SME Credit Realisation Fund Limited

Half-Yearly Financial Report and Condensed Consolidated Financial Statements

for the six-month period ended 30 September 2020

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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 loss for the period amounted to £6.32 million (2019: profit of £3.61 million).
- Aggregate dividends of 2.625 pence per Ordinary share declared for the period ended 30 September 2020 (30 September 2019: 2.626 pence).
- The Company redeemed a total of 44,551,554 shares for a total amount of £38,499,854 during the period.
- All of the Group's leverage facilities have now been fully repaid.
- In October 2020, Basinghall sold a pool of UK non-performing loans to a third party at a modest premium to carrying value, receiving proceeds of £2,203,183.

The information below is presented for the period ended or as at 30 September 2020 unless expressly stated to cover a different period.

NAV per Ordinary share	Total Net Assets	Ordinary share price	Market Capitalisation	Premium / (Discount)
83.86p	£179.3mil	51.25p	£110mil	(38.9%)

Annualised Dividends per Ordinary share	Earnings per Ordinary share	Share Price Total Return (inception to date)	NAV Total Return (inception to date)
5.25p	(3.37)p	(31.9%)	9.8%

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 2020 (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

As at 30 September 2020 the total number of shares in issue was 213,739,800 (31 March 2020: 258,301,354) with no shares held in treasury (31 March 2020: 586,243).

The scrip dividend programme has been 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 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.

The Company is in the process of returning capital via a combination of share buybacks, compulsory redemptions of shares and distribution of dividends, as the Company's portfolio of Credit Assets amortises.

As at 30 September 2020, the Company has repurchased a total of 43,746,667 shares (31 March 2020: 43,736,667) of which nil (31 March 2020: 586,243) remain held in treasury. During the period, a total of 596,243 (31 March 2020: 43,150,424) shares held in treasury were cancelled and formally discharged. The directors resolved to suspend the programme of repurchases of its own shares on 2 April 2020 until further notice.

The Company redeemed a total of 44,551,554 (31 March 2020: 32,245,772) shares for a total amount of £38,499,854 (31 March 2020: £30,499,833) throughout the period.

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to write to you to provide an update on the Company's progress for the half-year ended 30 September 2020. 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

Readers will be well aware of the evolution of the pandemic through the course of the reporting period and to date. Impacts on the Company's portfolio continue to be felt as the non-standard market environment remains in place for many businesses, and appears likely to remain so through the reasonably foreseeable future. However, the combination of continuing governmental and central bank support to businesses in the Company's markets, alongside the very real prospects of a vaccine-driven solution to the business environment impediments over the medium term, provide a more positive outlook than was the case when I last wrote to you in July.

Performance Review and Net Asset Value ("NAV")

This report presents the financial position of the Company as at 30 September 2020.

On 21 October 2020, the Company announced its NAV at 30 September 2020 at £179 million (30 June 2020: £191 million) and NAV per Share at that date at 83.86 pence (30 June 2020: 80.18 pence. The improvement in NAV per share was driven principally by a better than anticipated credit market environment and the demonstrably resilient performance of the Company's investments, augmented by elevated prepayments arising from businesses refinancing with governmental credit support initiatives.

An analysis of the performance of the Company for the 6 month period to 30 September 2020 (with the 6 month period to 31 March 2020 for comparative purposes) is set out below:

Return Attribution

	1 Apr 2020 to 30 Sep 2020	1 Oct 2019 to 31 Mar 2020
Gross Income	3.95%	4.53%
Impairment & FVTPL Adjustment[1]	(6.39%)	(6.63%)
FVTOCI Adjustment[2]	0.66%	-
Servicing Fees	(0.34%)	(0.38%)
	(2.12%)	**(2.48%)**
Operating Expenses	(0.71%)	(0.56%)
FX Hedging Costs	0.11%	0.01%
Loan Interest Expense	(0.03%)	(0.11%)
Share Buybacks	0.00%	0.27%
Share Redemption	(0.14%)	(0.43%)
Net NAV Return	**(2.88%)**	**(3.30%)**

[1]FVTPL Adjustment includes fair value through profit or loss movements on the Fund's interest in the EIB transaction.
[2]FVTOCI Adjustment includes fair value through other comprehensive income movements on the portfolio of Credit Assets held by the Fund, which moved to fair value accounting from 1 April 2020.

Performance Since 30 September 2020

The Board continues to closely monitor data trends within its portfolio. Positive trends identified in my previous report have been sustained, and the recent announcements from pharmaceutical companies of apparently highly effective vaccines have given a significant fillip to financial markets, particularly credit markets. The Company will next report its quarterly NAV mid-January 2021.

CHAIRMAN'S STATEMENT

Return of Capital

The Company continues to make distributions to shareholders as free cash flow becomes available through interest payments, repayments, prepayments and recoveries. In the 6 month period to 30 September 2020, £38.5 million was distributed to shareholders through compulsory share redemptions and £5.9 million through dividend payments. After the period end, a further £42 million was distributed to shareholders through compulsory share redemptions and £2.1 million through dividend payments.

