REAL ESTATE CREDIT INVESTMENTS LIMITED

Company Update

January 2022

www.recreditinvest.com
Ticker: RECI LN

Background

Real Estate Credit Investments (RECI) is a closed-ended investment company which originates and invests in real estate debt secured by commercial real estate in Western Europe, focusing primarily on the United Kingdom, France and Germany.

RECI is externally managed by Cheyne Capital's real estate business which was formed in 2008 and currently manages over $4bn via private funds and managed accounts. Its investments span the entire spectrum of real estate risk from senior loans, mezzanine loans, special situations to direct asset development and management.

RECI's overarching aim is to deliver a stable quarterly dividend with minimal volatility, through economic and credit cycles via a levered exposure to real estate credit investments. Investments may take different forms but are principally in:

- **Self Originated Deals**: predominantly bilateral senior real estate loans and bonds
- **Market Bonds**: listed real estate debt securities such as Commercial Mortgage Backed Securities (CMBS) bonds.

This Company Update Presentation has been prepared by the Company's Investment Manager to provide investors with an update of the position of the Company as at 31 December 2021, a detailed review of the positions held by the Company, and detail of the Company's strategy with regards to dividends, leverage, and opportunities in the UK and European real estate credit markets

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Summary : Investment Opportunity

✓ **Attractive returns from low LTV credit exposure to UK and European commercial real estate assets**

- Weighted Average LTV of 62.6% as at 31 December 2021
- Predominantly large, well capitalised, and experienced institutional borrowers

✓ **Quarterly dividends delivered consistently since October 2013**

- The Company has consistently sought to pay a stable quarterly dividend
- This has led to a stable annualised dividend of around 7% of NAV

✓ **Highly granular book**

- 64 positions

✓ **Transparent and conservative leverage**

- Net effective leverage 10.7% (with £66.9m cash) as at 31 December 2021

✓ **Access to established real estate investment team at Cheyne, which manages over $4bn AUM**

✓ **Access to pipeline of enhanced return investment opportunities identified by Cheyne**

✓ **Robust mitigation against a rising rates environment**

- A high yielding portfolio, combined with a short weighted average life of under 2 years, ensures minimal exposure to yield widening and the ability to redeploy quickly at higher rates

RECI
REAL ESTATE CREDIT INVESTMENTS

Cheyne CAPITAL

Key Quarter Updates

- Portfolio
  - No defaults in the portfolio
  - Migration of portfolio to senior lending in keeping with the compelling opportunity set therein
  - 11 new deals completed (£152m of commitments) since 31 March 2021, showing strength of opportunity post the initial impact of Covid
- Cash
  - Cash reserves remain robust
- Dividend
  - Dividends maintained at 3p per quarter, 7.8% annualised yield, based on share price, as at 31 December 2021
  - Dividend cover from net profits in the quarter of 1.01x
- Term matched financing
  - Successful conclusion of term matched financing on a senior loan deal
- Opportunities
  - Bank lending remains constrained across Europe and high barriers to entry secures a continued compelling investment landscape, especially in senior lending.
  - The Company expects to deploy its currently available cash resources to its near term commitments and the new deals in the Cheyne pipeline
  - Cheyne's pipeline includes a mix of UK, French and Spanish opportunities, which all offer attractive yields

Summary: Structural Strength - Positioned to Capitalise on Opportunities

- Having successfully navigated through the challenges posed by the COVID-19 pandemic, RECI is well positioned to address future market uncertainty, with a strong portfolio profile and modest leverage comprising,
  - Senior loans and bonds equal to 80% of NAV
  - Weighted average LTV of 62.6%
  - The portfolio is concentrated on credits to large, well capitalised and experienced institutional borrowers
  - Leverage of 1.30x gross (1.11x net of cash held) as at 31 December 2021
  - Started to introduce term financing on senior loan investments
  - Cash on balance sheet of £66.9m
- The Company has good visibility on its liquidity and income profile for the next financial year ending March 2022, and beyond
- The Company is positioned to take advantage of a new pipeline of opportunities from a position of strength :
  - Cheyne's real estate business' current pipeline comprises £1.3 billion across 13 deals

31 December 2021 Snapshot

Current Position

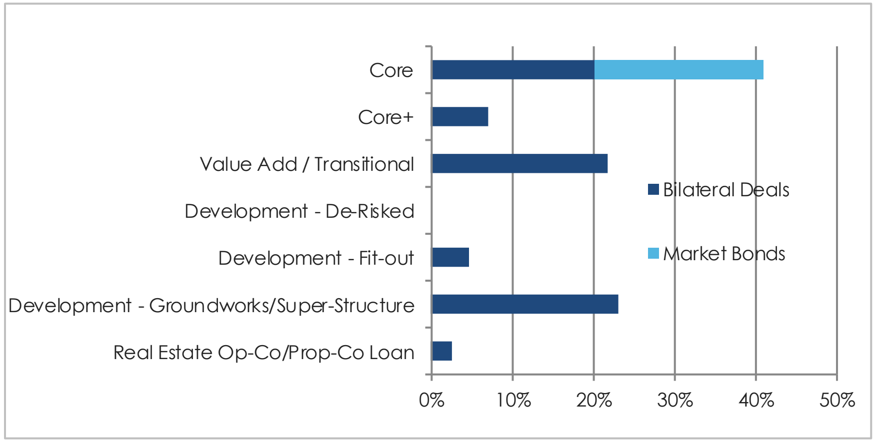
- NAV at end of December 2021 was £1.515.
- RECI announced an interim dividend for this financial year of 3p in December 2021.
- 3 deals fully repaid in the quarter, while 4 new commitments were made in the quarter.

