REAL ESTATE CREDIT INVESTMENTS LIMITED

Q3 Investor Presentation

January 2023

www.realestatecreditinvestments.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 Spain.

RECI is externally managed by Cheyne Capital's real estate business which was formed in 2008 and currently manages c. $5bn via private funds and managed accounts. 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 quarterly 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 2022, 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

Contents

Key Quarter Updates

- **Portfolio**
  - 1 new deal completed (£45.2m of commitments) since 30 September 2022
  - No defaults in the portfolio
  - Continued migration of portfolio to senior lending
  - During the quarter, three French loans fully repaid, realised net proceeds of £23.6m, lowering the WA LTV of the overall portfolio, and providing headroom to invest in new deals at enhanced IRRs

- **Cash**
  - Cash reserves remain targeted at between 5% to 10% of NAV
  - As at 31 January 2023, cash was £33.7m.

- **Dividend**
  - Dividends maintained at 3p per quarter, 9.0% yield, based on share price, as at 31 December 2022

- **Financing**
  - A mix of flexible, short-dated financing employed, alongside term-matched structured financing on selected high-quality senior loan deals

- **Opportunities**
  - The present crisis is set to continue through 2023, resulting in further constraints in bank lending and alternative sources of capital. The opportunity to provide senior loans at low risk points, for higher margins, is increasingly compelling
  - The core European CMBS markets are experiencing market price declines due to increasing indiscriminate selling, presenting opportunities in the market
  - The Company expects to deploy its currently available cash resources to its near term commitments and to build cash resources towards a very compelling emerging opportunity set in both senior loans and bonds

Summary: Investment Opportunity

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

- A focus on **senior**, 1st lien loans:
  - Senior 1st lien loans now account for 89% of the book by value
  - Mezzanine loans have reduced to 11%
  - Top 10 positions are 100% senior loans
  - New origination is 100% senior loans
- Weighted Average LTV on underlying investments of **56.3%** as at 31 December 2022
- Predominantly large, well capitalised, and experienced institutional borrowers
- Minimal exposure to shopping centres (<2% of GAV), secondary offices (0% of GAV) and logistics (3% of GAV)
- RECI retains absolute governance, covenants and control, afforded by senior ranking and bilateral singular lending relationships
- Portfolio has withstood COVID19 and is well placed to withstand the current revaluations in real estate

Summary: Investment Opportunity

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

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

✓ **Highly granular book**

- 60 positions

✓ **Transparent and conservative leverage**

- Net leverage 25.0% (with £24.0m cash) as at 31 December 2022 versus a leverage limit of 40%
- Non-recourse and limited-recourse, term, structured finance provides returns optimisation and financial flexibility on senior loans

✓ **Access to established real estate investment team at Cheyne, which manages c$5bn 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 2 years, ensures minimal exposure to yield widening and the ability to redeploy quickly at higher rates
- Pipeline is 100% floating rate senior loans

