sme Credit Realisation Fund Limited

Half-Yearly Financial Report and Condensed Consolidated Financial Statements

for the six-month period ended 30 September 2022

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FORWARD-LOOKING STATEMENTS

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

FINANCIAL HIGHLIGHTS

- Total comprehensive income for the period amounted to £6.63 million (30 September 2021: £7.21 million).
- Aggregate dividends of 2.63 pence per Ordinary share declared for the period ended 30 September 2022 (30 September 2021: 2.63 pence).
- The Company redeemed a total of 24,201,918 (30 September 2021: 48,460,533) shares for a total amount of £25,199,877 (30 September 2021: £43,999,877) during the period.
- Sales were agreed of all remaining loan assets post-balance sheet date, with net proceeds after directly related selling costs consistent with the £23 million value of the loans held on the balance sheet as at 30 September 2022.

The information below is presented for the period ended or as at 30 September 2022 unless expressly stated to cover a different period

NAV per Ordinary share	Total Net Assets	Ordinary share price	Market Capitalisation	Premium / (Discount)
118.46p	**£33mil**	**94.0p**	**£26mil**	**(20.6%)**
(31 March 2022: 100.62p)	(31 March 2022: £52mil)	(31 March 2022: 90.0p)	(31 March 2022: £47mil)	(31 March 2022: (10.6%))

Annualised Dividends per Ordinary share	Earnings per Ordinary share	Share Price Total Return (inception to date)	NAV Total Return (inception to date)
5.25p	**21.96p**	**42.6%**	**73.2%**
(30 September 2021: 5.25p)	(30 September 2021:7.48p)	(30 September 2021: 26.54%)	(30 September 2021: 29.03%)

SUMMARY INFORMATION

About the Company

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

Group Structure

The Company holds a number of its investments in loans through Special Purpose Vehicles (“SPVs”). This half-yearly financial report and condensed consolidated financial statements for the period ended 30 September 2022 (the “Half-Yearly Report” or “interim report”) includes the results of Basinghall Lending Designated Activity Company (“Basinghall”), Tallis Lending Designated Activity Company (“Tallis”) and Queenhithe Lending Designated Activity Company (“Queenhithe”). The Company, Basinghall, Tallis and Queenhithe are collectively referred to in this report as the “Group”.

Queenhithe transferred its remaining portfolio of Credit Assets to Basinghall during the year ended 31 March 2021 and liquidators were formally appointed and commenced proceedings to wind up the entity in an orderly manner. Queenhithe was put into liquidation in December 2020. The proceedings for Queenhithe are still ongoing at the time of signing of the interim report.

Capital Management

As at 30 September 2022 the total number of shares in issue was 27,548,645 (31 March 2022: 51,750,563) excluding nil (31 March 2022: nil) shares held in treasury.

The Group has been conducting a managed wind-down of its operations since 2019 and is in the process of returning capital through compulsory redemptions of shares and distributions of dividends, as the Group’s portfolio of Credit Assets amortises.

The Company has compulsory redeemed a total of 24,201,918 (year to 31 March 2022: 82,414,359) shares for a total amount of £25,199,877 (year to 31 March 2022: £76,199,759) throughout the period. All shares redeemed throughout the period were redeemed at the prevailing NAV per share at the date of declaration.

Portfolio Sales

As previously announced in the Group’s Annual Report and Audited Consolidated Financial Statements for the year ended 31 March 2022, the Group has actively been exploring a sale process for the loan portfolio in light of the rapid run off and its objective to realise all assets in a prudent manner and make timely returns of capital to shareholders. Subsequently, the Group has signed agreements on 2 December 2022 for the US and 9 December 2022 (together the “Sale Date”) for the UK and CE to sell all remaining Credit Assets with an economic cut-off date (see glossary) of 30 September 2022. The transactions were settled on 5 December 2022 and 12 December 2022 respectively net of collections between the economic cut-off date and the Sale Date. Net of directly associated selling costs such as legal fees and collection charges, the proceeds received on the combined portfolio sales are materially consistent with the £23 million value of which the loans are held at 30 September 2022.

The gross proceeds of the sales were €6,065,348, £19,307,736 and $4,099,133 for CE, the UK and US respectively or approximately £28.3 million using 30 September 2022 foreign exchange rates. Anticipated direct deductions for legal costs associated with the transactions, broker costs and collection charges and legal cost reimbursement to the servicer related to the sales are £4.4 million. This results in a net profit on sales anticipated at c.£0.8 million before considering any potential claims against warranties and indemnities associated with the sales or the accrual of running and liquidation costs over the remaining life of the Group as detailed below.

As is industry practice, the Group as seller has offered certain warranties and indemnities to the buyers of the loans which will inhibit the Group’s ability to distribute all cash to shareholders immediately and fully liquidate the Group until such time as the indemnity period has finished. This period will be 12 months from the Sale Date and amortisation will commence after six months and c.£5.3 million of cash (made up of £3.9m, €1.2m and $0.5m) will be set aside to cover the indemnities from the combined transactions. To the extent the indemnity provisions are not called upon, this cash will be returned to shareholders over a period from six to twelve months from the Sale Date. During this period the operations of the Group will be simplified and cost base reduced, with appropriate accruals withheld to cover the reduced but ongoing running costs and all foreseeable costs for liquidation of the Group.

Following the completion of the portfolio sales, the Board intends to then publish a circular setting out details of, and convening a general meeting to seek shareholder approval for, the proposals to delist SME Credit Realisation Fund Limited, and the plan related to liquidation. The proposals are expected to be published following the next quarterly return of capital in January 2023, which will distribute substantially all of the Group’s free cash, i.e. it will include the net proceeds of the portfolio sales, less operating expenses, any foreign exchange margin reserve maintenance requirements, liquidation costs and indemnity provisions related to the portfolio sales. While the 31 December 2022 NAV is yet to be announced, it is anticipated that the NAV per share as a result of the sales net of deductions and future cost accruals will be materially aligned with that of 30 September 2022. This is considered to be a good outcome for shareholders in the current economic environment with the gains in the period to 30 September 2022 materially maintained upon crystallisation. If shareholder approval is forthcoming, the Fund is expected to delist in Q1 2023 with the timing of liquidation to also be confirmed.

As a result of the sales, the Group will continue to prepare subsequent reporting on a basis other than going concern, with all ongoing costs through to final liquidation of the Group accrued from the Sale Date, including those relating to liquidation. The liquidation costs, along with ongoing operational costs arising, will be treated in line with the requirements of IAS (“International Accounting Standards”) 37 provisions and based on reliable estimates.

SUMMARY INFORMATION

Portfolio Sales (continued)

As at 30 September 2022 the expected sale proceeds and timing of the transactions could not be determined due to ongoing negotiations with bidders and as a result the financial results for the period ended 30 September 2022 do not reflect the impact of the sales of the loans nor the accrual of ongoing costs through to liquidation. The estimate of ongoing costs through to liquidation is underway and cannot currently be fully and reliably estimated as the plan for delisting and liquidation of the Group continues to be refined and fully costed. More detail will be announced in the NAV and return of capital announcement for the quarter ended 31 December 2022. Initial high level expectations are that such costs will not significantly outweigh the net profits on sales of loans and the NAV per share will be materially consistent with that of 30 September 2022, however this view is subject to ongoing assessment.

The sales are considered a non-adjusting post-balance sheet event.

Further details about how the sales impact the Group's exposure to risks are reflected within the Principal Risk and Risk Management section.

CHAIRMAN’S STATEMENT

Dear Shareholder,

I am pleased to write to you to provide an update on the Group’s progress for the period ended 30 September 2022. The Group continues to conduct a managed wind-down of its activities, with the objective of returning capital to shareholders promptly, whilst seeking to maximise returns and I can report that agreements have been signed in December for the sales of all remaining Credit Assets of the Group, a significant milestone for the Group. The Board is very pleased with the outcome from the sales of the Group’s remaining loan pools, which represents a successful end to our realisation strategy. We are now working on the next stage of the wind down and aim to present our proposals for liquidation and delisting to shareholders in short order.

Since our last communication the Group has seen a number of changes at the Board level. Following the Group’s AGM in October, the resolution to reappoint my predecessor Richard Boléat, as Chairman of the Board, was not passed by shareholders, and as a result he resigned as Director of the Company. The Board has undertaken a process of liaising with shareholders to discuss their concerns. Additionally, Sachin Patel resigned as a Director following his departure from Funding Circle. I would like to thank Richard and Sachin, for their time and commitment to the Group and wish them all the best in their future endeavours. I have picked up the reigns of the Chairman’s duties and we welcome Anthony Nicol to the Board in place of Sachin, along with a reshuffle of roles and responsibilities you will note later in our interim report. We will of course endeavour to continue to maximise returns to shareholders in an orderly manner as the Group enters its final stages following the agreed sales of loans.

Since my predecessor last wrote to you there has continued to be dislocations to the global supply chain of raw and manufactured materials and the dramatic impact on the price of hydrocarbons have conspired to create an inflationary environment. This inflationary environment has been exacerbated by political turmoil in the UK and the ill-judged unfunded tax cuts announced and subsequently reversed, with the outlook for the global economy looking increasingly pessimistic into next year. These macro conditions, and central bank monetary policy responses, will inevitably have consequences on global business as 2022 develops into 2023, creating a highly uncertain macro-outlook. The speed of change of impacting factors and range of possible outcomes mean that forecasting the future outlook for the Group had been exceptionally challenging. However, despite this uncertainty, the loans held by the Group have remained largely resilient as seen in the performance for the period and it is this resilience that has contributed to a positive outcome from the agreed sales of loans in December.

Performance Review and Net Asset Value (“NAV”)

This report presents the financial position of the Group as at 30 September 2022.