	30-Sep-21	31-Oct-2021	30-Nov-2021	31-Dec-2021
Bilateral Loans & Bonds (Fair Value)	£298.3m	£328.4m	£317.1m	£295.4m
Public Market Bonds (Market Value)	£78.4m	£75.6m	£77.2m	£77.6m
Cash	£58.4m	£28.7m	£50.5m	£66.9m
Financing	-£100.5m	-£99.5m	-£106.3m	-£106.4m
Other Assets & Liabilities	£12.5m	£16.1m	£13.0m	£14.0m
Net Assets	**£347.1m**	**£349.3m**	**£351.5m**	**£347.5m**
Shares Outstanding	**229,332,478**	**229,332,478**	**229,332,478**	**229,332,478**
NAV per share	**£1.514**	**£1.523**	**£1.532**	**£1.515**
Debt to Equity Ratio	28.5%	28.0%	29.6%	29.8%
Net Leverage	11.7%	19.9%	15.4%	10.7%

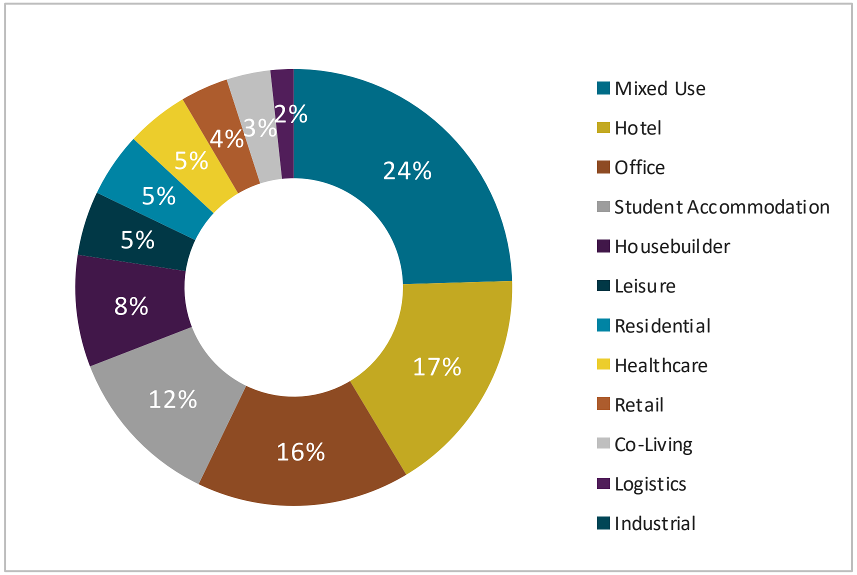
Portfolio Composition

- RECI's investment portfolio was valued at £373.0m as at 31 December 2021.
- The bilateral loan portfolio of £295.4m comprises 35 loans, with a WA LTV of 66.5%, a WA unlevered yield of 8.9% and a WA life of 1.7 years.
- The public market bond portfolio, currently valued at £77.6m, has the potential for strong defensive returns.

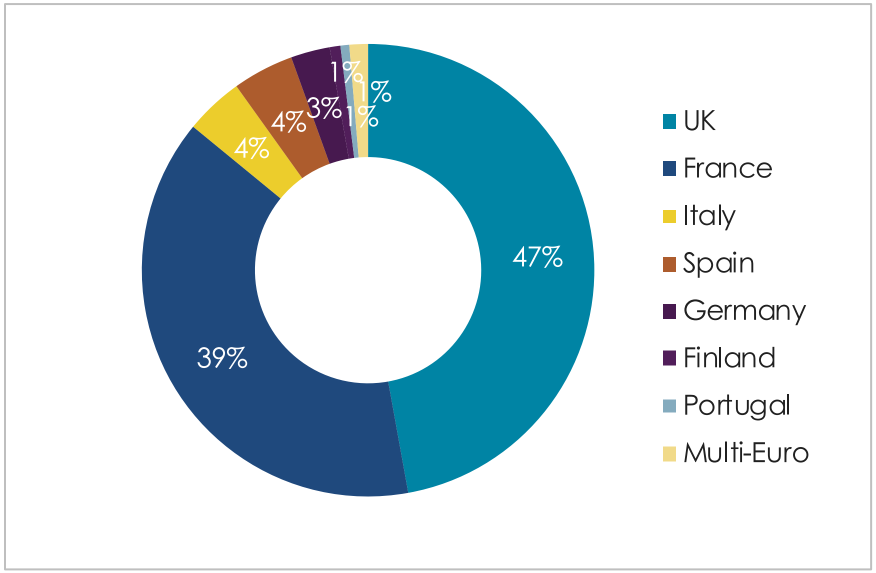
Portfolio by Loan Type[1] (Funded Fair Value)



By Sector (% of FV drawn)



