



Senior Secured UK Property Debt Investments Ltd

Fact Sheet

As at 31st January 2017

Summary

The Investment objective of the Group, as approved by the Shareholders of the Company, is “to construct a portfolio of UK real estate debt related investments predominantly comprising loans secured by first ranking fixed charges against commercial property investments, with the aim of providing shareholders with attractive, quarterly dividends, capital preservation and, over the longer term, a degree of capital appreciation.”

Fund facts

| | | | |
|---------------------|-----------------|------------|---------------------------------|
| Fund launch: | 5 February 2013 | Fund type: | Closed ended investment company |
| Investment Adviser: | ICG-Longbow | Domicile: | Guernsey |
| Base currency: | GBP | Listing: | London Stock Exchange |
| Issued shares: | 108.22 million | ISIN code: | GG0B8C23581 |
| Management fee: | 1.0% | LSE code: | LBOW |
| | | Website: | www.lbow.co.uk |

Share price & NAV at 31 January 2017

| | |
|---|-------------|
| Share price (pence per share): | 103.25 |
| NAV (pence per share): | 103.80 |
| Discount: | 0.53% |
| Market capitalisation: | £111.74m |
| Dividend (pence per share) ⁽¹⁾ : | 1.5 pence |
| Special dividend (pence per share) ⁽²⁾ : | 2.25 pence |
| Dividend payment date ⁽¹⁾ : | 2 June 2017 |

Key portfolio statistics at 31 January 2017

| | |
|---|--------|
| Number of investments: | 10 |
| Percentage capital invested ⁽³⁾ : | 97.88% |
| Weighted avg. investment coupon: | 6.24% |
| Weighted avg. projected Investment IRR ⁽⁴⁾ : | 8.96% |
| Weighted avg. LTV: | 57.04% |
| Weighted avg. ICR: | 235% |

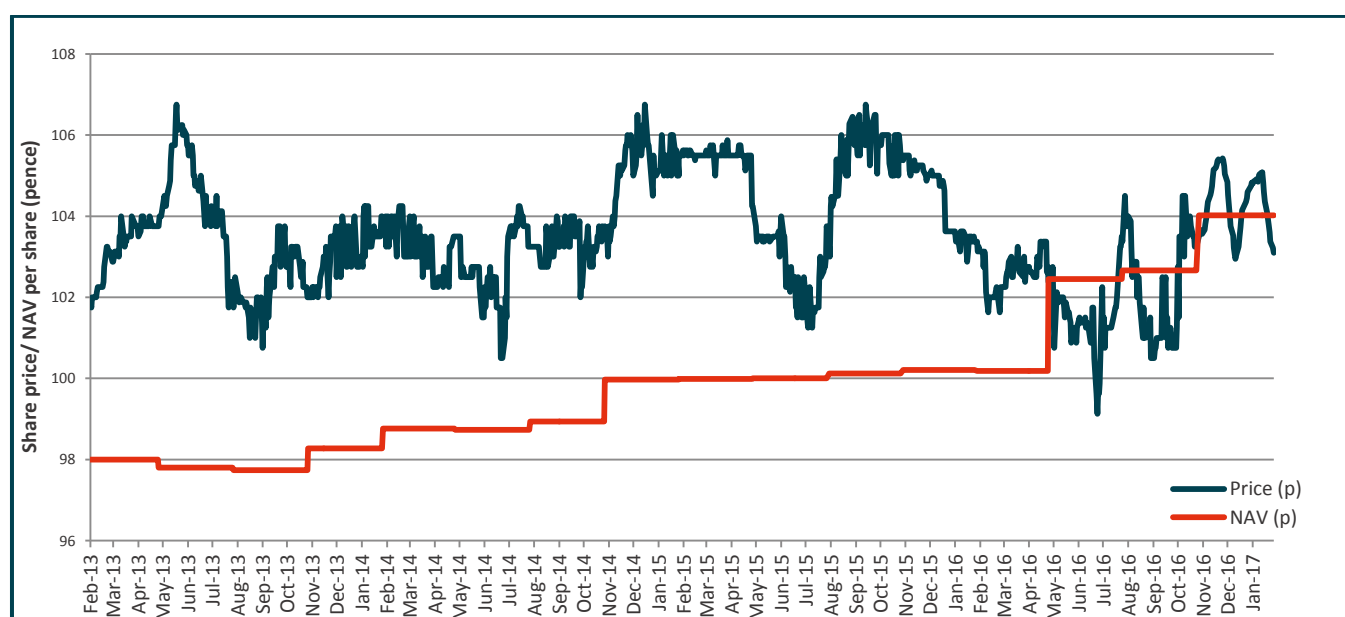
(1) For Quarter ended 31 January 2017 (Ex-dividend date 11 May 2017)

(2) For Year ended 31 January 2017 (Ex-dividend date 11 May 2017)

