

Half-Yearly Financial Report and Condensed Consolidated Financial Statements

for the six-month period ended 30 September 2019

CONTENTS

Financial Highlights	1
Summary Information	2
Chairman's Statement	3 – 4
Interim Report	5 – 11
Statement of Directors' Responsibilities	12
Interim Review Report	13
Condensed Consolidated Statement of Comprehensive Income	14
Condensed Consolidated Statement of Financial Position	15
Condensed Consolidated Statement of Changes in Shareholders' Equity	16
Condensed Consolidated Statement of Cash Flows	17
Notes to the Condensed Consolidated Financial Statements	18 – 29
Board of Directors	30 – 31
Agents and Advisors	32
Glossary	33 – 34

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 £3.61 million (2018: £3.02 million).
- Aggregate dividends of 2.63 pence per Ordinary share declared for the period ended 30 September 2019, which is in line with the adjusted dividend target of 5.25 pence per Ordinary share with effect from 05 September 2019 for at least a period to 31 March 2020.
- The total number of shares bought back during the period was 25,594,750 at an average price of 84.82p, which contributed 0.89% to the NAV total return for the period of 2.07%.

The information below is presented for the period ended and as at 30 September 2019 unless expressly stated to cover a different period.

NAV per Ordinary share	Total Net Assets	Ordinary share price	Market Capitalisation	Share Price Premium / (Discount) to NAV at period end
94.80p	£282mil	82.60p	£246mil	(12.9%)
Annualised Dividends per Ordinary share	Earnings per Ordinary share	Share Price Total Return (inception to date)	NAV Total Return (inception to date)	
5.25p	1.17p	(4%)	17.40%	

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 SPVs. This Interim Report for the period ended 30 September 2019 (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”.

Capital Management

On 20 December 2018, the Company commenced a programme of acquisition of its Ordinary Shares in the secondary market.

On 21 May 2019, the Company published a circular and notice of an extraordinary general meeting (“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 as discussed in detail in the most recent Annual Report.

On 5 September 2019, at the fourth Annual General Meeting (“AGM”), the special resolution to renew the authorisation of the Company to continue making market acquisitions of its ordinary shares was approved by the shareholders.

Following the approval of its renewed authority to acquire its shares, the Company has purchased an aggregate of 36,834,250 shares of no par value of the Company for an average gross price of 85.49 pence per share as at the date of this Interim Report.

Following the above purchase, the total number of Shares in issue is 297,449,543 (excluding 36,834,250 shares held in treasury) as at 30 September 2019. This number represents the total voting rights in the Company and may be used by shareholders as the denominator for the calculations by which they can determine if they are required to notify their interest in, or a change to their interest in the Company under the Financial Conduct Authority’s Disclosure Guidance and Transparency Rules.

On 1 October 2019, the Company formally withdrew and cancelled 36,234,250 shares which were held in treasury. See note 16 of the condensed consolidated financial statements.

On 21 October 2019, the Company announced the inaugural compulsory partial redemption of its Shares in accordance with the resolution passed on 11 June 2019 to effect an orderly wind-down of the Company. On the same date, the Company has announced the commencement of an auction process that may result in the sale of a portion of or substantially all of the SME loans held by the Company. The auction process is discussed in detail in the Chairman’s Statement on pages 3 and 4.

On 27 November 2019, the Company returned approximately £16 million to shareholders by way of a compulsory partial redemption of Shares at 94.80 pence per share, being the NAV per Ordinary Share as at 30 September 2019.

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to write to you to provide an update on the Company's progress for the six month period to 30 September 2019. You will recall from previous reports, circulars and announcements that the Company is conducting a managed wind-down of its activities, with the objective of returning capital to shareholders promptly whilst seeking to maximise returns.

Performance Review

An analysis of the performance of the Company for the period to 30 September 2019 (with the six month period to 31 March 2019 for comparative purposes) is set out below:

Return Attribution

	1 Apr 2019 to 30 Sep 2019	1 Oct 2018 to 31 Mar 2019
Gross Income	5.65%	6.08%
Impairment & FV Adj. (IFRS 9 basis)	(3.29%)	(5.54%)
Servicing Fees	(0.47%)	(0.53%)
	1.89%	0.00%
Operating Expenses	(0.44%)	(0.66%)
FX Hedging Costs	(0.04%)	(0.16%)
Loan Interest Expense	(0.24%)	(0.28%)
Share Buybacks	0.89%	0.34%
Net NAV Return	2.07%	(0.78%)

You will note lower impairment charges during the period. In addition, the Company has been active in acquiring shares in the market during the period under review, at a weighted average discount of 10.5% to NAV. This has been a material contributor to performance over the period.

Distributions

The Company's net asset value has reduced from £308 million at 31 March 2019 to £282 million at 30 September 2019, as the Company continues to make distributions to shareholders. In the period to 30 September 2019, £22 million has been distributed to shareholders through share repurchases and £8 million through dividend payments.

In the absence of any future portfolio sales (see further below), you should anticipate that cash generated from the amortisation of the loan books, to the extent not required for repayments of borrowings or working capital generally, will continue to be directed towards a combination of dividend payments, share repurchases and compulsory redemptions of shares, the first of which took place during November 2019. The precise split between these mechanisms of capital return will be determined by, *inter alia*, the number and price of shares available for repurchase in the market, and the level of liquidity available to effect returns of capital. Followers of the Company's RNS announcements will have noted that the pace of buybacks has significantly reduced in recent weeks, predominantly due to a lack of available shares for repurchase.

Potential Portfolio Sales

In the Chairman's Statement accompanying the full year report published in July 2019, I set out an analysis of the steps that the board would be taking to implement the managed wind-down of the Company. Matters have since progressed in line with that guidance. In particular, the Company has placed itself in a position, with the help of Funding Circle and its advisors, to offer its loan books for purchase by interested parties. This has been supported by extensive diligence materials and draft transaction documentation, thus enabling potential acquirors to express their interests on an informed basis. More than 30 parties registered their interest to examine the Company's data rooms, of which a number have been invited to progress to a second bidding round, the results of which are expected to be known in February 2020. Once that process is complete, the board will meet to evaluate which, if any, of the bids received would serve to meet the Company's acceptability criteria. To reaffirm what I said in July 2019, any decision to move forward with portfolio sales will be governed by a strict and objective analysis of the value of any offer that the Company may receive by reference to the value that the Company, and thus shareholders, would otherwise derive from allowing the relevant loans held by the Company to amortise naturally over time, taking account of the risks, costs and uncertainties that inevitably arise from an extended run-off period. Further information will be provided to shareholders in due course as appropriate.