By Geography (% of FV drawn)



1. For Loan Type definitions please refer to slide 24

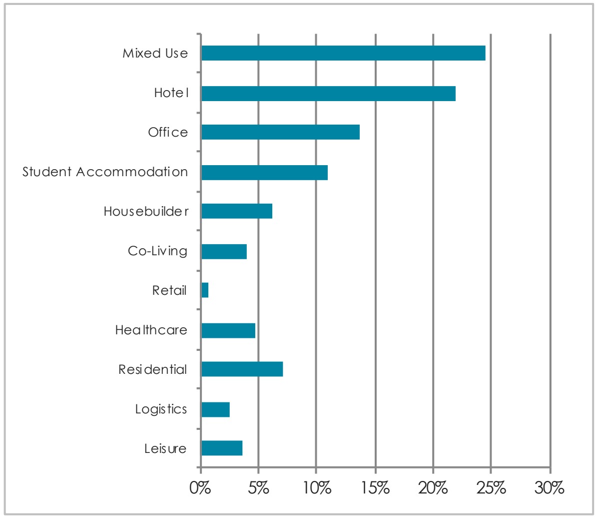
Portfolio Composition – Bilateral Deals[1]

35	£295.4m	66.5%	10.0%	1.7 yrs
Loans	FV of Portfolio	WA LTV	WA Yield[2]	WA Life

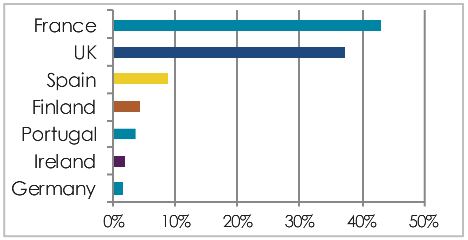
- £295.4m portfolio comprising 35 loans, predominantly senior and mezzanine loans in the UK, France and Spain
- Undrawn loan commitments of £170.8m as at 31 December 2021

Loan Breakdowns by Commitment

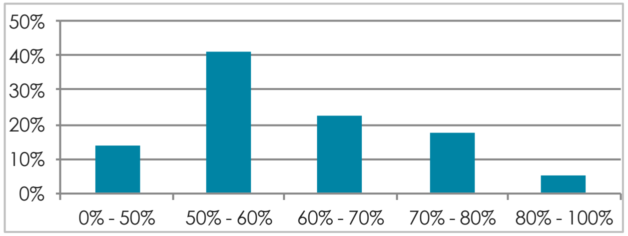
Asset Class Breakdown



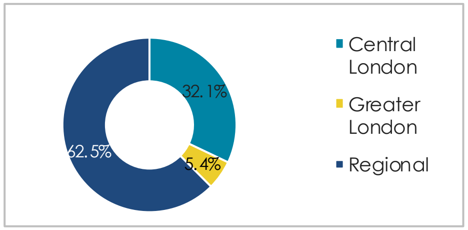
Geographical Breakdown



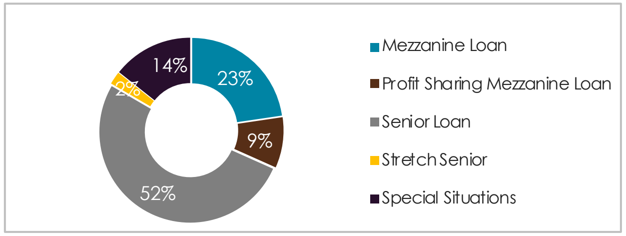
LTV[3]



UK Breakdown



Loan Type Breakdown



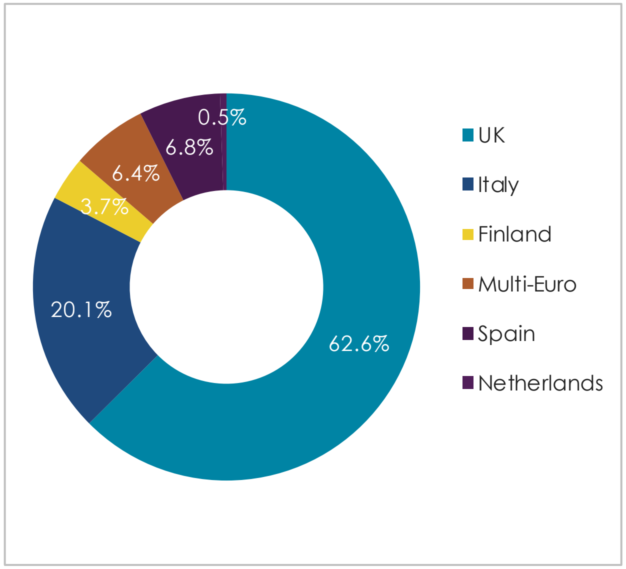
[1]Certain self originated bilateral loans are technically structured as bonds to enhance marketability
[2] Yield stated is the effective accounting yield based on the funded loan balances, which includes interest and fees. Some loans also benefit from equity upside participation, which is only recognised following evidenced delivery, and can result in significant incremental gains in excess of the effective accounting yield. The portfolio includes listed notes, of which some are leveraged.
[3]LTV by commitment (see slide 24 for definition)