You will have noted the announcement made by the Company on 20 October 2022 disclosing the Group’s NAV at 30 September 2022 at £33 million (31 March 2022: £53 million) and NAV per Share at that date at 118.46 pence (31 March 2022: 100.62 pence). The improvement in NAV per Share was driven principally by a better than anticipated credit market environment compared to expectations as that arose due to the pandemic and the demonstrably resilient performance of the Group’s investments.

An analysis of the performance of the Group for the 6-month period to 30 September 2022 (with the 6-month period to 31 March 2022 for comparative purposes) is set out below:

Performance Since 31 March 2022

Return Attribution

	1 Apr 2022 to 30 Sep 2022	1 Oct 2021 to 31 Mar 2022
Gross Income	3.05%	5.44%
Impairment[3]	14.60%	6.73%
FVTPL Adjustment[1]	0.00%	(2.29%)
FVTOCI Adjustment[2]	(3.85%)	(1.56%)
Gain on sale of NPLs	-	-
Servicing Fees	(0.27%)	(0.28%)
	13.54%	8.04%
Operating Expenses	(1.07%)	(0.71%)
FX Hedging Costs[3]	0.24%	0.09%
Share Redemption	7.61%	3.28%
Net NAV Return	20.32%	10.70%

Notes

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

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

(3) The return attribution is presented with movements related to the foreign exchange retranslation of impairment allowance allocated to FX hedging costs. The financial statements are presented on a basis in which this impact is not split separately.

CHAIRMAN’S STATEMENT

Return of Capital

The Group’s net asset value has reduced from £53 million at 31 March 2022 to £33 million at 30 September 2022, as the Group continues to make distributions to shareholders. In the six month period to 30 September 2022, £25 million was distributed to shareholders through compulsory share redemptions and £0.9 million through dividend payments. The balance of the movement between the two period ends is reconciled by positive performance which is pleasing given the uncertain environment we have been operating within.

In light of the sales agreements, the Company will continue to return capital to shareholders predominantly by way of compulsory redemption of shares, the majority of which will occur in Q1 2023. Subsequent distributions will occur as cash becomes available from funds set aside to back indemnity provisions associated with the sold loans, which amortise over the next six to twelve months. As the assets have been sold with no ongoing income to the Group, it is anticipated there will be no further dividend distributions, in line with the resolutions approved at our latest AGM.

Portfolio Sales

Given the rapid run off of the loan portfolio, the repayment of leverage in the structure and in the interests of maximising returns to shareholders before the running costs become disproportionate to the NAV and while the loans remained at an attractive size to potential buyers, the Group actively commenced the process of a potential disposal of its loan portfolios in whole where pricing levels were attractive.

As reported to the market, the Group has signed agreements to sell all the loan portfolios with an economic cut-off date of 30 September 2022 at a price net of anticipated costs and deductions that is materially aligned with the value of the loans held at 30 September 2022. This is a good outcome for shareholders in the current economic environment and more news will follow in the Group’s 31 December 2022 NAV and return of capital announcement regarding the amount and timing of post-sale distributions. It is expected that a significant compulsory partial redemption will occur in Q1 2023 with the remaining net asset value returned to shareholders as the indemnity period associated with the asset sales amortises. In light of the asset sales and in order to reduce unnecessary costs and complexity as the Group looks to enter liquidation, it is expected that the Company will circulate proposals relating to de-listing by the end of Q1 2023. Further details regarding the sales and timings can be found in note 16 of these condensed consolidated financial statements.

The Group will be required to hold back cash equating to the value of certain indemnities related to the assets which have been sold which is standard practice in transactions of this nature of c.£5.3 million (made up of £3.9m, €1.2m and $0.5m). The cash set aside for these indemnities will be held within the respective currencies of the assets to which they relate to in order that unfavourable fluctuations in foreign exchange rates do not erode the ability of the Group to meet its obligations should the indemnity provisions be drawn upon. The Group has previously hedged its exposure to assets held in foreign currency with the use of forward foreign exchange contracts. With the relatively small remaining exposure and uncertainty related to the extent to which claims could potentially be made against the indemnity provisions, and with the intention of simplifying operations and reducing the Group’s cost base through to liquidation, it is considered that the cost of hedging the remaining exposure is likely to outweigh the risk of currency fluctuations which could occur, and the Group intends to cease its hedging program and policy from the end of 2022. As a result the cash set aside in relation to these indemnities may be more than is eventually distributed to shareholders in the event that the purchaser makes a claim against the indemnities or to the extent that there are unfavourable movements in foreign exchange rates between the Sale Date and the eventual distribution of residual cash to shareholders as the indemnity period unwinds.

Conclusion

As the Group draws towards the end of its life, it is pleasing to see a positive net asset value outcome supported by the sales of assets at an agreeable price in the current economic environment. Credit for this goes to the team at Funding Circle who have worked hard to achieve a positive outcome for shareholders throughout the wind-down process. The Board’s attention is now focussed on returning capital to shareholders, simplifying operations and ultimately liquidating the Group in an orderly and efficient manner and I will report to you further on this as progress is made.

My thanks go particularly to the Funding Circle team for their focus and diligence, and I would also like to thank my fellow directors, both past and present, and our service providers and advisers for their support and wise counsel throughout the period.

Yours faithfully

Frederic Hervouet, Director

FREDERIC HERVOUET
Chairman of the Board of Directors
22 December 2022

INTERIM REPORT

Incorporation

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

Activities

The Company is registered as a closed-ended collective investment scheme in Guernsey pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended. Prior to the amendment of the Company's Investment Objective and Policy, the primary activity of the Company was investment in loans to small and medium sized enterprises in the United Kingdom, the United States and Continental Europe, in order to seek to provide shareholders with a sustainable and attractive level of dividend income. Following the result of the EGM on 11 June 2019, the Company has ceased investment into Credit Assets as the Company's Investment Objective and Policy was updated to facilitate the managed wind-down of the Company.

Defined Terms

Definitions appearing in this interim report used are shown on pages 39 - 40. 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 small and medium sized enterprises ("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 Group realising all of its investments in accordance with the Investment Objective. Such realisations will comprise natural amortisation of the Group's investments in Credit Assets as well as portfolio sales as discussed within the Business Review section of this interim report.

As a result of the Company's change in investment objective and policy, for the purposes of accounting, the Group's business model changed from "hold to collect" to "hold to collect and sell" during the financial year ended 31 March 2021. The Group therefore reclassified the valuation of Credit Assets from amortised cost to fair value through other comprehensive income ("FVTOCI") from 1 April 2020.

The Group no longer allocates capital to Credit Assets, directly or indirectly via Leveraged Transactions or SPVs, or undertakes 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 2022, the Company held indirect investments in loans through the following investing companies:

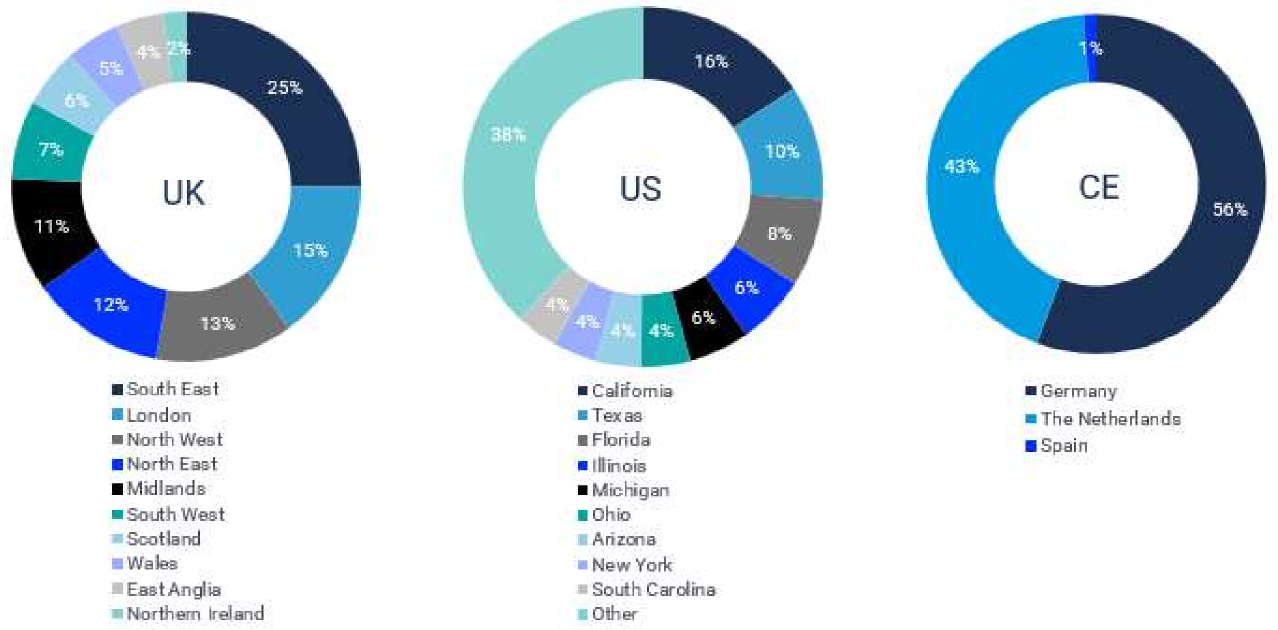
Investing Company	Jurisdiction of Loans
Basinghall	**United Kingdom**
Tallis	**Germany, the Netherlands, and Spain**

