

Fact Sheet

OVERVIEW

Real Estate Credit Investments (RECI) is a closed-ended investment company which originates and invests in real estate debt secured by commercial or residential properties in the United Kingdom and Western Europe.

The Investment Objective of the Company is to provide Shareholders with attractive and stable returns, primarily in the form of quarterly dividends, by exposure to a diversified portfolio of real estate credit investments, predominantly comprising real estate loans and bonds.

MONTHLY UPDATE

As at 31 December 2023, the Company was invested in a diversified portfolio of 34 investments with a valuation of £322.0m.

The second interim dividend of 3p per share went ex-dividend (reducing the NAV) on 7 December 2023.

The French real estate market experienced a difficult year in 2023, with investments volume at its lowest since the Global Financial Crisis of 2007/8. In addition, with changes in working patterns since COVID, office demand has been scarce and leasing much slower than expected. Following a careful analysis of market conditions, RECI has conservatively taken an unrealised mark down on one of its positions, reporting (but not realising) a decrease of 1.6p on NAV on its senior loan to a development of a prime Grade A Paris office. The development was concluded on time and on budget, and Cheyne will continue to work actively with the borrower and a selected asset manager to expedite leasing the asset, in order to secure early repayment of the principal as well as all accrued interest.

Cheyne continues to monitor all of its positions and remains confident in the overall quality of its portfolio; a more detailed analysis of all of the positions will be included in the next quarterly update to be released in the first week of February.

During the month, RECI was fully repaid at par its position in a fully let grade A office block located in Hoxton, London. RECI received £9.4m (net of financing).

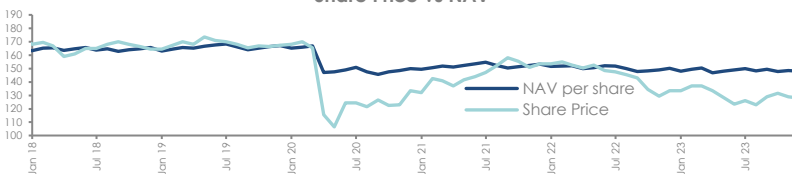
RECI continues to use its cash to invest in its existing commitments in highly accretive wider opportunities in senior mortgage lending.

Cash Balance as at 31 December 2023 was £12.1m.

November NAV	148.1p
Interest income	0.9p
Asset valuations	(1.6)p
FX	0.1p
Expenses	(0.2)p
Dividend	(3.0)p
December NAV	144.2p

PERFORMANCE

Share Price vs NAV

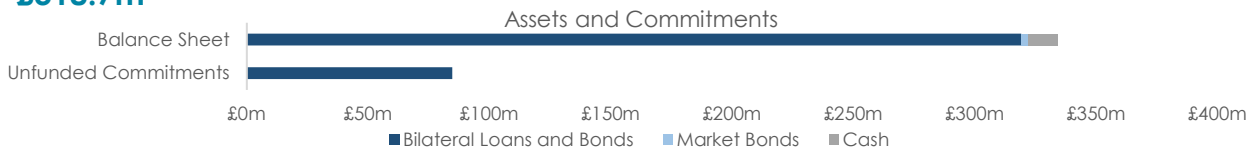


Total Return ³	MTD	YTD	1 yr	3 yr	5 yr
NAV	-0.6%	5.7%	5.7%	22.7%	31.0%

Past performance is not a guide to the future. The potential for profit is accompanied by the possibility of loss.

PORTFOLIO BREAKDOWN

Investment Portfolio⁴ **£318.7m** Number of Positions **34** WA Yield⁵ **10.2%** WA LTV **60.7%**



	No of Positions	Investment Portfolio Value (Gross)	Investment Portfolio Value (Net)	% of GAV	Current Levered Yield
Bilateral Loans & Bonds	28	£366.1m	£319.2m	95.5%	9.9%
Market Bonds	6	£7.6m	£2.8m	0.8%	42.9%
Cash ⁶			£12.1m	3.7%	0.0%
GAV/W.A.	34	£373.7m	£330.8m	100.0%	10.2%

COMPANY INFORMATION

Bloomberg Ticker	RECI LN Equity
ISIN	GB00B0HW5366
Legal Structure	Closed End Fund
Domicile	Guernsey
Traded CCY	GBP
Launch Date	December 2005
Financial Year End	31 March 2024
Next AGM	September 2024
Dividend Frequency	Quarterly
Investment Manager	Cheyne Capital
Portfolio Managers	Ravi Stickney, Richard Lang
Management Fee	1.25% of NAV
Performance Fee	20% above 7% hurdle