CHAIRMAN'S STATEMENT

Conclusion

I am pleased with the progress made to date in implementing the Company's managed wind-down. The process of managing a wind-down is complex and time-consuming and the board has received excellent support from Funding Circle and its advisors in that regard. Given the recent history of portfolio performance, it is also comforting to note that delinquencies have not accelerated and thus the impact on NAV from the performance weakness highlighted in 2018 has to date been contained. I look forward to providing further updates in due course.

RICHARD BOLÉAT

Chairman of the Board of Directors

18 December 2019

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, 1987, as amended. 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 2019, 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 and 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 5 April 2019, the Company announced that, following consultation with shareholders accounting for over two thirds of the share register, the Board acknowledged their preference to cease investment in new Credit Assets and commence a process to return capital in an orderly and expeditious manner with the objective of optimising returns to shareholders.

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 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.

The Proposals also included the appointment of Funding Circle Global Partners Limited ("FCGPL") to facilitate potential portfolio sales on behalf of the Company and the change of 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.

On 11 June 2019, these Proposals were approved at the EGM that enabled the Directors 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.

Prior to the EGM, the Company had been purchasing its own shares in the secondary market. The Company announced on 19 June 2019 that, in light of the weakness in the Company's share price, the Board reserved the right to recommence share repurchases in the secondary market to the extent that liquidity is available to do so, and has conducted certain share repurchases since that time.

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 2019. 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.

The Company will not allocate new 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.

Any cash received by the Company as part of the realisation process prior to its distribution to shareholders will be held by the Company as cash on deposit and/or as cash equivalents.

The following analyses of the Group's investments in Credit Assets are provided as reference.

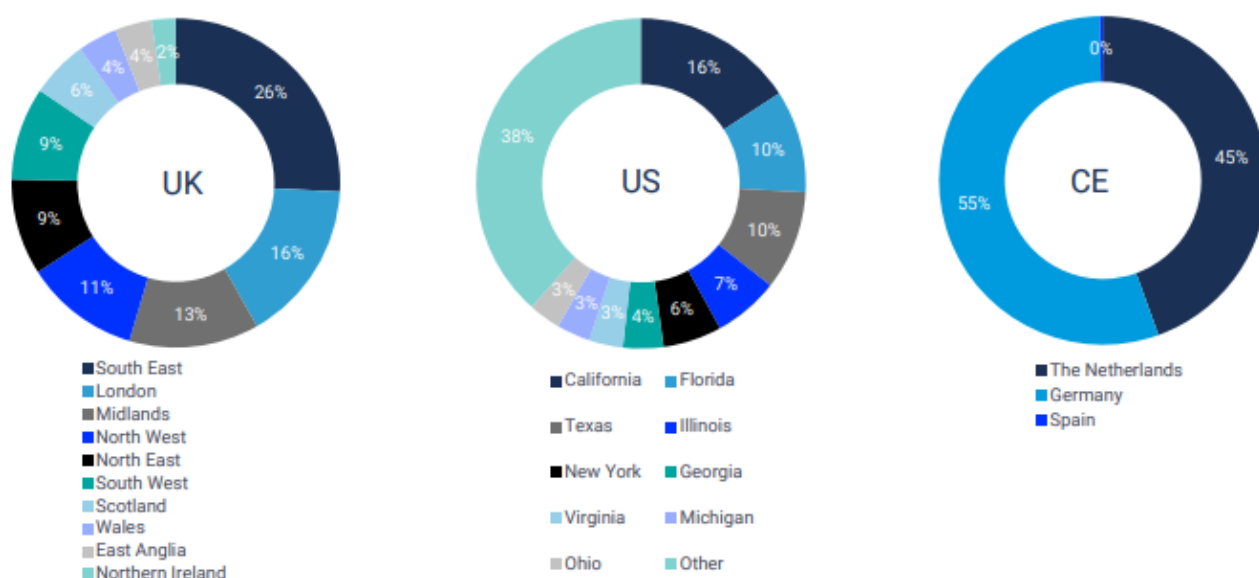
INTERIM REPORT

As at 30 September 2019, 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
Lambeth	United Kingdom
Queenhithe	United Kingdom

*From January 2017, Tallis discontinued further lending to Spain. The Company retains a small portfolio of loans in Spain.

