business operations.

This Half-Yearly Report for the period ended 30 September 2021 has been reviewed by the auditor but not audited. PwC have been performing the audit of the Company's year end financial statements for six financial years, starting with the period ended 31 March 2016.

New accounting standards, amendments to existing accounting standards and/or interpretations of existing accounting standards (separately or together, "new accounting requirements") adopted in the current period

The directors have assessed the impact, or potential impact, of all new accounting requirements. In the opinion of the directors, except for the implementation of the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, there are no other mandatory new accounting requirements applicable in the current period that had any actual or potential material effect on the reported performance, financial position, or disclosures of the Company. Consequently, no other mandatory new accounting requirements are listed. The Company has not early adopted any new accounting requirements that are not mandatory.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform Phase 2 - effective for annual periods beginning on or after 1 January 2021

These amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred.

Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss. The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. While application is retrospective, an entity is not required to restate prior periods.

2. BASIS OF PREPARATION – (CONTINUED)

New accounting standards, amendments to existing accounting standards and/or interpretations of existing accounting standards (separately or together, "new accounting requirements") adopted in the current period (continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform Phase 2 - effective for annual periods beginning on or after 1 January 2021 (continued)

In the director's opinion, implementation of these amendments has had no material impact on the recognition, measurement or disclosures of the Company's financial instruments.

3. LOANS ADVANCED

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £
Balance at the beginning of the period/year	83,355,445	200,094,130
Interest income	3,742,785	14,715,117
Principal and interest collections*	(34,027,192)	(118,670,288)
Impairment allowance for the period/year	2,284,115	(11,936,141)
Foreign exchange gains/(losses)	1,001,661	(3,960,666)
Gain on movement in fair value through other comprehensive income	(393,030)	2,507,892
Realised gain on sale of non-performing loans ("NPL")	—	605,402
Balance at the end of the period/year	**55,963,784**	**83,355,445**

*The sale of non-performing loans by Basinghall in October 2020 is included within the principal and interest collections line.

The Group predominantly made unsecured loans in previous periods and prior to the modification of the Company's investment policy. As at 30 September 2021, the carrying value of loans secured by charges over properties is £nil (31 March 2021: £nil).

Information about the loss recognised on the movement of the loans advanced at fair value through other comprehensive income and information about the methods and assumptions used in determining the fair value is provided in note 13.

Each loan has a contractual payment date for principal and interest. The Group classifies loans that are 91 or more days late as credit impaired or defaulted for which lifetime expected loss is taken as an impairment charge. The following table shows the movement in impairment allowance during the period.

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £
Impairment allowance at beginning of the period/year – previously reported	61,204,749	59,019,908
Change in impairment allowance for the period/year	(2,284,115)	11,936,141
Sale of Non-performing loans during the period/year	—	(9,751,300)
Impairment allowance at the end of the period/year	**58,920,634**	**61,204,749**

Impairment allowance has decreased for the period due to better than expected performance of the Group's portfolio of loans advanced including the continued ability of loans over 90 days late to make repayments, resulting in the amortisation of balances and the unwind of associated impairment allowance.

The table below shows an analysis of the principal and interest of the loans along with the amount recognised as an impairment allowance analysed by the stages described within IFRS 9:

3. LOANS ADVANCED – (CONTINUED)

	(Unaudited) 30 September 2021 Principal and interest	Impairment allowance
Stage 1 – 1 to 30 days late and no missed payments	81,346,901	7,373,464
Stage 2 – 31+ days late/missed a payment in last 6 months	2,632,387	510,433
Stage 3 – Legally defaulted & 90+ days late	28,184,863	51,036,737
	112,164,151	**58,920,634**

	(Audited) 31 March 2021 Principal and interest	Impairment allowance
Stage 1 – 1 to 30 days late and no missed payments	62,861,951	5,747,801
Stage 2 – 31+ days late/missed a payment in last 6 months	17,628,358	1,815,713
Stage 3 – Legally defaulted & 90+ days late	60,956,593	53,641,235
	141,446,902	**61,204,749**

Structured Finance Transactions

On 11 April 2020, Lambeth fully repaid the remaining amount owed on its senior loan to Citibank. The remaining portfolio of Credit Assets held within Lambeth were transferred to Basinghall on 17 June 2020 for an amount equal to the principal and interest outstanding at 31 May 2020 being the economic cut-off date for the transaction. In October 2020, liquidators were formally appointed and commenced proceedings to wind up Lambeth in an orderly manner. On 1 July 2021, the final meeting in relation to the liquidation of Lambeth took place. All liabilities have been discharged and final payment made to Basinghall under the class B note agreement and liquidation proceedings were completed during the period.