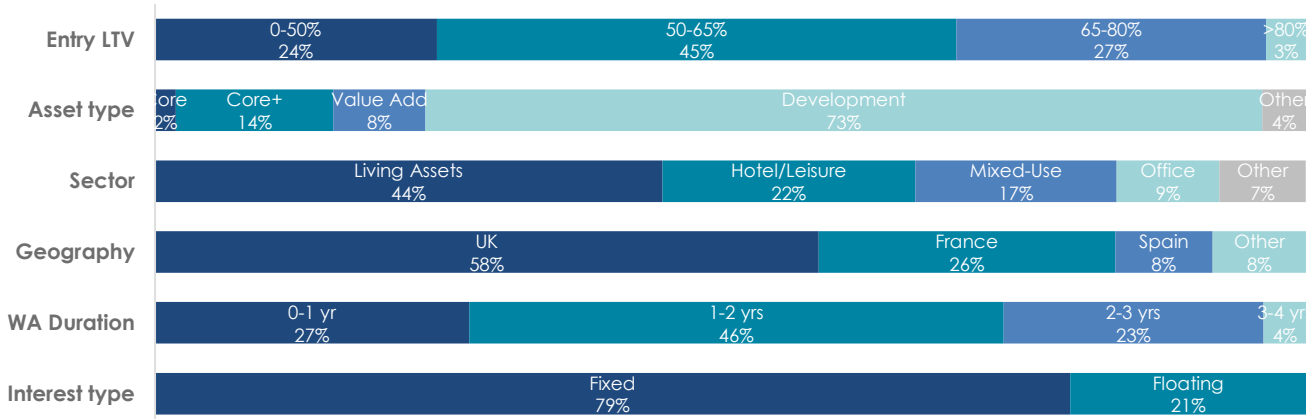
ORDINARY SHARE CLASS

Shares in Issue	229.3m
Share Price	129.5p
Market Capitalisation	£297.0m
NAV ¹	144.2p
Net Assets ¹	£330.6m
Share Price Discount to NAV	(10.2)%
NAV	
Investments	£318.7m
Available Cash	£12.1m
Cash Held as Collateral	£4.9m
NAV	£330.6m

DIVIDEND INFORMATION

Dividends paid/declared ²	12.0p
Dividend Yield on Share Price	9.3%

PORTFOLIO SUMMARY (by commitment)



TOP 10 POSITIONS (by commitment)

	Deal Description	Commitment	% of NAV	Entry LTV	Investment Strategy	Sector	Country	Asset Type ⁷
1	Light industrial, office and mid-market residential asset portfolio in the UK.	£82.3m	12%	48%	Senior Loan	Mixed-Use	United Kingdom	Development
2	Student accommodation development in London.	£45.2m	6%	58%	Senior Loan	Student Accommodation	United Kingdom	Development
3	Residential, affordable housing and mixed-use scheme over five blocks within Greater London.	£32.7m	4%	67%	Senior Loan	Residential	United Kingdom	Development
4	Refurbishment and extension of a freehold office building in Saint Ouen, Paris	£30.9m	9%	58%	Senior Loan	Office	France	Value Add/Transitional
5	Build-for-sale luxury villa development	£22.4m	5%	49%	Senior Loan	Residential	Spain	Development
6	Income producing residential developer in France	£20.6m	6%	36%	Senior Loan	Housebuilder	France	Development
7	Finland hotel development in progress. Expected completion in Q3 2024	£20.4m	4%	65%	Senior Loan	Hotel	Finland	Development
8	French Hotels in Nice and Paris. Development in progress. Expected completion in Q3 2024	£19.9m	5%	80%	Senior Loan	Hotel	France	Development
9	Acquisition of the leasehold interest in 190 luxury assisted living units in Kensington, London	£19.7m	5%	60%	Senior Loan	Assisted Living	United Kingdom	Core+
10	Refinance of 6 stabilised hotel/resorts located across the UK	£19.1m	6%	67%	Senior Loan	Hotel	United Kingdom	Core+

BILATERAL LOAN AND BOND PORTFOLIO SUMMARY (by commitment)

Number of assets	28
Total committed capital ⁸	£501.7m
Total capital deployed ⁸	£392.0m
Leverage deployed ⁹	£28.5m
Drawn fair value (gross)	£366.1m
Drawn fair value (net)	£315.9m
Weighted average unlevered yield ¹⁰	9.6%
Weighted average portfolio yield ¹¹	9.9%
Weighted average LTV ¹²	60.4%
Weighted average life (yrs)	1.5