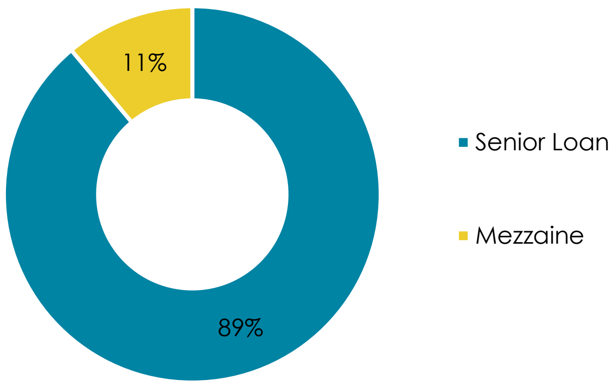
Positioned for the Current Crisis

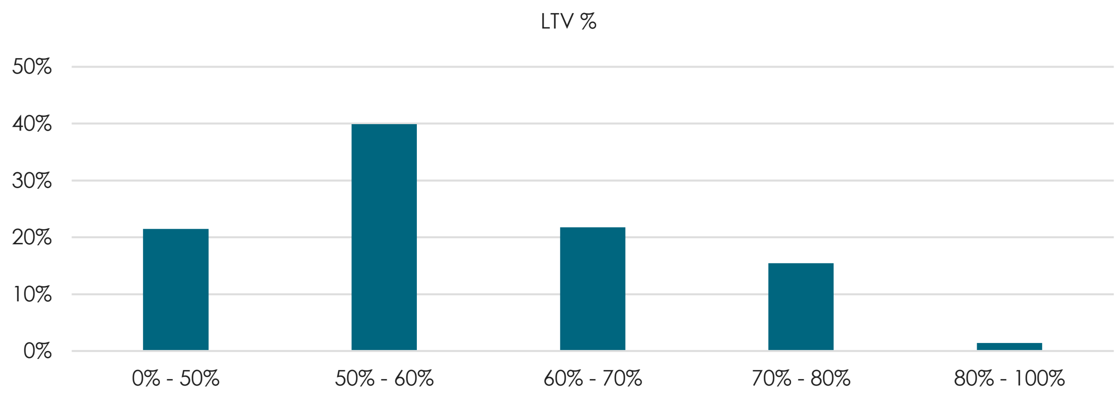
- Current market conditions reflect the unravelling of a decade of low interest rates and low inflation
- Expectation is for base rates in the UK and Europe to retrench from current higher levels but remain elevated
  - Entrenched higher base rates translate into higher yields on real estate
- Recessionary pressure over the next 1-3 years will challenge rental growth assumptions
- Valuation declines are expected across the board; albeit declines to be more pronounced in (a) asset classes exposed to operational demand softening and (b) assets underwritten to significant rental growth and tight exit yields
- Resilient asset classes include affordable multifamily (PRS) and single family homes, student housing, industrial and prime offices (with the highest ESG credentials)
- Exposed asset classes include shopping centres, logistics and secondary offices
- With valuation declines, we believe that higher levered and thin capital structures are particularly exposed to losses – equity, preferred equity, mezzanine and whole loans – especially so in the exposed asset classes above. Also, a lack of governance removes the ability to work through any crisis
- RECI’s book is dominated by senior bilateral loans and resilient asset classes

Focus on Senior Loans

- RECI's focus is on senior loans
- Since 2016, the book has been migrating towards an all-senior loan book
- Today, senior loans represent 89% of GAV
- The pipeline of new loans is entirely senior
- The WA LTV of the book is 56.3%
- The breakdown of LTV is as below:

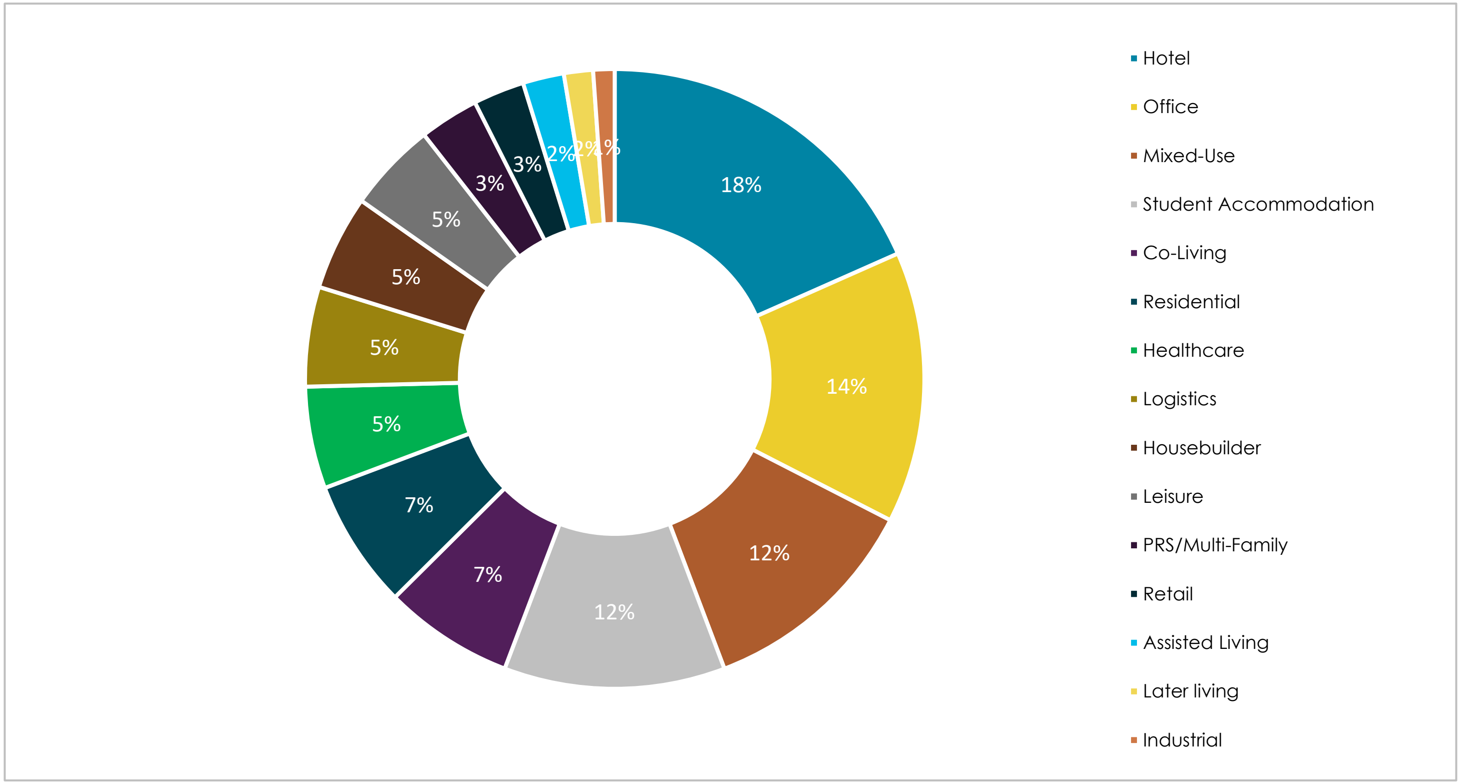
Senior vs Mezzanine Loans*





*These figures include all loans and bond positions. All CMBS bonds are classed as Senior Credit

Limited Exposure to the Most "At Risk" Sectors



- Limited exposure to the most "at risk" sectors.
  - One mixed use mezzanine position, which is 2% of GAV, has 50% of its income from retail
  - One senior loan, representing 5% of GAV, to logistics at an LTV of 60%

31 December 2022 Snapshot

Current Position

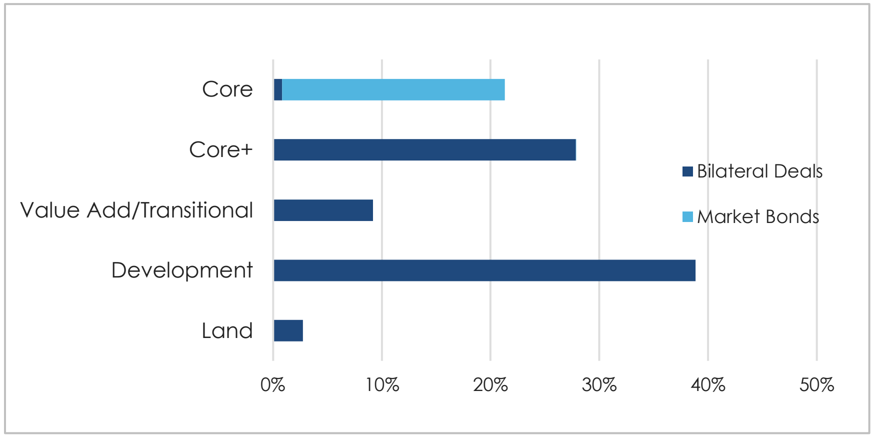
- NAV at end of December 2022 was £1.482
- RECI announced its second interim quarterly dividend for this financial year of 3p in November 2022

	30-Sep-2022	30-Oct-22	30-Nov-2022	31-Dec-2022
Bilateral Loans & Bonds	£347.4m	£366.7m	£380.5m	£330.5m
Public Market Bonds	£89.3m	£87.9m	£88.0m	£89.7m
Cash	£27.4m	£22.0m	£14.6m	£24.0m
Financing (Combined Recourse and Non-Recourse)	-£129.2m	-£144.7m	-£153.2m	-£119.2m
Other Assets & Liabilities	£5.1m	£9.7m	£14.6m	£15.7m
Net Assets	**£340.0m**	**£341.6m**	**£344.5m**	**£339.8m**
Shares Outstanding	**229,332,478**	**229,332,478**	**229,332,478**	**229,332,478**
NAV per share	**£1.483**	**£1.490**	**£1.502**	**£1.482**
Debt to Equity Ratio	38.0%	42.3%	44.5%	35.1%
Net Leverage	26.9%	32.8%	33.9%	24.7%