On 17 August 2020, Queenhithe fully repaid the remaining amount owed on its loan with Fleetbank. The remaining portfolio of Credit Assets held within Queenhithe were transferred to Basinghall on the same date for an amount equal to the principal and interest outstanding at 31 July 2020 being the economic cut-off date for the transaction. In December 2020, liquidators were formally appointed and commenced proceedings to wind up Queenhithe in an orderly manner. The proceedings are still ongoing but expected to complete before the end of the group's financial year.

4. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2021 £	(Audited) 30 March 2021 £
Balance at the beginning of the period/year	5,141,217	—
Net gain on the change in fair value of financial asset at fair value through profit or loss during the period/year	1,810,145	5,141,217
Balance at the end of the period/year	**6,951,362**	**5,141,217**

The Group's financial asset at fair value through profit or loss relates to the investment in the EIB transaction.

In October 2019, one of the financial covenants in respect of the EIB transaction was breached resulting in a switch from principal proceeds being distributed pari passu between the EIB and the Company to being fully allocated to the EIB until such time as the loan with the EIB has been fully repaid or the breach is no longer continuing.

On 29 July 2020, the EIB SPV entered into an agreement with the EIB and the Company (amongst other parties) which altered the order of repayment of the principal and interest amounts due to the EIB and the Company and prioritised repayment to the EIB as senior lender. Principal and interest collections on the portfolio, net of SPV running costs, are currently being applied to repay the loan with the EIB.

As a result of the continued resilient performance seen on the portfolio of loans held by the EIB SPV with lower defaults and higher recoveries than previously forecast, a fair value gain of £1,810,145 has been recognised in the condensed consolidated statement of comprehensive income for the year (31 March 2021: loss of £5,141,217). Refer to note 16 for further information regarding the transaction that took place subsequent to the period end.

5. SEGMENTAL REPORTING

The calculation of the fair value is discussed in note 13.

The Group operates in the UK, US, Germany, Spain and the Netherlands. For financial reporting purposes, Germany, Spain and the Netherlands combine to make up the CE operating segment.

The measurement basis used for evaluating the performance of each segment is consistent with the policies used for the Group as a whole. Assets, liabilities, profits and losses for each reportable segment are recognised and measured using the same accounting policies as the Group.

Except for the EIB transaction, all of the Group's investments are loans to SMEs. Each individual SME loan does not generate income that exceeds 10% of the Group's total income.

The EIB transaction and the corresponding income have been reported under the 'UK' segment below. All items of income and expenses not directly attributable to specific reportable segments have been included in 'Other income and expenses' column.

Segment performance for the period ended 30 September 2021 – (unaudited)

	UK	US	CE	Other income and expenses	Consolidated
	£	£	£	£	£
Total revenue	2,145,674	590,025	1,007,084	2,431	3,745,214
Decrease/ (increase) in impairment of loans	2,508,008	363,774	(587,667)	—	2,284,115
Net gain on the change in fair value of financial asset at fair value through profit or loss	1,810,145	—	—	—	1,810,145
Total comprehensive income	5,416,277	687,402	1,100,730	2,431	7,206,840

Segment assets and liabilities as at 30 September 2021 – (unaudited)

	UK	US	CE	Other assets and liabilities	Consolidated
	£	£	£	£	£
Assets	57,409,647	9,316,186	14,140,558	8,216	80,874,607
Liabilities	(448,114)	(229,483)	(260,453)	—	(938,050)

Segmental performance for the period ended 30 September 2020 – (unaudited)

	UK	US	CE	Other income and expenses	Consolidated
	£	£	£	£	£
Total revenue	5,307,044	1,863,476	1,903,105	12,028	9,085,653
Impairment of loans	(10,656,833)	(1,171,094)	(1,536,571)	—	(13,364,498)
Net gain/(loss) on the change in fair value of loans advanced	3,435,451	(1 049,861)	(859,805)	—	1,525,785
Total comprehensive loss	(3,761 850)	(1,119,015)	(1 446,944)	12,028	(6,315,781)

Segment assets and liabilities as at 30 September 2020 – (unaudited)

	UK	US	CE	Other assets and liabilities	Consolidated
	£	£	£	£	£
Assets	127,738,156	23,205,323	29,463,268	14,404	180,421,151
Liabilities	(611,253)	(247,423)	(310,322)	—	(1,168,998)

6. CASH AND CASH EQUIVALENTS

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £
Cash at bank	7,021,607	7,969,502
Cash equivalents	10,929,638	22,815,216
Balance at the end of the period/year	**17,951,245**	**30,784,718**

Cash equivalents are term deposits held with different banks with maturities between overnight and 90 days.

