



ICG-Longbow Senior Secured UK Property Debt Investments Limited

Interim Report and Unaudited Condensed
Consolidated Interim Financial Statements

For the six months ended 31 July 2017

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Corporate Summary

Investment Objective

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.

Structure

The Company is a non-cellular company limited by shares incorporated in Guernsey on 29 November 2012 under the Companies Law. The Company's registration number is 55917, and it has been registered with the GFSC as a registered closed-ended collective investment scheme. The Company's ordinary shares were admitted to the premium segment of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange as part of its IPO which completed on 5 February 2013. The issued capital comprises the Company's ordinary shares denominated in Pounds Sterling. The Company is an internally managed non-EU domiciled alternative investment fund and makes investments in its portfolio through ICG-Longbow Senior Debt S.A., the Company's wholly owned subsidiary.

Investment Adviser

The Investment Adviser (Intermediate Capital Managers Limited), which trades under the name of ICG-Longbow, is authorised and regulated by the FCA. The assets of the Group are managed by the Board after receiving advice from the Investment Adviser under the terms of the non-discretionary Investment Advisory Agreement.

Highlights

Investment Portfolio

- During the six-month period, the £10.00 million Lanos loan was repaid in full together with interest, exit and prepayment fees of £1.12 million; £0.21 million was repaid on the BMO loan and a further £1.10 million was advanced on the Northlands loan.
- As at 31 July 2017, the Group's investment portfolio comprised nine loans with an aggregate principal balance of £100.22 million (31 January 2017: 10 loans with aggregate principal balance of £109.33 million).
- The portfolio weighted average LTV was 57.90% (31 January 2017: 57.04%), reflecting changes to the composition of the loan portfolio, and the weighted average ICR was 222% (31 January 2017: 235%).
- The portfolio weighted average residual term was 1.35 years, of which on average 0.36 years remains income protected (31 January 2017: residual term 1.85 years, income protected term 0.74 years).

Performance

- Total income excluding prepayment fees of £3.44 million (31 July 2016: £4.13 million).
- Prepayment fees of £0.97 million (31 July 2016: £2.69 million), reflect the lower volume of loan repayments and maturing nature of the investment portfolio.
- Profit after tax of £3.15 million for the six months ended 31 July 2017 (31 July 2016: £5.94 million).
- Earnings per share of 2.91 pence (31 July 2016: 5.49 pence) broadly in line with target returns of 3.0 pence per share.

Dividend

- Total dividends paid or declared for the period ended 31 July 2017 of 5.25 pence per share (31 July 2016: 3.00 pence per share), made up as follows:
 - First interim dividend of 1.50 pence per share paid in respect of the quarter ended 30 April 2017.
 - Special dividend of 2.25 pence per share paid in respect of the exit and prepayment fees received during the year ended 31 January 2017.
 - Second interim dividend of 1.50 pence per share approved in respect of the quarter ended 31 July 2017.
- Second interim dividend details:
 - Approved 21 September 2017
 - Amount 1.50 pence per share
 - Dividend ex-date 5 October 2017
 - Dividend payment date 27 October 2017

Net Asset Value

- NAV of £109.79 million as at 31 July 2017 (31 January 2017: £112.33 million).
- NAV per share fell by 2.34 pence over the period, of which 2.25 pence related to the special dividend paid.

Investment Objective

- The investment objective of the Group, after the passing of Resolution 1 at the EGM held on 1 March 2017, is as follows; 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.

Chairman's Statement

Introduction

On behalf of the Board, I am pleased to present the Interim Financial Statements for the Group for the six months ended 31 July 2017.

The Group's performance in the period has been stable, and the Board was pleased to be able to return to shareholders some of the exceptional returns resulting from early repayment fees realised during 2016 by way of a 2.25 pence per share special dividend, while maintaining its regular quarterly dividend.

I would like to take the opportunity to thank shareholders on behalf of the Board for their support in passing the various resolutions put forward at the Company's EGM on 1 March 2017, which will leave the Group well positioned for future growth and to capitalise on what continue to be attractive market conditions for real estate lending.

During the reporting period, the triggering of the Article 50 provisions to commence the UK's exit from the EU, followed by the unexpected call for a snap general election and the loss of the Conservatives' parliamentary majority, added uncertainty to the economic outlook. More positively, labour market statistics remain robust, Sterling weakness is helping exporters and corporate earnings have been generally healthy. However, the Board is mindful that the recent rise in inflation, falling real wages and subdued consumer spending in H1 2017 all contributed to a moderation in economic growth. The performance of the UK commercial property market has been variable by sector but has, in aggregate, performed robustly against a more difficult economic and political backdrop.

Portfolio

During the reporting period, the Group saw the Lanos loan repay as the sponsor capitalised on significant value growth at the asset, with interest, exit and prepayment fees received of £1.12 million. More recently, a modest partial repayment of the BMO loan of approximately £0.21 million, and two further advances in respect of the Northlands facility totalling £1.10 million, have taken the Group's total capital invested to £100.22 million.

The Group's portfolio now comprises nine loans with a weighted average portfolio LTV ratio of 57.90% (31 January 2017: 57.04%). The weighted average ICR has reduced modestly from 235% (31 January 2017) to 222%, but remains at a comfortable level. Wider portfolio performance continues to be stable, as outlined more fully in the Investment Adviser's commentary below.

Revenue and Dividend Performance

Income from loans for the six month period of £3.42 million (31 July 2016: £4.10 million), was in line with expectations reflecting the change in mix and size of the portfolio and lower weighted average interest rate following reinvestments.

Total income for the six month period is £4.41 million (31 July 2016: £6.82 million), a reduction on the prior year as the exceptional level of prepayment fee income from the Mansion and First Light repayments received in H1 2016 (£2.69 million) was not repeated. The Lanos loan repaid in the period with prepayment fees of £0.97 million.

From the Mansion and First Light prepayment fees, the Company paid a special dividend of 2.25 pence per share in respect of the financial year ended 31 January 2017 on 2 June 2017.

The Company paid a first interim dividend of 1.50 pence per share in respect of the quarter ended 30 April 2017 on 4 August 2017, and on 21 September 2017 declared a second interim dividend in respect of the quarter ended 31 July 2017 of 1.50 pence per share.

Chairman's Statement

(continued)

NAV and Share Price Performance

The Group's NAV fell by £2.54 million, 2.34 pence per share, to £109.79 million (31 January 2017: £112.33 million), principally due to the special dividend payment of £2.43 million (2.25 pence per share). The period end NAV per share was 101.46 pence (31 January 2017: 103.80 pence).

The Company's shares traded in a range of 100.75 pence per share to 106.00 pence per share finishing the quarter at a circa 2.4% premium to NAV, reflecting the stable and predictable nature of the underlying high yield income stream in a low interest environment.

Governance

The Board has recently established a dedicated Investment Risk Committee to meet the increasing demands of, and to focus on, the monitoring and oversight of investment risk management. A full report on the work of this committee will be included in the Annual Report and Financial Statements for 31 January 2018.

Outlook

Following the approval of the ordinary and special resolutions put before shareholders at the March 2017 EGM, the revised investment parameters available to the Group mean it is now in a position to capitalise on what the Board continues to believe are attractive market conditions for UK real estate debt investments.

The clear intention remains not only to reinvest proceeds from any repayments but also to grow the scale of the business. We are encouraged by the developing pipeline of deals under discussion with the Investment Adviser. This pipeline of potential deals exceeds £100 million across eight loans with coupons between 6.5% and 8.0% and a projected average IRR of approximately 9.0%. In the near term three of these loans are anticipated to move towards completion, which would deploy a principal balance in excess of £40 million with a projected average IRR of 9.6%, and the Investment Adviser is also in discussion with two existing borrowers in relation to loan extensions and additional advances.