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 has continued to actively explore portfolio sales as a means of accelerating the return of capital to investors. A small pool of UK non-performing loans was sold at a modest premium to carrying value in October 2020, and the Company continues to explore potential disposals where pricing levels are attractive.

Conclusion

The reporting period has, for the Company, been one of great uncertainty, but that uncertainty is starting to be replaced with guarded optimism in markets generally. Our borrowers have in many cases experienced the greatest economic stress in a generation, and the Company, through Funding Circle, has endeavoured to support them through forbearance programs and refinancings, and as such, our borrowers are largely weathering the effects on their businesses successfully, and with fortitude. When taken alongside the recent positive vaccine announcements, it is therefore reasonable to cautiously conclude that the Company's wind-down program will remain on track with decreasing downside risk to NAV per share.

My thanks as always go to the team at Funding Circle, our advisors and service providers, and my board colleagues for their support and wise counsel.

RICHARD BOLÉAT
Chairman of the Board of Directors
18 December 2020

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. 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 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 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 2019, 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, as follows:

> *"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 is being affected with a view to the Company realising all of its investments in accordance with the Investment Objective. Such realisations comprise natural amortisation of the Company's investments in Credit Assets as well as potentially opportunistic portfolio sales.

During the prior financial year, 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. The Company continues to engage with potential buyers, however given the ongoing market volatility and uncertainty caused by COVID-19, it is likely any material asset sales shall be delayed, or may not proceed at all.

In October 2020, Basinghall sold a pool of UK non-performing loans to a third party at a modest premium to carrying value, receiving proceeds of £2,203,183.

The Directors continue to explore potential portfolio disposals where pricing levels are attractive.

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 prior financial year. The Company is therefore required to report under fair value accounting for the valuation of Credit Assets from 1 April 2020. This change in methodology is discussed further in note 2 and 14.

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.

As at 30 September 2020, the Company held indirect investments in loans through the following investing companies:

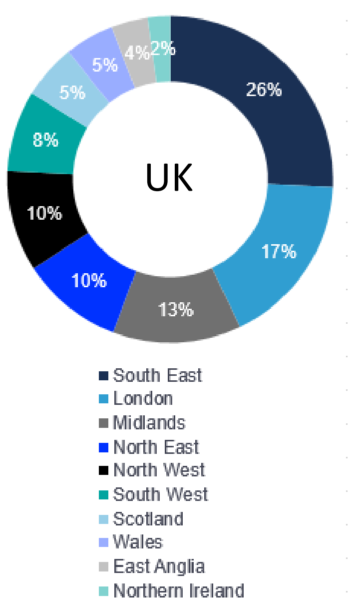
INTERIM REPORT

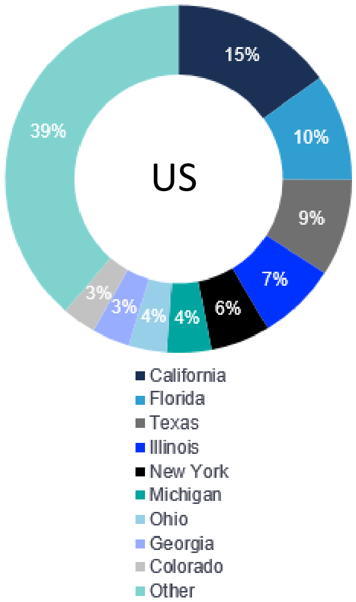
Investment Objective and Policy – (continued)

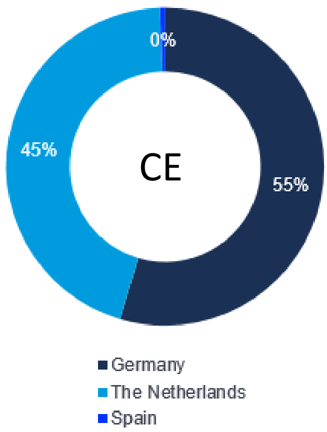
Investing Company	Jurisdiction of Loans
Basinghall	**United Kingdom**
Tallis	**Germany, the Netherlands and Spain***
EIB SPV	**United Kingdom**

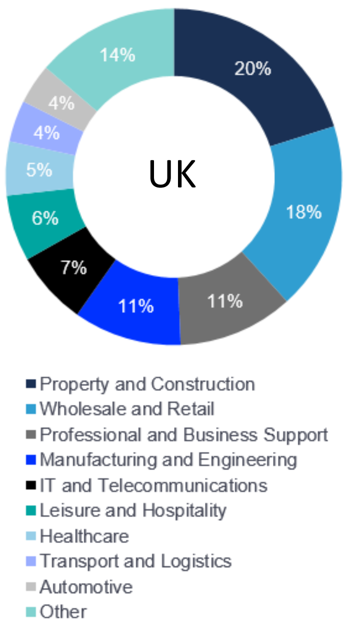
*From January 2017, Tallis discontinued further lending to Spain. The Company retains a small portfolio of loans in Spain.