INTERIM REPORT

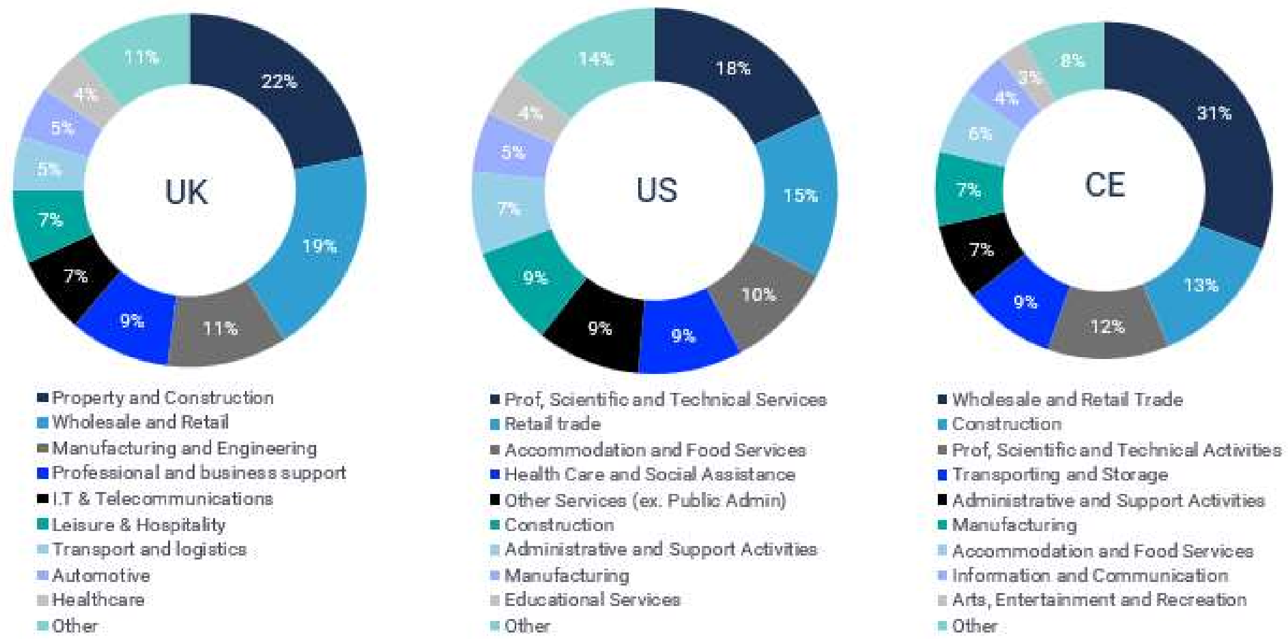
Investment Objective and Policy – (continued)

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

Region Split



Industry Split



Basinghall, Tallis and Queenhithe were formed solely in connection with the implementation of the previous investment policy of the Company. Loans acquired by Basinghall, Tallis and Queenhithe were funded, in whole or in part, by advances made by the Company under the note programmes.

The notes issued by Basinghall, Tallis and Queenhithe to the Company are listed on the Euronext Dublin Stock Exchange.

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

Investment Objective and Policy – (continued)

Borrowing Limitation

All of the Group's leverage facilities had been fully repaid as at 31 March 2022 and the loans that were previously held indirectly through the Fund's interest in the EIB SPV have been transferred to the Group's balance sheet at fair value in satisfaction of the Company's investment in the transaction SPV, (the "EIB transaction"), and are now consolidated directly.

Results and dividends

The total comprehensive income for the period, determined under International Financial Reporting Standards ("IFRS"), amounted to £6.63 million (30 September 2021: £7.21 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 Extraordinary General Meeting ("EGM"), the Directors maintained quarterly dividend payments of 1.3125 pence per Ordinary Share on an annualised basis, which may be partially uncovered by income, however they expect to cease dividends following the agreed sales of the assets and ceasing of ongoing income generation in the Group as a result. Dividends declared during the period are disclosed in note 12.

Business review

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

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

The interim report includes further information about the Group's principal activities, financial performance during the period and indications of likely future developments.

The Company redeemed a total of 24,201,918 shares (31 March 2022: 82,414,359) for a total amount of £25,199,877 throughout the period (31 March 2022: £76,199,759).

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

The Group signed agreements to sell all remaining Credit Assets with an economic cut-off date of 30 September 2022. The transactions were settled in December 2022 net of ongoing collections the Group had received up until the settlement date for proceeds materially consistent with the £23 million carrying value at 30 September 2022. As all the remaining loan assets were sold there is no ongoing income into the Group beyond the economic cut-off date except the net proceeds from the sale.

The gross proceeds of the sales were €6,065,348, £19,307,736 and $4,099,133 for CE, the UK and US respectively or approximately £28.3 million using 30 September 2022 foreign exchange rates. Anticipated direct deductions for legal costs associated with the transactions, broker costs and collection charges and legal cost reimbursement to the servicer related to the sales are £4.4 million. This results in an anticipated net profit on sales of c.£0.8 million before considering any potential claims against warranties and indemnities associated with the sales or the accrual of running and liquidation costs over the remaining life of the Group.

From 2020, the impact of the COVID-19 pandemic led to the use of forbearance measures for eligible borrowers, including short term payment plans and payment holidays, to assist creditworthy borrowers whose businesses suffered a short-term liquidity shock as a result of the ongoing pandemic environment.

Borrowers that went on forbearance measures implemented by Funding Circle have demonstrated resilient performance since coming off their plan. The directors have seen a large proportion of borrowers returning to making full contractual repayments which has assisted in the stronger than expected performance by each of the portfolios in the latter stages of the period. While forbearance measures may still be offered when required, as businesses go back to normal operations there has been minimal need for the use of new forbearance measures.

The ongoing military operation in Ukraine, the related sanctions targeted against Russia and certain Russian nationals and the consequential impacts on European energy supply volumes and pricing is already impacting both the European and global economies. The Group does not have any direct exposure to Ukraine, Russia, or Belarus. However, the impact on the general economic situation and exacerbation of other macroeconomic impacts such as rising inflation in particular, could impact certain assumptions and estimates. The Board remain vigilant in monitoring the macroeconomic environment and will adjust our business and risk strategy as required.

INTERIM REPORT

Business review (continued)

The Board continued to closely monitor the impact of COVID-19 and the risk resulting from the inflationary environment, with the outlook for the global economy looking increasingly pessimistic into next year. These macro conditions, and central bank monetary policy responses, will inevitably have consequences to global economic market, creating a highly uncertain macro-outlook. The Board continues to receive updates on a regular basis from Funding Circle on current delinquency and default trends by geographic exposure. The Risk Committee also reviews a comprehensive range of other risks that may be impacted by COVID-19, emerging and current economic risks. Such risks experienced by the Group as outlined above have been somewhat mitigated going forward through the announced sales of assets by the Group.

Going concern

The Directors are continuing with the managed wind-down of the Group's operations.

The Directors considered the state of the wind-down and the average remaining contractual term of the loan portfolio in the Group's Annual Report and Audited Consolidated Financial Statements for the year ended 31 March 2022 and determined that the use of the going concern basis was no longer appropriate.

As such, these condensed consolidated financial statements have been prepared on a basis other than going concern, under which the assets are measured at their net realisable value, which continues to be their fair value.

There were no adjustments made to the carrying values of the assets and liabilities of the Group in the current year as a result of this change in basis of preparation. The Directors consider the carrying values to be a reasonable approximate of their net realisable values. The subsequent sales of all remaining Credit Assets, after associated costs and deductions, was materially aligned to the combined fair values of the Credit Assets.

As a result of the sales, the Group will continue to prepare subsequent reporting on a basis other than going concern, with all ongoing costs through to final liquidation of the Group and its subsidiaries accrued from the Sale Date, including those relating to liquidation. The liquidation costs, along with on-going operational costs arising, will be treated in line with the requirements of IAS 37 provisions and based on reliable estimates. As at 30 September 2022 the expected sales proceeds and timing of the transactions could not be determined due to ongoing negotiations with bidders and as a result the financial results for the period ended 30 September 2022 do not reflect the impact of the sales of the loans nor the accrual of ongoing costs through to liquidation.

The Directors confirm that they have a reasonable expectation that the Company will continue to be able to pay its liabilities as they fall due over the period of the managed wind-down. Following the sales of all remaining Credit Assets, the net proceeds, after indemnity considerations and provision for all ongoing costs through to liquidation, will continue to be distributed to shareholders by compulsory redemption.

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 ongoing managed wind-down of the Group, the impact of COVID-19 and the economic and inflationary pressures that have been exacerbated by the recent events in Ukraine. It should be noted that some of these risks remained factors that were considered up to and as part of the asset sales and in some cases have been subsequently mitigated as a result of the sales.

The Board of Directors have overall responsibility for risk management and internal control within the context of achieving the Group'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 maintains 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 is 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 Group's systems of risk management and internal control and will continue to receive updates from the Group'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 Group are provided below, together with the mitigating actions being taken. The Directors have also linked the alternative performance measures to the risks where relevant. Risks arising from the Group's use of financial instruments are set out in note 13 of the condensed consolidated financial statements.

Principal Risk and Risk Management – (continued)

The Board is mindful of the importance of the Task Force on Climate-Related Financial Disclosures ("TCFD") both to the developing corporate reporting world and to many of our shareholders for who environmental concerns are an increasing priority. The Group's structure as a fund, results in a limited direct footprint, with many activities provided by service providers under the supervision of the Board, while the Group's activities in investing in SMEs may cause an indirect carbon footprint. The Group is entering the latter stages of its managed wind-down strategy and with shareholder approval, the Board expects to de-list the Company in Q1 2023 and liquidate it at an appropriate time. Therefore, it is anticipated that the Company and its subsidiaries will have a very limited lifespan. The priority of the Board within this timeframe is maximising the cash return to shareholders in an orderly fashion, and as such the impacts of climate change are not anticipated to be material to the financial statements, estimates or judgments due to the size and timescale of the ongoing operations of the Group. It is possible that the Company may de-list and enter a liquidation process before the 31 March 2023 and therefore may not be required to publish Audited Consolidated Financial Statements and the related TCFD disclosures. The Group has therefore not invested in complying with the upcoming requirements and recommendations related to TCFD, will not include climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures as climate related risks and opportunities and will not disclose any scope of greenhouse gas emissions. The impacts of climate change are considered to be immaterial to the Group within the context of its remaining life and ongoing simplified operations through to final liquidation.

