



Senior Secured UK Property Debt Investments Ltd

Fact Sheet

Q4 as at 31st of January 2015

Summary

1. Investment Objective

The Investment objective of the company is "...to construct a portfolio of good quality, defensive, senior debt investments secured by first ranking fixed charges predominantly against UK commercial property investments, providing target dividends of circa 6% pa, paid quarterly, with an underlying target portfolio IRR of 8% pa..."

Fund Facts

Fund Launch:	5 th February, 2013	Fund Type:	Closed ended investment company
Fund Manager:	Longbow Real Estate Capital LLP	Domicile:	Guernsey
Base Currency:	GBP	Listing:	London Stock Exchange
Issued Shares:	108.2 Million	ISIN Code:	GG0B8C23581
Management Fee:	1.0%	LSE Code:	LBOV
		Website:	www.lbow.co.uk

Share Price & NAV at 31 January 2015

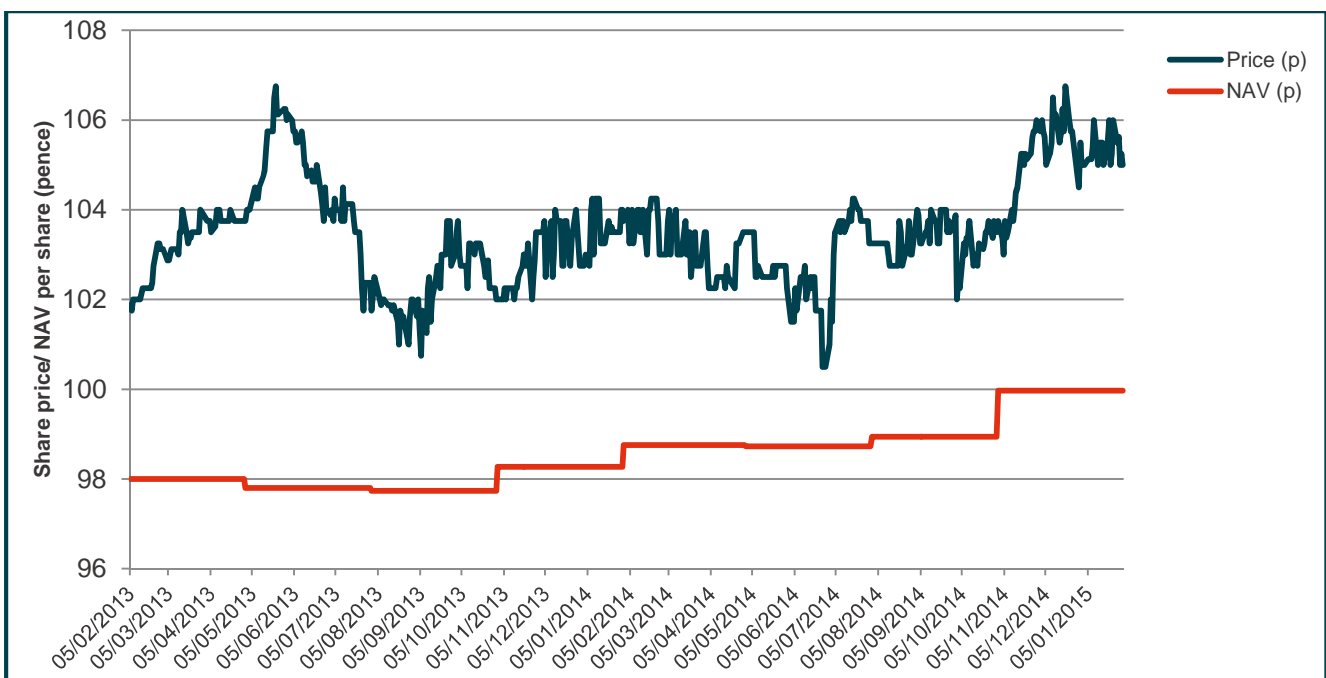
Share Price (p)	105.0
NAV (p) (Ex Div)	99.99
Premium/ (Discount)	5.0%
Market Cap.	£113.6m
Declared dividend (p) (1)	1.5 pence
Dividend payment date	22 nd May 2015