7. FAIR VALUE OF CURRENCY DERIVATIVES

Foreign exchange swaps are held to hedge the currency exposure generated by US dollar assets and Euro assets held by the Group (see note 13). The hedges have been put in place taking into account the fact that derivative positions, such as simple foreign exchange swaps, could cause the Group to require cash to fund margin calls on those positions. The Group negotiated the terms of the contracts with each counterparty such that no collateral is required on the initial transaction and in instances of temporary negative fair value positions.

Fair value of currency derivatives

	(Unaudited) Fair value 30 September 2021 £	(Audited) Fair value 31 March 2021 £
Valuation of currency derivatives	(196,856)	768,964
	(196,856)	**768,964**

	(Unaudited) Fair value 30 September 2021 £	(Audited) Fair value 31 March 2021 £
Euro	1,434	(33,918)
USD	20,017	1,780
GBP	(218,307)	801,102
Total	**(196,856)**	**768,964**

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £
Service fees payable	60,806	145,785
Audit fees payable	238,228	252,807
Legal fees payable	41,249	12,154
Taxation payable	348,117	348,130
Directors' fees payable	5,766	5,416
Other liabilities	47,028	57,146
	741,194	**821,438**

9. SHARE CAPITAL

Issued and fully paid Ordinary shares	Number of shares	Shares issued amount £	Issue costs £	Net Shares amount £
At 31 March 2021 – (audited)	134,164,922	163,258,048	(5,744,900)	157,513,148
Share repurchases	—	—	—	—
Shares redeemed	(48,460,533)	(43,999,877)	—	(43,999,877)
At 30 September 2021 – (unaudited)	**85,704,389**	**119,258,171**	**(5,744,900)**	**113,513,271**

Issued and fully paid Ordinary shares	Number of shares	Shares issued amount £	Issue costs £	Net Shares amount £
At 31 March 2020 – (audited)	258,301,354	268,762,623	(5,744,900)	263,017,723
Share repurchases	(10,000)	(4,857)	—	(4,857)
Redemption of ordinary shares	(44,551 554)	(38,499,854)	—	(38,499,854)
At 30 September 2020 – (unaudited)	**213,739,800**	**230,257,912**	**(5,744,900)**	**224,513,012**

As at 30 September 2021, the Company has purchased a total of 43,746,667 shares (31 March 2021: 43,746,667 shares) which nil (31 March 2021: nil) have been held in treasury. During the period, a total of nil shares (31 March 2021: 596,243 shares) held in treasury were cancelled and formally discharged.

Following the COVID-19 pandemic and the uncertainty around its impact, the directors resolved to suspend the programme of repurchases of its own shares on 2 April 2021 until further notice.

The Company has compulsorily redeemed a total of 48,460,533 (31 March 2021: 124,126,432) shares for a total amount of £43,999,877 (31 March 2021: £105,499,718) throughout the period. All shares redeemed throughout the period were redeemed at the prevailing NAV per share at the date of declaration.

Rights attaching to the Ordinary share class

All shareholders have the same voting rights in respect of the share capital of the Company. Every member who is present in person or by a duly authorised representative or proxy shall have one vote on a show of hands and on a poll every member present shall have one vote for each share of which he is the holder, proxy or representative. All shareholders are entitled to receive notice of the Annual General Meeting and any other General meetings.

Each Ordinary share will rank in full for all dividends and distributions declared after their issue and otherwise pari passu in all respects with each existing Ordinary share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Ordinary share.

10. TAXATION

	(Unaudited) 30 September 2021 £	(Audited) 31 March 2021 £
Operating income before taxation	7,206,840	2,420,528
Tax at the standard Guernsey income tax rate of 0%	—	—
Effects of tax rates in other jurisdictions	—	(348,809)
Taxation expense	**—**	**(348,809)**

The Group may be subject to taxation under the tax rules of the jurisdictions in which it invests. During the period, Basinghall, Tallis, Lambeth and Queenhithe which are consolidated into the Group's results were subject to a corporation tax rate of 25% in Ireland.

From 1 January 2020 new tax rules were applicable under the legislative changes made to the Irish Finance Act 2020. These rules included changes to the anti-hybrid and anti-avoidance rules in section 110 TCA of the legislation.