Region Split

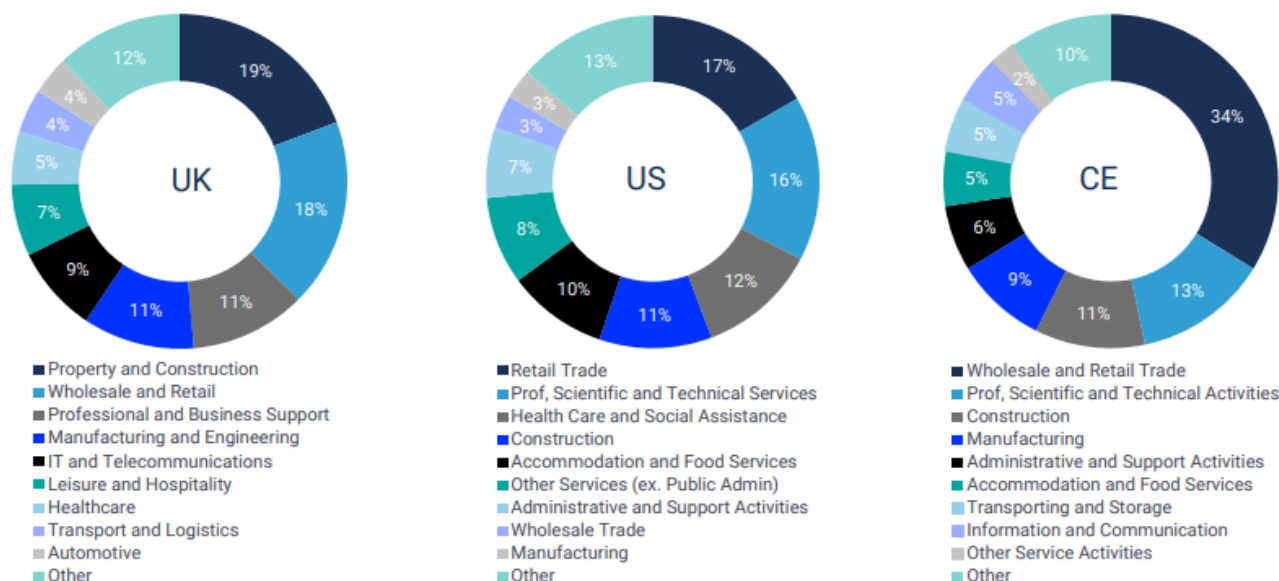


Basinghall, Tallis, Lambeth, Queenhithe and the EIB SPV were formed solely in connection with the implementation of the previous investment policy of the Company.

INTERIM REPORT

Investment Objective and Policy – (continued)

Industry Split



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

Results and dividends

The total comprehensive income for the period, determined under International Financial Reporting Standards ("IFRS"), amounted to £3.61 million (30 September 2018: comprehensive income of £3.02 million).

The Group formally adopted IFRS 9 from 1 April 2018. The implementation of IFRS 9 led to a net decrease in the opening retained earnings position as at 1 April 2018 of £2.34 million and a net decrease in the profit or loss for the period ended 30 September 2018 of £5.93 million. The overall impact of these adjustments in the Statement of Comprehensive Income for the period ended 30 September 2018 was an increase of £2.34 million resulting to total comprehensive income of £3.02 million for the period ended 30 September 2018. Further details are disclosed in note 2 of the condensed consolidated financial statements.

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 5.25 pence per Ordinary Share on an annualised basis in respect of at least the period ended 31 March 2020, which may be partially uncovered by income. Dividends declared during the period are disclosed in note 12 of the condensed consolidated financial statements.

Business review

On 21 May 2019, the Company published a circular and notice of 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 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 Company's most recent Annual Report.

On 5 September 2019, the shareholders held their fourth Annual General Meeting ("AGM") where a special resolution to renew the authorisation of the Company to unconditionally and generally continue making market acquisitions of Ordinary Shares of the Company provided that certain conditions are met.

These conditions were set out in a Regulatory News Service ("RNS") announcement that contained the results of the AGM released in the LSE website on 5 September 2019.

The Company has repurchased an aggregate of 25,594,750 shares of no par value of Ordinary Shares during the period for an average gross price of 84.82 pence per share as at the date of this Interim Report.

The cumulative number of Ordinary Shares held in treasury as at 30 September 2019 was 36,834,250.

INTERIM REPORT

Business review – (continued)

On 21 October 2019, the Company announced the inaugural compulsory partial redemption of its Shares in accordance with the resolutions passed on 11 June 2019 to effect an orderly wind-down of the Company. On the same date, the Company has announced the commencement of an auction process that may result in the sale of a portion of or substantially all of the SME loans held by the Company. The auction process is discussed in detail in the Chairman's Statement on pages 3 and 4. The Company returned approximately £16 million to shareholders by way of a compulsory partial redemption of Shares at 94.80 pence per share, being the NAV per Ordinary Share as at 30 September 2019, with settlement on 27 November 2019.

There have been no other material events that affected the reported financial position as at 30 September 2019 and the results of the Company during the period.

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 key risks and 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 assessment of the principal risks 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 Company became a member of the AIC in November 2015 and has applied the AIC Code from that date. The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for the Corporate Governance Code, has endorsed the AIC Code meaning that companies who report in accordance with the AIC Code fully meet their obligations under the UK Corporate Governance Code (the "Code") and the related disclosure requirements contained in the Listing Rules.

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
<p><i>Default risk</i></p> <p>Borrowers' ability to comply with their payment obligations in respect of loans may deteriorate due to adverse changes in economic and political factors.</p> <p>Actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.</p>	<p>The impact of the uncertainties facing the UK and the EU as they continue negotiations over the United Kingdom's withdrawal from the European Union cannot be quantified. The Board has assessed that this risk may have been impacted but the magnitude and direction of the change remains unclear at this stage.</p> <p>Economic uncertainties or developments including increases in interest rates may also impact upon default rates.</p>	<p>Total distributions to the shareholders.</p>

INTERIM REPORT

Principal Risk and Risk Management – (continued)

Principal risk	Mitigation and update of risk assessment	Company's financial KPI affected by risk
<p><i>Future wind-down risk - (continued)</i></p> <p>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:</p> <p>The Company intends to conduct price discovery processes 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".</p> <p>This process inevitably entails material costs in the establishment and population of a data room, including the preparation of vendor Due Diligence Questionnaire ("DDQ") materials, draft sale and purchase agreements and the like. To the extent that the Company's price discovery process does not result in a consummated transaction or transactions, the costs of this process may be written off.</p> <p>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.</p> <p>The Company presently intends to deploy 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.</p> <p>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.</p> <p>As the Company moves through the wind-down process, the Board anticipates that accounting standards will require the Company to prepare its accounts on a basis other than going concern in due course. Furthermore, as the natural amortisation of the Company's investments in Credit Assets takes place and potentially opportunistic portfolio sales are pursued, the latter will have the effect of requiring the adoption of a fair value methodology for the valuation of Credit Assets. This may also require the Company to incur third party costs to enable accurate measurement of fair values.</p>	<p>The Board will actively monitor and control the preparation and price discovery process to seek to ensure that it is operationally and economically optimised.</p> <p>The Board will actively seek to "right size" the Company's overhead base as net asset value reduces, through renegotiation with counterparties.</p> <p>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.</p> <p>The Board will seek to maintain and enhance banking counterparty relationships to seek to retain access to institutional pricing.</p> <p>The Board will seek to communicate the effect of these changes to shareholders in detail, and will also seek to minimise the costs of adoption of the revised accounting methodology through competitive tendering.</p> <p>The Board will also adopt a rigorous process, sensitivity analysis and oversight of the valuation process to ensure that the methodology used is appropriate and the fees paid for the services are competitive through tender process.</p>	<p>Total distributions to the shareholders.</p> <p>Total distributions to the shareholders.</p> <p>Share price volatility.</p> <p>Total distributions to the shareholders.</p> <p>Sensitivity analysis, share price volatility and total distributions to shareholders.</p>

INTERIM REPORT

Principal Risk and Risk Management – (continued)

In addition to the principal risks considered above, the Board also considers other key operational risks as part of its ongoing risk monitoring process.