Key Portfolio Statistics at 31 January 2015

Number of Investments	11
Percentage Capital Investment	95%
Weighted average coupon	7.40%
Weighted Avg. projected gross IRR	8.49%
Weighted Avg. LTV	60.1%
Weighted Avg. interest coverage ratio	161%
Weighted Avg. unexpired loan	3.87yrs
Weighted Avg. unexpired income protection	2.60yrs

(1) For Quarter ending 31st January 2015

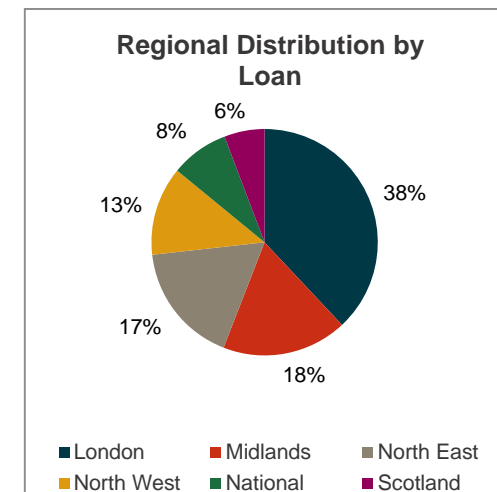
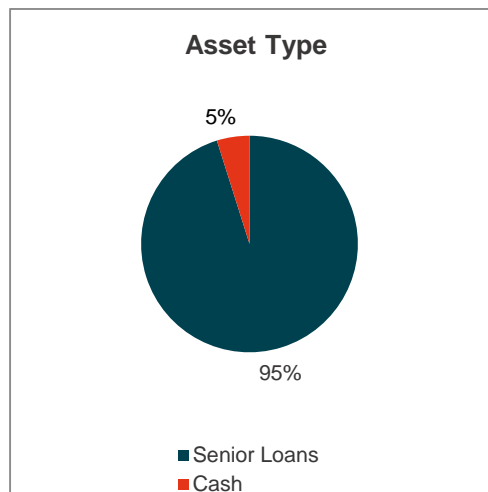
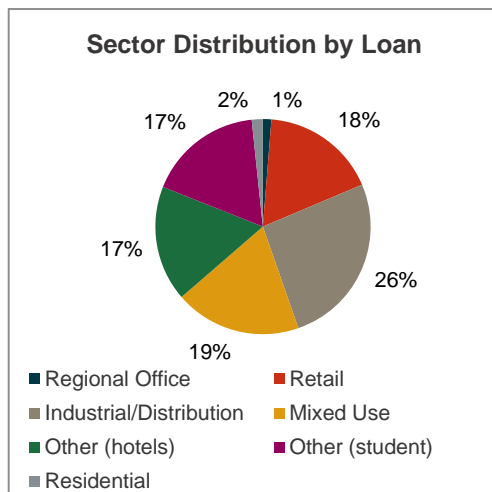
Share Price v NAV (from IPO to 31 January 2015)



Investment Portfolio as at 31 January 2015

Project	Region	Sector	Term Start	Unexp term (yrs)	Day 1 Balance (£m)	Day 1 LTV (%)	Day 1 ICR (%)	Balance Outstanding (£m)	Current LTV (%)	Current ICR (%)
Mansion	Midlands/ Scotland	Other (Student)	Jun-13	4.36	18.07	54.8	204.0	18.07	46.5	249
IRAF Portfolio ⁽¹⁾	North West	Industrial/Distribution	Jul-13	3.84	14.20	59.3	193.0	11.94	55.3	188
Meadows RE Fund II	London	Retail	Sep-13	2.93	18.07	65.0	150.0	18.07	65.0	130
Northlands Portfolio	London	Mixed Use	Nov-13	3.83	7.20	61.7	192.0	6.48	60.6	123
Hulbert	Midlands	Industrial/Distribution	Dec-13	3.85	6.57	65.0	168.0	6.57	65.0	180
Halcyon Ground Rents	National	Industrial/Distribution	Dec-13	3.86	8.60	64.8	116.0	8.60	64.8	116
Cararra Ground Rents	North West	Regional Office	Dec-13	3.86	1.30	65.0	113.0	1.30	65.0	113
Raees	London	Mixed Use	Dec-13	3.87	13.25	65.0	122.0	13.25	64.6	126
Lanos (York)	Yorks/Humberside	Other (Hotel)	Mar-14	3.93	10.00	64.9	122.0	10.00	63.5	105
Gateshead Ramada	North East	Other (Hotel)	Apr-14	4.25	7.98	64.4	180.0	7.98	64.4	188
First Light Portfolio	London	Residential	Dec-14	3.97	1.75	65.0	174.0	1.75	65.0	173
Total/ Weighted Average				3.87	107.0	61.8	162.0	104.0	60.1	161.0