Portfolio Composition – Public Market Bond Portfolio

29	£77.6m	47.6%	11.9%	3.9 yrs
Bonds	Fair Value	WA LTV	WA Yield [1]	WA Life

- RECI is also invested in listed real estate bonds (mainly CMBS).
- Bond investments are typically senior secured (1st lien) credits at conservative LTV collateralised by core and core+ assets and owned by large institutional sponsors.
- European CMBS bonds typically offer enhanced security and attractive value relative to the corporate bond markets and represent an attractive relative risk-adjusted return in their own right.
- RECI actively trades its bond book for relative value and also for the efficient management of liquidity in the Company overall. Through time, the bond book has contributed to RECI's NAV growth and yield management strategy.
- The bonds are valued on a mark to market ("MTM") basis, where independent 3rd party pricing is obtained based on observable market trading levels (bid/offer). Since the early MTM losses at the start of the Covid-19 crisis, the bond market has stabilised and positive MTM gains continue to be reported.
- RECI has benefited significantly from previous dislocations in the CMBS market resulting from broader financial markets stress (2009, 2011, 2016), and is already seeing opportunities and, as in previous crises, Cheyne is well positioned to take advantage.

By Geography



1. Bond portfolio is only partially leveraged. The Company is not utilising its maximum capacity for leverage.

Position Analysis – Top 10 by Commitment as at 31 December 2021

	Description	Commitment	FV of Funded Amount	LTV Attach	LTV Detach	Investment Strategy	Loan Type	Manager Comment
1	Paris prime resi/retail building	£48.9m	£41.3m	0%	67%	Senior Loan	Core	Luxury retail and apartments in super-prime Paris location. Sponsor has received bids for the asset significantly above the balance of the loan (and above the purchase price) and is considering an early exit.
2	UK mixed use portfolio, predominantly office/residential	£44.6m	£16.8m	0%	54%	Senior Loan	Core+	Light industrial, office and mid-market residential asset portfolio in the UK. The de-risking of the loan has continued this quarter with further successful sales and quarterly amortisation.
3	Office development in Saint Ouen, Paris	£29.3m	£15.0m	0%	58%	Senior Loan	Development	Loan to support the acquisition, refurbishment and extension of a 11,500 sqm freehold office building. Planning consent was received to create additional office space and Building Permit application was submitted in March-21. Building Permit is expected to be granted and cleared of third party recourse by end of Q3 2021, in line with the Sponsor's business plan and loan milestones.
4	London Office	£23.5m	£22.6m	0%	59%	Senior Loan	Core	Fully let 98,246 sq ft new grade A office block located in Hoxton
5	UK Care Homes	£23.2m	£16.3m	0%	76%	Senior Loan	Core	Stable, income producing UK care homes. Prepayment notice for 31% of this balance for July.
6	Spanish Villas*	£22.5m	£4.9m	0%	49%	Senior Loan	Development	Build-for-sale Luxury Villa Development
7	UK Student Housing	£22.4m	£22.7m	55%	78%	Mezzanine Loan	Core	Two well performing purpose built student housing assets. The confirmed occupancy rate for the upcoming academic year is materially more than sufficient to continue keeping the loan paid current in full. Large global PE sponsor
8	France Housebuilder Portfolio*	£20.7m	£20.6m	0%	56%	Senior Loan	Development	Income producing residential developer
9	Finland Hotel*	£20.4m	£0.0m	0%	64%	Senior Loan	Development	Development in progress. Expected completion in June 2024
10	French Hotel*	£20.0m	£3.0m	0%	80%	Stretch Senior Loan	Development	Development in progress. Expected completion in Q3 2024

*Highlighted deals have been completed in the past 12 months

Recent Deals

Deal Description	Housebuilder
Instrument	Senior Loan
Total RECI Commitment	£20.6m
Location	Multi City, France
Collateral	4,000 units
Project Type	Development
LTV	36%

Deal Description	Purpose Built Student Accommodation ("PBSA")
Instrument	Senior Loan
Total RECI Commitment	£7.1m
Location	Seville, Spain
Collateral	544 bed PBSA located in Seville
Project Type	Development
LTV	50%

Deal Description	Residential
Instrument	Senior Loan
Total RECI Commitment	£22.6m
Location	Ibiza, Spain
Collateral	41 Luxury Villas
Project Type	Development
LTV	49%

Past performance is not a guide to future results. Actual results and developments may differ materially from those expressed or implied herein.

REAL ESTATE CREDIT INVESTMENTS

Recent Deals

Deal Description	Hotel
Instrument	Mezzanine Loan
Total RECI Commitment	£17.6m
Location	Paris, France
Collateral	43 Room Hotel
Project Type	Development
LTV	64%

Deal Description	Purpose Built Student Accommodation ("PBSA")
Instrument	Senior Loan
Total RECI Commitment	£5.7m
Location	London, UK
Collateral	662 bed PBSA located in London
Project Type	Development
LTV	66%

Deal Description	Hotel
Instrument	Senior Loan
Total RECI Commitment	£20.4m
Location	Helsinki, Finland
Collateral	719 Room Hotel
Project Type	Development
LTV	48%