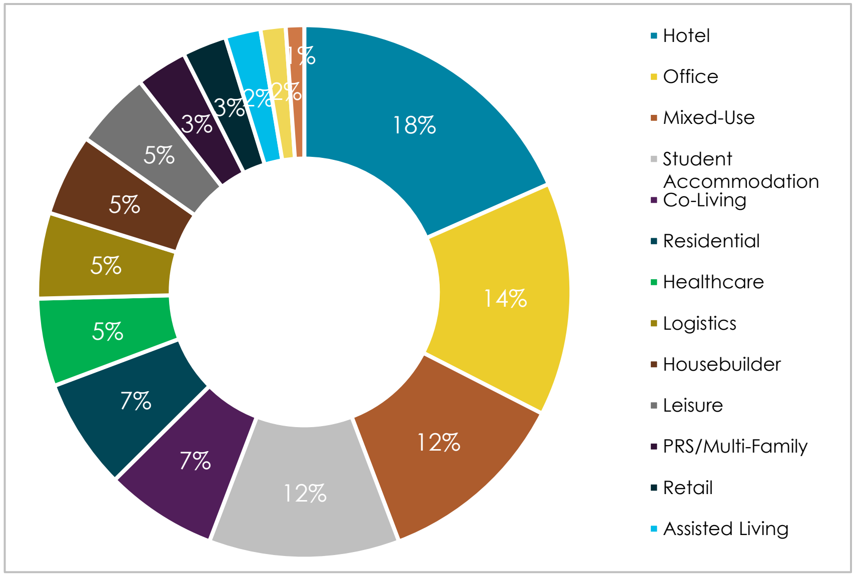
Portfolio Composition

- RECI's investment portfolio was valued at £433.6m as at 31 December 2022
- The bilateral **investment** portfolio of £343.87m comprises 34 loans, with an average **LTV of 59.2%,** an average unlevered yield of **9.5%** and a weighted average life of 2.1 years
- The public market bond portfolio, currently valued at £89.9m, has the potential for strong defensive returns
- RECI's bond portfolio (including market and self-originated bonds) has approximately 63% of fixed rate bonds and 37% floating rate bonds as at 31 December 2022

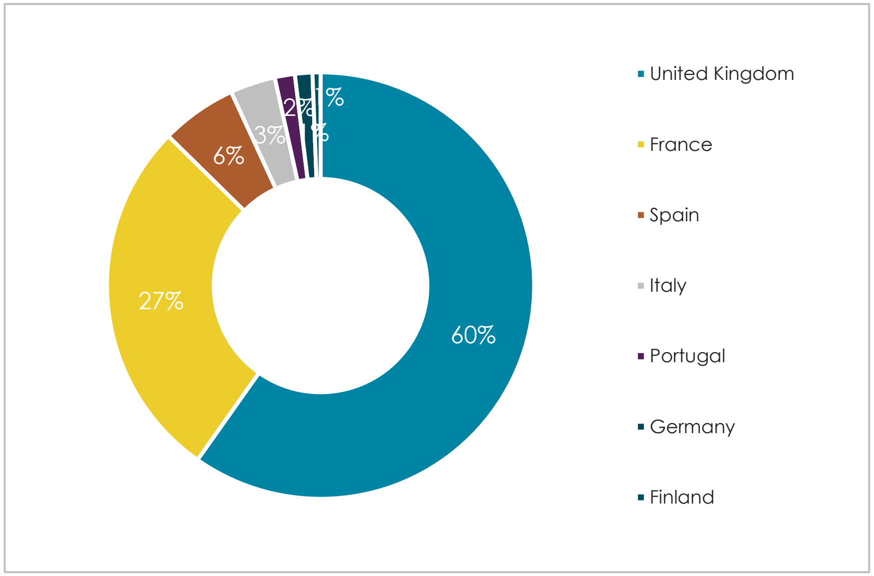
Portfolio by Investment Type[1] (Funded Fair Value)



By Sector (% of FV drawn)



By Geography (% of FV drawn)



1. For Loan Type definitions please refer to slide 24

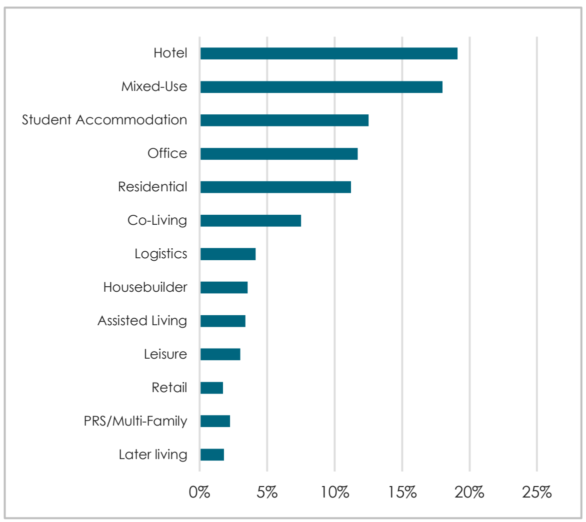
Portfolio Composition – Bilateral Deals[1]

34	£343.8m	59.2%	9.6%	2.1 yrs
Loans	FV of Portfolio	WA LTV	WA Unlevered Yield[2]	WA Life