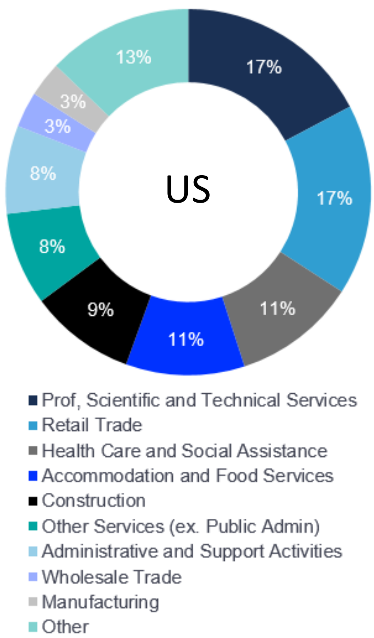
The following analyses of the Group's investments in Credit Assets are provided as reference.

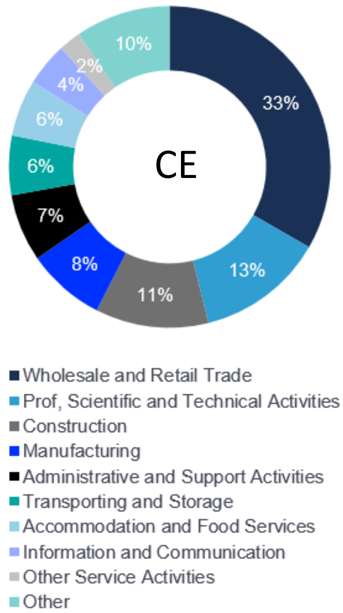












Basinghall, Tallis, Lambeth, Queenhithe and the EIB SPV were formed solely in connection with the implementation of the previous investment policy of the Company.

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 Irish Stock Exchange. Loans acquired by Lambeth and Queenhithe were funded in part by Basinghall.

Investment Objective and Policy – (continued)

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 2019, the leverage limit as described above no longer applies to the Company.

All of the Group's leverage facilities have now been fully repaid.

Results and dividends

The total comprehensive loss for the period, determined under International Financial Reporting Standards ("IFRS"), amounted to £6.32 million (30 September 2019: profit of £3.61 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 13.

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.

As at 30 September 2020, the Company has purchased a total of 43,746,667 shares (31 March 2020: 43,736,667) of which nil (31 March 2020: 586,243) remain held in treasury. During the period, a total of 596,243 (31 March 2020: 43,150,424) shares held in treasury were cancelled and formally discharged.

The directors resolved to suspend the programme of repurchases of its own shares on 2 April 2020 until further notice.

The Company redeemed a total of 44,551,554 shares (year ended 31 March 2020: 32,245,772) for a total amount of £38,499,854 (year ended 31 March 2020: £30,499,833) during the period.

On 11 April 2020, Lambeth fully repaid the remaining amount owed on its senior loan to Citibank. The remaining portfolio of Credit Assets held 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. Shortly after the period end, liquidators were formally appointed and commenced proceedings to wind up Lambeth in an orderly manner.

On 17 August 2020, Queenhithe fully repaid the remaining amount owed on its loan with Fleetbank. The remaining portfolio of Credit Assets held 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. The process is underway to put Queenhithe into formal liquidation in the coming months.

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 monthly 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.

During H1 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. Forbearance measures began to expire towards the end of the period with an encouraging proportion of borrowers returning to making full repayments.

In the UK, as at 30 September 2020, over 90% of non-defaulted borrowers were making full payments, with an additional 6% still on forbearance plans. In the US, over 82% of non-defaulted borrowers were making full payments, with an additional 12% still on forbearance plans. In CE, over 96% of non-defaulted borrowers were making full payments.

Shortly after 30 September 2020, the UK went back into a national lockdown due to a second wave of COVID-19. Similar governmental measures being implemented in both CE and the US following the period end are also a possibility. The full impact of COVID-19 on the Group's UK portfolios is uncertain, however the Directors continue to monitor the delinquency and default data available to them closely.

INTERIM REPORT

Business review – (continued)

In October 2020, Basinghall sold a pool of UK non-performing loans to a third party at a modest premium to carrying value, receiving proceeds of £2,203,183.

On 21 October 2020, the Company announced that it has declared a quarterly dividend of 1.3125 pence per share payable on 20 November 2020 and will also be returning approximately £42m to shareholders by way of a compulsory partial redemption of shares payable on 10 November 2020.

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 liquidity analyses 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 and the impact of COVID-19.

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 14 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 2020, the pandemic has caused an increase in delinquencies across the Group's portfolio during the period. However, it is still uncertain how performance will be affected in the mid to long term as forbearance measures continue to expire after the period end and government initiatives continue to be implemented.	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. *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:	Economic uncertainties or developments as well as unemployment may impact upon default rates.	
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 changed to non-going concern.	Share price volatility and total distributions to shareholders.