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. These factors are kept under review by the Board and relevant Board committees as appropriate.

Going concern

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

Whilst the managed wind-down of the Company was approved at the EGM, 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. As a result, the Directors continue to present the condensed consolidated financial statements on a going concern basis.

The Directors expect that the Company will have to revisit the basis of preparation, classification and measurement of its assets and liabilities in line with the revised Investment Objective and Policy in due course, as discussed in the most recent Annual Report.

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

Phillip Hyett is approved to act as Alternate Director for Sachin Patel but will cease to be so from 10 January 2020.

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 and 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.

INTERIM REPORT

Directors' shares and interests – (continued)

As at 30 September 2019, the Directors held the following Ordinary shares of the Company:

	Number of shares	
	30 September 2019	31 March 2019
Frederic Hervouet	107,000	107,000
Jonathan Bridel	5,000	5,000
Richard Boléat	5,000	5,000
Richard Burwood	5,000	5,000
Sachin Patel	—	—
	122,000	122,000

As a result of the compulsory partial redemption of shares of the Company on 27 November 2019, the shareholdings of the Directors have been reduced by 6% from the previous shareholdings of the Directors as at 30 September 2019 as presented in the table above.

During the period, no Director had a material interest in a contract to which the Company was a party (other than their 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 2019 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.

By order of the Board

Authorised Signatory

Sanne Group (Guernsey) Limited, Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE 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

18 December 2019

Jonathan Bridel

Chairman of the Audit Committee

18 December 2019

INTERIM REVIEW REPORT

TO THE MEMBERS OF SME CREDIT REALISATION FUND LIMITED

Our conclusion

We have reviewed the accompanying condensed consolidated financial statements of SME Credit Realisation Fund Limited (the "Company") and its subsidiaries (together the 'Group') as of 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated 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 accompanying condensed consolidated financial statements comprise:

- the condensed consolidated statement of financial position as of 30 September 2019;
- the condensed consolidated statement of comprehensive income for the six-month period then ended;
- the condensed consolidated statement of changes in shareholders' equity for the six-month period then ended;
- the condensed consolidated statement of cash flows for the six-month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The condensed consolidated financial statements 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.

Our responsibilities and those of the directors

The Directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on these condensed consolidated financial statements 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.

Scope of review

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 inquiries, 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.

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

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
18 December 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2019

		(Unaudited) 1 April 2019 to 30 September 2019 £	(Unaudited) 1 April 2018 to 30 September 2018 £
	Notes		
Operating income			
Interest income on loans advanced	3	16,659,332	19,442,762
Net (loss)/income on financial asset at fair value through profit or loss	2, 4	(120,107)	759,524
Net realised and unrealised gain on foreign exchange		912,489	—
Bank interest income		40,875	28,003
		17,492,589	20,230,289
Operating expenditure			
Impairment of loans	2, 3	10,355,873	12,359,020
Loan servicing fees	14	1,453,665	1,916,017
Loan interest expense	9	731,813	920,543
Net realised and unrealised loss on foreign exchange		—	509,406
Advisory services fees		—	264,180
Company administration and secretarial fees		210,335	238,011
Corporate broker services		147,173	203,433
Audit, audit-related and non-audit related fees		149,917	170,973
Corporate services fees	14	149,019	163,322
Legal fees		126,973	123,515
Regulatory fees		9,709	118,474
Commitment fee	9	337,500	—
Directors' remuneration and expenses		89,539	82,732
Other operating expenses		119,514	140,364
		13,881,030	17,209,990
Total comprehensive income for the period		3,611,559	3,020,299
Earnings per share			
Basic	11	1.17p	0.92p
Diluted	11	1.17p	0.92p
Weighted average number of shares outstanding			
Basic	11	308,851,445	328,454,524
Diluted	11	308,851,445	328,454,524

Other comprehensive income

There were no items of other comprehensive income in the current or prior period.

The Notes on pages 18 to 29 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

		(Unaudited) 30 September 2019 £	(Audited) 31 March 2019 £
	Notes		
ASSETS			
Cash and cash equivalents	6	40,982,210	29,408,480
Other receivables and prepayments		2,809,204	590,648
Fair value of currency derivatives	7	1,356,464	992,114
Financial asset at fair value through profit or loss	4	6,451,364	12,349,178
Loans advanced	3	272,902,629	340,222,868
TOTAL ASSETS		324,501,871	383,563,288
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	299,121,957	320,944,247
Retained deficit		(17,134,938)	(12,596,119)
TOTAL SHAREHOLDERS' EQUITY		281,987,019	308,348,128
LIABILITIES			
Loans payable	9	41,271,073	73,651,620
Accrued expenses and other liabilities	8	1,243,779	1,563,540
TOTAL LIABILITIES		42,514,852	75,215,160
TOTAL EQUITY AND LIABILITIES		324,501,871	383,563,288
NAV per share outstanding		94.80p	95.45p

The condensed consolidated financial statements on pages 14 to 29 were approved and authorised for issue by the Board of Directors on 18 December 2019 and were signed on its behalf by:

Richard Boléat
Chairman

Jonathan Bridel
Chairman of the Audit Committee

The Notes on pages 18 to 29 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2019

	Notes	Share capital £	Accumulated (losses)/ profits £	Total £
Balance at 1 April 2019		320,944,247	(12,596,119)	308,348,128
Share buybacks	10	(21,822,290)	—	(21,822,290)
Dividends declared	12	—	(8,150,378)	(8,150,378)
Total comprehensive income for the period		—	3,611,559	3,611,559
Balance at 30 September 2019 (unaudited)		299,121,957	(17,134,938)	281,987,019