Principal risk	**Mitigation and update of risk assessment**	**Group's financial Alternative Performance Measures ("APM") affected by risk**
COVID-19 and emerging risks While the ongoing direct impacts of the COVID-19 pandemic have receded over this financial period, new risks have emerged including inflation, particularly of energy prices supply chain disruption, and political instability. There remains uncertainty around the performance of the Group's portfolio but better than expected performance during and after the peak of the pandemic and through more recent events have lifted lifetime performance expectations relative to previous expectations. The ability of SME borrowers to satisfy their loan repayment obligations, and therefore the performance of the Group, will continue to be affected by emerging economic stress along with potential resurgence of COVID-19, as well as fiscal and monetary response, about which uncertainty remains.	The Directors continued 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. In light of the agreements to sell the assets in December 2022 the exposure to COVID-19 and the impact it could have on credit losses is considered to have diminished.	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. Actual defaults may be different than indicated by historical data and the timing of defaults may vary significantly from historical observations.	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. Economic uncertainties or developments, as well as unemployment may impact upon default rates. The Board continues to monitor default rates closely on a monthly basis in line with developments with the pandemic and measures and initiatives being implemented.	Total distributions to the shareholders. Credit losses

Principal Risk and Risk Management – (continued)

Principal risk	Mitigation and update of risk assessment	Group's financial Alternative Performance Measures ("APM") affected by risk
Wind-down risk Below are the key risks associated with the managed wind-down of the Group, beyond those inherent in the holding of amortising Credit Assets: The macro risk in jurisdictions where the Group operates continues to evolve with inflationary pressures, supply chain issues and rising interest rates which have been exacerbated by the developments in Ukraine. The Board considers this as a key risk in the orderly wind down of the Group. The market volatility it creates may lead to increased probability of disorderly pricing of assets or higher than acceptable default on loans.	The agreements to sell the Credit Assets in December 2022 is considered to have removed the ongoing direct risk of losses resulting from the macro-economic environment and risk of associated credit losses. The price realised is considered commensurate with the applicable risk.	Total distributions to the shareholders. NAV total return
Price discovery process associated with potential "en bloc" sales of credit assets are likely to be affected by such factors.	Following the agreements to sell the remaining loans in the portfolio, at a price, after the deduction of selling costs and legal fees and ongoing costs through to liquidation, that is expected be to materially aligned to the fair value of the assets, it is considered that a value has been achieved commensurate with the potential future risks to which the portfolio was exposed, which is considered a good outcome for shareholders in light of the macro-economic climate.	Total distributions to the shareholders.
As the managed wind-down proceeds, and capital is returned to shareholders, the Group'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 Group's net asset value, prior to dissolution of the Group.	The Board continues to actively seek to "right size" the Group's overhead base as net asset value reduces, through renegotiation with counterparties and potential restructuring of the Group to minimise unnecessary costs. In light of the asset sales, de-listing the Company may assist in mitigating the cost base through to liquidation and the simplification of operations	Total distributions to the shareholders.
The Group deploys surplus liquidity arising from portfolio amortisation and 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 shareholders.	The Board seeks to manage the use of various capital return techniques so as to seek to fairly balance the differing outcomes to those techniques Following the announced asset sales in December 2022, it is expected that dividends will cease in light of there being no further income-generating assets within the Group and cash will be returned to shareholders through capital redemptions.	Share price volatility and total distributions to shareholders.

Principal Risk and Risk Management – (continued)

Principal risk	Mitigation and update of risk assessment	Group's financial Alternative Performance Measures ("APM") affected by risk
As the size of the Group's non-UK portfolios decrease through amortisation (in the absence of portfolio sales), the Group's ability to deploy foreign currency hedges at an appropriate cost may be impaired.	The Board seeks to maintain and enhance banking counterparty relationships to seek to retain access to institutional pricing. In light of the asset sales announced in December 2022, after converting the majority of the net proceeds to sterling it is expected that the Group's exposure to foreign currency will have greatly diminished. Cash will be set aside in the currency of the respective assets that were sold for the purposes of supporting the amortising indemnities that have been agreed with the purchaser of the loans. The cash relating to these indemnities will be maintained in local currency as maintaining in GBP could lead to insufficient cash to cover the indemnities were they to be fully claimed against in the event of unfavourable movements in foreign exchange. Due to uncertainty related to the extent or timing of any claims against the indemnities and in order to maintain sufficient local currency cash should the indemnities be claimed against, it is considered to not be cost effective to hedge these exposures.	Total distributions to shareholders.
As the Group moves through the wind-down process, accounting standards require the Group to prepare its accounts on a basis other than going concern.	The condensed consolidated financial statements have been prepared on a basis other than going concern since the Group's Annual Report and Audited Consolidated Financial Statements for the year ended 31 March 2022. In light of the asset sales at a price materially aligned to the fair value of the assets, the volatility in share price as a result of preparing on a basis other than going concern is partly mitigated.	Share price volatility and total distributions to shareholders.
While the majority of the net proceeds from the sales and the remaining NAV of the Group is expected to be distributed in Q1 2023, the timing and extent of future distributions may be uncertain. The Group will set aside cash related to indemnities provided to the purchasers of the loans of c.£5.3 million. To the extent these indemnities are claimed against, the remaining cash distributable to shareholders after the indemnity period has expired may be lower than that initially set aside. This cash is additionally to be held in the currency of the associated loans, and may be exposed to foreign exchange gains and losses.	The provision of indemnities is standard in asset sale transactions of this nature and provides the purchaser with assurances which in turn have contributed to a positive purchase price on the assets. The Board have negotiated indemnities at a level so as to provide sufficient cover to support a good outcome in the purchase price while balancing the intention to liquidate the Group and return cash to shareholders within a reasonable time frame. The indemnity provisions are therefore on an amortising basis up to 12 months from the Sale Date.	Total distributions to shareholders.

Principal Risk and Risk Management – (continued)

Principal risk	Mitigation and update of risk assessment	Group's financial Alternative Performance Measures ("APM") affected by risk
To the extent foreign exchange rates move unfavourably this may reduce the amount of cash available to distribute to shareholders. Following the sales, the Group will accrue an estimate for all ongoing expected costs through to the final liquidation of the Company and its subsidiaries, and to the extent these costs are greater than estimated this may reduce the cash available to shareholders as the indemnity period amortises.	While the extent to which these indemnities may be claimed upon is unknown, the team at Funding Circle have assisted the Board and the purchaser with advanced due diligence in order to minimise the risk of claims on the indemnities offered. The Board has made prudent estimates of the ongoing costs through to final liquidation, and will seek to minimise the ongoing cost base where possible, while balancing the necessary costs of the administrative and legal requirements of an orderly liquidation process of the Group.	Total distributions to shareholders.

As part of the process of evaluating principal risks, the Board also identifies emerging risks and how they impact on the Group's managed wind-down process. The likelihood of occurrence of each risk and the extent of financial effect to the Group are considered when the Board makes economic decisions. Along with the update on the principal risks to take into account the alleviating impact of the COVID-19 pandemic and the on-going circumstances between Ukraine and Russia to the Group. There were other key operational risks disclosed in the Group's Annual Report and Audited Consolidated Financial Statements which remain applicable.

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	Date of resignation
Frederic Hervouet	**12 August 2015**	
Jonathan Bridel	**19 August 2015**	
Richard Boléat	**19 August 2015**	**19 October 2022**
Richard Burwood	**12 August 2015**	
Sachin Patel	**18 May 2017**	**6 September 2022**
Anthony Nicol	**19 October 2022**	

Sachin Patel resigned as director on 6 September 2022. Anthony Nicol was appointed as a Director of the Company effective from 19 October 2022. Tom Parachini, Global Head of Legal and Regulatory at Funding Circle, was previously appointed as Alternate Director for Sachin Patel and subsequently has resigned following Sachin Patel's resignation.

As at the Annual General Meeting ("AGM") held on 19 October 2022 insufficient votes were received in order to re-elect Richard Boléat as a Director. As a result, he has stepped down as Chairman of the Board of Directors and Frederic Hervouet was appointed as Chairman.

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 36 - 37.

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 2022, the Directors held the following Ordinary shares of the Company:

	Number of shares	
	30 September 2022	**31 March 2022**
Frederic Hervouet	**18,900**	**35,504**
Jonathan Bridel	**13,461**	**25,286**
Richard Boléat	**2,785**	**5,231**
Richard Burwood	**7,144**	**13,409**
	42,290	**79,430**

During the period, no Director had a material interest in a contract to which the Group was a party (other than his own letter of appointment). Sachin Patel, Anthony Nicol and Tom Parachini were employees of Funding Circle Limited.

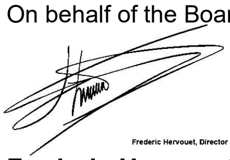
Related party transactions

The related parties of the Group, the transactions with those parties during the period and the outstanding balances as at 30 September 2022 are disclosed in note 14 to the condensed consolidated financial statements.

Company Secretary

The Company Secretary is Sanne Group (Guernsey) Limited of 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL.

On behalf of the Board



Frederic Hervouet
Chairman of the Board of Directors

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT AND 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 Financial Conduct Authority's ("FCA") Disclosure Guidance and Transparency Rules ("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 Group's Annual Report and Audited Consolidated Financial Statements for the year ended 31 March 2022.

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 condensed consolidated financial statements may differ from legislation in other jurisdictions.

Frederic Hervouet, Director

Frederic Hervouet
Chairman of the Board of Directors

Jonathan Bridel
Chairman of the Audit Committee

INDEPENDENT REVIEW REPORT

TO SME CREDIT REALISATION FUND LIMITED

Report on the condensed consolidated financial statements

Our conclusion

We have reviewed SME Credit Realisation Fund Limited's condensed consolidated financial statements (the "interim financial statements") in the Half-Yearly Financial Report and Condensed Consolidated Financial Statements of SME Credit Realisation Fund Limited for the 6-month period ended 30 September 2022. 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 2022;
- 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 and Condensed Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

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

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.