(3) Loans advanced at amortised cost / Total equity attributable to the owners of the Company

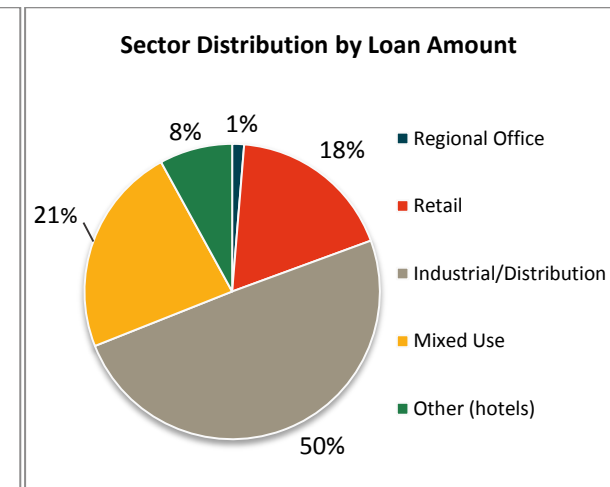
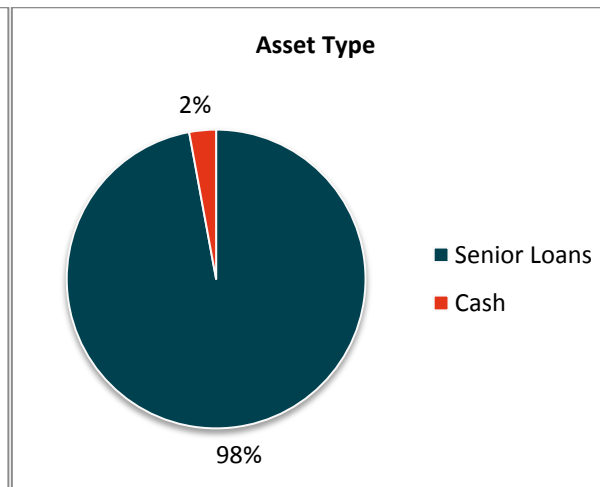
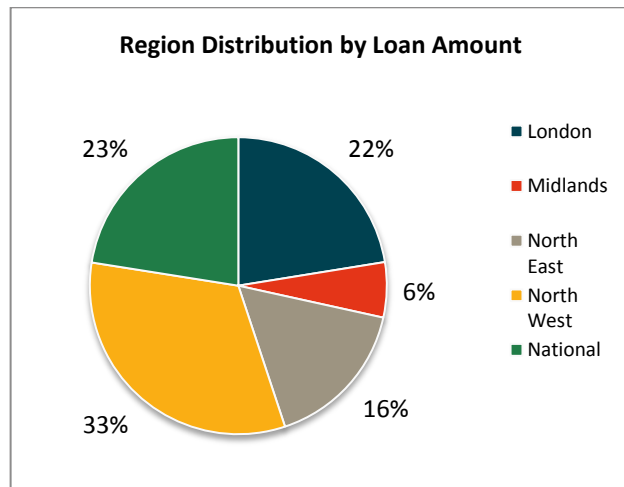
(4) Weighted average projected gross portfolio IRR reflects loan cashflows including interest, fees, advances and repayments, comprising (i) actual cashflows arising from loans in current portfolio and repaid loans since origination to date, and (ii) projected cashflows from the current portfolio through to each loan's maturity.

Share price v NAV (from IPO to 31 January 2017)



Investment Portfolio as at 31 January 2017

| Project | Region | Sector | Term start | Unexp term (yrs) | Day 1 balance (£m) | Day 1 LTV (%) | Day 1 ICR (%) | Principal Balance outstanding (£m) | Current LTV (%) | Current ICR (%) |
|---------------------------------|------------|-------------------------|------------|------------------|--------------------|---------------|---------------|------------------------------------|-----------------|-----------------|
| IRAF | North West | Industrial/distribution | Jul-13 | 1.83 | 14.20 | 55.3 | 193 | 11.94 | 43.4 | 213 |
| Meadows | London | Retail | Sep-13 | 0.91 | 18.07 | 65.0 | 150 | 18.07 | 63.0 | 114 |
| Northlands | London | Mixed use | Nov-13 | 1.82 | 7.20 | 61.7 | 192 | 6.48 | 40.3 | 153 |
| Hulbert | Midlands | Industrial/distribution | Dec-13 | 1.84 | 6.57 | 65.0 | 168 | 6.57 | 52.3 | 191 |
| Halcyon | National | Industrial/distribution | Dec-13 | 1.85 | 8.60 | 64.8 | 116 | 8.60 | 63.3 | 116 |
| Carrara | North West | Regional office | Dec-13 | 1.85 | 1.30 | 65.0 | 113 | 1.30 | 65.0 | 113 |
| Lanos | North East | Other (hotel) | Mar-14 | 1.91 | 10.00 | 64.9 | 122 | 10.00 | 50.0 | 181 |
| Ramada | North East | Other (hotel) | Apr-14 | 2.24 | 7.98 | 64.4 | 180 | 7.98 | 66.0 | 178 |
| Commercial R. S. Ltd | North West | Industrial/distribution | Mar-16 | 2.20 | 22.40 | 64.0 | 280 | 22.40 | 64.0 | 358 |
| BMO | National | Mixed use | Jan-17 | 2.20 | 16.00 | 55.5 | 404 | 16.00 | 55.5 | 404 |
| Total / weighted average | | | | 1.85 | 112.32 | 62.3 | 219 | 109.34 | 57.04 | 235 |