Whilst these investments remain subject to contract and due diligence, and there can be no assurance that they will complete, they would successfully reinvest the Group's surplus cash and provide a platform for the growth of the Company through a capital placement under the approved share placement programme.

Based on the pipeline of potential investments and the reinvestment of the current cash surplus, we anticipate the weighted average coupon will increase as the portfolio is transitioned to the new investment policy which, taken together with fees received and the potential for exceptional returns from early prepayments will result in an increase in total revenues. This should enable the Board to maintain the established quarterly dividend and see some modest capital growth over the long term.



Jack Perry
Chairman

21 September 2017

Investment Adviser's Report

Investment Objective

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 July 2017

Share price (pence per share):	104.38
NAV (pence per share):	101.46
Premium:	2.88%
Market capitalisation:	£112.95 million
Approved dividend (pence per share) ⁽¹⁾ :	1.5
Dividend payment date ⁽¹⁾ :	27 October 2017
Total NAV return since April 2014 (annualised) ⁽³⁾ :	7.68%
Total return during the period ⁽³⁾ :	6.18%

⁽¹⁾ For Quarter ended 31 July 2017 (Ex-dividend date 5 October 2017).

⁽²⁾ Loans advanced at amortised cost /Total equity attributable to the owners of the Company.

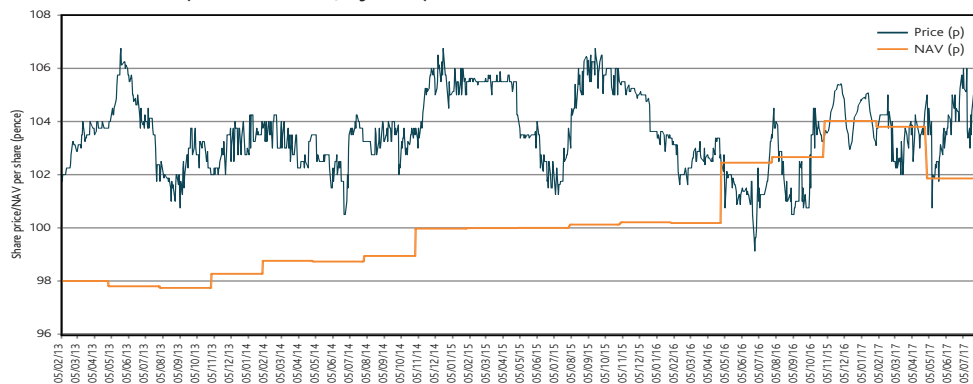
⁽³⁾ Date of full investment of IPO proceeds.

Key portfolio statistics at 31 July 2017

Number of investments:	9
Percentage capital invested ⁽²⁾ :	92.35%
Weighted avg. investment coupon:	6.11%
Weighted avg. projected gross IRR ⁽⁴⁾ :	9.19%
Weighted avg. LTV:	57.90%
Weighted avg. ICR:	222%

⁽⁴⁾ Weighted average projected gross 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 July 2017)⁽⁵⁾



⁽⁵⁾ Reduction in NAV in April 2017 due to declaration of 2.25 pence per share special dividend.

Investment Adviser's Report

(continued)

Summary

At 31 July 2017, the investment portfolio comprised nine loans following the repayment during the period of the Lanos facility, and as a result the Group held cash balances of £10.6 million.

Each loan investment in the portfolio continues to be secure from a capital perspective, with a weighted average LTV exposure of 57.90% (31 January 2017: 57.04%). The portfolio level gross expected IRR if held to contracted loan term maturity, and recognising prepayment/exit fees received to date is 9.19%.

At the portfolio level, the ICR reduced modestly during the period to 222% (31 January 2017: 235%).

Group Performance

The total revenue from the loan portfolio for the period of £4.41 million (31 July 2016: £6.82 million) included £0.97 million of prepayment and exit fees from the Lanos loan compared to £2.69 million of prepayment and exit fees received in the six months to 31 July 2016.

As a result of the lower revenues and £0.4 million of additional costs associated with the EGM and share placement programme, the Group's profit after tax for the six-month period to 31 July 2017 was £3.15 million (2.91 pence per share), down from £5.94 million for the six months to 31 July 2016.

Portfolio

Portfolio statistics	31 July 2017	31 January 2017
Number of loan investments	9	10
Aggregate principal advanced	£100,223,477	£109,329,750
Weighted average LTV	57.90%	57.04%
Weighted average ICR	222%	235%
Weighted average interest coupon	6.11%	6.24% pa
Weighted average projected gross IRR ⁽¹⁾	9.19%	8.96% pa
Weighted average unexpired loan term	1.35 years	1.85 years
Weighted average unexpired interest income protection	0.36 years	0.74 years
Cash held	£10,571,446	£3,258,954

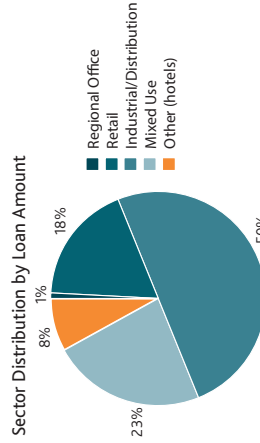
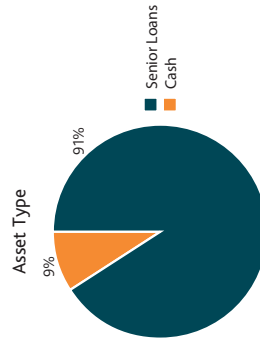
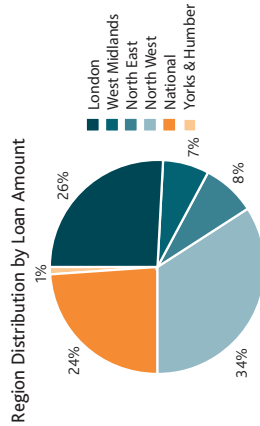
⁽¹⁾ Weighted average projected gross IRR reflects loan cashflows including interest, fees, advances and repayments, comprising (i) actual cashflows arising from loans in current portfolio and repaid loan since origination to date, and (ii) projected cashflows from the current portfolio through to each loan's maturity.

Investment Adviser's Report

(continued)

Investment Portfolio as at 31 July 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 (%)	ICR (%)
IRAF	North West	Industrial/distribution	Jul-13	1.34	14.20	55.3	193	11.93	43.4	185
Meadows	London	Retail	Sep-13	0.42	18.07	65.0	150	18.07	63.0	114
Northlands	London	Mixed use	Nov-13	1.32	7.20	61.7	192	7.58	45.6	146
Hulbert	West Midlands	Industrial/distribution	Dec-13	1.34	6.57	65.0	168	6.57	52.2	171
Halcyon	National	Industrial/distribution	Dec-13	1.35	8.60	64.8	116	8.60	63.3	116
Carrara	Yorks/Humberside	Regional office	Dec-13	1.35	1.30	65.0	113	1.30	65.0	113
Ramada	North East	Other (hotel)	Apr-14	1.75	7.98	64.4	180	7.98	66.0	167
Commercial Regional Space	North West	Industrial/distribution	Mar-16	1.71	22.40	64.0	280	22.40	64.0	281
BMO	National	Mixed use	Jan-17	1.71	16.00	55.4	404	15.79	54.7	442
Total/weighted average				1.35	102.32	61.6	227	100.22	57.9	222



Investment Adviser's Report

(continued)

Economy and Financial Market Update

UK GDP growth eased to 0.5% during H1 2017 (down from 0.8% in the same period last year), largely a result of a slowdown in consumer expenditure. Consequently, many commentators have moderated their full-year growth forecasts, with the Bank of England forecast now at 1.7% (from 1.9%) for 2017 and 1.6% (from 1.7%) for 2018. Even these reduced levels are comfortably above the 0.8% forecast for 2017 in the aftermath of the Brexit vote, and the 1.4% forecast as recently as November 2016.