10. TAXATION - (CONTINUED)

Basinghall paid class B profit participating note interest to SCRF in February 2020 totalling £1,392,467, which is considered disallowable for tax purposes in Ireland following the legislative changes discussed above and so a 25% tax charge was levied totalling £348,117. This charge relates to the financial year ended 31 March 2020 and was accrued in the financial year ended 31 March 2021 due to the timing of the completion of the impact assessment. As at 30 September 2021, this amount remains accrued and unpaid but was paid subsequent to the period end in October 2021. The Group has been advised by its legal advisors that changes made to its structural arrangements have caused the relevant entity to fall outside the scope of the legislative changes discussed above with effect from 1 April 2020.

11. EARNINGS PER SHARE ("EPS")

The calculation of the basic and diluted EPS is based on the following information:

	(Unaudited) 30 September 2021 £	(Unaudited) 30 September 2020 £
Profit/(loss) for the purposes of basic and diluted EPS	7,206,840	(6,315,781)
Adjustment for the effect of other comprehensive income	393,030	(1,525,785)
Profit/(loss) for the purposes of basic and diluted EPS	**7,599,870**	**(7,841,566)**
Weighted average number of shares for the purposes of EPS:		
Basic and diluted	101,603,194	232,346,512
Basic and diluted EPS	**7.48p**	**(3.37p)**

12. DIVIDENDS

The following table shows a summary of dividends declared during the period, and previous period, in relation to Ordinary shares.

30 September 2021	Date declared	Ex-dividend date	Per share Pence	Total £	Number of shares issued as scrip dividend
Ordinary shares					
Interim dividend	21 April 2021	29 April 2021	1.3125	1,384,312	—
Interim dividend	20 July 2021	29 July 2021	1.3125	1,124,870	—
Total			**2.625**	**2,509,182**	**—**

30 September 2020	Date declared	Ex-dividend date	Per share Pence	Total £	Number of shares issued as scrip dividend
Ordinary shares					
Interim dividend	9 April 2020	23 April 2020	1.3125	3,132,722	—
Interim dividend	21 July 2020	30 July 2020	1.3125	2,805,335	—
Total			**2.625**	**5,938,057**	—

The scrip offering programme has been discontinued from 31 March 2019.

13. FINANCIAL RISK MANAGEMENT

Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's Annual Report and financial statements as at 31 March 2021.

There have been no changes in the risk management in any risk management policies since the prior year end.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Compared to year end, there was no material change on how the Board of Directors manages liquidity risk.

Fair value measurement

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. Investments, whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include active listed equities. The quoted price for these instruments is not adjusted;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The Group's financial instruments measured at fair value as at 30 September 2021 are its currency derivatives, the investment in the EIB transaction and its loans advanced. The fair value of the currency derivatives held by State Street and Northern Trust were estimated by Record Currency Management Limited based on the GBP-USD forward exchange rate, the GBP-EUR forward exchange rate, the GBP-USD spot rate and the GBP-EUR spot rate as at 30 September 2021.

The fair value of the EIB transaction has been estimated by discounting future cash flows expected from the investment. The estimated fair value and carrying amount of the EIB transaction was £6,951,362 at 30 September 2021 (2021: £5,141,217).

The Board of Directors believe that the fair value of the currency derivatives falls within Level 2 in the fair value hierarchy described above. The fair value of the EIB transaction falls within Level 3 in the fair value hierarchy due to the unobservable inputs used in the valuation which include discount rate and timing and amounts of cash flows.

The Company has appointed a third-party valuation expert to provide quarterly valuations of its Credit Assets. The fair value of the Credit Assets has been estimated by discounting expected future cash flows from the loans advanced using a discount rate determined by the Directors based on appropriate market comparatives and conditions. The fair value of the Group's Credit Assets as at 30 September 2021 was £55,963,784 (31 March 2021: £83,355,445). The most relevant unobservable input to the fair valuation was the discount rate, which has been summarised below based on the geography of each of the Group's portfolios:

13. FINANCIAL RISK MANAGEMENT – (CONTINUED)

	30 September 2021 UK	30 September 2021 US	30 September 2021 CE	31 March 2021 UK	31 March 2021 US	31 March 2021 CE
Discount rate	7.652%	7.099%	6.555%	7.66%	7.51%	6.90%
Fair value	£34,871,052	£8,013,465	£13,079,267	£50,896,298	£13,678,529	£18,780,618

The following table presents the fair value of the Group's assets and liabilities not measured at fair value as at 30 September 2021 but for which fair value is disclosed:

	30 September 2021 – (unaudited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Cash and cash equivalents	17,951,245	—	—	17,951,245
Other receivables and prepayments	—	8,216	—	8,216
Accrued expenses and other liabilities	—	(741,194)	—	(741,194)
	17,951,245	**(732,978)**	**—**	**17,218,267**

	31 March 2021 – (audited)			
	Level 1 £	Level 2 £	Level 3 £	Total £
Cash and cash equivalents	30,784,718	—	—	30,784,718
Other receivables and prepayments	—	9,870	—	9,870
Loans payable	—	—	—	—
Accrued expenses and other liabilities	—	(821,438)	—	(821,438)
	30,784,718	**(811,568)**	—	**29,973,150**

The Board of Directors believe that the carrying values for cash and cash equivalents, other receivables and prepayments, accrued expenses and other liabilities approximate their fair values.

In the case of cash and cash equivalents, other receivables and prepayments, and accrued expenses and other liabilities the amount estimated to be realised in cash are equal to their value shown in the Condensed Consolidated Statement of Financial Position due to their short term nature.

There were no transfers between levels during the period or the prior period.

The managed wind-down of the Company is being operated with a view to the Company realising all of its investments in accordance with the Investment Objective. Such realisations will comprise natural amortisation of the Company's investments in Credit Assets as well as potentially opportunistic portfolio sales.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The Group's capital is represented by Ordinary share capital and retained earnings. The capital of the Group is managed in line with the orderly wind down of the Group's operations.

The Group is not subject to externally imposed capital requirements. However, certain calculations on the employment of leverage are required under the AIFMD. This directive requires more information to be reported if the Group's leverage exceeds three times its net asset value. As at 30 September 2021, the Group did not have any outstanding external debt for the purpose of AIFMD leverage threshold monitoring.

14. RELATED PARTY DISCLOSURE

The Directors, who are the key management personnel of the Group, are remunerated per annum as follows:

	£
Chairman	50,000
Audit Committee Chairman	40,000
Risk Committee Chairman	40,000
Other Directors	30,000

Sachin Patel has waived his fees as a director of the Company.

Richard Burwood resigned from the boards of Tallis, Basinghall, Lambeth and Queenhithe during the year ended 31 March 2021 and is no longer entitled to receive £5,000 per annum for each of these entities.

The Directors held the following number of shares as at 30 September 2021 and 31 March 2021:

	(unaudited) As at 30 September 2021		**(audited) As at 31 March 2021**	
	Number of shares	**% of total shares in issue**	**Number of shares**	**% of total shares in issue**
Richard Boléat	8,660	0.0101%	13,554	0.0069%
Jonathan Bridel	41,875	0.0489%	65,552	0.0333%
Richard Burwood	22,222	0.0185%	24,784	0.0126%
Frederic Hervouet	58,797	0.0686%	92,041	0.0467%
Sachin Patel	—	—	—	—
	131,554	**0.1535%**	**195,931**	**0.0995%**

Most of the movement in the number of shares held by each of the directors during the period relates to the redemptions paid by the Company. During the period, Richard Burwood purchased 10,000 shares on 21 April 2021.

The Group had no employees during the period or the prior period.

The Directors delegate certain functions to other parties. In particular, the Directors have appointed Funding Circle UK, Funding Circle US and Funding Circle CE to originate and service the Group's investments in loans and FCGPL to provide corporate services. Notwithstanding these delegations, the Directors have responsibility for exercising overall control and supervision of the services provided by the Funding Circle entities, for risk management of the Group and otherwise for the Group's management and operations.

The transaction amounts incurred during the period and amounts payable to each of Funding Circle UK, FCGPL, Funding Circle US and Funding Circle CE are disclosed below.

	Transaction	**Expense during the period ended 30 September 2021** £	**Payable as at 30 September 2021** £	**Expense during the period ended 30 September 2020** £	**Payable as at 30 September 2020** £
Funding Circle UK	Servicing fee	179,101	24,164	415,584	56,641
FCGPL	Corporate services fee	54,608	—	105,582	—
FCGPL	Reimbursement of expenses	12,647	434	12,647	—
Funding Circle US	Servicing fee	100,015	23,578	193,416	26,102
Funding Circle CE	Servicing fee	92,710	13,064	183,640	26,362

15. INVESTMENT IN SUBSIDIARIES

The Company accounts for its interest in the following entities as subsidiaries, in accordance with the definition of subsidiaries and control set out in IFRS 10:

	Country of incorporation	Principal activity	Transactions	(unaudited) Outstanding amount as at 30 September 2021 £	(audited) Outstanding amount as at 31 March 2021 £
Basinghall Lending Designated Activity Company	Ireland	Invested in Credit Assets originated in the UK	Subscription of notes issued	31,533,560	55,733,625
Tallis Lending Designated Activity Company	Ireland	Invested in Credit Assets originated in Germany, the Netherlands and Spain	Subscription of notes issued	12,513,151	19,658,656
Lambeth Lending Designated Activity Company – dissolved	Ireland	Invested in Credit Assets originated in UK	Subscription of notes issued (through Basinghall)	—	71,757
Queenhithe Lending Designated Activity Company – in voluntary liquidation	Ireland	Invested in Credit Assets originated in the UK	Subscription of notes issued (through Basinghall)	65,682	65,682
				44,112,393	**75,529,720**

16. SUBSEQUENT EVENTS

On 25 October 2021, the EIB SPV fully repaid the remaining amount owed on its senior loan with the EIB. The remaining portfolio of Credit Assets held within the EIB SPV were transferred to Basinghall on 28 October for an amount of £5,824,314 being equal to the fair value estimated by a third party valuation expert as at 30 September 2021 being the economic cut off for the transaction. The class B note in issue was partially redeemed and the remaining amount written down to nil on 28 October 2021. In December 2021, liquidators will be formally appointed to commence proceedings to wind up the EIB SPV in an orderly manner.

In the opinion of the Directors, there are no other material subsequent events that require adjustment to the balances as at the period end or disclosure in the financial statements.

BOARD OF DIRECTORS

Richard Boléat
Chairman, Remuneration and Nominations Committee Chairman, Non-executive Director
Richard Boléat was born in Jersey in 1963. He is a Fellow of the Institute of Chartered Accountants in England & Wales, having trained with Coopers & Lybrand in Jersey and the United Kingdom. After qualifying in 1986, he subsequently worked in the Middle East, Africa and the UK for a number of commercial and financial services groups before returning to Jersey in 1991. He was formerly a Principal of Channel House Financial Services Group from 1996 until its acquisition by Capita Group plc ("Capita") in September 2005. Mr Boléat led Capita's financial services client practice in Jersey until September 2007, when he left to establish Governance Partners, L.P., an independent corporate governance practice. He currently acts as Chairman of CVC Credit Partners European Opportunities Limited and Yatra Capital Limited and Audit Committee Chairman of M&G Credit Income Investment Trust plc, and also serves on the boards of a number of other substantial collective investment and investment management entities established in Jersey, the Cayman Islands and Luxembourg. He is regulated in his personal capacity by the Jersey Financial Services Commission and is a member of AIMA.

Jonathan Bridel
Audit Committee Chairman, Non-executive Director
Mr Bridel is currently a non-executive Chairman or director of various listed and unlisted investment funds and private equity investment managers. Listings include The Renewables Infrastructure Group Limited and Sequoia Economic Infrastructure Income Fund Limited which are listed on the premium segment of the London Stock Exchange. He is also Chairman of DP Aircraft 1 Limited and a director of Fair Oaks Income Fund Limited. He was until 2011 Managing Director of Royal Bank of Canada's investment businesses in Guernsey and Jersey. This role had a strong focus on corporate governance, oversight, regulatory and technical matters and risk management. He is a Chartered Accountant and has specialised in Corporate Finance and Credit. After qualifying as a Chartered Accountant in 1987, Mr Bridel worked with Price Waterhouse Corporate Finance in London and subsequently served in a number of senior management positions in Australia and Guernsey in corporate and offshore banking and specialised in credit. This included heading up an SME Lending business for a major bank in South Australia. He was also chief financial officer of two private multi-national businesses, one of which raised private equity. He holds qualifications from the Institute of Chartered Accountants in England and Wales where he is a Fellow, the Chartered Institute of Marketing and the Australian Institute of Company Directors. He graduated with an MBA from Durham University in 1988. Mr Bridel is a Chartered Marketer and a member of the Chartered Institute of Marketing, a Chartered Director and a Fellow of the Institute of Directors and is a Chartered Fellow of the Chartered Institute for Securities and Investment.

Richard Burwood
Management Engagement Committee Chairman, Non-executive Director
Mr Burwood is a resident of Guernsey with 25 years' experience in banking and investment management. During 18 years with Citibank London Mr Burwood spent 4 years as a Treasury Dealer and 11 years as a Fixed Income portfolio manager covering banks & finance investments, corporate bonds and asset backed securities.