INDEPENDENT REVIEW REPORT
TO SME CREDIT REALISATION FUND LIMITED

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 Condensed Consolidated Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers CI LLP

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
22 December 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	Notes	(Unaudited) 1 April 2022 to 30 September 2022 £	(Unaudited) 1 April 2021 to 30 September 2021 £
Operating income			
Interest income on loans advanced	3	1,589,511	3,742,785
Net gain on change in fair value of financial asset at fair value through profit or loss	4	—	1,810,145
Net realised and unrealised gain on foreign exchange	13	4,279,891	682,628
Bank interest income		5,345	2,431
Total operating income		**5,874,747**	**6,237,989**
Operating expenditure			
Reversal of impairment of loans	3	(2,822,032)	(2,284,115)
Loan servicing fees	14	141,215	371,826
Company administration and secretarial fees		93,909	105,570
Audit, audit-related and non-audit related fees		143,469	99,346
Corporate broker services		17,500	17,500
Corporate services fees	14	23,484	54,608
Legal fees		75,978	30,559
Directors' remuneration and expenses	14	80,313	80,425
Professional services fee – portfolio valuation		21,780	30,765
Regulatory fees		14,246	14,624
Other operating expenses		83,768	117,011
Net operating (income)		**(2,126,370)**	**(1,361,881)**
Operating income before taxation for the period		**8,001,117**	**7,599,870**
Taxation for the period	10	**(500)**	**-**
Operating income after taxation for the period		**8,000,617**	**7,599,870**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
(Loss) on movement in fair value of loans advanced	3	**(1,374,490)**	**(393,030)**
Total comprehensive income for the period		**6,626,127**	**7,206,840**
Basic and diluted earnings per share	11	21.96p	7.48p
Basic and diluted weighted average number of shares outstanding	11	36,437,370	101,603,194

Other comprehensive income

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

The Notes on pages 22 to 35 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Notes	(Unaudited) 30 September 2022 £	(Audited) 31 March 2022 £
ASSETS			
Cash and cash equivalents	6	10,319,709	15,183,371
Other receivables and prepayments		44,797	23,550
Loans advanced	3	23,061,751	37,403,665
TOTAL ASSETS		**33,426,257**	**52,610,586**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	56,113,512	81,313,389
Retained deficit		(22,365,534)	(29,500,141)
Other reserves		(1,114,976)	259,514
TOTAL SHAREHOLDERS' EQUITY		**32,633,002**	**52,072,762**
LIABILITIES			
Fair value of currency derivatives	7	277,290	191,363
Accrued expenses and other liabilities	8	515,965	346,461
TOTAL LIABILITIES		**793,255**	**537,824**
TOTAL EQUITY AND LIABILITIES		**33,426,257**	**52,610,586**
NAV per share outstanding		**118.46p**	**100.62p**

The condensed consolidated financial statements on pages 18 to 35 were approved and authorised for issue by the Board of Directors on 22 December 2022 and were signed on its behalf by:

Frederic Hervouet, Director

Frederic Hervouet
Chairman

Jonathan Bridel
Chairman of the Audit Committee

The Notes on pages 22 to 35 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Notes	Share capital £	Other Reserves £	Retained deficit £	Total £
Balance at 1 April 2022 (audited)		81,313,389	259,514	(29,500,141)	52,072,762
Redemption of ordinary shares	9	(25,199,877)	—	—	(25,199,877)
Dividends declared	12	—	—	(866,010)	(866,010)
Operating income after taxation for the period		—	—	8,000,617	8,000,617
Other comprehensive loss for the period		—	(1,374,490)	—	(1,374,490)
Balance at 30 September 2022 (unaudited)		**56,113,512**	**(1,114,976)**	**(22,365,534)**	**32,633, 002**

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

The Notes on pages 22 to 35 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Notes	(Unaudited) 1 April 2022 to 30 September 2022 £	(Unaudited) 1 April 2021 to 30 September 2021 £
Operating activities			
Operating income before taxation for the period		8,001,117	7,599,870
Adjustments for:			
Net realised and unrealised gain on foreign exchange		(4,279,891)	(340,010)
Interest income on loans advanced		(1,589,511)	(3,742,785)
Reversal of impairment of loans	3	(2,822,032)	(2,284,115)
Net gain on change in fair value of financial asset at fair value through profit or loss	4	—	(1,810,145)
Fair value movement of currency derivatives	13	85,927	965,820
Operating cash flows before movements in working capital		**(604,390)**	**388,635**
Principal and interest collections on loans advanced	3	22,441,972	34,027,192
(Increase)/decrease in other receivables and prepayments		(21,247)	1,654
Increase/(decrease) in accrued expenses and other liabilities		169,504	(80,244)
Taxation paid		(500)	—
Net cash generated from operating activities		**21,985,339**	**34,337,237**
Financing activities			
Dividends paid	12	(866,010)	(2,509,182)
Redemption of shares	9	(25,199,877)	(43,999,877)
Net cash used in financing activities		**(26,065,887)**	**(46,509,059)**
Net increase in cash and cash equivalents		**(4,080,548)**	**(12,171,822)**
Cash and cash equivalents at the beginning of the period		15,183,371	30,784,718
Foreign exchange loss on cash and cash equivalents		(783,114)	(661,651)
Cash and cash equivalents at the end of the period		**10,319,709**	**17,951,245**

The Notes on pages 22 to 35 form part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

1. GENERAL INFORMATION

The Company is a closed-ended limited liability company incorporated under The Companies (Guernsey) Law, 2008 (as amended) with registered number 60680. The Company is a registered closed-ended investment scheme in Guernsey and admitted to trading on the London Stock Exchange's Main Market and listed on the United Kingdom Listing Authority ("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 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey GY1 2HL.

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 Annual Report and Audited Consolidated Financial Statements for the year ended 31 March 2020.

The Company publishes net asset value statements on its website at www.smecreditrealisation.com.

2. BASIS OF PREPARATION

a) Statement of Compliance

The condensed consolidated financial statements, which give a true and fair view, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' as promulgated by the International Accounting Standards Board. This Half-Yearly Report does not comprise statutory consolidated 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 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS'). The statutory consolidated financial statements for the year ended 31 March 2022 were approved by the Board of Directors on 26 July 2022. The opinion of the auditor on those consolidated financial statements was unqualified. The accounting policies adopted in these condensed consolidated financial statements are unchanged since 31 March 2022. Changes to underlying assumptions relating to estimates are detailed in note 3. The Group does not have seasonal or cyclical interim business operations.

This Half-Yearly Report for the period ended 30 September 2022 has been reviewed by the auditor but not audited. PwC have been performing the audit of the Group's year-end financial statements for five financial years, starting with the period ended 31 March 2016.

Assets and liabilities of the Group have been presented in the Condensed Consolidated Statement of Financial Position in their order of liquidity as permitted by International Accounting Standard 1, Presentation of Financial Statements.

Attention is drawn to the sales of loans that was completed in December 2022, which is after the balance sheet date, as further detailed within note 16 and is significant to the Group's ongoing operations.

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

In the Directors' opinion, all 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.

b) Going concern

The Directors have considered the state of the wind-down and progress made in relation to the planned disposal of the loan portfolio and determined that the use of the going concern basis in preparing the condensed consolidated financial statements of the Group is not appropriate as at 30 September 2022. As such, the condensed consolidated financial statements have been prepared on a basis other than going concern, under which the assets are measured at their net realisable value.

The Group signed agreements in December 2022 to sell all the Credit Assets with an economic cut-off date of 30 September 2022. The transactions were settled as at the Sale Date, net of ongoing collections the Group had received up until the settlement date. As all the remaining loan assets were sold there is no ongoing income into the Group beyond the economic cut-off date except the net proceeds from the sales. As a result, the Group will continue to prepare subsequent reporting on a basis other than going concern, with all ongoing costs through to final liquidation of the Group accrued from the Sale Date. As of the Sale Date the Board will seek to commence liquidation proceedings at an appropriate time thereafter. The liquidation costs, along with on-going operational costs arising, will be treated in line with the requirements of IAS 37 provisions, based on reliable estimates.

2. BASIS OF PREPARATION – (CONTINUED)

b) Going concern (continued)

There were no adjustments made to the carrying values of the assets and liabilities of the Group in the current period and the Directors consider the carrying values in the condensed consolidated statement of financial position at the date of these condensed consolidated financial statements are deemed to be realisable values, based on fair value.

c) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a quarterly basis by the Board. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated financial statements, the significant judgements, estimates and assumptions made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Audited Consolidated Financial Statements for the year ended 31 March 2022 except for the change in assumptions as detailed in note 3.

In relation to estimates, attention is drawn to note 16 whereby additional certainty related to such estimates has been obtained after the 30 September 2022 balance sheet date but which was not known or adjusted for as at the balance sheet date.

3. LOANS ADVANCED

	(Unaudited) 30 September 2022 £	**(Audited) 31 March 2022 £**
Balance at the beginning of the period/year	37,403,665	83,355,445
Additions from settlement of the EIB transaction* (see note 4)	—	5,824,315
Interest income	1,589,511	6,398,665
Principal and interest collections	(22,441,972)	(64,543,722)
Impairment release for the period/year	2,822,032	7,342,224
Foreign exchange gains	5,063,005	1,275,116
Loss on movement in fair value through other comprehensive income	(1,374,490)	(2,248,378)
Balance at the end of the period/year	**23,061,751**	**37,403,665**

*Loans consolidated within the EIB transaction are made up of £22,808,956 principal and £16,984,641 expected credit losses as at 31 March 2022.

The Group predominantly made unsecured loans in previous periods and prior to the modification of the Company's investment policy during the year ended 31 March 2020.

Information about the gain recognised on the movement of the loans at FVTOCI and information about the methods and assumptions used in determining the fair value is provided in note 13.