With inflation running at 2.9% in the year to June 2017, wages have fallen by 0.7% in real terms over the period, contributing to the slowdown in consumer expenditure described above. However, employment growth has continued and even accelerated, with 175,000 jobs created in the three months to May 2017 and 324,000 jobs created in the last 12 months. Of note, 360,000 new full time jobs were created in the year, with a loss of 44,000 part time jobs, which somewhat contradicts a media narrative of a labour force facing 'zero hours' contracts and the gig economy. This new job creation brings total employment to over 32 million for the first time and unemployment to 4.5% of the workforce – the lowest since 1975.

Five-year swap rates have remained steady at circa 0.75% for the last three months, as the Bank of England has left base rates unchanged believing the outlook for inflation remains stable. That said, the Monetary Policy Committee appears to be becoming more hawkish with two members now voting in favour of a rate rise.

Occupational Demand/Supply

Over the last quarter, the RICS floorspace availability survey pointed to a softening market for all sectors. Retail is the only sector showing a material growth in availability, whilst industrial and offices are largely in the same position as a year ago, with industrial still the most supply constrained market.

In terms of new construction activity, Markit Ltd confidence surveys have pointed to a marked retraction over recent months – with the cause attributed to uncertainty over Brexit. This is reflected in the Deloitte Crane Survey for H1 2017, which shows a 6% reduction in Central London construction activity. However, City construction activity points to circa 3.5 million square feet of completions in 2019, of which 2 million square feet is located in towers in Bishopsgate, timed to coincide with the UK's actual exit from Europe.

The relatively low levels of construction activity in the regions and higher activity in London, coupled with a slowdown in Central London leasing activity has resulted in a rise in void rate in Central London offices to circa 7% – a level broadly in line with the IPD all property figure.

Property Investment Market

The increase in investment activity in the UK commercial property market observed in Q1 2017 continued into Q2, resulting in H1 aggregate transactions of £25.8 billion, in line with the five year average. This figure was however, flattered by a number of sizeable Central London transactions, including British Land's £1.15 billion sale of the Leadenhall Building to Hong Kong-based CC Land Holdings Ltd, and Great Portland Estates' £435 million sale of Rathbone Place to WestInvest Gesellschaft Für Investmentfonds and Deka Immobilien Investment.

This trend of large sales by leading UK REITs to international investors continued into Q3, with Canary Wharf and Land Securities Group plc agreeing a well-publicised £1.28 billion sale of the 'Walkie Talkie' to LKK Health Products Group Ltd. In addition, St Modwen Properties plc agreed a £470 million sale of a Nine Elms site to a reported Chinese buyer. Additionally several large corporates, including KPMG, Lloyds Banking Group and Anglo American plc, have commenced marketing their headquarters buildings on a sale and leaseback basis. This trend confirms London's enduring appeal for international investors but perhaps indicates the REITs and others calling the top of the London market.

Investment Adviser's Report

(continued)

Property Investment Market (continued)

More broadly, the MSCI UK All Property Quarterly Index reported a 2.0% rebound in capital values in H1 2017, offsetting 2016's 1.3% decline. Looking forward, consensus remains for a period of limited capital growth, resulting in all property income yields of circa 5% per annum being the main driver of property returns in the short to medium term.

Finance Market

The UK banks continue to show restraint in their lending appetite, with LTVs typically in the 50% to 55% range. According to the semi-annual De Montfort University lending survey, released during the period and reflecting H2 2016 activity, more aggressive pricing by international lenders and insurers has resulted in margin compression for senior loans secured on prime property, but otherwise the Investment Adviser has observed loan margins widen over the last twelve months. Benchmark interest rates (both 3-month LIBOR and the 5-year swap rate) remain extremely low by historic standards and the overall cost of finance remains very affordable for borrowers.

Mezzanine lending remains competitive, in a market that is notable for its low volume of transactions, with larger opportunities now being marketed on a global basis through brokers such as Eastdil Secured LLC and Jones Lang LaSalle IP Inc. Also notable is the continued reduction over the last several years in lending to UK regional markets, where De Montfort University figures show a fall in aggregate loan exposures from circa 75% in 2010 to circa 53% today. These twin trends reinforce the Investment Adviser's view that best value, and lowest competition, is to be found outside of prime, big-ticket London deals. Good opportunities exist for the Group to lend in accordance with the new investment objective.

Portfolio Profile and Activity

During the reporting period, the Group's investment portfolio saw the redemption of the Lanos facility, as the sponsor capitalised on value creation at the asset driven by the refurbishment programme. The repayment crystallised interest, exit and prepayment fees of circa £1.12 million. The BMO loan also saw a circa £0.21 million repayment in line with the customer's business plan.

Two separate increases were made to the borrower of the Northlands facility during the period, totalling £1.10 million, as described further below.

Performance has generally been stable across the Group's investments. The weighted average LTV at the end of the period was 57.90% (31 January 2017: 57.04%), owing to the modest changes in the make-up of the loan portfolio. The weighted average ICR on the portfolio reduced to 222%, from 235% at 31 January 2017.

As at 31 July 2017, the loan portfolio carried a weighted average coupon of 6.11%, whilst the projected portfolio IRR has improved to 9.19%. Notable changes during the year included:

1. **IRAF** – media reports in July 2017 suggested that the sponsor has placed a large industrial portfolio, including the assets securing the Group's loan, on the market for sale. To the extent any such sale is concluded, we would anticipate the loan facility will repay which would result in additional fees to the Group.
2. **Northlands** – the Group advanced two further increases to the Northlands borrower during the reporting period. The first (£0.50 million) was applied towards financing certain corporate restructuring costs, together with identified refurbishment works on the portfolio properties. The second (£0.60 million) supported the acquisition of a new property adjoining one of the existing portfolio assets, with the new property being added to the Group's security pool. With the loan now closer to the end of its income protection period, the sponsor has notified the Investment Adviser of its intention to repay the facility in the second half of the year.

Investment Adviser's Report

(continued)

Portfolio Profile and Activity (continued)

3. **Meadow** – having secured a new planning permission for a reconfiguration of the existing retail units, the sponsor continues to work towards a residential-led planning consent. With the loan due to mature in December, we have commenced discussions regarding a possible increase and extension to the facility to support the sponsor as they continue to enhance the value of the property through the planning process.

Portfolio Outlook

Notwithstanding a degree of uncertainty during the period caused by the unexpected announcement of a general election, the performance of the investment portfolio has remained stable and the outlook remains generally positive. As highlighted in the Annual Report and Financial Statements, with the relatively modest LTV positions with several of the loans, there may be a number of loan repayments during the second half of the year as coupon protection periods continue to reduce with time.

We are encouraged by the developing pipeline of deals under discussion. This pipeline of potential deals exceeds £100 million across eight loans with coupons between 6.5% and 8.0% and a projected average IRR of approximately 9.0%. In the near term, three of these loans are anticipated to move towards completion, which would deploy a principal balance in excess of £40 million with a projected average IRR of 9.6%, and we are also in discussion with two existing borrowers in relation to loan extensions and additional advances.

Whilst these investments remain subject to contract and due diligence, and there can be no assurance that they will complete, they would successfully reinvest the Group's surplus cash and provide a platform for the growth of the Company through a capital placement under the approved share placement programme.

Investment Adviser's Report

(continued)

Loan Portfolio

As set out above, as at 31 July 2017, the Group's portfolio comprised of nine loans with an aggregate balance outstanding of £100.22 million.