Balance at 1 April 2018		303,795,869	4,524,566	308,320,435
Change in accounting policy	2	—	(2,342,862)	(2,342,862)
Adjusted balance as at 1 April 2018		303,795,869	2,181,704	305,977,573
Issue of Shares	10	25,151,988	—	25,151,988
Share buybacks		—	—	—
Scrip dividends issued	10	1,529,529	—	1,529,529
Dividends declared	12	—	(9,812,791)	(9,812,791)
Total comprehensive income for the period		—	3,020,299	3,020,299
Balance at 30 September 2018 (unaudited)		330,477,386	(4,610,788)	325,866,598

The Notes on pages 18 to 29 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2019

		(Unaudited) 1 April 2019 to 30 September 2019 £	(Unaudited) 1 April 2018 to 30 September 2018 £
	Notes		
Operating activities			
Total comprehensive income for the period		3,611,559	3,020,299
Adjustments for:			
Foreign exchange gain		(6,770,315)	(6,914,757)
Interest income on loans advanced		(16,659,332)	(19,442,762)
Impairment of loans	2, 3	10,355,873	12,359,020
Net loss/(income) on financial asset at fair value through profit or loss	2, 4	120,107	(759,524)
Fair value movement of currency derivatives	7	(364,350)	1,462,487
Operating cash flows before movements in working capital		(9,706,458)	(10,275,237)
Loans advanced		(9,145,982)	(145,513,932)
Principal and interest collections on loans advanced	3	89,116,743	116,237,758
Principal and interest collections on financial asset at fair value through profit or loss	4	5,777,707	3,895,147
Increase in other receivables and prepayments		(2,218,556)	(1,438,961)
(Decrease)/increase in accrued expenses and other liabilities		(11,272)	132,072
Net cash generated from/(used in) operating activities		73,812,182	(36,963,153)
Financing activities			
Proceeds from issue of Shares	10	—	25,151,988
Loans issued	9	2,636,618	16,000,000
Loans paid	9	(35,017,165)	—
Dividends paid	12	(8,150,378)	(8,900,082)
Repurchase of shares	10	(21,822,290)	—
Net cash (used in)/generated from financing activities		(62,353,215)	32,251,906
Net increase/(decrease) in cash and cash equivalents		11,458,967	(4,711,277)
Cash and cash equivalents at the beginning of the period	6	29,408,480	33,381,211
Foreign exchange losses on cash and cash equivalents		114,763	(1,436,170)
Cash and cash equivalents at the end of the period		40,982,210	27,233,764

The Notes on pages 18 to 29 form part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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 its shares are listed on the premium segment of the London Stock Exchange's Main Market for listed securities. 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 was Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands until 1 April 2019 on which date the registered office changed to 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 2019, which have been prepared in accordance with IFRS. The statutory financial statements for the year ended 31 March 2019 were approved by the Board of Directors on 23 July 2019. 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 2019. The Company does not have seasonal or cyclical interim business operations.

This Half-Yearly Report for the period ended 30 September 2019 has been reviewed by the auditor but not audited. PwC have been performing the audit of the Company's year end financial statements for four 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 year

In the Directors' opinion, all non-mandatory new accounting requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position or disclosures of the Group and consequently have neither been adopted nor listed.

Impact of IFRS 9 adoption to the Group's assets, liabilities and financial performance

The table below summarises the effect of adoption of IFRS 9 to the opening balance of the following accounts in the Group's condensed consolidated financial statements:

	Loans advanced	Financial asset at fair value through profit or loss	Retained earnings
Balance under previous accounting policies at 1 April 2018	330,607,047	—	4,524,566
Reclassification of investment in the EIB transaction to financial asset at fair value through profit or loss (including accrued interest)	(27,178,954)	27,178,954	—
Increased impairment allowance on loans and fair value movement on financial asset (on opening balance)	(3,319,601)		(3,319,601)
Fair value movement of financial asset at fair value through profit or loss	—	976,739	976,739
Balance under IFRS 9 at 1 April 2018	300,108,492	28,155,693	2,181,704

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

3. LOANS ADVANCED

	(Unaudited) 30 September 2019 £	(Audited) 31 March 2019 £
Balance at the beginning of the period/year	340,222,868	330,607,047
Opening balance of loans advanced reclassified to financial asset at fair value through profit or loss (note 4)	—	(27,178,954)
Increased impairment allowance in prior year adjusted to the opening balance of retained earnings	—	(3,319,601)
Adjusted balance at the beginning of the period/year	340,222,868	300,108,492
Advanced	8,837,493	207,224,584
Interest income	16,659,332	37,335,418
Principal and interest collections	(89,116,743)	(187,074,243)
Impairment allowance for the period/year	(10,355,873)	(24,847,832)
Foreign exchange gains	6,655,552	7,476,449
Balance at the end of the period/year	272,902,629	340,222,868

The Group predominantly made unsecured loans in previous periods and prior to the modification of the Company's investment policy subsequent to the year end. As at 30 September 2019, the carrying value of loans secured by charges over properties is £1,734,160 (31 March 2019: £2,254,567).

Each loan has a contractual payment date for principal and interest. The Group considers a loan as under Stage 2 when the borrower's repayment has not been received for at least 30 days but more than 90 days from the scheduled payment date. A loan is classified as Stage 3 - defaulted when the Group repayment is late by 91 or more days.

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:

	(Unaudited) 30 September 2019	
	Principal and interest £	Impairment allowance £
Stage 1 – no change in credit risk from inception	259,669,622	5,299,813
Stage 2 – significant increase in credit risk but not yet defaulted	13,338,474	3,855,515
Stage 3 – defaulted	46,806,766	37,756,905
	319,814,862	46,912,233

	(Audited) 31 March 2019	
	Principal and interest £	Impairment allowance £
Stage 1 – no change in credit risk from inception	329,333,471	6,781,070
Stage 2 – significant increase in credit risk but not yet defaulted	15,304,021	4,460,631
Stage 3 – defaulted	32,141,603	25,324,176
	376,779,095	36,565,877

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

3. LOANS ADVANCED – (CONTINUED)

Structured Finance Transaction

In June 2016, the Company entered into a structured finance transaction with the European Investment Bank (the “EIB transaction”). The transaction involved the Company participating in the financing of an Irish domiciled special purpose vehicle (“EIB SPV”). The Company invested £25 million into the junior Class B Note issued by the EIB SPV whilst the European Investment Bank (“EIB”) committed £100 million in a senior loan to the EIB SPV.