Mr Burwood moved to Guernsey in 2010, initially working as a portfolio manager for EFG Financial Products (Guernsey) Ltd managing the treasury department's ALCO Fixed Income portfolio. From 2011 to 2013 Mr Burwood worked as the Business and Investment manager for the Guernsey branch of Man Investments (CH) AG. This role involved overseeing all aspects of the business including operations and management of proprietary investments.

Mr Burwood serves as Non-Executive Director on the boards of the Roundshield Fund, Guernsey (a European asset backed special opportunities fund providing finance to small and mid-cap businesses) since January 2014 and TwentyFour Income Fund (a UK and European asset backed investments) since January 2013.

Frederic Hervouet
Risk Committee Chairman, Non-executive Director
Fred Hervouet (45) is a resident of Guernsey and has dual nationality with both British and French citizenship. He has more than 20 years of experience in Hedge Funds and Capital Markets roles.

Until end of 2013, Fred was Managing Director and Head of Commodity Derivatives Asia for BNP Paribas including Trading, Structuring and Sales. Prior to BNP Paribas, he also worked for two multi-billion, multi- strategy hedge funds including Quantitative strategies (CTAs), Convertible Arbitrage, Event Driven, Fixed Income Relative Value, Equity & Commodity Long-short, Global Macro, Emerging Markets Debt Fund. In the last 20 years, Fred has worked in different aspects of the Financial Markets and Asset Management Industry. His experience includes Derivatives Markets, Structured Finance, Structured Products and Hedge Funds, Trading and Risk Management.

Fred has worked in Singapore, Switzerland, United Kingdom and France. Most recently, Mr Hervouet was a member of BNP Paribas Commodity Group Executive Committee and BNP Paribas Credit Executive Committees on Structured Finance projects (structured debt and Trade Finance).

BOARD OF DIRECTORS

Frederic Hervouet (continued)
Risk Committee Chairman, Non-executive Director (continued)

Fred now acts as a full time dedicated Non-executive Director of a number of listed and non-listed companies. He is the Chairman of Chenavari Toro Income Fund listed on the SFM of the LSE and a director of Crystal Amber Fund Limited. He is also a director of general partners on a number of Guernsey Private Equity Funds (Terra Firma, Lakestar, Telstra Ventures, LCH Partners).

Fred graduated from the University of Paris Dauphine, France achieving a Masters (DESS 203) in Financial Markets, Commodity Markets and Risk Management and an MSc in Applied Mathematics and International Finance.

Fred has provided investment and risk management services to corporations and institutions worldwide and worked with CEOs, CFOs and Head of Investment Divisions. Appearances on financial programs include CNBC, Bloomberg and other networks. He is a member of various financial services interest Groups including the UK Institute of Directors, the UK Association of Investment Companies, the Guernsey Chamber of Commerce and of the Guernsey Investment Fund Association ("GIFA").

Sachin Patel
Non-executive Director
Sachin Patel is the Chief Capital Officer at Funding Circle, leads the Global Capital Markets group and is responsible for investor strategy. Previously, Sachin was Vice President in the cross-asset structured products and solutions businesses at Barclays Capital and, prior to this, at J.P. Morgan, advising a wide variety of investors including insurance companies, pension funds, discretionary asset managers and private banks.

By virtue of Sachin's role at Funding Circle Limited, Sachin is not an independent Director. Notwithstanding this, Sachin has undertaken in his service contract with the Company to communicate to the Board any actual or potential conflict of interest arising out of his position as a Director and the other Directors have satisfied themselves that procedures are in place to address potential conflicts of interest.

Sachin is not entitled to any fee for the services provided and to be provided in relation to his directorship, although the Company shall, during the course of his appointment, reimburse all properly incurred out-of-pocket expenses incurred in the execution of his duties as a Director.

AGENTS AND ADVISORS

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(Guernsey, Channel Islands)

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GLOSSARY

Definitions and explanations of methodologies used are shown below. The Company's prospectus contains a more comprehensive list of defined terms.

