

Diversified Financial Services



Source: LSEG, 2026

Market data

EPIC/TKR	RECI
Price (p)	117.0
12m high (p)	132.0
12m low (p)	112.0
Shares (m, exc. Treasury)	221.0
Mkt cap (£m)	258.6
NAV p/sh (Apr'26, p)	138.7
Disc. to NAV (%)	-15.6
Div. yield (FY'25)	10.3%
Country/Ccy	UK/GBP
Market	Premium equity closed-ended inv. funds

Description

Real Estate Credit Investments (RECI) is a closed-ended investment company that originates and invests in real estate debt secured by commercial or "living" properties in the UK and Western Europe.

Company information

Chair	Andreas Tautscher
NEDs	Susie Farnon, Colleen McHugh, Mark Thompson
Inv. Mgr.	Cheyne Capital
Main contact	Ravi Stickney

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realestatecreditinvestments.com

Key shareholders

Close Bros.	10.49%
Hargreaves Lansd. AM	7.85%
Premier Miton (Jun'24)	5.97%
Aberdeen	5.51%
Waverton	5.38%
Canaccord Genuity	5.10%
Tilney Smith Williamson	5.00%

Diary

Mid-Jun	May factsheet
Jun	FY res to Mar'26

Analysts

Mark Thomas	mt@hardmanandco.com
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REAL ESTATE CREDIT INVESTMENTS

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RECI hosted two short webinars (see links [here](#)). In the first, RECI's Chairman and manager outlined the fund's strategy and operational management to deliver superior returns. In the second, they answered investor questions, including why the fund secured overwhelming shareholder support in the recent continuation vote. They discussed how structural shifts are shaping pricing and how risks are managed. The discussion also explored its competitive advantages in recoveries, the rationale behind selective share buybacks (three executed in [March](#)), and how RECI's lending model meets current opportunities/risks. Yield is currently 10.3%.

- ▶ **Latest factsheet:** RECI had a diversified portfolio of 26 investments (valuation £282.1m), cash equivalents of £13.6m and net effective leverage was 32%. The weighted average levered yield was 11.2% and loan-to-value 66.9%. The portfolio was 54% in UK and 24% in France, and 80% had a duration <2years.
- ▶ **March write-downs:** The end-March factsheet (RECI has March year-end) noted three write-downs: i) French defaulted loan (-0.7p NAV p/sh.); ii) equity upside on UK flexible accommodation assets due to extended hold periods (-0.7p); and iii) UK equity-side write-down on student accommodation (-0.1p).
- ▶ **Valuation:** In the five-year, pre-pandemic era, on average, RECI traded at a premium to NAV. It is now trading at a substantial discount, which appears anomalous. RECI is paying an annualised 12p dividend, generating a yield of 10.3%, which we expect to be covered by recurring net interest income.
- ▶ **Risks:** Any lender is exposed to credit risks. We believe RECI has appropriate policies to reduce the probability of default. Its average LTV is 66.9%, and most loans (inc. all of the top 10) are senior-secured, providing a downside cushion. Some assets are illiquid. In the short term, investor sentiment could be an issue.
- ▶ **Investment summary:** RECI generates an above-average dividend yield from well-managed credit assets. RECI's strong liquidity, credit assessment, close relationships with borrowers and restructuring expertise should allow it time to manage problem accounts in more challenging conditions. Borrowers have injected further equity into deals. Three buybacks were seen in [March 2026](#).

Financial summary and valuation

Year-end Mar (£m)	2023	2024	2025E	2026E	2027E
Interest income	31.9	30.3	29.5	38.9	40.6
Operating income	30.7	31.4	34.2	29.2	43.6
Management fee	(4.3)	(4.2)	(4.1)	(4.0)	(3.8)
Performance fee	-	-	-	-	-
Operating expenses	(6.1)	(6.0)	(6.6)	(6.7)	(6.7)
Total comprehensive inc.	20.6	21.9	22.8	14.0	28.4
EPS (p)	9.0	9.6	10.2	6.3	12.1
NAV per share (p)	146.9	144.9	143.6	138.4	138.5
S/P prem./disc. (-) to NAV*	-9.1%	-20.8%	-14.9%	-15.4%	-15.5%
Debt to equity	24%	7%	22%	33%	35%
Dividend (p)	12.0	12.0	12.0	12.0	12.0
Dividend yield	10.3%	10.3%	10.3%	10.3%	10.3%

*2023-25 actual NAV and s/p, 2026-27E NAV to current s/p. Source: Hardman & Co Research