MARKET BOND PORTFOLIO SUMMARY

Number of assets	6
Gross fair value	£7.6m
Net fair value	£2.8m
Leverage deployed ⁹	£4.8m
Weighted average unlevered yield ¹⁰	19.9%
Weighted average levered yield ¹¹	42.9%
Weighted average LTV ¹²	69.8%
Weighted average life (yrs)	2.6

FINANCING SUMMARY

	Balance Sheet Leverage ¹³	Contingent Liabilities	Cash ⁶	Net Effective Leverage	Asset Level Structured Funding
£ Amount	£28.8m	£4.4m	£12.1m	£21.1m	£26.9m
% of NAV ¹³	8.7%	1.3%	3.7%	6.4%	8.1%
W/A cost of finance	6.9%				8.0%

Footnotes

1. Unaudited estimated figures produced by Cheyne Capital. Final audited values may be materially different from the numbers shown. The NAV of the Company's investments are a function of the following: Mark to market on its listed, public market bond portfolio; and the Manager's valuation of its bilateral loan book on a fair value basis, rather than amortised cost (senior and mezzanine loans), which recognise potential future impairments in accordance with IFRS 9. IFRS 9 uses an expected credit loss impairment model. This means RECI accounts for expected credit losses at initial recognition and changes to expected credit losses at each monthly reporting date to reflect changes in credit risk since initial recognition. Since 1 March 2020, the Manager has reflected its assessment of the long term negative impact of COVID 19 on real estate markets and to the long term potential recovery of its loan assets. These fair value adjustments applied to the bilateral loan book since 1 March 2020 are not realised losses.
2. Based on dividends paid/declared in the twelve month period to this fact sheet date. Dividend yield based on last reported dividend and share price at fact sheet date.
3. Total NAV return assumes dividends are reinvested. YTD = Calendar year, 1yr = last 12 months, 3 yr = last 36 months, 5yr = last 60 months. Total NAV Return calculations are based on a rolling model.
4. Investment Portfolio is based on the drawn Fair Value of bonds and loans, net of all leverage.
5. The weighted average effective yield is based on Cheyne Capital's pricing assumptions and actual returns may differ materially from those expressed or implied herein. This is levered yield weighted against the net dirty fair value of the investments.
6. Sum of available cash and cash held as collateral
7. Asset type definitions:
 - 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
8. Gross of all leverage
9. Balance sheet leverage which includes the 25% partial recourse on the asset level financing.
10. The weighted average effective yield is based on Cheyne Capital's pricing assumptions and actual returns may differ materially from those expressed or implied herein. Bond yields are presented as yield to stated maturity (and considering the current marked price) on the underlying loans in the CMBS.
11. Reflects average levered current yields weighted by the net fair value of each investment. Some loans also enjoy equity upside participation, which is only recognised following evidenced delivery, which can result in significant incremental gains in excess of the accounting yield. The yield is based on Cheyne Capital's pricing assumptions and actual returns may differ materially from those expressed or implied herein. The portfolio includes listed notes, of which some are leveraged.
12. The weighted average LTV has been calculated by Cheyne Capital by reference to the entry value ascribed to the collateral by Cheyne Capital. In determining these values, Cheyne Capital has undertaken its own internal valuation of the underlying collateral. Such valuations have not been subject to independent verification or review.
13. Bond portfolio is only partially leveraged. The Company is not utilising its maximum capacity for leverage. See Financing Summary for further details.
14. RECI has a limit on balance sheet leverage of 40% of NAV, as stated in its borrowing policy.

All figures are as at 31 December 2023 unless specified otherwise.

Further information on the Company including the latest share price, prospectus and financial statements may be found at [www.https://realestatecreditinvestments.com](https://realestatecreditinvestments.com) and is available from Cheyne Capital Management at richard.lang@cheynecapital.com or on +44 (0) 207 968 7328.

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Past performance is not a reliable indicator of future results.

Among the risks we wish to call to the particular attention of recipients are the following:

- (1) RECI's investment programme is speculative in nature and entails substantial risks;
- (2) the investments of RECI may be subject to sudden and large falls in price or value and there could be a large loss upon realisation of a holder's investment, which could equal the total amount invested;
- (3) as there is no recognised market for many of the investments of RECI, it may be difficult or impossible for RECI to obtain complete and/or reliable information about the value of such investments or the extent of the risks to which such investments are exposed;
- (4) the use of a single investment manager could mean a lack of diversification and, consequently, higher risk, and may depend upon the services of key personnel, and if certain or all of them become unavailable, RECI may suffer losses;
- (5) Cheyne Capital will receive performance-based remuneration;
- (6) the market price of shares in RECI does not necessarily reflect its underlying net asset value; and
- (7) the price of shares (and the income from them) can go down as well as up and may be affected by changes in rates of exchange.