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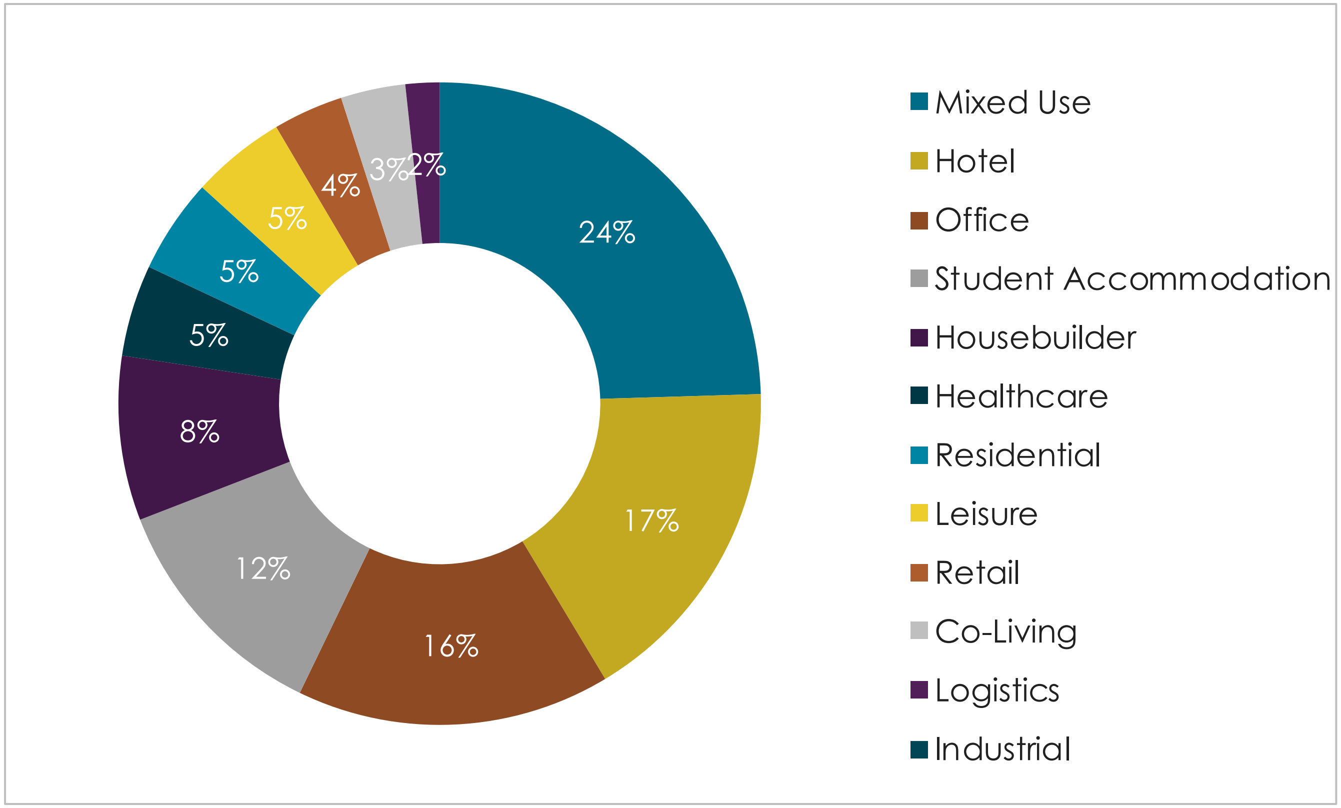
Portfolio Analysis

Sectoral Analysis Overview

RECI investment portfolio remains diverse and granular.



The following pages provide a detailed narrative on the Company's exposures by sector.

Sectoral Analysis

Mixed-Use (24% of GAV*)

The majority of RECI's exposure to mixed-use assets is to value-add and development loans where the sources of value are typically from the delivery of residential units alongside office assets.

Main Positions

1. A senior loan (50% LTV, comprising of an original investment tranche of £35.6m and a development tranche of £16m) to a large established UK operator, representing 4.5% of GAV secured by an well-diversified and relatively liquid mixed use portfolio of 15 assets (17 originally) across the UK (50% in affordable residential and office, 50% in light industrial and retail) including income producing assets, developments under construction and land sites subject to planning. Two assets and a number of completed residential apartments have been already sold (more are being marketed for sale) and we expect to see further de-risking to continue

2. A senior whole loan (67% LTV), representing 11.0% of GAV, secured by an income producing prestigious freehold luxury retail and residential building located in the 8th arrondissement of Paris, at the heart of the Golden Triangle. The loan benefits from significant headroom to current market rents and a widening of cap rates from current levels. **This location remains the top retail destination in Paris with rental values and investment yields holding to strong levels.**

*GAV relates to investment portfolio and excludes cash

Sectoral Analysis

Hospitality (Hotels)

This asset class is facing a long period of severely curtailed occupancy levels. The end to local lockdowns is likely to be followed by a slow resumption of international travel, leaving the sector facing weak demand for a prolonged period of time.

RECI's exposure to these sectors represents 17% of its investment portfolio and is characterised by exposures to large well capitalised experienced operators with significant equity exposure. The largest exposure benefits from a superior security package which includes a long term rental guarantee from the tenant (a listed hotel company). Given the material de-risking of each position during the last year, we do expect these positions to realise in a full recovery of principal and interest and also for the maintenance of cash pay interest throughout.