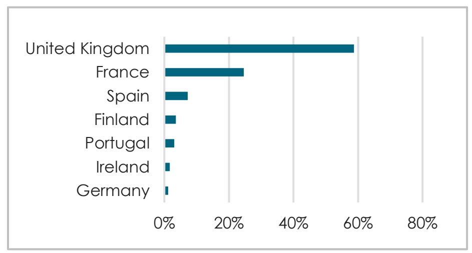
- £343.8m portfolio comprising 34 loans, predominantly senior and mezzanine loans in the UK, France and Spain
- Undrawn loan commitments of £200.1m as at 31 December 2022

Loan Breakdowns by Commitment

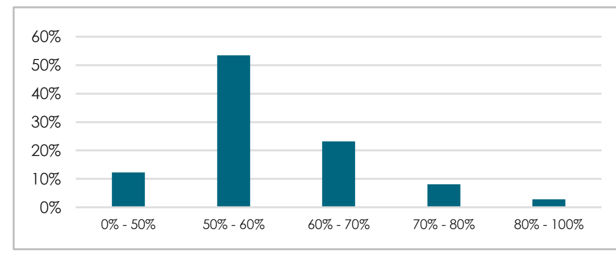
Asset Class Breakdown



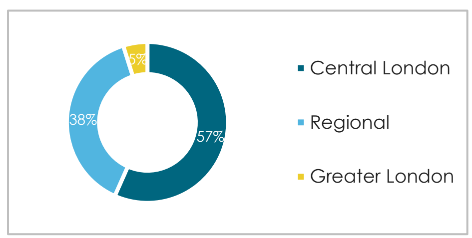
Geographical Breakdown



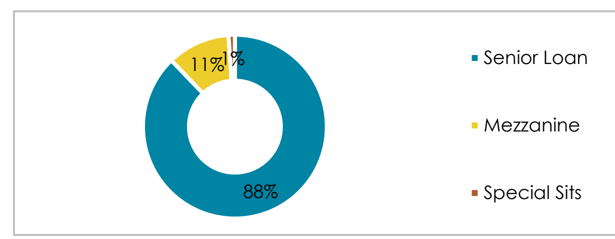
LTV[3]



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)

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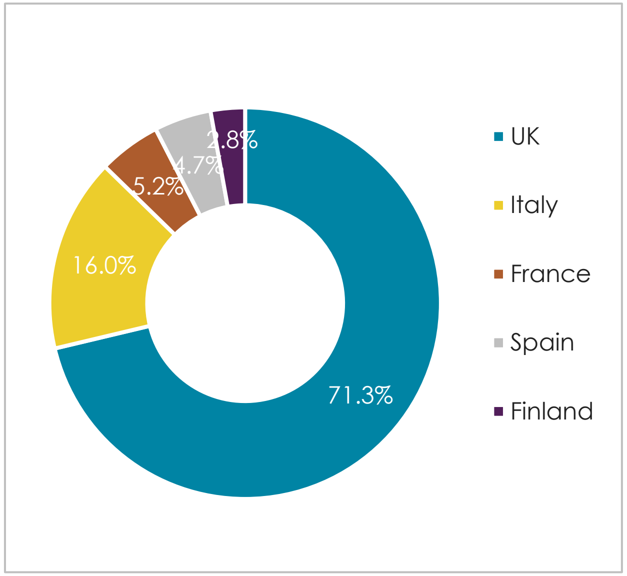
Portfolio Composition – Public Market Bond Portfolio

26	£89.9m	51.0%	9.4%	2.0yrs
Bonds	Fair Value	WA LTV	WA Unlevered Yield	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).
- The current market bond book has been impacted by the significant sell-off in wider UK fixed income markets. The current WA MTM of the market bond book is 90.66% of par. The MTM movements have been particularly acute in the last quarter.
- See page 15 for further analysis which contains both RECI's market bonds and self-originated bonds

By Geography



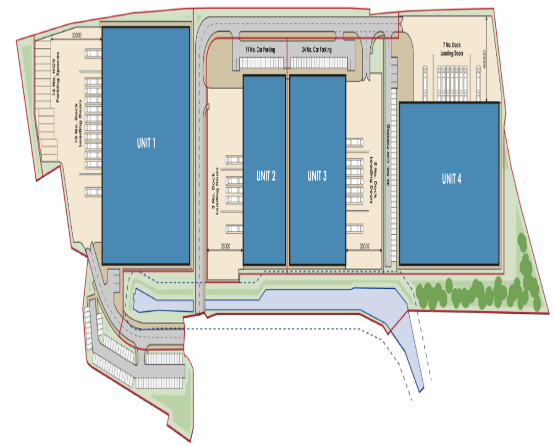
Position Analysis – Top 10 by Commitment as at 31 December 2022