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

3. LOANS ADVANCED – (CONTINUED)

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

	(Unaudited) 30 September 2022 £	**(Audited) 31 March 2022 £**
Impairment allowance at beginning of the period/year – previously reported	70,847,166	61,204,749
Impairment allowance for the period/year	(2,822,032)	(7,342,224)
Additions from loans consolidated following settlement of EIB transaction*	—	16,984,641
Impairment allowance at the end of the period/year	**68,025,134**	**70,847,166**

*Loans consolidated within the EIB transaction are made up of £22,808,956 principal and £16,984,641 expected credit losses as at 31 March 2022. The initial recognition of the Expected Credit Losses ("ECL") from the loans received as settlement of the EIB transaction of £16,984,641 did not impact the consolidated statement of comprehensive income.

During the year ended 31 March 2022 the loans forming the EIB transaction were transferred to the Group in consolidation of the Group's interest in the structure which was settled as a result. The assets were transferred at an initial fair value of £5,824,315. Refer to the Group's Annual Report and Audited Consolidated Financial Statements for the year ended 31 March 2022 for further detail surrounding the EIB transaction.

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

	(Unaudited) 30 September 2022	
	Principal and interest	**Impairment allowance**
Stage 1 – 1 to 30 days late and no missed payments	15,454,792	571,860
Stage 2 – 31+ days late/missed a payment in last 6 months	2,926,906	113,436
Stage 3 – Legally defaulted & 90+ days late	73,214,769	67,339,838
	91,596,467	**68,025,134**

Stage 3 includes loans that have fallen 91 or more days late as a result of forbearance measures introduced in April 2020 as a response to COVID-19, which have not been contractually defaulted.

Since the year ended 31 March 2022, the assumptions utilised in the ECL model have been refreshed to take account of lower levels of defaults and higher levels or repayment and recovery observed than previously expected. The forecast probability of default has been impacted by an update in particular to the expected timing and quantum of defaults. Previously, a shorter but sharper peak in default stress was expected over 2022 normalising in 2023, reflecting a lagged impact of Covid-19, inflationary pressures and supply chain disruption exacerbated by the events in the Ukraine. Following stronger than expected performance and taking into account latest macro-economic expectations, the default stress is now expected to occur later and increase more gradually peaking by 2024, however also lasting longer than previous assumptions. The impact of this change in assumptions occurring later and increasing more gradually on a swiftly amortising book with a short weighted average life is a reduction in the impairment allowance, in particular of stage 1 and stage 2 loans where the default stress is applied to a smaller forecast outstanding balance, and so the level of expected defaults is lower.

As detailed in note 16, agreements were signed in December 2022 following the balance sheet date to sell the loans for net proceeds after selling costs and deductions consistent with the fair value of £23 million at 30 September 2022.

3. LOANS ADVANCED – (CONTINUED)

The table below shows an analysis of the principal and interest of the loans along with the amount recognised as an impairment allowance as at 31 March 2022:

	(Audited) 31 March 2022	
	Principal and interest	**Impairment allowance**
Stage 1 – 1 to 30 days late and no missed payments	27,732,405	2,704,168
Stage 2 – 31+ days late/missed a payment in last 6 months	6,945,481	767,111
Stage 3 – Legally defaulted & 90+ days late	72,685,086	67,375,887
	107,362,972	**70,847,166**

4. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 September 2022 £	**(Audited) 31 March 2022 £**
Balance at the beginning of the period/year	—	5,141,217
Interest collections	—	(1,691,666)
Net gain on the change in fair value of financial asset at fair value through profit or loss during the period/year*	—	2,251,764
Cash left in Finch vehicle for liquidation	—	123,000
Non-cash repayment	—	(5,824,315)
Balance at the end of the period/year	—	—

*Presented gross of interest distributions of class B note of £1,691,666.

During the year ended 31 March 2022 the loans forming the EIB transaction were transferred to the Group in consolidation of the Group's interest in the structure which was settled as a result. The assets were transferred at an initial fair value of £5,824,315. Refer to the Group's Annual Report and Audited Consolidated Financial Statements for the year ended 31 March 2022 for further detail surrounding the EIB transaction.

In the period ended 30 September 2021, as a result of the continued resilient performance seen on the portfolio of loans held by the EIB SPV with lower defaults and higher recoveries than previously forecast, a fair value gain of £1,810,145 was recognised in the condensed consolidated statement of comprehensive income for the period.

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.

5. SEGMENTAL REPORTING – (CONTINUED)

Segment performance for the period ended 30 September 2022 – (unaudited)

	UK	US	CE	Other income and expenses	Consolidated
	£	£	£	£	£
Total revenue	978,647	3,901,695	989,060	5,345	5,874,747
Impairment of loans	4,701,416	(2,330,276)	450,892	—	2,822,032
Total comprehensive income	3,866,943	1,225,011	1,528,828	5,345	6,626,127

Segment assets and liabilities as at 30 September 2022 – (unaudited)

	UK	US	CE	Other assets and liabilities	Consolidated
	£	£	£	£	£
Assets	17,681,283	9,549,016	6,195,958	—	33,426,257
Liabilities	(114,676)	(597,824)	(80,755)	—	(793,255)

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

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

Segment assets and liabilities as at 31 March 2022 – (audited)

	UK	US	CE	Other assets and liabilities	Consolidated
	£	£	£	£	£
Assets	29,204,092	14,506,658	8,899,836	—	52,610,586
Liabilities	(95,659)	(364,252)	(77,913)	—	(537,824)

6. CASH AND CASH EQUIVALENTS

	(Unaudited) 30 September 2022	(Audited) 31 March 2022
	£	£
Cash at bank	3,982,451	11,490,415
Cash equivalents	6,337,258	3,692,956
Balance at the end of the period/year	**10,319,709**	**15,183,371**

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 13). The hedges have been put in place taking into account the fact that derivative positions, such as simple foreign exchange swaps, could cause the Group to require cash to fund margin calls on those positions. The Group negotiated the terms of the contracts with each counterparty such that no collateral is required on the initial transaction and in instances of temporary negative fair value positions.

Valuation of currency derivatives

	(Unaudited) Fair value 30 September 2022 £	(Audited) Fair value 31 March 2022 £
Fair value of currency derivatives	(277,290)	(191,363)
	(277,290)	**(191,363)**

	(Unaudited) Fair value 30 September 2022 £	(Audited) Fair value 31 March 2022 £
Euro	7,128	4,960
USD	13,713	9,607
GBP	(298,131)	(205,930)
Total	**(277,290)**	**(191,363)**

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	(Unaudited) 30 September 2022 £	(Audited) 31 March 2022 £
Service fees payable	33,805	83,050
Audit fees payable*	328,413	183,971
Legal fees payable	86,209	13,817
Administration fees payable	309	31,303
Taxation payable	—	500
Other liabilities	67,229	33,820
	515,965	**346,461**

*Audit fees payable at 30 September 2022 reflect balances outstanding in relation to the audit of the Group and the statutory financial statements of the subsidiaries for the year ended 31 March 2022 in addition to the accrual of fees up to 30 September 2022.

9. SHARE CAPITAL

Issued and fully paid	Number of shares	Shares issued amount	Issue costs	Net Shares amount
Ordinary shares		**£**	**£**	**£**
At 31 March 2022 – (audited)	51,750,563	87,058,289	(5,744,900)	81,313,389
Redemption of ordinary shares	(24,201,918)	(25,199,877)	—	(25,199,877)
At 30 September 2022 – (unaudited)	**27,548,645**	**61,858,412**	**(5,744,900)**	**56,113,512**

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

As at 30 September 2022, the Company has purchased a lifetime cumulative total of 43,746,667 shares (31 March 2022: 43,746,667 shares) which were subsequently cancelled and of which nil (31 March 2022: nil) have been held in treasury. No shares held in treasury were cancelled and formally discharged in the past 6 months, or the year preceding.

The Company has compulsorily redeemed a total of 24,201,918 (31 March 2022: 82,414,359) shares for a total amount of £25,199,877 (31 March 2021: £76,199,759) throughout the period. All shares redeemed throughout the period were redeemed at the prevailing NAV per share at the date of declaration.

As at the date of the condensed consolidated statement of financial position, there was 27,548,645 ordinary shares in issue with a nominal value of 100p each. The excess of the Net Share Amount of £28,566,867 is recognised as share premium.

Rights attaching to the Ordinary share class

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

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

10. TAXATION

	(Unaudited) 30 September 2022 £	(Audited) 31 March 2022 £
Operating income before taxation	8,001,117	7,599,870
Tax at the standard Guernsey income tax rate of 0%	—	—
Effects of tax rates in other jurisdictions	(500)	(500)
Taxation expense	**(500)**	**(500)**

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

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

10. TAXATION – (CONTINUED)

During the year ended 31 March 2022, the interest limitation rule ("ILR") as contemplated by Article 4 of the Anti-Tax Avoidance Directive which was adopted as Council Directive (EU) 2016/1164 on 12 July 2016 was introduced in Ireland by the Finance Act 2021. The ILR will apply to Irish taxable entities with respect to accounting periods commencing on or after 1 January 2022. As of 30 September 2022 the ILR has not impacted Basinghall or Tallis negatively as each entity earns only income which is expected to be treated as interest equivalent income for Irish tax purposes, together with future potential income.

11. EARNINGS PER SHARE ("EPS")

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

	(Unaudited) 30 September 2022 £	(Unaudited) 30 September 2021 £
Profit for the purposes of EPS	8,000,617	7,599,870
Weighted average number of shares	36,437,370	101,603,194
Basic and diluted EPS	**21.96p**	**7.48p**

12. DIVIDENDS

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

30 September 2022	Date declared	Ex-dividend date	Per share Pence	Total £
Ordinary shares				
Interim dividend	20 April 2022	28 April 2022	1.3125	504,436
Interim dividend	18 July 2022	28 July 2022	1.3125	361,574
Total			**2.625**	**866,010**

30 September 2021	Date declared	Ex-dividend date	Per share Pence	Total £
Ordinary shares				
Interim dividend	21 April 2021	29 April 2021	1.3125	1,384,312
Interim dividend	20 July 2021	29 July 2021	1.3125	1,124,870
Total			**2,625**	**2,509,182**

13. FINANCIAL RISK MANAGEMENT

Financial risk management and financial instruments

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

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's Annual Report and Audited Consolidated Financial Statements as at 31 March 2022.