A summary of each of the individual loans as at 31 July 2017 is set out below:

Loan 1		IRAF	
Initially a £14.20 million advance was made to LM Real Estate, to refinance a portfolio of five multi-let industrial and distribution warehouse units located in the North West of England, following which the borrower disposed of one of the properties resulting in a £0.9 million repayment.			
LM Real Estate sold the majority of the remaining portfolio in September 2014 to a borrower (IRAF Catch Ltd), managed by Infrared Capital Partners. A new £11.94 million senior loan was made to IRAF on substantially the same terms secured on the residual portfolio, resulting in a net repayment of £1.37 million to reflect the excluded properties.			
At 185% ICR and 43.4% LTV the loan remains strongly secured. Media reports in the period suggested the security assets have been included in the marketing for sale of a wider industrial portfolio by the sponsor, and to the extent such a sale is concluded, the Investment Adviser anticipates a repayment of the facility.			
Property profile		Debt profile	
Number of properties	4	Day one debt	£14,200,000
Property value (£)	£27,485,000	Debt outstanding	£11,935,000
Property value (£/sq. ft.)	£56.87	Original term	5.4 years
Property area (sq. ft.)	483,294	Maturity	December 2018
Number of tenants	30	Current LTV	43.4%
Weighted lease length	3.14 years	Current ICR	185%
		Loan exposure per sq. ft.	£24.70

Investment Adviser's Report

(continued)

Loan 2		Meadow	
<p>An £18.07 million senior loan facility used to assist financing an established and well supported international real estate fund in the acquisition of a highly prominent retail park in North London.</p> <p>The borrower is an SPV owned by Meadow Real Estate Fund II LP, and is managed by Meadow Partners, an international real estate investor and asset manager.</p> <p>The retail units are now vacant and debt service continues to be met from a pre-funded reserve account (topped up quarterly) which provides interest cover through to loan maturity. The sponsor continues to liaise with both the local council and the Greater London Authority with the aim of securing planning permission for a major residential-led scheme, which would likely enhance value from the existing consent for a reconfiguration of the existing retail space.</p> <p>During the period, the Investment Adviser entered into discussions with the sponsor for a possible increase and extension to the loan.</p>			
Property profile		Debt profile	
Number of properties	1	Day one debt	£18,070,000
Property value (£)	£28,700,000	Debt outstanding	£18,070,000
Property value (£/sq. ft.)	£308.99	Original term	4.3 years
Property area (sq. ft.)	92,882	Maturity	December 2017
Number of tenants	1	Current LTV	63.0%
Weighted lease length	3.71	Current ICR	114%
		Loan exposure per sq. ft.	£194.55

Loan 3		Northlands	
<p>A £7.20 million senior loan facility used to refinance existing senior debt secured on a mixed use portfolio of high street retail and tenanted residential units located predominantly in London and the South East. The borrower is Northlands Holdings and group affiliates on a cross-collateralised basis.</p> <p>The security portfolio offers a highly diverse income stream from both retail and residential tenants, and steady progress continues to be made against business plan, particularly with planning gains and residential conversion projects. During the period, the Group advanced two increases to the facility, with £0.5 million to cover certain corporate structuring costs along with management initiatives including further capital expenditure; and £0.6 million to acquire a property adjoining one of the borrower's existing holdings. The new property has been added to the security pool, with LTV now 45.6%.</p> <p>The loan remains well secured from both a value and income perspective, with demand for the underlying security from both an occupational and investment standpoint. Given the modest LTV, and as the coupon protection period on the loan continues to run down, the sponsor has notified the Investment Adviser that it will seek to repay the loan during the second half of 2017.</p>			
Property profile		Debt profile	
Number of properties	16	Day one debt	£7,200,000
Property value (£)	£16,632,950	Debt outstanding	£7,577,250
Property value (£/sq. ft.)	£130.31	Original term	5.0 years
Property area (sq. ft.)	127,638	Maturity	November 2018
Number of tenants	123	Current LTV	45.6%
Weighted lease length	2.22	Current ICR	146%
		Loan exposure per sq. ft.	£59.37

Investment Adviser's Report

(continued)

Loan 4		Hulbert	
<p>A £6.57 million loan to refinance a well let portfolio of industrial units predominantly located in Dudley in the West Midlands, with 80% by value being the 270,000 square foot Grazebrook Industrial Estate. The borrower, Hulbert Properties Ltd, is a West Midlands based private property company.</p> <p>Following a lease renewal with the principal tenant of the portfolio, the borrower remains in discussions to extend the lease of the second major tenant. In the longer term, the borrower intends to focus on disposing of non-core units to free up cashflow for potential new developments on the vacant land at Grazebrook.</p>			
Property profile		Debt profile	
Number of properties	3	Day one debt	£6,565,000
Property value (£)	£12,565,000	Debt outstanding	£6,565,000
Property value (£/sq. ft.)	£43.86	Original term	5.0 years
Property area (sq. ft.)	286,454	Maturity	December 2018
Number of tenants	12	Current LTV	52.2%
Weighted lease length	2.77	Current ICR	171%
		Loan exposure per sq. ft.	£22.92

Loan 5		Halcyon	
<p>A £8.60 million senior loan facility utilised to refinance a portfolio of freehold ground rents.</p> <p>The Halcyon security comprises a diversified portfolio of 21 freehold ground rent investments with a weighted unexpired lease term of 86 years, of which 72% are industrial with leasehold rents receivable geared to 22 to 25% of open market rentals, with the balance being leisure uses at leasehold gearings of 50%.</p> <p>As highlighted in the Annual Report and Financial Statements, £375,000 of sales proceeds are currently held by the lender following an historic asset sale, and during the period the borrower has requested that these be applied to support the acquisition of a new property, which would be added to the security pool. The Group is currently considering the request.</p> <p>With the loan being secured by a portfolio of defensive freehold ground rent investments, the security position is considered strong despite an ICR below the average of the Group's investments.</p>			
Property profile		Debt profile	
Number of properties	21	Day one debt	£8,600,000
Property value (£)	£13,196,000	Debt outstanding	£8,600,000
Property value (£/sq. ft.)	£35.57	Original term	5.0 years
Property area (sq. ft.)	370,972	Maturity	December 2018
Number of tenants	4	Current LTV	63.3%
Weighted lease length	86.47	Current ICR	116%
		Loan exposure per sq. ft.	£23.18

Investment Adviser's Report

(continued)

Loan 6		Carrara	
<p>A £1.30 million senior loan facility was used to refinance an individual ground rent investment.</p> <p>The Carrara security comprises a single virtual freehold ground rent investment located in Leeds with an unexpired lease term of 83 years, subject to a 25% rental gearing. The property is a modern office building on an established business park accessed from the M1 motorway, which is fully let to a strong covenant until 2018. No material activity on the loan or security portfolio took place during the reporting period.</p> <p>At 65% LTV and 113%, ICR the gearing is at the top of the Group's investment parameters. However, the defensive nature of the ground rent investment means that the loan benefits from very strong security.</p>			
Property profile		Debt profile	
Number of properties	1	Day one debt	£1,300,000
Property value (£)	£2,000,000	Debt outstanding	£1,300,000
Property value (£/sq. ft.)	£81.73	Original term	5.0 years
Property area (sq. ft.)	24,470	Maturity	December 2018
Number of tenants	1	Current LTV	65.0%
Weighted lease length	83.44	Current ICR	113%
		Loan exposure per sq. ft.	£53.13