In August 2018, the Group entered into a transaction to provide lending to a special purpose vehicle, Queenhithe, which makes loans to UK small businesses. The Group provided an initial funding of approximately £9.2 million through subscription into the Class B note issued by Queenhithe. Queenhithe has been accounted for in these consolidated financial statements as a subsidiary consolidated into the results of the Group.

In November 2018, the transaction was updated whereby the Department for Business, Energy and Industrial Strategy (“BEIS”) – the British Business Bank’s (“BBB”) sole shareholder – agreed to provide up to £150 million of funding via a senior floating rate, loan to Queenhithe. It was expected that the senior loan facility would be drawn down over a period of up to 18 months, after which there would be a reinvestment period of a further 18 months before the facility began to amortise monthly, with principal repayment in relation to the Group’s investment sequential to the senior loan. The facility came with a 12-year legal maturity.

Following the result of the EGM on 11 June 2019, the Group has ceased any further investment through Queenhithe.

The transactions entered into by the Group in respect of the structured financing arrangements for Lambeth are discussed in note 9.

4. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2019 £	(Audited) 30 March 2019 £
Balance at the beginning of the period/year	12,349,178	—
Opening balance of loans advanced reclassified to financial asset at fair value through profit or loss	—	27,178,954
Fair value movement adjusted to the opening balance of retained earnings	—	976,739
Adjusted balance at the beginning of the period/year	12,349,178	28,155,693
Principal and interest collections	(5,777,707)	(12,308,089)
Net loss on the change in fair value of financial asset at fair value through profit or loss during the period/year	(120,107)	(3,498,426)
Balance at the end of the period/year	6,451,364	12,349,178

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

5. SEGMENTAL REPORTING

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 Continental Europe (“CE”) operating segment. The Group ceased originating loans in Spain from January 2017.

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 small and medium-sized entities (“SMEs”). Each individual SME loan does not generate income that exceeds 10% of the Group’s total income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

5. SEGMENTAL REPORTING – (CONTINUED)

The structured finance 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.

Segmental performance for the period ended 30 September 2019 – (unaudited)

	UK	US	CE	Other income and expenses	Consolidated
	£	£	£	£	£
Total revenue	9,282,678	4,068,099	3,229,323	912,489	17,492,589
Impairment of loans	(4,922,023)	(3,765,605)	(1,668,245)	—	(10,355,873)
Profit/(loss) before finance costs	1,530,496	(51,325)	1,219,899	912,489	3,611,559

Segment assets and liabilities as at 30 September 2019 – (unaudited)

	UK	US	CE	Other assets and liabilities	Consolidated
	£	£	£	£	£
Assets	207,686,150	59,097,955	54,908,562	2,809,204	324,501,871
Liabilities	41,271,073	—	—	1,243,779	42,514,852

Segmental performance for the period ended 30 September 2018 – (unaudited)

	UK	US	CE	Other income and expenses	Consolidated
	£	£	£	£	£
Total revenue	12,172,140	6,344,953	1,685,193	28,003	20,230,289
Impairment of loans	(6,365,256)	(4,643,230)	(1,350,534)	—	(12,359,020)
Profit/(loss) before finance costs	2,259,609	1,090,478	179,618	(509,406)	3,020,299

Segment assets and liabilities as at 31 March 2019 – (audited)

	UK	US	CE	Other assets and liabilities	Consolidated
	£	£	£	£	£
Assets	246,709,422	73,110,354	62,604,976	1,138,536	383,563,288
Liabilities	(73,868,672)	(70,617)	(398,807)	(877,064)	(75,215,160)

6. CASH AND CASH EQUIVALENTS

	(Unaudited) 30 September 2019 £	(Audited) 31 March 2019 £
Cash at bank	15,858,118	13,898,740
Cash equivalents	25,124,092	15,509,740
Balance at the end of the period/year	40,982,210	29,408,480

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

7. DERIVATIVES

Foreign exchange swaps are held to hedge the currency exposure generated by US dollar assets and Euro assets held by the Group. 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 State Street London ("SS") and Northern Trust London ("NT") 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 2019 £	(Audited) Fair value 31 March 2019 £
Valuation of currency derivatives	1,356,464	992,114
	1,356,464	992,114

	(Unaudited) Fair value 30 September 2019 £	(Audited) Fair value 31 March 2019 £
Euro	1,352,035	1,016,261
US Dollar	4,429	(24,147)
Total	1,356,464	992,114

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	(Unaudited) 30 September 2019 £	(Audited) 31 March 2019 £
Payable for loans committed but not yet funded	—	308,489
Service fees payable	386,220	377,987
Share buybacks payable	331,698	356,605
Audit fees payable	291,400	286,577
Legal fees payable	68,030	23,769
Administration fees payable	—	7,253
Loan interest payable (see note 9)	47,918	96,220
Taxation payable	—	500
Directors fees payable	417	—
Other liabilities	118,096	106,140
Balance at the end of the period/year	1,243,779	1,563,540

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

8. ACCRUED EXPENSES AND OTHER LIABILITIES – (CONTINUED)

The amount payable for loans committed but not yet funded represents funds not released to borrowers but for which fully executed loan agreements are in place. The Group has acquired the rights to principal and interest repayments for these loans and these are therefore included in the loans advanced with a corresponding liability recognised for funds to be released to the borrowers.

9. LOANS PAYABLE

	(Unaudited) 30 September 2019 £	(Audited) 31 March 2019 £
Balance at the beginning of the period/year	73,651,620	50,000,000
Drawdown	2,636,618	33,741,424
Repayment	(35,017,165)	(10,089,804)
Balance at the end of the period/year	41,271,073	73,651,620

In January 2018, the Group entered into the Citibank transaction to provide lending to a special purpose vehicle, Lambeth, which makes loans to UK small businesses. Under the terms of the agreement, Citibank provided £50 million into the transaction, by entering into a senior floating rate loan.

In July 2018, the Citibank transaction was amended whereby the senior loan from Citibank was increased to £66 million with a corresponding net increase to the Group's lending to Lambeth. As a result, Basinghall has increased its investments into Lambeth to keep the proportional exposure between Citibank and Basinghall. The additional investment by Basinghall to Lambeth was settled by transferring a portfolio of loans during the year ended 31 March 2017.