There have been no changes in the risk management in any risk management policies since the year end 31 March 2022.

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 year ended 31 March 2022, there have been no material changes on how the Board of Directors manages liquidity risk.

13. 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 2022 are its currency derivatives measured at fair value through profit and loss and its loans advanced measured at fair value through other comprehensive income. During the year ended 31 March 2022 the Group also had an investment in the EIB transaction measured at fair value through profit or loss which was settled before the end of the year. 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 2022.

The Group 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 2022 was £23,061,750 (31 March 2022: £37,403,665). The most relevant unobservable input to the fair valuation was the discount rate, which has been summarised below based on the geography of each of the Group’s portfolios:

	30 September 2022 (unaudited) UK	30 September 2022 (unaudited) US	30 September 2022 (unaudited) CE	31 March 2022 (audited) UK	31 March 2022 (audited) US	31 March 2022 (audited) CE
Discount rate	12.71%	13.22%	11.85%	9.07%	8.29%	7.55%
Fair value	£14,900,416	£2,581,948	£5,579,387	£25,205,229	£4,209,292	£7,989,144

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 Credit Assets falls within Level 3 in the fair value hierarchy due to the unobservable inputs used in the valuation which include discount rate, timing and amounts of cash flows and performance of the underlying loan portfolios. Refer to notes 3, 4 and 7 for the movement on these financial instruments during the period.

Attention is drawn to note 16 where the assets were sold in December 2022 for net proceeds after selling costs and deductions materially consistent with the total combined fair value as at 30 September 2022.

13. FINANCIAL RISK MANAGEMENT – (CONTINUED)

The following table presents the fair value of the Group's assets and liabilities not measured at fair value as at 30 September 2022 but for which fair value is disclosed:

	30 September 2022 – (unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Cash and cash equivalents	10,319,709	—	—	10,319,709
Other receivables and prepayments	—	44,797	—	44,797
Accrued expenses and other liabilities	—	(515,965)	—	(515,965)
	10,319,709	**(471,168)**	**—**	**9,848,541**

	31 March 2022 – (audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Cash and cash equivalents	15,183,371	—	—	15,183,371
Other receivables and prepayments	—	23,550	—	23,550
Accrued expenses and other liabilities	—	(346,461)	—	(346,461)
	15,183,371	**(322,911)**	—	**14,860,460**

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

In the case of cash and cash equivalents, other receivables and prepayments, and accrued expenses and other liabilities the amount estimated to be realised in cash are equal to their value shown in the condensed consolidated statement of financial position due to their short-term nature.

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

Currency risk

Currency risk is the risk that the value of the Group's net assets will fluctuate due to changes in foreign exchange rates. Aside from GBP, the Group has invested in loans denominated in US Dollars and Euro and may invest in loans denominated in other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Board of Directors monitors the fluctuations in foreign currency exchange rates and uses forward foreign exchange swaps to seek to hedge the currency exposure of the Group arising from US Dollar and Euro denominated investments.

The net foreign exchange gain charged to the Condensed Consolidated Statement of Comprehensive Income during the period was £4,279,891 (30 September 2021: 682,628). The details of the net foreign exchange gain or loss are shown below.

	30 September 2022	**30 September 2021**
	£	**£**
Unrealised foreign currency gains/(losses)	4,824,210	959,703
Realised gains on currency derivatives	—	688,745
Realised losses on currency derivatives	(458,392)	—
Fair value movement on currency derivatives	(85,927)	(965,820)
	4,279,891	**682,628**

13. FINANCIAL RISK MANAGEMENT – (CONTINUED)

Capital risk management

The Board's policy is to reflect a realisation strategy in line with the investment objective and policy, 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 Group's investments and making timely returns of capital to shareholders. 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 return of capital to shareholders is managed in line with the Company's investment objective and managed wind-down process.

The Company continued to return capital through compulsory redemptions of shares and distributions of dividends, as the Group's portfolio of Credit Assets amortises. Following the sales of the loans detailed in note 16, it is expected dividends will cease and capital will be returned as efficiently as possible to shareholders as indemnities associated with the sales amortise.

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

14. RELATED PARTY DISCLOSURE

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

	30 September 2022	**31 March 2022**
	£	**£**
Chairman	47,500	50,000
Audit Committee Chairman	40,000	40,000
Risk Committee Chairman	30,000	40,000
Other Directors	30,000	30,000
	147,500	**160,000**

Sachin Patel resigned as director on 6 September 2022. Anthony Nicol was appointed as a Director of the Company effective from 19 October 2022. Tom Parachini, Global Head of Legal and Regulatory at Funding Circle, was previously appointed as Alternate Director for Sachin Patel and subsequently has resigned following Sachin Patel's resignation.

During the AGM held on 19 October 2022, insufficient votes were received in order to re-elect Richard Boléat as a Director. As a result, he has stepped down as Chairman and a Director, resigning from the Board of Directors and Frederic Hervouet was appointed as Chairman.

During Sachin Patel's tenure, Mr Patel was not entitled to fees as a prior director of the Company. Anthony Nicol is not entitled to fees as a director of the Company.

During the AGM, the Directors have agreed to hold Directors' fees consistent with the previous years notwithstanding the additional responsibilities that came with the changes to the chair of the various committees of the Board.

Mr Boléat's annual fees for the role of Chairman will only encompass 3 quarters served on the Board of Directors including a period of notice.

14. RELATED PARTY DISCLOSURE – (CONTINUED)

The Directors held the following number of shares as at 30 September 2022 and 31 March 2022:

	(unaudited) As at 30 September 2022		(audited) As at 31 March 2022	
	Number of shares	**% of total shares in issue**	**Number of shares**	**% of total shares in issue**
Richard Boléat	2,785	0.0101%	5,231	0.0101%
Jonathan Bridel	13,461	0.0489%	25,286	0.0489%
Richard Burwood	7,144	0.0259%	13,409	0.0259%
Frederic Hervouet	18,900	0.0686%	35,504	0.0686%
Sachin Patel	—	—	—	—
Anthony Nicol	—	—	—	—
	42,290	**0.1535%**	**79,430**	**0.1535%**

Movement in the number of shares held by each of the directors during the year relates to the redemptions paid by the Company.

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

The Directors delegate certain functions to other parties. In particular, the Directors 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 year and amounts payable to each of Funding Circle UK, FCGPL, Funding Circle US and Funding Circle CE are disclosed below.

		Expense during the period ended 30 September 2022	**Payable as at 30 September 2022**	**Expense during the period ended 30 September 2021**	**Payable as at 31 March 2022**
		(unaudited)	**(unaudited)**	**(unaudited)**	**(audited)**
	Transaction	**£**	**£**	**£**	**£**
Funding Circle UK	Servicing fee	75,458	19,546	179,101	36,211
FCGPL	Corporate services fee	23,484	—	54,608	—
FCGPL	Reimbursement of expenses	—	—	12,647	—
Funding Circle US	Servicing fee	27,040	3,508	100,015	6,165
Funding Circle CE	Servicing fee	38,717	10,751	92,710	40,674

Each of the Funding Circle entities acting as servicer is entitled to additional fees of up to 40 per cent of collections received on defaulted assets under each of the relevant Services Agreement in reimbursement of costs incurred in respect of collection charges and external legal fees. Such fees were incurred in relation to the sales outlined in note 16 and form part of the direct selling costs and deductions in arriving at the net proceeds from the sales.

15. INVESTMENT IN SUBSIDIARIES

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

	Country of incorporation	Principal activity	Transactions	(unaudited) Outstanding amount as at 30 September 2022 £	(audited) Outstanding amount as at 31 March 2022 £
Basinghall Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in the UK	Subscription of notes issued	13,831,881	29,245,042
Tallis Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in Germany, the Netherlands and Spain	Subscription of notes issued	5,031,005	9,266,553
Queenhithe Lending Designated Activity Company*	Ireland	Invested in Credit Assets originating in the UK	Subscription of notes issued (through Basinghall)	—	—
				18,862,886	**38,511,595**

*Queenhithe Lending Designated Activity Company is, at the date of these condensed consolidated financial statements, still undergoing liquidation.

16. SUBSEQUENT EVENTS

On 20 October 2022, the Company declared a quarterly dividend of 1.3125 pence per share payable on 25 November 2022. The Company also returned approximately £9.1m on 11 November 2022 by way of a compulsory redemption of shares.

As previously announced in the Group's Annual Report and Audited Consolidated Financial Statements for the year ended 31 March 2022, the Group has actively been exploring a sale process for the loan portfolio in light of the rapid run off and its objective to realise all assets in a prudent manner and make timely returns of capital to shareholders. Subsequently, the Group has signed agreements on 2 December 2022 for the US and 9 December 2022 (together the "Sale Date") for the UK and CE to sell all remaining Credit Assets with an economic cut-off date of 30 September 2022. The transactions were settled on 5 December 2022 and 12 December 2022 respectively net of collections between the economic cut-off date and the Sale Date. Net of directly associated selling costs such as legal fees and collection charges, the proceeds received on the combined portfolio sales are materially consistent with the £23 million value of which the loans are held at 30 September 2022.

The gross proceeds of the sales were €6,065,348, £19,307,736 and $4,099,133 for CE, the UK and US respectively or approximately £28.3 million using 30 September 2022 foreign exchange rates. Anticipated direct deductions for legal costs associated with the transactions, broker costs and collection charges and legal cost reimbursement to the servicer related to the sales are £4.4 million. This results in an anticipated net profit on sales of c.£0.8 million before considering any potential claims against warranties and indemnities associated with the sales or the accrual of running and liquidation costs over the remaining life of the Group as detailed below.