Principal Risk and Risk Management – (continued)

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. Along with the update on the principal risks to take into account the impact of the COVID-19 pandemic to the Group, the Board identified the following as emerging and other key operational risks:

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 11 for further information on taxation 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. 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 Ltd is appointed as an 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 2020, the Directors held the following Ordinary shares of the Company:

	Number of shares	
	30 September 2020	**31 March 2020**
Frederic Hervouet	78,760	95,176
Jonathan Bridel	26,069	4,448
Richard Boléat	21,591	4,448
Richard Burwood	39,482	4,448
Sachin Patel	—	—
	165,902	**108,520**

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 Ltd.

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 2020 are disclosed in Note 15 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	**Jonathan Bridel**
Chairman	***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 of SME Credit Realisation Fund Limited for the 6-month period ended 30 September 2020. 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 2020;
- 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 Half-Yearly Financial 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 Half-Yearly Financial Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half-Yearly Financial 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 Half-Yearly Financial 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.

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 interim financial statements.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
18 December 2020

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2020

	Notes	(Unaudited) 1 April 2020 to 30 September 2020 £	(Unaudited) 1 April 2019 to 30 September 2019 £
Operating income			
Interest income on loans advanced	3	9,073,630	16,659,332
Net realised and unrealised gain on foreign exchange		—	912,489
Bank interest income		12,028	40,875
Total operating income		**9,085,658**	**17,612,696**
Operating expenditure			
Impairment of loans	3	13,364,498	10,355,873
Net realised and unrealised loss on foreign exchange		1,085,544	—
Net loss on financial asset at fair value through profit or loss	4	—	120,107
Loan servicing fees	15	792,640	1,453,665
Loan interest expense	9	63,600	731,813
Commitment fee	9	187,500	337,500
Company administration and secretarial fees		190,141	210,335
Audit, audit-related and non-audit related fees		118,965	149,917
Corporate broker services		25,000	147,173
Corporate services fees	15	105,582	149,019
Legal and professional fees		254,343	126,973
Directors' remuneration and expenses		87,447	89,539
Regulatory fees		6,545	9,709
Other operating expenses		297,302	119,514
Total operating expenditure		**16,579,107**	**14,001,137**
Operating (loss) / profit for the period before taxation		**(7,493,449)**	**3,611,559**
Taxation for the period	11	**(348,117)**	—
Operating (loss) / income after taxation for the period		**(7,841,566)**	**3,611,559**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Gain on movement in fair value of loans advanced	3	1,525,785	—
Total comprehensive (loss) / income for the period		**(6,315,781)**	**3,611,559**
Earnings per share			
Basic	12	**(3.37p)**	**1.17p**
Diluted	12	**(3.37p)**	**1.17p**
Weighted average number of shares outstanding			
Basic	12	232,346,512	308,851,445
Diluted	12	232,346,512	308,851,445

Other comprehensive income

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

There were no other 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 2020

	Notes	(Unaudited) 30 September 2020 £	(Audited) 31 March 2020 £
ASSETS			
Cash and cash equivalents	6	52,209,665	46,602,238
Other receivables and prepayments		14,404	48,533
Loans advanced	3	128,197,082	200,094,130
TOTAL ASSETS		**180,421,151**	**246,744,901**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	224,513,012	263,017,723
Retained deficit		(45,260,859)	(33,007,021)
TOTAL SHAREHOLDERS' EQUITY		**179,252,153**	**230,010,702**
LIABILITIES			
Liability fair value of currency derivatives	7	158,218	3,400,699
Loans payable	9	—	11,531,076
Accrued expenses and other liabilities	8	1,010,780	1,802,424
TOTAL LIABILITIES		**1,168,998**	**16,734,199**
TOTAL EQUITY AND LIABILITIES		**180,421,151**	**246,744,901**
NAV per share		**83.86p**	**89.05p**

The condensed consolidated financial statements on pages 14 to 29 were approved and authorised for issue by the Board of Directors on 18 December 2020 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 2020

	Notes	Share capital £	Other Reserves £	Retained deficit £	Total £
Balance at 1 April 2020		263,017,723	—	(33,007,021)	230,010,702
Redemption of ordinary shares	10	(38,499,854)	—	—	(38,499,854)
Share repurchases	10	(4,857)	—	—	(4,857)
Dividends declared	13	—	—	(5,938,057)	(5,938,057)
Operating loss after taxation for the period		—	—	(7,841,566)	(7,841,566)
Other comprehensive income		—	1,525,785	—	1,525,785
Balance at 30 September 2020 (unaudited)		**224,513,012**	**1,525,785**	**(46,786,644)**	**179,252,153**

	Notes	Share capital £	Other Reserves £	Retained deficit £	Total £
Balance at 1 April 2019		320,944,247	—	(12,596,119)	308,348,128
Share repurchases	10	(21,822,290)	—	—	(21,822,290)
Dividends declared	13	—	—	(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**