In August 2018, the Group entered into a transaction to provide lending to Queenhithe. The Group provided initial funding of approximately £9.2 million through subscription into the Class B note issued by Queenhithe. In November 2018, the transaction was updated whereby the Department for Business, Energy and Industrial Strategy ("BEIS") – the British Business Bank's ("BBB") sole shareholder – agreed to provide up to £150 million of funding via a senior floating rate loan to Queenhithe. The facility came with a 12-year legal maturity.

As at 30 September 2019, Queenhithe has drawn £20,378,043 (31 March 2019: £17,741,424) from the facility. Following the result of the EGM on 11 June 2019, 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.

As at 30 September 2019, all loan facilities are in sequential amortisation. Substantially all cash flows received for the SPVs with external leverage have been utilised for the repayment of loan principal and interest. These repayments were made in accordance with the terms of the relevant loan agreements.

The Group, with the assistance of the Administrator and Funding Circle, monitors certain covenants under the terms of the agreement with Citibank. The most material covenants relate to the default levels on the portfolio and allocation limits on credit risk bands of the loans. There has been no breach of such covenants during the period.

The loan from Citibank bears a floating interest rate plus a margin. Total interest expense on this loan during the period was £529,167 with £35,814 outstanding as at 30 September 2019 (31 March 2019: £78,982). The loan has a termination date of 107 months from the closing date on 17 January 2018.

Pursuant to the original loan agreement with BBB and the relevant agreement supplement signed in November 2018, the Group has paid £337,500 commitment fee during the period (30 September 2018: £nil).

The loan with BBB bears a floating interest rate plus a margin. Total interest expense on this loan during the period was £202,646 (31 March 2019: £81,503) with £12,104 outstanding as at 30 September 2019 (31 March 2019: £17,238).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

10. SHARE CAPITAL

Issued and fully paid	Number of shares	Shares issued amount	Issue costs	Net Shares amount
Ordinary shares		£	£	£
At 31 March 2019 – (audited)	323,044,293	326,689,147	(5,744,900)	320,944,247
Issue of shares – scrip dividends	—	—	—	—
Issue of shares – treasury (see below)	—	—	—	—
Share repurchased	(25,594,750)	(21,822,290)	—	(21,822,290)
At 30 September 2019 – (unaudited)	297,449,543	304,866,857	(5,744,900)	299,121,957

Issued and fully paid	Number of shares	Shares issued amount	Issue costs	Net Shares amount
Ordinary shares		£	£	£
At 31 March 2018 – (audited)	307,745,501	309,215,940	(5,420,071)	303,795,869
Issue of shares – scrip dividends	1,473,534	1,529,529	—	1,529,529
Issue of shares – treasury (see below)	24,928,394	25,151,988	—	25,151,988
At 30 September 2018 – (unaudited)	334,147,429	335,897,457	(5,420,071)	330,477,386

In December 2018, the Company commenced repurchases of the Company's shares in the secondary market. As at 30 September 2019, the Company has purchased a total of 36,834,250 (31 March 2019: 11,239,500) shares which have been held in treasury. On 1 October 2019, the Company formally withdrew and cancelled 36,234,250 shares previously held in treasury.

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 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.

11. EARNINGS PER SHARE (“EPS”)

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

	(Unaudited) 30 September 2019 £	(Unaudited) 30 September 2018 £
Profit for the purposes of basic and diluted EPS	3,611,559	3,020,299
Weighted average number of shares for the purposes of EPS:		
Basic	308,851,445	328,454,524
Diluted	308,851,445	328,454,524
Basic and diluted EPS	1.17p	0.92p

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

12. DIVIDENDS

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

	Date declared	Ex-dividend date	Per share Pence	Total £	Number of shares issued as scrip dividend
Interim dividend	25 April 2019	2 May 2019	1.313	4,143,549	—
Interim dividend	22 July 2019	1 August 2019	1.313	4,006,829	—
Total			2.626	8,150,378	—

The following unaudited table shows a summary of dividends declared during the period ended 30 September 2018 in relation to Ordinary shares.

	Date declared	Ex-dividend date	Per share Pence	Total £	Number of shares issued as scrip dividend
Interim dividend	13 June 2018	21 June 2018	1.625	5,428,777	69,823
Interim dividend	14 September 2018	27 September 2018	1.313	4,384,014	120,417
Total			2.938	9,812,791	190,240

13. FINANCIAL RISK AND FAIR VALUE MEASUREMENT

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 2019.

There have been no changes in the risk management in any risk management policies since the 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

13. FINANCIAL RISK AND FAIR VALUE MEASUREMENT – (CONTINUED)

- 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 only financial instruments measured at fair value as at 30 September 2019 are its currency derivatives and the investment in the EIB transaction.

The fair value of the currency derivatives held by SS was estimated by SS 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 2019. The fair value of the currency derivatives held by NT was estimated by NT based on the GBP-EUR forward exchange rate and the GBP-EUR spot rate as at 30 September 2019.

The fair value of the EIB transaction has been estimated by discounting future cash flows of the assets and liabilities using discount rates that reflect the changes in market interest rates and observed market conditions at the reporting date. The estimated fair value and carrying amount of the EIB transaction was £6,451,364 at 30 September 2019 (31 March 2019: £12,349,178).

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 following table presents the fair value of the Group’s assets and liabilities not measured at fair value as at 30 September 2019 but for which fair value is disclosed:

30 September 2019 – (Unaudited)				
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Loans advanced	—	—	262,591,162	262,591,162
Cash and cash equivalents	40,982,210	—	—	40,982,210
Other receivables and prepayments	—	2,809,204	—	2,809,204
Loans payable	—	—	(41,271,073)	(41,271,073)
Accrued expenses and other liabilities	—	(1,243,779)	—	(1,243,779)
	40,982,210	1,565,425	221,320,089	263,867,724

31 March 2019 – (Audited)				
	Level 1	Level 2	Level 3	Total
	£	£	£	£
Loans advanced	—	—	332,038,427	332,038,427
Cash and cash equivalents	29,408,480	—	—	29,408,480
Other receivables and prepayments	—	590,648	—	590,648
Loans payable	—	—	(73,651,620)	(73,651,620)
Accrued expenses and other liabilities	—	(1,563,540)	—	(1,563,540)
	29,408,480	(972,892)	258,386,807	286,822,395

The fair value of loans advanced above has been estimated by discounting expected future cash flows from the investments using a discount rate equal to the expected net yield at origination, adjusted to reflect changes in market interest rates. The methodology used as explained above shall be further developed with the assistance of an external service provider in preparation for the upcoming annual reporting for the year ending 31 March 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

13. FINANCIAL RISK AND FAIR VALUE MEASUREMENT – (CONTINUED)

The Board of Directors believe that the carrying values for cash and cash equivalents, other receivables and prepayments, loans payable and 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 year.