As is industry practice, the Group as seller has offered certain warranties and indemnities to the buyers of the loans which will inhibit the Group's ability to distribute all cash to shareholders immediately and fully liquidate the Group until such time as the indemnity period has finished. This period will be twelve months from the Sale Date and amortisation will commence after six months and c.£5.3 million of cash (made up of £3.9m, €1.2m and $0.5m) will be set aside to cover the indemnities from the combined transactions. To the extent the indemnity provisions are not called upon, this cash will be returned to shareholders over a period from six to twelve months from the Sale Date. During this period the operations of the Group will be simplified and cost base reduced, with appropriate accruals withheld to cover the reduced but ongoing running costs and all foreseeable costs for liquidation of the Group.

16. SUBSEQUENT EVENTS - CONTINUED

Following the completion of the portfolio sales, the Board intends to then publish a circular setting out details of, and convening a general meeting to seek shareholder approval for, the proposals to delist SME Credit Realisation Fund Limited, and the plan related to liquidation. The proposals are expected to be published following the next quarterly return of capital in January 2023, which will distribute substantially all of the Group's free cash, i.e. it will include the net proceeds of the portfolio sales, less operating expenses, any foreign exchange margin reserve maintenance requirements, liquidation costs and indemnity provisions related to the portfolio sales. While the 31 December 2022 NAV is yet to be announced, it is anticipated that the NAV per share as a result of the sales net of deductions and future cost accruals will be materially aligned with that of 30 September 2022. This is considered to be a good outcome for shareholders in the current economic environment with the gains in the period to 30 September 2022 materially maintained upon crystallisation. If shareholder approval is forthcoming, the Fund is expected to delist in Q1 2023 with the timing of liquidation to also be confirmed.

As a result of the sales, the Group will continue to prepare subsequent reporting on a basis other than going concern, with all ongoing costs through to final liquidation of the Group accrued from the Sale Date, including those relating to liquidation. The liquidation costs, along with on-going operational costs arising, will be treated in line with the requirements of IAS 37 provisions and based on reliable estimates. As at 30 September 2022 the expected sales proceeds and timing of the transactions could not be determined due to ongoing negotiations with bidders and as a result the financial results for the period ended 30 September 2022 do not reflect the impact of the sales of the loans nor the accrual of ongoing costs through to liquidation. The estimate of ongoing costs through to liquidation is underway and cannot currently be fully and reliably estimated as the plan for delisting and liquidation of the Group continues to be refined and fully costed and more detail will be announced in the NAV and return of capital announcement for the quarter ended 31 December 2022. Initial high level expectations are that such costs will not significantly outweigh the net profit on sales of loans and the NAV per share will be materially consistent with that of 30 September 2022, however this view is subject to ongoing assessment. The sales are considered a non-adjusting post-balance sheet event.

BOARD OF DIRECTORS

Frederic Hervouet
Chairman, Non-executive Director
Fred Hervouet is a resident of Guernsey and has dual nationality with both British and French citizenship. He has more than 25 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, and 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 Special Fund Market of the London Stock Exchange and also Chairman of Boussard and Gavaudan Holdings Limited and a director of Crystal Amber Fund Limited. He is also a director of the General Partners of a number of Guernsey based Private Equity Funds (Terra Firma, Lakestar, Telstra Ventures, LCH Partners, Hedosophia).

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

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

Jonathan Bridel
Audit Committee and Risk Committee Chairman, Non-executive Director
Mr Bridel is currently a non-executive Chairman or director of listed investment funds. These include Fair Oaks Income Fund Limited and DP Aircraft 1 Limited where he is Chairman. 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 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, Remuneration and Nominations Committee Chairman, Non-executive Director
Mr Burwood is a resident of Guernsey with 30 years' experience in banking and investment management. During his 18 years with Citibank London, Mr Burwood spent 11 years as a fixed income portfolio manager spanning both banks/finance investments and Asset Backed Securities.

Mr Burwood has lived in Guernsey since 2010, initially working as a portfolio manager for EFG Financial Products, managing the treasury department's ALCO Fixed Income portfolio. From 2011 to 2013, Mr Burwood worked as the Business and Investment Manager for Man Investments, Guernsey.

In January 2013, Mr Burwood joined the board of TwentyFour Income Fund, a London listed closed-ended fund which targets less liquid, higher yielding asset backed securities. In January 2014, Mr Burwood joined the board of RoundShield, a Guernsey private equity fund, focused on European small to mid-cap real estate opportunities. In August 2015, he became a Board Member of Funding Circle SME Income Fund, now SME Credit Realisation Fund Limited, the Company. Mr Burwood also serves on the boards of Habrok, a Cayman-registered hedge fund specialising in Indian equities, and EFG International Finance, a structured note issuance vehicle based in Guernsey.

Anthony Nicol
Non-executive Director
Anthony Nicol is Funding Circle's Group Finance Director. Previously Mr Nicol was the Group financial controller at IG Group plc, a listed financial services trading platform, and before that spent over 15 years at PwC, latterly as an Assurance Director auditing and advising listed and private businesses in a number of sectors. Mr Nicol is an FCA of the ICAEW and holds a BSc (Mathematics) from Bristol University.

BOARD OF DIRECTORS

Richard Boléat
Prior 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. He also serves on the board of Third Point Investors Limited, and a number of other substantial private market 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

Sachin Patel
Prior Non-executive Director
Sachin Patel was the Chief Capital Officer at Funding Circle, lead the Global Capital Markets group and was 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 prior role at Funding Circle Ltd, Sachin was not an independent Director. Notwithstanding this, Sachin undertook 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 satisfied themselves that procedures were in place to address potential conflicts of interest. Sachin was not entitled to any fee for the services provided and to be provided in relation to his prior directorship.

AGENTS AND ADVISORS

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*Prior to 23 November 2022, the address was De Catapan House, Grange Road, St Peter Port Guernsey GY1 2QG.

GLOSSARY

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

"Administrator"	Sanne Group (Guernsey) Limited
"Affiliates"	With respect to any specified person means: (a) any person that directly or indirectly controls, is directly or indirectly controlled by or is directly or indirectly under common control with such specified person; (b) any person that serves as a director or officer (or in any similar capacity) of such specified person; (c) any person with respect to which such specified person serves as a general partner or trustee (or in any similar capacity). For the purposes of this definition, ''control'' (including ''controlling'', ''controlled by'' and ''under common control with'') means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.
"AGM"	Annual General Meeting
"AIC Code"	The AIC Code of Corporate Governance
"AIC"	The Association of Investment Companies, of which the Company is a member
AIFM"	Alternative Investment Fund Manager, appointed in accordance with the AIFMD
"AIFMD"	The Alternative Investment Fund Managers Directive
"Available Cash"	Cash determined by the Board as being available for use by the Company in accordance with the Investment Objective, and, in respect of Basinghall and Tallis, cash determined by the Board of each of Basinghall and Tallis Board (having regard to the terms of the Origination Agreement and the Note) for use by Basinghall and Tallis and excluding (without limitation) amounts held as reserves or pending distribution
"CE"	Continental Europe
"Company Secretary"	Sanne Group (Guernsey) Limited
"Credit Assets"	Loans or debt or credit instruments of any type originated through any of the Platforms
"Credit Losses"	A measure of performance showing the decrease in carrying value of Credit Assets as a result of actual or possible default events. Details of the methodology including key inputs are disclosed in note 3 (b).
"Dividend Per Ordinary Share"	A measure of performance showing dividend either declared or paid for each share issued and outstanding in the Company
"Economic-cut-off date"	Regarding the sale of loan portfolios detailed in note 16, the date after which beneficial ownership is deemed to have transferred to the new owner. As is common practice in such transactions, the Sale Date occurs after the economic cut-off date to allow parties time to review the data, provide bids and to complete due diligence before signing legally binding contracts.
"EGM"	The Extraordinary General Meeting on 11 June 2019
"Funding Circle"	FCGPL, Funding Circle UK, Funding Circle US, Funding Circle CE or either of their respective Affiliates (as defined in the Prospectus of the Company), or any or all of them as the context may require
"Funding Circle CE"	Funding Circle CE GmbH and Funding Circle Deutschland GmbH

GLOSSARY

"Funding Circle Netherlands"	Funding Circle Nederlands B.V.
"Funding Circle Spain"	Funding Circle España SLU
"FCGPL"	Funding Circle Global Partners Limited
"Funding Circle UK"	Funding Circle Limited
"Funding Circle US"	FC Platform, LLC
"NAV Total Return"	A measure of performance showing how the NAV per share has performed over a period of time. This is calculated by comparing the NAV per share at the beginning of a period to the NAV per share at the end of a period removing the effect of capital returns and dividend payments.
"Near Affiliates"	The relevant Irish subsidiary of the Company and any other SPV or entity which, not being an Affiliate of the Company, has been or will be formed in connection with the Company's direct or indirect investment in Credit Assets and which (save in respect of any nominal amounts of equity capital) is or will be financed solely by the Company or any Affiliate of the Company
"Note" or "Profit Participating Note"	Notes issued by Basinghall Lending Designated Activity Company and Tallis Lending Designated Activity Company under their separate note programmes
"Origination Agreements"	The German Origination Agreement, the Dutch Origination Agreement, the Spanish Origination Agreement, the UK Origination Agreement, the US Origination Agreement, and the CE Origination Agreements
"Platforms"	The platforms operated in the UK, US, and CE by Funding Circle, together with any similar or equivalent platform established or operated by Funding Circle in any jurisdiction.
"Proposals"	The proposals contained in the circular issued on 21 May 2020 which were subsequently approved at the EGM on 11 June 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.
"Sale Date"	Date at which contracts related to loan sales are signed and considered legally binding with regards to the loan position as at the economic cut-off date. Cash flows and interest relating to loans, that occur after the economic cut-off date up to the Sale Date belong to the purchaser and are settled net of the gross purchase price.
"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 2021.

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