	Description	Commitment	FV of Funded Amount	Entry LTV	Carrying Price	Investment Strategy	Loan Type	Manager Comment
1	UK mixed use portfolio, predominantly office/residential	£83.0m	£27.0m	58%	100.00	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.
2	London Student Accommodation	£45.2m	£14.8m	55%	100.00	Senior Loan	Development	Development in progress. Expected completion in Q3 2025
3	London Residential Led Mixed Use Scheme	£32.7m	£7.0m	66%	100.00	Senior Loan	Development	Residential, affordable housing and mixed use over five blocks within Greater London.
4	Office development in Saint Ouen, Paris	£30.8m	£24.8m	58%	100.00	Senior Loan	Development	Refurbishment and extension of a freehold office building
5	UK Health Care Centre	£22.9m	£22.9m	73%	84.88	Market Bond	Core	Stable, income producing UK health care assets
6	London Office	£22.8m	£22.6m	59%	98.10	Senior Loan	Core	Fully let 98,246 sq ft new grade A office block located in Hoxton
7	Spanish Villas	£22.5m	£8.2m	49%	100.00	Senior Loan	Development	Build-for-sale Luxury Villa Development
8	France Housebuilder Portfolio	£20.6m	£20.6m	36%	100.00	Senior Loan	Development	Income producing residential developer
9	Finland Hotel	£20.4m	£0.0m	64%	100.00	Senior Loan	Development	Development in progress. Expected completion in June 2024
10	French Hotels in Nice and Paris	£19.9m	£12.4m	80%	98.92	Senior Loan	Development	Development in progress. Expected completion in Q3 2024

Recent Deals

Deal Description	Student Accommodation
Instrument	Senior Loan
Total RECI Commitment	£45.2m
Location	London, United Kingdom
Collateral	662 PBSA units
Project Type	Development
Entry LTV	55%

Deal Description	Residential
Instrument	Senior Loan
Total RECI Commitment	£13.1m
Location	London, United Kingdom
Collateral	458 residential units
Project Type	Development
Entry LTV	64%



Deal Description	London last mile logistics
Instrument	Senior Loan
Total RECI Commitment	£11.8m
Location	London, United Kingdom
Collateral	Land
Project Type	Development
Entry LTV	60%

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

Recent Deals

Deal Description	Residential
Instrument	Senior Loan
Total RECI Commitment	£32.7m
Location	London, United Kingdom
Collateral	493 residential units
Project Type	Development
Entry LTV	67%

Deal Description	Hotel
Instrument	Senior Loan
Total RECI Commitment	£17.8m
Location	Multi City, United Kingdom
Collateral	6 Spa Resorts
Project Type	Core+
Entry LTV	67%

Deal Description	Later Living
Instrument	Senior Loan
Total RECI Commitment	£10.6m
Location	London, United Kingdom
Collateral	183 later living units
Project Type	Development
Entry LTV	56%