"Administrator"	Sanne Group (Guernsey) Limited
"Affiliates"	With respect to any specified person means: (a) any person that directly or indirectly controls, is directly or indirectly controlled by or is directly or indirectly under common control with such specified person; (b) any person that serves as a director or officer (or in any similar capacity) of such specified person; (c) any person with respect to which such specified person serves as a general partner or trustee (or in any similar capacity). For the purposes of this definition, ''control'' (including ''controlling'', ''controlled by'' and ''under common control with'') means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.
"AGM"	Annual General Meeting
"AIC Code"	The AIC Code of Corporate Governance
"AIC"	The Association of Investment Companies, of which the Company is a member
AIFM"	Alternative Investment Fund Manager, appointed in accordance with the AIFMD
"AIFMD"	The Alternative Investment Fund Managers Directive
"Available Cash"	Cash determined by the Board as being available for use by the Company in accordance with the Investment Objective, and, in respect of Basinghall and Tallis, cash determined by the Board of each of Basinghall and Tallis Board (having regard to the terms of the Origination Agreement and the Note) for use by Basinghall and Tallis and excluding (without limitation) amounts held as reserves or pending distribution
"CE"	Continental Europe
"Company Secretary"	Sanne Group (Guernsey) Limited
"Credit Assets"	Loans or debt or credit instruments of any type originated through any of the Platforms
"Credit Losses"	A measure of performance showing the decrease in carrying value of Credit Assets as a result of actual or possible default events. Details of the methodology including key inputs are disclosed in note 3 (b).
"Dividend Per Share"	A measure of performance showing dividend either declared or paid for each share issued and outstanding in the Company
"EGM"	The Extraordinary General Meeting on 11 June 2020
"Funding Circle"	FCGPL, Funding Circle UK, Funding Circle US, Funding Circle CE or either of their respective Affiliates (as defined in the Prospectus of the Company), or any or all of them as the context may require
"Funding Circle CE"	Funding Circle CE GmbH and Funding Circle Deutschland GmbH
"Funding Circle Netherlands"	Funding Circle Nederlands B.V.

GLOSSARY

"Funding Circle Spain"	Funding Circle Espaňa SLU
"FCGPL"	Funding Circle Global Partners Limited
"Funding Circle UK"	Funding Circle Limited
"Funding Circle US"	FC Platform, LLC
"NAV Total Return"	A measure of performance showing how the NAV per share has performed over a period of time. This is calculated by comparing the NAV per share at the beginning of a period to the NAV per share at the end of a period removing the effect of capital returns and dividend payments.
"Near Affiliates"	The relevant Irish subsidiary of the Company and any other SPV or entity which, not being an Affiliate of the Company, has been or will be formed in connection with the Company's direct or indirect investment in Credit Assets and which (save in respect of any nominal amounts of equity capital) is or will be financed solely by the Company or any Affiliate of the Company
"Note" or "Profit Participating Note"	Notes issued by Basinghall Lending Designated Activity Company and Tallis Lending Designated Activity Company under their separate note programmes
"Origination Agreements"	The German Origination Agreement, the Dutch Origination Agreement, the Spanish Origination Agreement, the UK Origination Agreement, the US Origination Agreement, and the CE Origination Agreements
"Platforms"	The platforms operated in the UK, US and CE by Funding Circle, together with any similar or equivalent platform established or operated by Funding Circle in any jurisdiction.
"Proposals"	The proposals contained in the circular issued on 21 May 2020 which were subsequently approved at the EGM on 11 June 2020. These included the proposals to (1) modify the Company's Investment Objective and Policy to reflect a realisation strategy; (2) amend its Articles of Incorporation (the "Articles") to include a mechanism to enable the Company to redeem shares in the Company compulsorily so as to return cash to shareholders; (3) appoint Funding Circle Global Partners Limited ("FCGPL") to facilitate potential portfolio sales on behalf of the Company and to (4) change the name of the Company into SME Credit Realisation Fund Limited ("SCRF") consistent to the proposed modification of the Company's Investment Objective and Policy.
"Prospectus"	The prospectus issued on the initial IPO on 30 November 2015 and subsequently revised in February 2017 and in August 2018
"PwC"	PricewaterhouseCoopers CI LLP, PricewaterhouseCoopers Ireland
"PwC CI"	PricewaterhouseCoopers CI LLP
"PwC Ireland"	PricewaterhouseCoopers Ireland
"PwC UK"	PricewaterhouseCoopers LLP
"Share Price Premium or Discount to NAV"	A measure of performance showing difference between the Group's NAV per share and the prevailing share price.
"Share Price Total Return"	A measure of performance showing how the share price has performed over a period of time. This is calculated by comparing the change in NAV per share (after removing the effect of capital returns and dividend payments) over a period to the share price of the Company.
"Share Redemption"	A mechanism to enable the Company to redeem shares compulsorily so as to return cash to Shareholders as disclosed in the EGM circular published on 21 May 2019.

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