Loan 7		Ramada	
<p>A £7.98 million loan to Quay Hotels Limited, which has a maturity date of April 2019.</p> <p>The investment is secured by a first and only charge over the Ramada Encore hotel in Gateshead, a modern 200 bedroom hotel that was constructed in 2012. The secured property, which is operated by Wyndham Hotels Group, is situated in a highly visible location in Gateshead Quays, adjacent to the Baltic Centre for Contemporary Art and within a short walk of the Sage Gateshead concert venue and the Millennium footbridge, which links Gateshead and Newcastle quayside areas.</p> <p>After a strong 2015 boosted by the Rugby World Cup games held in the city during the second half of the year, trading slipped back in recent quarters given the level of competition in the market. While LTV and ICR remain relatively comfortable, the borrower, under the facility, breached a financial covenant on the loan during the second quarter, as the covenant had tightened from day 1 levels. The Investment Adviser is in discussion with the borrower about their options to cure the default.</p>			
Property profile		Debt profile	
Number of properties	1	Day one debt	£7,982,500
Property value (£)	£12,100,000	Debt outstanding	£7,982,500
Property value (£/bed)	£60,500	Original term	5.0 years
Bedrooms	200	Maturity	April 2019
		Current LTV	66.0%
		Current ICR	167%
		Loan exposure per bed	£39,912.50

Investment Adviser's Report

(continued)

Loan 8		Commercial Regional Space	
<p>A £22.40 million loan to Commercial Regional Space Limited and affiliates made on 16 March 2016, and secured by first charges against two multi-let industrial estates located in Lancashire comprising 1.25 million sq. ft. of accommodation and providing a highly diversified income stream from lettings to 160 tenants.</p> <p>Performance has been strong during the year, with income up over 25% since loan closing via new lettings and re-gear-ed leases.</p> <p>The loan is considered very well secured, given low exposure per sq. ft. and high ICR. The sponsor has approached the Investment Adviser regarding a possible increase to the facility, however given the loan remains the largest within the Group's portfolio this will only be considered when there has been sufficient growth in the Group's assets to allow for such an increase without breaching investment concentration restrictions.</p>			
Property profile		Debt profile	
Number of properties	2	Day one debt	£22,400,000
Property value (£)	£35,000,000	Debt outstanding	£22,400,000
Property value (£/sq. ft.)	£28.02	Original term	3 years
Property area (sq. ft.)	1,249,029	Maturity	April 2019
Number of tenants	160	Current LTV	64.0%
		Current ICR	281%
		Loan exposure per sq. ft.	£17.93

Loan 9		BMO	
<p>On 31 January 2017, the Group advanced a new £16.00 million loan to clients of BMO Real Estate Partners, with an initial LTV ratio of 55.4% and a maturity date in April 2019.</p> <p>The loan is secured by first charges against a portfolio of 17 properties located across the UK, principally in the high street retail and industrial sectors, and provides a diversified income stream from lettings to 55 tenants.</p> <p>During the period, two small assets were sold from the security pool, in line with the business plan, resulting in a debt repayment of £0.21 million. Separately, it was announced during the reporting period that certain of the assets of BMO Real Estate Partners would demerge from the larger BMO Global Asset Management Group, following the retirement of two of the board members. As such the Group's loan, and the property assets securing it, are now managed by Capreon Limited. The ownership of the borrower and key personnel at the sponsor remain unchanged, so there should be no effect on the Group as a result of this demerger.</p>			
Property profile		Debt profile	
Number of properties	17	Day one debt	£16,000,000
Property value (£)	£28,855,000	Debt outstanding	£15,793,727
Property value (£/sq. ft.)	£87.33	Original term	2 years
Property area (sq. ft.)	330,399	Maturity	April 2019
Number of tenants	55	Current LTV	54.7%
Weighted lease length	8.36	Current ICR	442%
		Loan exposure per sq. ft.	£47.80

Investment Adviser's Report

(continued)

Principal Risks and Uncertainties

The Company, through its subsidiary, invests primarily in UK commercial real estate loans of a fixed rate nature; as such, it is exposed to the performance of the borrower, and underlying property on which its loans are secured. The Company's key risks are discussed below. In this statement, references to the Company also apply to the Group as a whole.

The Directors have identified the following as the key risks faced by the Company:

- inherently subjective valuations of property and property-related assets;
- real estate loans made by the Company may, after funding, become non-performing;
- loan principals may be repaid earlier than anticipated, which may lead to the Company replacing such pre-paid loans with lower yielding investments;
- in the event of a repayment, in whole or in part, the Company may not be able to reinvest the surplus cash on terms that are accretive in value to shareholders;
- a change in market conditions affecting the performance of the Company and its underlying investments; and
- a change in tax legislation.

The principal risks and uncertainties of the Company were identified in further detail in the Annual Report and Financial Statements for the year ended 31 January 2017. There have been no changes to the Company's principal risks and uncertainties for the six months ended 31 July 2017 and no changes are anticipated in the second half of the year. The Company's principal risk factors are fully discussed in the Company's Prospectus, available on the Company's website (www.lbow.co.uk) and should be reviewed by shareholders.

Subsequent Events

On 21 September 2017, the Company approved a dividend of 1.50 pence per ordinary share in respect of the quarter ended 31 July 2017, payable on 27 October 2017.

ICG-Longbow

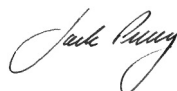
21 September 2017

Directors' Responsibilities Statement

The Directors are responsible for preparing this Interim Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- The Chairman's Statement and Investment Adviser's Report include a fair review of the information required by:
 - (i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Unaudited Condensed Consolidated Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position and performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report and Financial Statements that could do so.

On behalf of the Board



Jack Perry
Chairman

21 September 2017

Condensed Consolidated Statement of Comprehensive Income

For the six month period to 31 July 2017

	Notes	1 February 2017 to 31 July 2017 £ (Unaudited)	1 February 2016 to 31 July 2016 £ (Unaudited)
Income			
Income from loans		3,419,728	4,104,702
Other fee income from loans		992,285	2,708,330
Income from cash and cash equivalents		363	3,553
Total income		4,412,376	6,816,585
Expenses			
Investment advisory fees	11	551,138	548,127
Administration fees	11	85,000	89,645
Directors' remuneration	11	105,833	77,500
Luxco operating expenses		95,364	48,779
Broker fees		25,905	26,990
Audit fees		18,000	17,500
Regulatory fees		13,007	7,587
Listing fees		6,633	4,848
Legal & professional fees	6	405,983	5,497
Other expenses		58,545	52,176
Total expenses		1,365,408	878,649
Profit for the period before tax		3,046,968	5,937,936
Taxation		(99,718)	104
Profit for the period after tax		3,146,686	5,937,832
Total comprehensive income for the period		3,146,686	5,937,832
Basic and diluted Earnings per share (pence)	7	2.91	5.49

All items within the above statement have been derived from continuing activities.

The accompanying notes form an integral part of these Interim Financial Statements.

Condensed Consolidated Statement of Financial Position

As at 31 July 2017

	Notes	31 July 2017 £ (Unaudited)	31 January 2017 £ (Audited)
Assets			
Cash and cash equivalents		10,571,446	3,258,954
Trade and other receivables		15,386	25,020
Loans advanced at amortised cost	5	101,390,922	109,943,262
Total assets		111,977,754	113,227,236
Liabilities			
Dividend payable		1,623,289	—
Other payables and accrued expenses		560,596	898,542
Total liabilities		2,183,885	898,542
Net assets		109,793,869	112,328,694
Equity			
Share capital		106,038,522	106,038,522
Retained earnings		3,755,347	6,290,172
Total equity attributable to the owners of the Company		109,793,869	112,328,694
Number of ordinary shares in issue at period/year end	8	108,219,250	108,219,250
Net Asset Value per ordinary share (pence)	7	101.46	103.80

The Interim Financial Statements were approved by the Board of Directors on 21 September 2017 and signed on their behalf by:



Jack Perry
Chairman



Patrick Firth
Director

21 September 2017

The accompanying notes form an integral part of these Interim Financial Statements.