Portfolio Analysis

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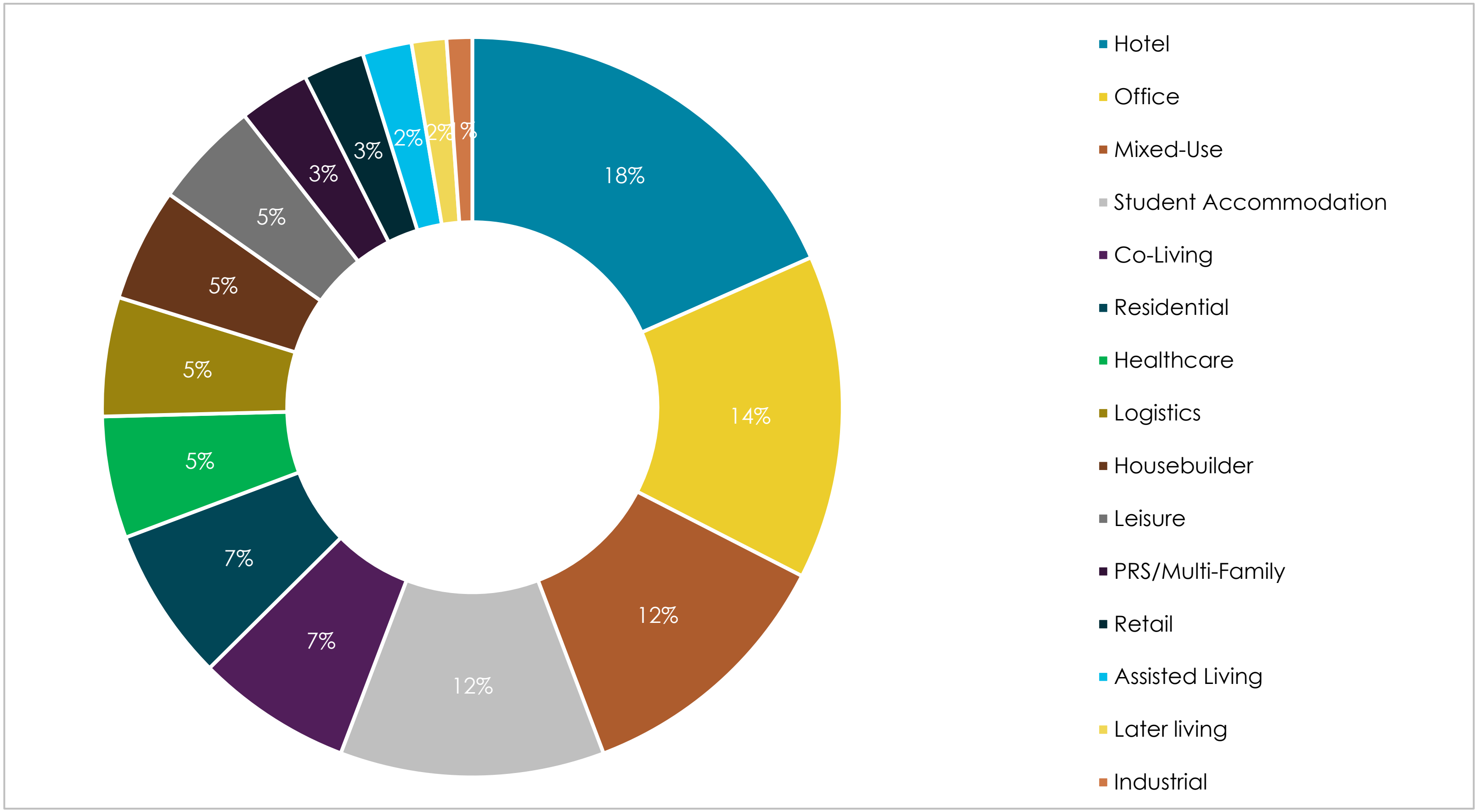
Sectoral Analysis Overview

RECI investment portfolio remains diverse and granular



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

Sectoral Analysis

Hospitality (Hotels) (18% of GAV)

This asset class has faced a long period of severely curtailed occupancy levels. The likely end to local lockdowns has led to green shoots of recovery in the sector led mostly by the resumption in leisure demand. This leisure demand has been principally driven by staycation travel, but there are early signs that international tourism has also seen a good pick up RECI's exposure to these sectors represents 16% 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 full recovery of principal and interest and also for the maintenance of cash pay interest throughout

Main positions

1. Mezzanine loan (43% - 65% LTV) to a private equity borrower 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 demand remaining strong, with occupancy for Q3 / 4 around 90% at ADR's exceeding pre-COVID levels.**

2. A senior investment loan (0% - 60% LTV) to a private borrower backed by a portfolio of branded core income hotel and spa resort assets. Group revenue is ahead of budget but high utility and staffing costs has impacted EBITDA growth.

3. A mezzanine loan (35%-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. **Occupancy rates and ADR's are now above pre-COVID levels**

Sectoral Analysis

Offices (14% of GAV)

Since COVID prime grade A new refurbishment and new offices, enjoy a favourable demand and lack of supply while grade B offices are facing a negative headwind.

Main Positions

1. Since closing in Q4 2020, the Sponsors managed to get the agreement from the local authorities for ca 4,600 sqm of additional office space, the Building Permit was submitted in December 2020 and approval of the local council was received in June 2021. Building Permit is now free of any third party recourses. Contract with the General Contractor was signed in October 2021 for total amount of €42m. **Construction is going according to plan with a PC date of July 2023**.

2. A senior investment loan (59% LTVPV) secured against an 100,000 sqft office located in London with a **BREEAM excellent rating**. The sponsor has significant UK experience and a strong and successful relationship with Cheyne.

Sectoral Analysis

Mixed-Use (12% 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 Position

1. A senior loan (0 – 50% LTV) to a well-established UK operator with a well-diversified mixed use portfolio of assets across the UK. The facility comprises an investment tranche and a development tranche to facilitate the development of industrial assets. The portfolio includes both income producing assets and developments and across the residential, office and industrial sectors as well as land sites awaiting planning. Completed industrial assets are letting well.