Hotel (17% of GAV)

Main positions

1. Mezzanine loan (52% - 86% LTV) to a private equity borrower, representing 4.5% of GAV, backed by a portfolio of well located and established core income London hotels that have the additional benefit of a FRI lease. The lease income (rent) is guaranteed for a long term by a well capitalised operator. Post COVID, the loan was successfully restructured and saw the tenant / operator co-invest a significant amount of new capital into the transaction further de-risking the loan and stabilising the position in the long-term. Latest trading from the tenant shows significant improvement in trading as COVID related restrictions are lifted.

2. A mezzanine loan (25% LTV) to a private equity borrower, representing 2.4% of GAV, initially backed by a portfolio of 5 core income producing 4-star and 5-star hotels in Paris and 1 in Nice. The hotels are centrally located in Prime locations. The sales of three assets (in May 2020, March 2021, October 2021 and January 2022) were achieved for substantially above the allocated loan amount and above the pre-COVID valuation for both assets, resulting in a further de-levering of the loan and providing for sufficient liquidity to meet lender interest and operating costs until the end of 2021.
3. A mezzanine loan (30%-51% LTV) to a large conglomerate, representing 2.0% of GAV, backed by a collection of high-end luxury leisure hotels in France. The hotels have performed above budget in the season so far since reopening. The sponsor continues to inject sufficient equity for continued cover of the loan coupon.

Sectoral Analysis

Student Accommodation (12% of GAV)

Student sector has continued to show resilience during COVID characterised by higher levels of local students offsetting the lower levels of overseas students seen as a result of the last 24 months of disruption. Student market is expecting a return to normal levels of overseas students in the 2022/23 academic year as travel restrictions ease.

Main position

1. A mezzanine loan (55% - 78% LTV) to a large student housing operator in the UK representing 6.1% of GAV. The loan is secured by income producing core assets well located in two university towns (one of which is a Russel Group university). The occupancy levels for 2021/22 have been >91% and 94%, which demonstrates the resilience of the sector.

2. A senior development loan (66% LTC / 49% LTGDV) to a large student housing operator in the US who are now expanding in to Europe. The operator has entered in to a JV with an institutional Sponsor. The site being developed is in Seville, a prominent university city in Spain with a significant undersupply of PBSA (student to PBSA bed ratio of 5:1, inclusive of dated stock)

3. A senior development loan (76% LTC / 50% LTGDV) to an institutional Sponsor rolling out a PBSA strategy in Iberia. This is the Sponsor's 5th development in Spain. The site is being developed in Pamplona which also suffers from an undersupply of PBSA (student to PBSA bed ratio of 5:1 as per Seville, and inclusive of dated stock)

Sectoral Analysis

Housebuilders (8% of GAV)

The company's exposure to French and UK housebuilders is secured by operations of the builder, as well as the assets for UK housebuilders. Exposure is to the mid-market sector with average selling prices below £600,000 per home in the UK and under €260,000 per unit in France.

Main Positions

1. A senior loan (36% Loan To Purchase Price) to finance the acquisition of a French residential developer. This deal represents an opportunity to finance a cash generative business allowing the loan to be fully cash pay with a meaningful amortisation at 5% per annum alongside a top tier financial sponsor with substantial equity investment (more than €120m cash equity). Within one of the most resilient asset class in France the company generates consistent and above-market average margins with focused overheads and cost control.

2. A mezzanine loan to an established SME housebuilder representing 2.6% of GAV. This loan was made prior to BREXIT and did suffer from a slow house market post that event. While the housebuilder has performed well in the period since, the high LTV going into the pandemic, combined with the lack of land under control gave us cause to revalue the assets and operations as at 31 March 2020, resulting in a negative fair value revision of 5.5p to the Company. Since then, the housebuilder has bolstered its land bank and is currently trading strongly. This is partly driven by the increase in demand for homes with green spaces in attractive commuter towns and villages. This resulted in a 1.0p reversal of the negative fair value revision and we are now reviewing exit opportunities of this position.

ESG Analysis

ESG

PHILOSOPHY

Cheyne Capital and its Real Estate team are committed to operating its business in a progressively responsible manner, achieved through the incorporation of high standards of governance and investment stewardship. Cheyne aim for the consideration, assessment and integration of environmental, social and governance (ESG) factors to be a core element of analysis undertaken in our investment processes. We believe that responsible investing (RI) has an important dual purpose as both a key driver of value creation and a moral obligation within our business operations.

PROCESS

Cheyne's investment staff, inclusive of portfolio managers and investment analysts are primarily responsible for ensuring that the consideration of ESG issues is implemented into investment decisions. Within the Real Estate strategy, ESG considerations are discussed and recorded at all stages of the investment process:

1. **PRE-INVESTMENT:** analysts and investment staff are primarily responsible for ensuring that the consideration of ESG issues is taken into account prior to any investment decision. This analysis is conducted in-house with the input of external experts where required. Within each investment transaction memo which the lead analyst is tasked with preparing, there is a mandatory section on ESG considerations. These considerations are reviewed and discussed at the Investment Committee meeting before the committee agrees to proceed with the proposed transaction. The Cheyne Capital Credit Committee must review the ESG factors in each transaction before approving the deal to proceed.
2. **DURING INVESTMENT:** for existing investments, the team are primarily responsible for ensuring that the consideration of ESG issues is taken into account, along with ongoing review of each fund transaction post-investment. EPC and BREEAM ratings are gathered, if applicable, and recorded during the due diligence phase. Within RE lending, we work to ensure that each sponsor/borrower is cognisant of their ESG commitments and strives to improve these as part of their normal course of business.
3. **ON EXIT:** dependent on the fund strategy, ESG considerations are taken into account for exit. For example, due to the nature of the objectives for Cheyne's social impact fund, the "S" in ESG is an integral part of the investment strategy. With regards to exiting a Real Estate loan, the optimisation of the "E" helps to drive value in the underlying project and thus facilitate a more efficient exit strategy.