Condensed Consolidated Statement of Changes in Equity

For the six month period to 31 July 2017

	Number of shares	Share capital £ (Unaudited)	Retained earnings £ (Unaudited)	Total £ (Unaudited)
Notes				
As at 1 February 2017	108,219,250	106,038,522	6,290,172	112,328,694
Profit for the period	—	—	3,146,686	3,146,686
Dividends paid	9	—	(5,681,511)	(5,681,511)
As at 31 July 2017	108,219,250	106,038,522	3,755,347	109,793,869

For the six month period to 31 July 2016

	Number of shares	Share capital £ (Unaudited)	Retained earnings £ (Unaudited)	Total £ (Unaudited)
Notes				
As at 1 February 2016	108,219,250	106,038,522	2,370,387	108,408,909
Profit for the period	—	—	5,937,832	5,937,832
Dividends paid	9	—	(3,246,578)	(3,246,578)
As at 31 July 2016	108,219,250	106,038,522	5,061,641	111,100,163

The accompanying notes form an integral part of these Interim Financial Statements.

Condensed Consolidated Statement of Cash Flows

For the six month period to 31 July 2017

	Notes	1 February 2017 to 31 July 2017 £ (Unaudited)	1 February 2016 to 31 July 2016 £ (Unaudited)
Cash flows generated from operating activities			
Profit for the period		3,146,686	5,937,832
Adjustments for non-cash items:			
Movement in other receivables		9,634	(201,115)
Movement in other payables and accrued expenses		(235,508)	(563,648)
Movement in tax payable		(102,438)	2,093
Dividends payable		1,623,289	—
Loan amortisation		(605,795)	(373,295)
		3,835,868	4,801,867
Loans advanced less arrangement fees	5	(1,100,000)	(22,400,000)
Loans repaid	5	10,258,135	19,831,824
Net loans advanced less arrangement fees		9,158,135	(2,568,176)
Net cash generated from operating activities		12,994,003	2,233,691
Cash flows used in financing activities			
Dividends paid	9	(5,681,511)	(3,246,578)
Net cash used in financing activities		(5,681,511)	(3,246,578)
Net movement in cash and cash equivalents		7,312,492	(1,012,887)
Cash and cash equivalents at the start of the period		3,258,954	5,306,129
Cash and cash equivalents at the end of the period		10,571,446	4,293,242

The accompanying notes form an integral part of these Interim Financial Statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six month period to 31 July 2017

1. General information

ICG-Longbow Senior Secured UK Property Debt Investments Limited is a non-cellular company limited by shares and was incorporated in Guernsey under the Companies Law on 29 November 2012 with registered number 55917 as a closed-ended investment company. The registered office and principal place of business of the Company is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY, Channel Islands.

The Company's shares were admitted to the Premium Segment of the Official Lists and to trading on the Main Market of the London Stock Exchange on 5 February 2013.

The unaudited condensed consolidated financial statements comprise the financial statements of the Group as at 31 July 2017.

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 returns, capital preservation and, over the longer term, a degree of capital appreciation.

The Investment Adviser, which trades under the name of ICG-Longbow, is authorised and regulated by the FCA. The assets of the Group are managed by the Board under the advice of the Investment Adviser under the terms of the Investment Advisory Agreement.

2. Accounting policies

a) Basis of preparation

The Interim Financial Statements included in this Interim Report, have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and the Disclosure and Transparency Rules of the FCA.

The Interim Financial Statements have not been audited or reviewed by the Company's Auditor.

The Interim Financial Statements do not include all the information and disclosures required in the Annual Report and Financial Statements and should be read in conjunction with the Company's Annual Report and Financial Statements for the year ended 31 January 2017, which are available on the Company's website (www.lbow.co.uk). The Annual Report and Financial Statements have been prepared in accordance with IFRS as adopted by the EU.

The same accounting policies and methods of computation have been followed in the preparation of these Interim Financial Statements as in the Annual Report and Financial Statements for the year ended 31 January 2017.

b) Going concern

The Directors, at the time of approving the Interim Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Group.

The Group is now fully invested with a total loan portfolio representing 92.35% of the net capital raised and expects that the loan portfolio will generate enough cash flows to pay on-going expenses and returns to shareholders. The Directors have considered the cash position and performances of current investments made by the Group and have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the Interim Financial Statements.

The first continuation vote was held on 1 March 2017 and passed by the shareholders. The requirement for subsequent annual continuation votes has been amended so that any follow-on continuation resolutions shall be put to shareholders every five years and the Directors shall propose an ordinary resolution that the Company continues its business as a closed-ended collective investment scheme.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

2. Accounting policies (continued)

c) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Group's Net Asset Value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Interim Financial Statements.

For management purposes, the Group is organised into one main operating segment, being the provision of a diversified portfolio of UK commercial property backed senior debt investments.

The majority of the Group's income is derived from loans secured on commercial and residential property in the United Kingdom.

The Directors do not analyse the portfolio based on geographical segments on the basis that all of the Group's non-current assets are invested in the United Kingdom.

Due to the Group's nature, it has no employees.

3. Seasonal and cyclical variations

The Group's results do not vary significantly during reporting periods as a result of seasonal activity.

4. Critical accounting judgements in applying the Group's accounting policies

The preparation of the Interim Financial Statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making 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 an on-going basis. 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 period if the revision affects both current and future periods.

Impairment is considered to be the most critical accounting judgement and estimate that the Directors make in the process of applying the Group's policies and which has the most significant effect on the amounts recognised in the Interim Financial Statements (see note 5).

Revenue recognition is considered a significant accounting judgement and estimate that the Directors make in the process of applying the Group's accounting policies.

The Directors consider judgements and estimations in determining the fair value of prepayment options embedded within the contracts for loans advanced. The key factors considered in the valuation of prepayment options include the exercise price, the interest rate of the host loan contract, differential to current market interest rates, the risk free rate of interest, contractual terms of the prepayment option, and the expected term of the option.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(continued)

5. Loans advanced

	31 July 2017 Principal advanced £	31 July 2017 At amortised cost £	31 January 2017 Principal advanced £	31 January 2017 At amortised cost £
IRAF	11,935,000	12,119,936	11,935,000	12,090,936
Meadow	18,070,000	18,397,582	18,070,000	18,304,076
Northlands	7,577,250	7,656,083	6,477,250	6,515,144
Hulbert	6,565,000	6,759,454	6,565,000	6,607,396
Halcyon	8,600,000	8,837,269	8,600,000	8,654,038
Cararra	1,300,000	1,313,428	1,300,000	1,308,168
Ramada	7,982,500	8,038,814	7,982,500	8,007,693
Commercial Regional Space	22,400,000	22,519,691	22,400,000	22,492,465
BMO	15,793,727	15,748,665	16,000,000	15,911,483
Lanos	—	—	10,000,000	10,051,863
	100,223,477	101,390,922	109,329,750	109,943,262

The Directors consider that the carrying value amounts of the loans, recorded at amortised cost in the Interim Financial Statements, are approximately equal to their fair value. No element of the loans is past due or impaired.

Amortised cost is calculated using the effective interest rate method, which takes into account all contractual terms (including arrangement and exit fees) that are an integral part of the loan agreement. As these fees are taken into account when determining initial net carrying value, their recognition in profit or loss is effectively spread over the life of the loan.

The Group's investments are in the form of bilateral loans, and as such are illiquid investments with no readily available secondary market. Whilst the terms of each loan includes repayment and prepayment fees, in the absence of a liquid secondary market, the Directors do not believe a willing buyer would pay a premium to the par value of the loans to recognise such terms and as such the amortised cost represents the fair value of the loans.