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 2020

	Notes	(Unaudited) 1 April 2020 to 30 September 2020 £	(Unaudited) 1 April 2019 to 30 September 2019 £
Operating activities			
Total comprehensive (loss)/income for the period		(6,315,781)	3,611,559
Adjustments for:			
Foreign exchange loss/(gain)		1,660,721	(6,770,315)
Interest income on loans advanced		(9,073,630)	(16,659,332)
Impairment of loans	3	13,364,498	10,355,873
Net loss on financial asset at fair value through profit or loss or loss	4	—	120,107
Net gain on loans advanced at fair value through other comprehensive income		(1,525,785)	—
Fair value movement of currency derivatives	7	(3,242,481)	(364,350)
Operating cash flows before movements in working capital		**(5,132,458)**	**(9,706,458)**
Loans advanced		—	(9,145,982)
Principal and interest collections on loans advanced	3	68,109,328	89,116,743
Principal and interest collections on financial asset at fair value through profit or loss	4	—	5,777,707
Decrease / (increase) in other receivables and prepayments		34,129	(2,218,556)
Decrease in accrued expenses and other liabilities		(791,644)	(11,272)
Net cash generated from operating activities		**62,219,355**	**73,812,182**
Financing activities			
Loans issued		—	2,636,618
Loan repayments	9	(11,531,076)	(35,017,165)
Dividends paid	13	(5,938,057)	(8,150,378)
Repurchase of Shares		(4,857)	(21,822,290)
Redemption of Shares	10	(38,499,854)	—
Net cash used in financing activities		**(55,973,844)**	**(62,353,215)**
Net increase in cash and cash equivalents		6,245,511	**11,458,967**
Cash and cash equivalents at the beginning of the period		46,602,238	29,408,480
Foreign exchange (loss)/gain on cash and cash equivalents		(638,084)	114,763
Cash and cash equivalents at the end of the period		**52,209,665**	**40,982,210**

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2020

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 2020, which have been prepared in accordance with IFRS. The statutory financial statements for the year ended 31 March 2020 were approved by the Board of Directors on 28 July 2020. The opinion of the auditor on those financial statements was unqualified. Other than the policy described below relating to fair value through other comprehensive income, the accounting policies adopted in these condensed consolidated financial statements are unchanged since 31 March 2020. The Company does not have seasonal or cyclical interim business operations.

This Half-Yearly Report for the period ended 30 September 2020 has been reviewed by the auditor but not audited. PwC have been performing the audit of the Company's year end financial statements for five financial years, starting with the period ended 31 March 2016.

Reclassification of loans advanced from financial asset at amortised cost to financial asset at fair value through other comprehensive income

For financial assets, reclassification is required between fair value through other comprehensive income ("FVTOCI") and amortised cost, if and only if the entity's business model objective for its financial assets changes so its previous model assessment would no longer apply.

If reclassification is appropriate, it must be done prospectively from the reclassification date which is defined as the first day of the first reporting period following the change in business model. An entity does not restate any previously recognised gains, losses, or interest.

The Group's loans advanced have been reclassified and now fall within this category due to the change in business model during the prior financial year. This is the first reporting period showing the loans advanced at fair value through other comprehensive income.

	31 March 2020	**Reclassification**	**1 April 2020**
	£	**£**	**£**
Loans advanced held at amortised cost	200,094,130	(200,094,130)	—
Loans advanced held at fair FVTOCI	—	200,094,130	200,094,130

Classification and measurement

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at fair value through profit or loss, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which continue to be recognised in profit or loss.

2. BASIS OF PREPARATION – (CONTINUED)

The fair value of the loans advanced 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. Refer to note 14 for further information.

Disposal

On disposal of any financial asset measured at FVTOCI, any related balance within the FVTOCI reserve is reclassified to other gains/(losses) within profit or loss.

In the Directors' opinion, all other 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.

3. LOANS ADVANCED

	(Unaudited) 30 September 2020 At FVTOCI £	(Audited) 31 March 2020 At amortised cost £
Balance at the beginning of the period/year	200,094,130	340,222,868
Advanced	—	8,838,632
Interest income	9,073,630	28,861,837
Principal and interest collections	(68,109,328)	(160,603,434)
Impairment allowance for the period/year	(13,364,498)	(22,454,031)
Foreign exchange (losses)/gains	(1,022,637)	5,228,258
Gain on movement in fair value through other comprehensive income	1,525,785	—
Balance at the end of the period/year	**128,197,082**	**200,094,130**

The Group predominantly made unsecured loans in previous periods and prior to the modification of the Company's investment policy during the prior year. As at 30 September 2020, the carrying value of loans secured by charges over properties is £371,588 (31 March 2020: £647,606).

Each loan has a contractual payment date for principal and interest. The Group considers a loan as past due when the borrower's repayment has not been received for at least 30 days from the scheduled payment date. A loan is classified as defaulted when the borrower's repayment is late by 91 or more days, except for those loans which are under forbearance measures which are classified as defaulted when repayment is late by 180 or more days.