To further augment this approach, the Real Estate Team will this year be adopting a more rigorous, scoring-based framework with the aim being to use our capital to influence ESG principles on projects & opportunities that we are looking to fund. Using this approach we expect some opportunities or investments not to hit the criteria, at which point we will use our knowledge to assist with improvements that could be made which will bring these opportunities back within our scoring framework.

ESG – Deal Examples

Earlsfield, UK

The project will be a car-free development and will provide a cycle hub, promoting more cycling in the local area. The subject scheme comprises 109 units (35% of 310) affordable units that will be offered with priority to local people and key workers. The Sponsor is a fund manager who is experienced in managing institutional capital and upholding the highest level of due diligence and governance in investments.

ESG

Sustainability – Next Steps

Specifically in respect of sustainability, this is considered as part of our investment decision making process for Real Estate funds, based upon our Sustainability Risks disclosure (https://www.cheynecapital.com/media/2267/cheyne-manco-esg-policy-may-2021.pdf.)

In respect of specific UN Sustainable Development Goals (SDG), we do not as yet embed specific SDGs into our policy, but will be considering this in the future. A number of these goals are, however, relevant to our Real Estate business and we consider the following SDGs as those with which we are most closely aligned:

UNSDG 7: Affordable & Clean Energy
UNSDG 9: Industry, Innovation & Infrastructure
UNSDG 11: Sustainable Cities & Communities
UNSDG 12: Responsible Consumption & Production

More broadly, Cheyne has recently been working closely with a Real Estate ESG specialist consultants with the view of devising and implementing a comprehensive scorecard based approach. The ultimate aim is to align our principles with industry recognised benchmark standards to identify a minimum ESG standard we will need across our portfolio. The move to a more qualitative system will significantly help us identify and understand ESG based risks in our portfolio more easily, and not only assist us with lowering risk and increasing quality, but will also help us collate and measure the data required to track progress in what is a fast moving but increasing important area of focus.

The current aim is to have the new approach in place during 2022 and we will continue to update the market as progress is made.

Repaid Deals

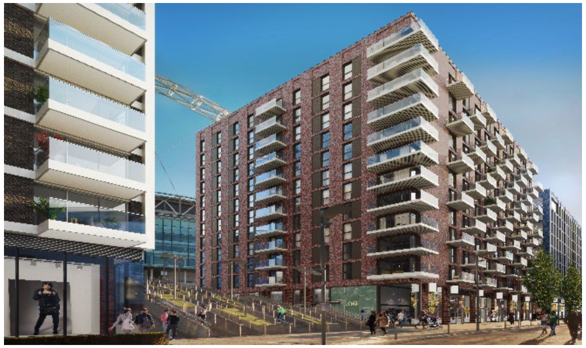
Repaid Deals

Housebuilder

- A mezzanine loan (30% - 75% LTV) to an established SME housebuilder was repaid, £25.2m, in full following a successful sale of the company by the shareholders.

Serviced Apartments

- A senior loan (62% LTV) to a market leading institutional investors was repaid, €12.1m, in full.



Mixed Use

- A senior loan (55% LTV) to an established PRS developer/owner and operator was repaid, £28.6m, in full from proceeds of refinancing in December 2021.

Appendix

Leverage Review

Balance Sheet / Company Recourse Leverage

RECI's current gross leverage is 30% of NAV (against a maximum permitted leverage of 40%). RECI currently utilises its recourse leverage with flexible repurchase agreements (REPO) on its liquid bonds. RECI has maintained its financing relationships throughout 2020 and 2021. While rates rose in the months following the initial COVID impact, they have now recovered and the WA cost of this financing was just 1.8% as at 31 December 2021.

Structured Asset Level Funding (Term-Matched, Non-Recourse Leverage)

RECI can also benefit from optimising the returns on its senior loans by utilising the structured funding relationships Cheyne has with a number of lenders. The Company may choose to enhance the returns via asset level, term matched funding, which has no recourse to the Company and retains the risk profile and governance benefits of a senior loan for the Company. The Company has started to term finance some of its senior loans on this basis, and is in advanced discussions on term financing of several more senior loan positions, and expects these to complete in the coming months.

Financing Summary

We believe that the long-term strategy for the Company should be a mix of structured term funding on its senior loan book and REPO financing on its liquid bond book, thereby maintaining a conservative level of recourse leverage supported by strong assets and liquid instruments.

The Company will continue to maintain a prudent overall leverage position.