(1) IRAF portfolio loan is secured on substantially the same portfolio as the previous LM Real Estate loan but with a new borrower and on substantially the same commercial terms. Day 1 figures represent LM Real Estate loan opening position.



Investment Manager's Commentary

On the invitation of the Directors of the Company, this commentary has been provided by ICG-Longbow as investment manager and is provided without any warranty as to its accuracy and without any liability incurred on the part of the Company. The commentary is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Company should seek their own independent financial advice and may not rely on this communication in evaluating the merits of investing in the Company.

Portfolio:

Following the substantial reinvestment of prepayment proceeds during the quarter through a new £1.75m loan secured against a portfolio of tenanted residential flats located in London, 95% of the Company's available capital was deployed as at the 31 January 2015. Given the multi-let nature of the majority of the Company's 11 loan portfolio and the fact that seven of the loans are themselves underpinned by portfolios of properties, further low level change in the security portfolio can be expected from quarter to quarter but, given the material prepayment protection on the loans, any such changes are expected to be accretive to returns.

The 11 loans in the portfolio have a weighted coupon of 7.40%, whilst the projected portfolio IRR has increased from 8.36% to 8.49% as a result of the redeployment of prepaid capital and associated prepayment fees.

The current weighted risk exposure of 60.1% Loan to Value reflects a modest increase on the previous quarter (59.8%) due to the new 65% LTV loan secured against the First Light Portfolio. The weighted average Interest Coverage Ratio on the portfolio has declined from 169% to 161% over the quarter which is mainly driven by:

Lanos (York hotel) - lower occupancy during the quarter associated with the construction of a 27 bedroom extension and refurbishment of the existing hotel. This is expected to recover in the near term as the works have now been substantially completed;

Mansion Student fund - ICR fell from 268% in Q3 2014 to 247% due to the dropping out of strong performance from Q4 2013 and increased operating costs this quarter. However, with ICR up from 204% at day one and 224% as at Q2 2014, the trend is positive from an income perspective; and

IRAF – lower net income through higher reported non-recoverable property costs and a current void unit.

Overall, the Investment Manager believes the Company's loan portfolio to be strongly secured, given the conservative leverage, the first and only charge, together with the diversification of risk at portfolio level by sector, region and at the loan level through the exposure predominantly to multi-property or multi-tenanted security.

All of the loans are fully compliant with parameters set out in the Prospectus.

Quarter's Activity:

A new loan of £1.75m completed in December 2014, re-investing cash proceeds received from the partial repayment-of the Northlands loan and the net refinance of the LM Real Estate Loan with the new IRAF loan. The new loan is secured against 3 properties, predominantly located in West London, comprising 14 flats all let on AST's. The loan is satisfactorily secured with a 65% LTV and an ICR of 173%.

Whilst the coupon on the new loan is below the weighted average of the existing portfolio, the transaction is accretive both in terms of NAV and dividend coverage, given that pre-payment fees averaging the equivalent of 2.75 years' interest were charged on the net £2m of capital repayments from the LM Real Estate

Outlook:

Underpinned by the favourable economic conditions and property market discussed below and given the continued performance of the 11 loan portfolio, we expect to be able to maintain the quarterly dividend payment level of 1.5p per share (paid in respect of the quarter ending 31st January 2015), for the foreseeable future, with the earnings stream from the loans substantially protected by the loan pre-payment fees. The Board and the Investment Manager will continue to monitor the portfolio's performance to ensure that earnings are maintained without any increase in the risk profile.

Contacts

Investment Manager	Administrator, Designated Manager & Company Secretary	Corporate Broker
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