Each property on which investments are secured was subject to an independent, third party valuation at the time the investment was entered into. All investments are made on a hold to maturity basis. Each investment is monitored on a quarterly basis, in line with the underlying property rental cycle, including a review of the performance of the underlying property security. No market or other events have been identified through this review process, which would result in a fair value of the investments significantly different to the carrying value.

Whilst the loans are performing and the balance outstanding in each case is at a substantial discount to the value of the underlying real estate on which they are secured, the Directors do not consider the loans to be impaired, or for there to be a risk of not achieving full recovery.

On 27 March 2017, the Group received a repayment of £10,000,000 on the Lanos loan. As part of this repayment, the Group received a total of £1,120,203 in interest and exit and prepayment fees in accordance with the terms of the loan agreement.

On 27 March 2017 the Group advanced £500,000 and on 2 May 2017 advanced a further £600,000 on the Northlands loan. The increase is on substantially the same terms and conditions as the existing loan.

On 10 May 2017, the Group received a partial repayment of £206,273 on the BMO loan.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(continued)

6. Legal and Professional Fees

	1 February 2017 to 31 July 2017 £	1 February 2016 to 31 July 2016 £
Costs in respect of Circular and publication of Prospectus	400,643	—
Other legal and professional fees	5,340	5,497
	405,983	5,497

7. Earnings per share and Net Asset Value per share

Earnings per share

	1 February 2017 to 31 July 2017	1 February 2016 to 31 July 2016
Profit for the period (£)	3,146,686	5,937,832
Weighted average number of ordinary shares in issue	108,219,250	108,219,250
Basic and diluted EPS (pence)	2.91	5.49
Adjusted basic and diluted EPS (pence)	1.99	2.98

The calculation of basic and diluted Earnings per share is based on the profit for the period and on the weighted average number of ordinary shares in issue during the period.

The calculation of adjusted basic and diluted Earnings per share is based on the profit for the period, adjusted for one-off other fee income during the period totalling £992,285 (31 July 2016: £2,708,330).

There are no dilutive shares in issue at 31 July 2017.

Net Asset Value per share

	31 July 2017	31 January 2017
NAV (£)	109,793,869	112,328,694
Number of ordinary shares in issue	108,219,250	108,219,250
NAV per share (pence)	101.46	103.80

The calculation of NAV per share is based on Net Asset Value and the number of ordinary shares in issue at the period/year end.

8. Share capital

As at 31 July 2017, the Company had 108,219,250 (31 January 2017: 108,219,250) issued and fully paid ordinary shares with a par value of £1 each.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(continued)

9. Dividends

Dividends paid

	Dividend per share Pence	Total dividend £
1 February 2017 to 31 July 2017		
Interim dividend in respect of quarter ended 31 January 2017	1.50	1,623,289
Special dividend in respect of the prepayment fees received during the year ended 31 January 2017	2.25	2,434,933
Interim dividend in respect of quarter ended 30 April 2017	1.50	1,623,289
	5.25	5,681,511
	Dividend per share Pence	Total dividend £
1 February 2016 to 31 July 2016		
Interim dividend in respect of quarter ended 31 January 2016	1.50	1,623,289
Interim dividend in respect of quarter ended 30 April 2016	1.50	1,623,289
	3.00	3,246,578

Dividend proposed

On 21 September 2017, the Directors approved an interim dividend in respect of the quarter ended 31 July 2017 of £1,623,289 equating to 1.50 pence per ordinary share to shareholders on the register as at the close of business on 6 October 2017.

10. Financial Risk Management

The Group through its investment in senior loans is exposed to a variety of financial risks. The main risks arising from the Group's financial instruments are: market risk (including currency risk and interest rate risk), credit risk and liquidity risk and are fully disclosed on pages 62 to 65 of the Annual Report and Financial Statements for 31 January 2017.

The Company's principal risk factors are fully discussed in the Company's Prospectus, available on the Company's website (www.lbow.co.uk) and should be reviewed by shareholders.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

11. Related Party Transactions and Directors' Remuneration

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

In the opinion of the Directors, on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

Directors

Mark Huntley, a Director of the Company, is also a Director of the Company's Administrator. During the period, the Company incurred administration fees in relation to services provided by the Company's Administrator of £85,000 (31 July 2016: £89,645) of which £31,583 (31 January 2017: £31,465) was outstanding at the period/year end. Mark Huntley also received a Director's fee for the period of £19,375 (31 July 2016: £13,750) of which £7,500 (31 January 2017: £6,875) was outstanding at the period/year end.

The Company Directors' fees for the period amounted to £105,833 (31 July 2016: £77,500) with outstanding fees of £42,083 (31 January 2017: £38,750) due to the Directors at 31 July 2017. With effect from 1 July 2017, the remuneration of the Chairman increased from £40,000 to £50,000 per annum, the remuneration of the Chairman of the Audit Committee increased from £32,500 to £40,000 per annum and the remuneration of the Directors increased from £27,500 to £35,000 per annum. During the period, each Director received an additional, one-off fee of £5,000 for extra services they have performed in connection with the placing programme.

Investment Adviser

Investment advisory fees for the period amounted to £551,138 (31 July 2016: £548,127) of which £275,569 (31 January 2017: £562,854) was outstanding at the period/year end.

12. Subsequent events

On 21 September 2017, the Company approved a dividend of 1.50 pence per ordinary share in respect of the quarter ended 31 July 2017, payable on 27 October 2017.

Glossary of Capitalised Defined Terms

"**Administrator**" means Heritage International Fund Managers Limited;

"**Admission**" means the admission of the shares to the premium listing segment of the Official List and to trading on the London Stock Exchange;

"**Annual Report and Financial Statements**" means the annual publication of the Group provided to the shareholders to describe their operations and financial conditions, together with their Consolidated Financial Statements;

"**Article 50**" means Article 50, a clause in the EU Lisbon Treaty that outlines the steps to be taken by a country seeking to leave the bloc voluntarily;

"**AST**" means assured shorthold tenancy;

"**Audit Committee**" means the Audit and Operational Risk Management Committee, a formal committee of the Board with defined terms of reference;

"**BMO**" means BMO Real Estate Partners;

"**Board**" or "**Directors**" or "**Board of Directors**" means the directors of the Company from time to time;

"**Brexit**" means the potential departure of the UK from the EU;

"**Cararra**" means Cararra Ground Rents;

"**CBI**" means the Confederation of British Industry;

"**Circular**" means the Circular of the Company dated 11 January 2017 regarding proposals for a change in investment objective and policy, a placing programme for 40 million shares and the continuation vote;

"**Commercial Regional Space**" means Commercial Regional Space Limited;

"**Companies Law**" means the Companies (Guernsey) Law, 2008, (as amended);

"**Company**" means ICG-Longbow Senior Secured UK Property Debt Investments Limited;

"**Disclosure Guidance and Transparency Rules**" or "**DTRs**" means the disclosure guidance published by the FCA and the transparency rules made by the FCA under section 73A of FSMA;

"**EBITDA**" means earnings before interest, taxes, depreciation and amortisation;

"**EGM**" means the Extraordinary General Meeting of the Company held on 1 March 2017;

"**EPS**" or "**Earnings per share**" means Earnings per ordinary share of the Company and is expressed in Pounds Sterling;

"**ERV**" means Estimated Rental Value;

"**EU**" means the European Union;

"**Euro**" or "**€**" means Euros, the currency introduced at the start of the third stage of European economic and monetary union;

Glossary of Capitalised Defined Terms

(continued)

"**FCA**" means the UK Financial Conduct Authority (or its successor bodies);

"**Financial Statements**" or "**Consolidated Financial Statements**" means the audited consolidated financial statements of the Group, including the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and associated notes;

"**GDP**" means gross domestic product;

"**GFSC**" means the Guernsey Financial Services Commission;