	Balance Sheet/Company Leverage[1]	Cash	Net Effective leverage	Asset Level Structured Funding
£ Amount	£104.3m	£66.9m	£37.4m	£2.8m
% of NAV	30.0%	19.3%	10.7%	0.8%
WA cost of finance	1.8%	-	-	4.9%

1. RECI has a limit on balance sheet leverage of 40% of NAV, as set out in its borrowing policy
2. Other forms of funding of RECI's senior loan investments are not recourse lending.

Continuing to deliver an attractive and stable dividend

RECI's dividend policy: it is the intention of the Company to pay a stable quarterly dividend. Since 2013, this has remained at **a fairly constant yield of 7% on the Company's NAV**

- The Company announced its second interim dividend of 3p in December 2021
- An annual dividend of 12 pence represents a dividend yield of 7.8% on share price as at 31 December 2021
- The Company has an overarching aim of paying out its total returns in dividends to investors and to provide dividend sustainability

Dividend sustainability will derive from **net distributable income** and **cash coverage**

- **Net distributable income** derives from net regular income (coupon yield from the underlying loans and bonds) and any profits earned above that regular income. To maintain and improve the Company's regular income, the Company has successfully deployed some of the substantial cash reserves (built through the COVID crisis) into attractive high yielding loans and will continue to do so to improve its net income.
- Our granular cash forecasting and stress scenarios give us the confidence that the Company can maintain its ample dividend **cash coverage** for the long term

Earnings and Dividends Reconciliation

- **Gross to Net reconciliation** for the quarter year ended 31 December 2021

	Absolute £m	Per Share	% Perf Annualised
Int Inc Market Bonds	0.9	0.00	1.0%
Int Inc Self Orig Bonds	2.4	0.01	2.80%
Int Inc Self Orig Loans	4.2	0.02	4.80%
Finance costs	-0.4	0	-0.50%
Other income	0	0	0.00%
Interest income	**7.1**	**0.06**	**7.40%**
Expenses (inc mngt and perf fees)	-1.5	-0.01	-1.70%
Fair Value Adjustments (inc realised and unrealised profit and loss on investments)	1.4	0.01	1.6%
Net loss/profit	**7.0**	**0.03**	**8.10%**

Net Profit of £7.0m sufficient to cover dividend payable of £6.9m, being 1.01x covered

The breakdown is based on estimates which have been internally calculated by Cheyne Capital and which have not been externally verified. Actual returns may be different. This is not a profit forecast. The values for each column may not sum to the total due to rounding differences. Percentage returns based on annualised figures (taking quarter end figures multiplied by four) over the NAV per share as at 31 December 2021.

RECI: Summary

RECI is well positioned to participate in the healthy pipeline of Cheyne investments, and to deliver on its overarching objective to provide ordinary shareholders with attractive and stable returns, primarily in the form of quarterly dividends.

- Focused on senior secured credit, with defensive LTVs
- Strong governance control over its loan book
- Large, experienced, well capitalised borrowers
- Conservative and flexible leverage profile
- Dividend stability and coverage without compromising risk
- Management from Cheyne Capital's Real Estate team

Definitions

- **Asset types:**
  - **Core** – assets that benefit from having long term income
  - **Core +** – assets that benefit from having strong current income, but do require some measure of asset management to optimise its income profile and term
  - **Value add / transitional** – assets that require asset management (typically refurbishment) and re-letting to secure a core income profile
  - **Development: Groundworks/Super-Structure** – assets that are to be built from the ground up and are in the ground-works stage or building the super-structure has commenced. These typically already benefit from the requisite consent to develop.
  - **Development: Fit-Out** - assets that have either been built from the ground up and have reached the completion of the super-structure ("topped out"), or assets which are in need of substantial refurbishment works. These typically already benefit from the requisite consent to develop.
  - **Development: De-Risked** – development assets which benefit from being substantially pre-sold or pre-let.
  - **Real Estate Op-Co/Prop-Co Loan** – loan secured by both the operating company as well as all of the company's real assets.
- **LTV (Loan to Value):** The outstanding balance on a loan divided by the current value of an asset. In the case of mezzanine loans, the LTV will represent the highest leverage exposure of the loan.
- **LTGDV (Loan to Gross Development Value):** The expected loan balance at the conclusion of a development or value-add project (which will include all amounts advanced towards the development loan facility as well as accrued interest, divided by the expected value of the asset once the project is complete
- **LTC (Loan to Cost):** Reflects the loan to the total cash capitalisation of the project
- **Fair Value:** The current carrying value of an investment on RECI's books as recognised under IFRS
- **Nominal Face Value:** The nominal face value of a bond is the par amount due on that bond
- **FVTPL:** fair value through profit and loss. This represents the net gains or losses recorded on a loan or bond investment in the period which are other than interest income. These may be from trading gains and losses on bonds, fee income or recognition of gains from profit participating loans.
- **Yield to Worst**: WA Yield to Worst is based on the current unlevered yield on the bonds - using prices as at 31 March 2021 and assuming that the bonds are extended beyond their scheduled maturity date. The worst case extension dates are based on Cheyne's assumptions of the maximum extensions that will be granted to borrowers by the servicers in the current environment. Pricing assumptions and actual returns may differ materially from those expressed or implied herein.

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