Investment Adviser's Commentary

Summary

At 31 January 2017 the investment portfolio comprised 10 loans following the advance at the end of the quarter of the BMO Real Estate loan.

- The par value of the loan portfolio is now £109.3 million (31 Oct: £93.3m)
- NAV per share remained broadly stable at 103.80 pence (31 Oct: 104.02 pence)
- Projected portfolio gross IRR is 8.96% (31 Oct: 8.96%)
- Weighted average interest coupon is now 6.24% (31 Oct: 6.77%)
- Portfolio LTV has fallen from 57.8% to 57.0% and Portfolio ICR has increased from 206% to 235%
- Weighted average loan maturity of 1.85 years (31 Oct: 2.04 years) and weighted average remaining coupon protection of 0.74 years (31 Oct: 0.90 years)

Group Performance

As previously mentioned the Group's portfolio changed in the quarter, with cash from the Raees International and First Light repayments reinvested in a loan to clients of BMO Real Estate Partners.

As a result of exit and prepayment fees from these redemptions, profit after tax was £10.41 million for the financial year ended 31 January 2017 (9.62 pence per share), an increase of 55.6% on the prior year's performance. The Board has announced a special dividend of 2.25 pence per share, representing the surplus of prepayment fees received.

The total dividend paid for the quarter ended 31 January 2017 will thus be 3.75 pence per share.

The Group's loan portfolio continues to perform in line with expectations and in compliance with all of the Group's investment parameters. With 0.74 years weighted average income protection remaining as at 31 January 2017, the Company remains well positioned to continue to deliver its target dividend.

Portfolio

| Portfolio statistics | 31 January 2017 ⁽¹⁾ | 31 October 2016 |
|---|--------------------------------|-----------------|
| Number of loan investments | 10 | 9 |
| Aggregate principal advanced | £109,329,750 | £93,329,750 |
| Weighted average LTV | 57.04% | 57.82% |
| Weighted average ICR | 235% | 206% |
| Weighted average interest coupon | 6.24% pa | 6.77% pa |
| Weighted average projected gross IRR | 8.96% pa | 8.96% pa |
| Weighted average unexpired loan term | 1.85 years | 2.04 years |
| Weighted average unexpired Interest income protection | 0.74 years | 0.90 years |
| Cash held | £3,258,954 | £19,420,936 |

⁽¹⁾ Following the year end, the £10.0 million Lanos (York) loan was repaid in full together with exit and prepayment fees of approximately £1.1 million

Outlook

The UK commercial real estate markets continued to stabilise during the quarter, notwithstanding the uncertainty caused by the Brexit vote. In Q4 2016, the benchmark MSCI All Property Index recorded 1.0% growth over the quarter, offsetting some of the reductions seen in Q3. Consequently, capital values ended the year down only 1.3% overall.

Investment transaction volumes also increased in Q4 2016, bringing the annual level of deals to £46.5bn. Whilst 30% below 2015's record level, 2016 represents a return to a relatively normalised level of transactions, being only just below the £47.8bn average of the preceding five years.

Given the positive credit migration of many of the loans, which has meaningfully reduced LTV in many cases, there may be a number of loan repayments during the forthcoming year as income protection periods continue to reduce with time. Following the quarter end the borrower of the Lanos facility repaid its £10 million loan, together with exit and prepayment fees, and going forward there is the potential for further repayments the cost of early redemption continues to reduce.

This will allow the Group to reinvest proceeds in line with the new investment parameters approved by shareholders. The Investment Adviser has built up a pipeline of potential opportunities in which it may be able to deploy capital in the event of any repayment, or alongside any share placing programme.

More generally the Group's loan portfolio continues to be fully covenant compliant and satisfactorily secured, given its senior position with a weighted average exposure of 57.0% LTV and a maximum exposure of 66.0% LTV. Risk remains well-diversified at portfolio level by sector and region and at loan level through exposure to predominantly multi-property or multi-tenanted security, and the outlook remains broadly positive, with economic and property market conditions generally favourable, and interest rates benign.

Contacts

| Investment Adviser | Administrator, Designated Manager & Company Secretary | Corporate Broker |
|--|---|--|
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