14. RELATED PARTY DISCLOSURE

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

	£
Chairman	50,000
Audit Committee Chairman	40,000
Risk Committee Chairman	40,000
Other Directors	45,000
	175,000

Sachin Patel has waived his fees as a director of the Company. Richard Burwood is also a director of Basinghall, Tallis and Queenhithe and is entitled to receive £5,000 per annum as Director's fees from each of the companies.

The Directors held the following number of shares as at 30 September 2019 and 31 March 2019:

	(Unaudited) As at 30 September 2019		(Audited) As at 31 March 2019	
	Number of shares	% of total shares in issue	Number of shares	% of total shares in issue
Richard Boléat	5,000	0.0017	5,000	0.0015
Jonathan Bridel	5,000	0.0017	5,000	0.0015
Richard Burwood	5,000	0.0017	5,000	0.0015
Frederic Hervouet	107,000	0.0360	107,000	0.0330
Sachin Patel	—	—	—	—
	122,000	0.0411	122,000	0.0375

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

As a result of the compulsory partial redemption of shares of the Company on 27 November 2019, the shareholdings of the Directors have been reduced by 6% from the previous shareholdings of the Directors as at 30 September 2019 as presented in the table above.

The Directors delegate certain functions to other parties. In particular, the Directors have appointed Funding Circle UK, Funding Circle US, Funding Circle Netherlands 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

14. RELATED PARTY DISCLOSURE – (CONTINUED)

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.

		(Unaudited) Expense during the period ended 30 September 2019	(Unaudited) Payable as at 30 September 2019	(Unaudited) Expense during the period ended 30 September 2018	(Unaudited) Payable as at 30 September 2018
	Transaction	£	£	£	£
Funding Circle UK	Servicing fee	799,185	114,534	1,149,726	167,351
FCGPL	Corporate services fee	149,019	24,146	163,322	27,066
Funding Circle UK	Reimbursement of expenses	19,015	739	23,903	8,786
Funding Circle US	Servicing fee	357,435	54,344	611,251	88,903
Funding Circle CE	Servicing fee	297,045	193,196	155,040	33,699

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 2019 £	(Audited) Outstanding amount as at 31 March 2019 £
Basinghall Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in the UK	Subscription and redemption of notes issued	135,278,268	144,497,863
Tallis Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in Germany, the Netherlands and Spain*	Subscription and redemption of notes issued	52,021,301	60,481,924
Lambeth Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in UK	Subscription and redemption of notes issued	65,773,309	64,773,753
Queenhithe Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in UK	Subscription and redemption of notes issued (through Basinghall)	32,080,581	31,197,518
				285,153,459	300,951,058

*The Group ceased originating loans in Spain from January 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

16. EVENTS AFTER THE PERIOD END

On 1 October 2019, the Company formally withdrew and cancelled 36,234,250 shares previously held in treasury.

On 21 October 2019, the Company announced the inaugural compulsory partial redemption of its Shares in accordance with the resolution passed on 11 June 2019 to effect an orderly wind-down of the Company. On the same date, the Company has announced the commencement of an auction process that may result in the sale of a portion of or substantially all of the SME loans held by the Company. The auction process is discussed in detail in the Chairman's Statement on pages 3 and 4.

On 27 November 2019, the Company returned approximately £16 million to shareholders by way of a compulsory partial redemption of Shares at 94.80 pence per share, being the NAV per Ordinary Share as at 30 September 2019.

As at the time of signing, the Company has a total of 274,690,823 shares in issue (excluding 6,481,174 shares held in treasury).

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 Audit Committee Chairman of M&G Credit Income Investment Trust plc, both of which are listed on the London Stock Exchange, and Chairman of Yatra Capital Limited, listed on Euronext, along with 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 Starwood European Real Estate Finance Limited, 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.

BOARD OF DIRECTORS

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).

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 GP 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

SME Credit Realisation Fund Limited

Company registration number: 60680
(Guernsey, Channel Islands)

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Company Secretary and Administrator

Sanne Group (Guernsey) Limited

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UK Transfer Agent and Receiving Agent

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United Kingdom

Registrar

Link Market Services (Guernsey) Limited

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Channel Islands

Independent Auditor

PricewaterhouseCoopers CI LLP

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St Peter Port
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Channel Islands

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"	<p>with respect to any specified person means:</p> <p>(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;</p> <p>(b) any person that serves as a director or officer (or in any similar capacity) of such specified person;</p> <p>(c) any person with respect to which such specified person serves as a general partner or trustee (or in any similar capacity).</p> <p>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.</p>
"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
"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
"EGM"	the Extraordinary General Meeting on 11 June 2019
"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.
"Funding Circle Spain"	Funding Circle España 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 Ordinary share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. It assumes that dividends paid to shareholders are reinvested at NAV at the time the shares are quoted ex-dividend. Opening NAV in November 2015 was 98.00p, after initial costs.

GLOSSARY

"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, Tallis Lending Designated Activity Company, Queenhithe Lending Designated Activity Company and Lambeth 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 lending 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"	<p>The proposals contained in the circular issued on 21 May 2019 which were subsequently approved at the EGM on 11 June 2019.</p> <p>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.</p>
"Prospectus"	The prospectus issued on the initial IPO on 30 November 2015 and subsequently revised in February 2017.
"PwC"	PricewaterhouseCoopers CI LLP, PricewaterhouseCoopers Ireland
"PwC CI"	PricewaterhouseCoopers CI LLP
"PwC Ireland"	PricewaterhouseCoopers Ireland
"PwC UK"	PricewaterhouseCoopers LLP
"Share Price Total Return"	A measure of performance showing how the share price has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex-dividend.



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