"**GIIN**" means Global Intermediary Identification Number;

"**Group**" means the Company, ICG Longbow Senior Secured UK Property Debt Investments Limited together with its wholly owned subsidiary, ICG Longbow Senior Debt S.A (Luxco);

"**Halcyon**" means Halcyon Ground Rents;

"**Hulbert**" means Hulbert Properties;

"**IAS**" means international accounting standards as issued by the Board of the International Accounting Standards Committee;

"**ICG**" means Intermediate Capital Group plc;

"**ICG Private Funds**" means private real estate debt funds managed or advised by the Investment Adviser or its associates;

"**IFRS**" means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board, as adopted by the EU;

"**IRR**" means Internal Rate of Return;

"**Interest Cover Ratio**" or "**ICR**" means the debt/profitability ratio used to determine how easily a company can pay interest on outstanding debt;

"**Interim Financial Statements**" means the unaudited interim condensed consolidated financial statements of the Group, including the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows, and associated notes;

"**Interim Report**" means the Company's interim report and unaudited interim condensed financial statements for the period ended 31 July;

"**Investment Grade Tenant**" means a tenant that is rated Aaa to Baa3 by MIS and/or AAA to BBB- by S&P;

"**Investment Adviser**" or "**ICG-Longbow**" means Intermediate Capital Managers Limited or its Associates;

"**Investment Advisory Agreement**" means Investment Advisory Agreement dated 31 January 2013 between the Company and the Investment Adviser, as amended and restated on 27 April 2017;

Glossary of Capitalised Defined Terms

(continued)

"**Investment Risk Committee**" means the Investment Risk Committee, a formal committee of the Board with defined terms of reference;

"**IPD**" means the Investment Property Databank;

"**IPF**" means the International Property Forum;

"**IPO**" means the Company's initial public offering of shares to the public which completed on 5 February 2013;

"**IRAF**" means IRAF Portfolio;

"**ISIN**" means an International Securities Identification Number;

"**Lanos**" means Lanos (York);

"**LIBOR**" means the London Interbank Offered Rate;

"**Listing Rules**" means the listing rules made by the UK Listing Authority under section 73A Financial Services and Markets Act 2000;

"**London Stock Exchange**" or "**LSE**" means London Stock Exchange plc;

"**LTV**" means Loan to Value ratio;

"**Luxco**" means the Company's wholly owned subsidiary, ICG-Longbow Senior Debt S.A.;

"**Luxembourg Administrator**" means MAS International S.à r.l. being the administrator of Luxco;

"**Main Market**" means the main securities market of the London Stock Exchange;

"**Management Engagement Committee**" means a formal committee of the Board with defined terms of reference;

"**Meadow**" means Meadow Real Estate Fund II;

"**MIS**" means Moody's Investors Service Ltd, a credit rating agency registered in accordance with Regulation (EC) No 1060/2009 with effect from 31 October 2011;

"**MSCI**" means Morgan Stanley Capital Index;

"**NAV per share**" means the Net Asset Value per ordinary share divided by the number of Shares in issue (other than shares held in treasury);

"**Net Asset Value**" or "**NAV**" means the value of the assets of the Group less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board, further details of which are set out in the Prospectus;

"**Nomination Committee**" means a formal committee of the Board with defined terms of reference;

"**Northlands**" means Northlands Portfolio;

"**NMPIs**" means Non-Mainstream Pooled Investments;

Glossary of Capitalised Defined Terms

(continued)

"OECD" means The Organisation for Economic Co-operation and Development;

"Official List" is the Premium Segment of the UK Listing Authority's Official List;

"IPO Prospectus" means the prospectus published on 31 January 2013 by the Company in connection with the IPO of ordinary shares;

"Prospectus" means the prospectus published in April 2017 by the Company in connection with the placing programme;

"Ramada" means Ramada Gateshead;

"Registrar" Capita Registrars (Guernsey) Limited;

"Registrar Agreement" means the Registrar Agreement dated 31 January 2013 between the Company and the Registrar;

"REIT" means real estate investment trust;

"RICS" means the Royal Institute of Chartered Surveyors;

"SDLT" means stamp duty land tax;

"S&P" means Standard & Poor's Credit Market Services Europe Limited, a credit rating agency registered in accordance with Regulation (EC) No 1060/2009 with effect from 31 October 2011;

"Single Property Sector" means office, retail, industrial/warehousing and Other Sectors (all other real estate sectors);

"SPV" means special purpose vehicle;

"UK" or "United Kingdom" means the United Kingdom of Great Britain and Northern Ireland;

"UK Listing Authority" or "UKLA" means the Financial Conduct Authority;

"US" or "United States" means the United States of America, its territories and possessions; and

"£" or "Pounds Sterling" or "Sterling" means British pound sterling and "pence" means British pence.

Directors and General Information

Board of Directors

Jack Perry (Chairman)
Stuart Beevor
Patrick Firth
Mark Huntley
Paul Meader

Audit and Operational Risk Committee

Patrick Firth (Chairman)
Stuart Beevor
Paul Meader

Investment Risk Committee

Paul Meader (Chairman)
Stuart Beevor
James Christie
Mark Huntley
David Mortimer

Management Engagement Committee

Jack Perry (Chairman)
Patrick Firth
Paul Meader

Nomination Committee

Jack Perry (Chairman)
Stuart Beevor
Patrick Firth
Mark Huntley
Paul Meader

Registered office

Heritage Hall
PO Box 225
Le Marchant Street
St Peter Port
Guernsey
GY1 4HY

Identifiers

ISIN: GG00B8C23S81
Sedol: B8C23S8
Ticker: LBOW
Website: www.lbow.co.uk

Investment Adviser

Intermediate Capital
Managers Limited

Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Independent Auditor

Deloitte LLP
Chartered Accountants
PO Box 137
Regency Court
Glategny Esplanade
St. Peter Port
Guernsey
GY1 3HW

Guernsey Administrator and Company Secretary

Heritage International Fund
Managers Limited
Heritage Hall
PO Box 225
Le Marchant Street
St. Peter Port
Guernsey
GY1 4HY

Luxembourg Administrator

MAS International
6c Rue Gabriel Lippmann
Munsbach
Luxembourg
L-5365

Registrar

Capita Registrars (Guernsey)
Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey
GY2 4JN

Corporate Broker and Financial Adviser

Cenkos Securities plc
6-8 Tokenhouse Yard
London
EC2R 7AS

English Solicitors to the Company

King & Wood Mallesons LLP
(until 7 March 2017)
10 Queen Street Place
London
EC4R 1BE

Gowlings WLG (UK) LLP
(effective 7 March 2017)
4 More London Riverside,
London
SE1 2AU

Guernsey Advocates to the Company

Carey Olsen
Carey House
PO Box 98
Les Banques
St Peter Port
Guernsey
GY1 4BZ

Bankers

ABN AMRO (Guernsey) Limited
Martello Court
Admiral Park
St Peter Port
Guernsey
GY1 3QJ

Barclays Bank plc
6-8 High Street
St Peter Port
Guernsey
GY1 3BE

Lloyds Bank International Limited
PO Box 136
Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 4EN

The Royal Bank of Scotland
International
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4BQ

Cautionary Statement

The Chairman's Statement and Investment Adviser's Report have been prepared solely to provide additional information for shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement and Investment Adviser's Report may include statements that are, or may be deemed to be, "forward-looking statements". These 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 forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Adviser, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Adviser expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

ICG-Longbow Senior Secured UK Property Debt Investments Limited

Heritage Hall, PO Box 225,
Le Marchant Street, St Peter Port, Guernsey,
GY1 4HY, Channel Islands.
T +44 (0) 1481 716000
F +44 (0) 1481 730617

Further information available online:
www.lbow.co.uk

For your Notes

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