The following table shows the movement in impairment allowance during the period:

	(Unaudited) 30 September 2020 £	(Audited) 31 March 2020 £
Impairment allowance at beginning of the period/year – previously reported	59,019,908	36,565,877
Impairment allowance for the period/year – additional allowance based on IFRS 9 model	13,364,498	22,454,031
Impairment allowance at the end of the period/year	**72,384,406**	**59,019,908**

As a result of the COVID-19 global pandemic, impairment allowance has increased for the period due to an increased number of delinquencies across the Group's portfolio of loans advanced. Impairment losses increased by £13,364,498 during the period to 30 September 2020 (30 September 2019: £10,355,873).

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 2020	
	Principal and interest	Impairment allowance
Stage 1 – no change in credit risk from inception	99,416,912	4,313,910
Stage 2 – significant increase in credit risk but not yet defaulted	38,464,769	14,300,977
Stage 3 – defaulted	61,174,022	53,769,519
	199,055,703	**72,384,406**

	(Audited) 31 March 2020	
	Principal and interest	Impairment allowance
Stage 1 – no change in credit risk from inception	184,087,094	7,570,445
Stage 2 – significant increase in credit risk but not yet defaulted	19,635,038	4,828,723
Stage 3 – defaulted	55,391,906	46,620,740
	259,114,038	59,019,908

Loans in stage 2 have been separated into two groups for the purposes of calculating expected credit losses, the first group includes impairment relating to loans which are late, have recently returned to making full repayments but have not yet caught up on arrears, and loans which are on forbearance measures. The second group includes loans which are late and have not been making any recent repayments.

In October 2020, Basinghall sold a pool of UK non-performing loans to a third party at a modest premium to carrying value, receiving proceeds of £2,203,183.

Structured Finance Transactions

In June 2016, the Group 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. This transaction went into amortisation in June 2018. The EIB SPV and its financial results are not consolidated into the Group.

In August 2018, the Group entered into a transaction to provide lending to a special purpose vehicle, Queenhithe, which made loans to UK small businesses. The Group, through Basinghall, 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.

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 on page 23.

4. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2020 £	(Audited) 31 March 2020 £
Balance at the beginning of the period/year	—	12,349,178
Principal and interest collections	—	(6,153,897)
Net loss on the change in fair value of financial asset at fair value through profit or loss during the period/year	—	(6,195,281)
Balance at the end of the period/year	—	—

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

4. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS – (CONTINUED)

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. Principal and interest collections in the transaction are currently being applied to repay the loan with the EIB.

It has been estimated that the Company will not receive any future cashflows from its investment into the EIB transaction which resulted in the full write down of the Company's interest in the prior financial year causing the net loss on change in fair value during the period of £nil (30 September 2019: £120,107) and a fair value of £nil (31 March 2020: £nil) as at 30 September 2020.

The calculation of the fair value is discussed in note 14.

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 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 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.

Segment 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
(Loss)/profit after taxation	(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)

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 taxation	1,530,496	(51,325)	1,219,899	912,489	3,611,559

5. SEGMENTAL REPORTING – (CONTINUED)

Segment assets and liabilities as at 31 March 2020 – (audited)

	UK	US	CE	Other assets and liabilities	Consolidated
	£	£	£	£	£
Assets	167,316,544	39,452,582	39,927,242	48,533	246,744,901
Liabilities	(13,077,759)	(1,885,154)	(1,771,286)	—	(16,734,199)

6. CASH AND CASH EQUIVALENTS

	(Unaudited) 30 September 2020	(Audited) 31 March 2020
	£	£
Cash at bank	7,917,634	17,233,099
Cash equivalents	44,292,031	29,369,139
Balance at the end of the period/year	**52,209,665**	**46,602,238**

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

7. 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 14). 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 2020	(Audited) Fair value 31 March 2020
	£	£
Valuation of currency derivatives	(158,218)	(3,400,699)
	(158,218)	**(3,400,699)**

	(Unaudited) Fair value 30 September 2020	(Audited) Fair value 31 March 2020
	£	£
Euro	23,022	47,402
USD	57,405	127,088
GBP	(238,645)	(3,575,189)
Total	**(158,218)**	**(3,400,699)**

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	(Unaudited) 30 September 2020 £	(Audited) 31 March 2020 £
Service fees payable	109,105	158,864
Audit fees payable	245,687	254,745
Legal and advisory fees payable	80,462	19,166
Loan interest payable (see note 9)	—	8,124
Taxation payable	348,117	1,000
Directors fee payable	11,895	—
Other liabilities	215,514	201,843
Amount payable to the EIB SPV	—	1,158,682
	1,010,780	**1,802,424**

9. LOANS PAYABLE

	(Unaudited) 30 September 2020 £	(Audited) 31 March 2020 £
Balance at the beginning of the period/year	11,531,076	73,651,620
Drawdown	—	2,636,619
Repayment	(11,531,076)	(64,757,163)
Balance at the end of the period/year	—	**11,531,076**

In January 2018, the Group entered into the Citibank transaction to provide lending to a special purpose vehicle, Lambeth, which made loans to UK small businesses. Under the terms of the Senior Facility 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 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 that period.