2. A senior loan (67% LTGDV) to a well-established French asset manager, collateralized by a 1,955 sqm mixed-use prime Haussmannian triple-fronted building located in a prime location in central Paris. Works are being carried out throughout the building. The retail and office floors are already pre-let with a forward lease agreement already signed. The residential floors will be managed by an operator for short-term stays with which an LOI has been signed. **We expect a refinancing at the end of 2023.**

*GAV relates to investment portfolio and excludes cash

Sectoral Analysis

Student Accommodation (12% of GAV)

The European student accommodation sector showed resilience during COVID, characterised by higher levels of local students partially offsetting the lower levels of overseas students seen as a result of c. 24 months of travel disruption. Despite the new economic uncertainties largely resulting from the War in Ukraine, the student accommodation market has nearly returned to pre-COVID levels due to the loosening of travel restrictions which had prevented foreign students from studying abroad. In particular, the Spanish PBSA sector is poised for continued growth in 2023 and beyond. The Spanish PBSA sector is highlighted by a growing mobile student population, healthy investor appetite for modern PBSA assets in the region and a significant structural undersupply of PBSA beds.

Main positions

1. A senior development loan (66% LTC / 55% 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, including dated stock).

2. 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 being developed is located in Pamplona which also suffers from an undersupply of PBSA (student to PBSA bed ratio of 5:1 as per Seville, including dated stock).

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 Example

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 now engaged an external Real Estate ESG specialist consultant to assist with developing and provide assurance on 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. We are currently in the implementation phase of the project, which will include training for the Real Estate team and wider Cheyne employees

Leverage Review

Financial Leverage

RECI's current financial leverage position is 32.2% of NAV (against a maximum permitted financial leverage of 40%). RECI's financial leverage (also referred to as recourse leverage) comprises: (a) the flexible term repurchase agreements (REPO) on its liquid bonds (the WA cost of this financing was just 4.3% as at 30 September 2022); and (b) any limited guarantees that may be provided to structured financing counterparties. As of 31 December 2022, RECI's financial leverage only includes REPO financing.

Structured Asset Level Funding (Term-Matched, Non-Recourse and Limited-Recourse Financing)

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 (or limited recourse via partial guarantees) to the Company and retains the risk profile and governance benefits of a senior loan for the Company. This is referred to as loan-on-loan lending.

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]	Contingent Liabilities[2]	Cash	Net Effective leverage	Asset Level Structured Funding
£ Amount	£108.0m	0	£24.0m	£84.0m	£8.4m
% of NAV	32.2%	0%	7.2%	25.0%	2.5%
WA cost of finance	4.3%		-	-	6.7%
# positions	26				2

1. RECI has a limit on balance sheet leverage (i.e. Financial Leverage) of 40% of NAV, as set out in its borrowing policy
2. Contingent liabilities include any partial limited recourse guarantees provided to asset level structured finance counterparties. At present there are no limited recourse guarantees or other contingent liabilities outstanding. In November 2022, RECI is expected to add £2.9m to its contingent liabilities.

Earnings and Dividends Reconciliation

- **Gross to Net reconciliation** for the period ended 31 December 2022

	Absolute £m	Per Share	% Perf Annualised
Interest Income: Market Bonds	1.3	0.01	1.5%
Interest Income: Self-Originated Bonds	3.3	0.01	3.9%
Interest Income: Self-Originated Loans	4.2	0.02	4.9%
Finance costs	-0.7	-0.00	-0.8%
Other income	0.0	0.00	0.0%
Interest income	**8.1**	**0.04**	**9.5%**
Expenses (inc mngt and perf fees)	-1.6	-0.01	-1.9%
Fair Value Adjustments (inc realised and unrealised profit and loss on investments)	0.1	0.00	0.1%
Net loss/profit	**6.6**	**0.03**	**7.8%**

Net Profit of £6.6m, being 0.96x covered against annual dividends paid of £6.9m in this 3 month period.

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 2022

Continuing to Deliver an Attractive and Stable Dividend

133.5p Share Price	148.2p NAV	9.9% Discount	9.0% Dividend Yield[1]	£306.2m Market Cap

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 November 2022
- An annual dividend of 12 pence represents a dividend yield of 9.0% on share price as at 31 December 2022
- The Company has an overarching aim of paying out its total returns in dividends to investors and to provide dividend sustainability. The current environment of **low risk senior loans yielding 12%+** (and of a floating rate nature), helps RECI achieve that aim as the current loans are recycled

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

[1] on share price

RECI: Summary

- RECI has demonstrated **its portfolio and structural resiliency** during the BREXIT and COVID19 led crises. It is equally well positioned going into this present period of uncertainty.
- RECI is well positioned to deliver on its overarching objective to provide ordinary shareholders with attractive and stable returns, primarily in the form of quarterly dividends
- RECI has the opportunity to participate with Cheyne's Capital Real Estate's large lending business, in continuing to capitalise on the attractive emerging opportunities

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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