The loan from Citibank was fully repaid by Lambeth on 11 April 2020. Total interest expense on this loan during the period was £638 (30 September 2019: £529,167).

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 2020, Queenhithe has drawn £ 20,378,043 (31 March 2020: £20,378,043) from the facility.

Pursuant to the original loan agreement with BBB and the relevant agreement supplement signed in November 2018, the total commitment fee incurred for the period was £187,500 (30 September 2019: £337,500) with £nil (31 March 2020: £93,750) outstanding as at 30 September 2020.

On 17 August 2020, Queenhithe fully repaid the remaining amount owed on its loan with Fleetbank. The remaining portfolio of Credit Assets held 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. The process is underway in order to put Queenhithe into formal liquidation in the coming months.

The loan from BBB had a floating interest rate plus a margin. Total interest expense on this loan during the period was £62,962 (30 September 2019: £202,646) with £nil (31 March 2020: £6,964) outstanding as at 30 September 2020.

10. SHARE CAPITAL

Issued and fully paid	Number of shares	Shares issued amount	Issue costs	Net Shares amount
Ordinary shares		**£**	**£**	**£**
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**

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
Share repurchases	(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**

As at 30 September 2020, the Company has purchased a total of 43,746,667 shares (31 March 2020: 43,736,667) of which nil (31 March 2020: 586,243) remain held in treasury. During the period, a total of 596,243 (31 March 2020: 43,150,424) 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 2020 until further notice.

The Company redeemed a total of 44,551,554 (31 March 2020: 32,245,772) shares for a total amount of £38,499,854 (31 March 2020: £30,499,833) during the period.

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.

11. TAXATION

	(Unaudited) 30 September 2020	(Unaudited) 30 September 2019
	£	**£**
Operating loss before taxation	(7,493,449)	3,611,559
Tax at the standard Guernsey income tax rate of 0%	—	—
Effects of tax rates in other jurisdictions	(348,117)	—
Taxation expense	**(348,117)**	**—**

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 2019. These rules included changes to the anti-hybrid and anti-avoidance rules in section 110 TCA of the legislation.

Basinghall paid class B profit participating note interest to SCRF in February 2020 totaling £1,392,467, which is considered disallowable for tax purposes in Ireland following the legislative changes discussed above and so a 25% tax charge will be levied totaling £348,117. This charge relates to the prior financial year ended 31 March 2020 and is accrued in the current period due to the timing of the completion of the impact assessment. The Group has been advised 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.

12. EARNINGS PER SHARE ("EPS")

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

	(Unaudited) 30 September 2020 £	(Unaudited) 30 September 2019 £
Total comprehensive (loss)/income	(6,315,781)	3,611,559
Adjustment for the effect of other comprehensive income	(1,525,785)	
(Loss)/profit for the purposes of basic and diluted EPS	(7,841,566)	3,611,559
Weighted average number of shares for the purposes of EPS:		
Basic and diluted	232,346,512	308,851,445
Basic and diluted EPS	**(3.37p)**	**1.17p**

13. DIVIDENDS

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

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	—

30 September 2019	Date declared	Ex-dividend date	Per share Pence	Total £	Number of shares issued as scrip dividend
Ordinary shares					
Interim dividend	25 April 2019	02 May 2019	1.313	4,143,549	—
Interim dividend	22 July 2019	01 August 2019	1.313	4,006,829	—
Total			**2.626**	**8,150,378**	—

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

14. 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 2020.

There have been no changes in the risk management or 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 the prior year end, there has been no material change in how the Board of Directors manages liquidity risk.

14. FINANCIAL RISK MANAGEMENT – (CONTINUED)

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 2020 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 2020.

In estimating the fair value of the EIB transaction, the Directors believe that no further amounts will be available to be paid in the future and that the estimated fair value was £nil as at 30 September 2020 (31 March 2020: £nil).

As a result of the Company's managed wind-down and change in business model, the Company is required to report under fair value accounting for the valuation of Credit Assets from 1 April 2020.

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 was £128,197,082 (31 March 2020: £200,094,130). 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 Groups portfolios:

30 September 2020	30 September 2020	30 September 2020	31 March 2020	31 March 2020	31 March 2020
UK	**US**	**CE**	**UK**	**US**	**CE**
7.890%	8.759%	7.360%	13.878%	14.191%	13.625%

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 loans advanced and 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 2020 but for which fair value is disclosed:

14. FINANCIAL RISK MANAGEMENT – (CONTINUED)

	30 September 2020 – (unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Cash and cash equivalents	52,209,665	—	—	52,209,665
Other receivables and prepayments	—	14,404	—	14,404
Accrued expenses and other liabilities	—	(1,010,780)	—	(1,010,780)
	52,209,665	**(996,376)**	**—**	**51,213,289**

	31 March 2020 – (audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Loans advanced	—	—	169,800,037	169,800,037
Cash and cash equivalents	46,602,238	—	—	46,602,238
Other receivables and prepayments	—	48,533	—	48,533
Loans payable	—	—	(11,531,076)	(11,531,076)
Accrued expenses and other liabilities	—	(1,802,424)	—	(1,802,424)
	46,602,238	**(1,753,891)**	**158,268,961**	**203,117,308**

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 Consolidated Statement of Financial Position due to their short-term nature.

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

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.

During the prior financial year, 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. The Company continues to engage with potential buyers, however 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. The Directors continue to explore potential portfolio disposals where pricing levels are attractive.

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 accordance with its investment policy, in pursuit of its investment objectives.

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 2020, the Group used leverage through the EIB only following the repayment of the Queenhithe and Citibank transactions but did not exceed the threshold within the directive and therefore did result in a change of the reporting requirements as prescribed by AIFMD.

15. 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	50,000
	180,000

15. RELATED PARTY DISCLOSURE - (CONTINUED)

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

Richard Burwood is/was also a director of Basinghall, Tallis, Lambeth and Queenhithe and is entitled to receive £5,000 (31 March 2020: £5,000) per annum as Director's fees from each of the companies. Richard Burwood resigned as a director of Basinghall and Tallis on 13 July 2020.

The Directors held the following number of shares as at 30 September 2020 and 31 March 2020:

	(unaudited) As at 30 September 2020		(audited) As at 31 March 2020	
	Number of shares	**% of total shares in issue**	**Number of shares**	**% of total shares in issue**
Richard Boléat	21,591	0.0101	4,448	0.0015
Jonathan Bridel	26,069	0.0122	4,448	0.0015
Richard Burwood	39,482	0.0185	4,448	0.0015
Frederic Hervouet	78,760	0.0368	95,176	0.0327
Sachin Patel	—	—	—	—
	165,902	**0.0776**	**108,520**	**0.0372**

During the period, each of the directors except for Sachin Patel purchased a number of shares which contributed to the movement in the number of shares held by each of the directors as well as mandatory redemptions paid by the Company.

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

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, Funding Circle Global Partners Limited ("FCGPL"), Funding Circle US and Funding Circle CE are disclosed below.

	Transaction	Expense during the period ended 30 September 2020 £	Payable as at 30 September 2020 £	Expense during the period ended 30 September 2019 £	Payable as at 31 March 2020 £
Funding Circle UK	Servicing fee	415,584	56,641	799,185	56,860
FCGPL	Corporate services fee	105,582	—	149,019	—
FCGPL	Reimbursement of expenses	12,647	—	19,015	1,549
Funding Circle US	Servicing fee	193,416	26,102	357,435	36,748
Funding Circle CE	Servicing fee	183,640	26,362	297,045	35,579

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2020
16. 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 2020 £	(audited) Outstanding amount as at 31 March 2020 £
Basinghall Lending Designated Activity Company	Ireland	Invested in Credit Assets originated in the UK	Subscription of notes issued	86,224,627	127,017,192
Tallis Lending Designated Activity Company	Ireland	Invested in Credit Assets originated in Germany, the Netherlands and Spain*	Subscription of notes issued	29,716,585	39,421,897
Lambeth Lending Designated Activity Company	Ireland	In process of liquidation	Residual interest accrued prior to liquidation	53,749	66,216,309
Queenhithe Lending Designated Activity Company	Ireland	In process of liquidation	Residual interest accrued prior to liquidation	65,682	31,720,795
				116,060,643	**264,376,193**

17. SUBSEQUENT EVENTS

In October 2020, Basinghall sold a pool of UK non-performing loans to a third party at a modest premium to carrying value, receiving proceeds of £2,203,183.

Shortly after 30 September 2020, the UK went back into a national lockdown due to a second wave of COVID-19. Similar governmental measures being implemented in both CE and the US following the period end are also a possibility. The full impact of COVID-19 on the Group's portfolios is uncertain, however the Directors continue to monitor the delinquency and default data available to them closely.

On 21 October 2020, the Company announced that it has declared a quarterly dividend of 1.3125 pence per share payable on 20 November 2020 and will also be returning approximately £42m to shareholders by way of a compulsory partial redemption of shares payable on 10 November 2020.

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 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.

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 (until 31 December 2020), 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).

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.

BOARD OF DIRECTORS

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 Ltd, 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.
"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 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, Funding Circle Deutschland GmbH, Funding Circle Nederlands B.V. and Funding Circle Espaňa SLU
"FCGPL"	Funding Circle Global Partners Limited

GLOSSARY

“Funding Circle UK”	Funding Circle Ltd
“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 2019 which were subsequently approved at the EGM on 11 June 2019. 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 2020.

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