Diversified Financial Services



Source: LSEG, 2026

Market data

EPIC/TKR	**RECI**
Price (p)	**112.5**
12m high (p)	128.0
12m low (p)	111.8
Shares (m, exc. Treasury)	221.0
Mkt cap (£m)	248.7
NAV p/sh (Sep'26, p)	135.1
Disc. to NAV (%)	-17
Div. yield (FY'26)	10.7%
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
	+44 (0)20 7968 7453
	realestatecreditinvestments.com

Key shareholders (31 Mar 26)

Oaktree CM	9.45%
Hargreaves Lansd. AM	9.10%
Aberdeen	6.77%
Premier Miton (Jun'24)	6.06%
Waverton	5.50%

Diary

Mid-Nov	Oct factsheet

Analysts

Mark Thomas	mt@hardmanandco.com
Mike Foster	mf@hardmanandco.com

REAL ESTATE CREDIT INVESTMENTS

THE MATERIALS CONTAINED HEREIN MAY NOT BE DISTRIBUTED, FORWARDED, TRANSMITTED OR OTHERWISE MADE AVAILABLE, AND THEIR CONTENTS MAY NOT BE DISCLOSED, TO ANY US PERSON OR IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, SOUTH AFRICA OR IN, INTO OR FROM ANY OTHER JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

RECI's dividend of 3p per quarter has been stable for many years (yield 10.7%), despite all the macro uncertainties and political noise. While uncovered in FY'26, there are clear paths for earnings to cover the dividend in due course. In the meantime, the board appears committed to maintaining the payout at the current level. Credit remains good, with the latest disclosure showing 92% of the portfolio performing and clear strategies to managing the defaulting assets. Leverage has increased, but it is conservative. The portfolio continues to be dynamically managed, with repayments being deployed in higher-margin opportunities.

- **Latest factsheet**: RECI has a diversified portfolio of 24 investments with a valuation of £283.6m. The Company's available cash was £11.2m, net effective leverage 30.3%. RECI committed £5.0m to a senior development loan for a flex-living scheme in Spain, which is due to fund in November 2026.
- **Dividend cover:** The latest quarterly 3p dividend was declared on *16 September*. We see clear paths to re-establishing dividend cover, with normalised fair value (losses)/gains. New investments are at higher margins and the book's short duration means higher income can be generated quickly.
- **Valuation:** In the five years, pre-pandemic, 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 10.7%, a similar level to the recurring net interest income RECI generates.
- **Risks:** Any lender is exposed to credit risks. We believe RECI has appropriate policies to reduce the probability of default. Its average LTV is 69.3%, 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.

Financial summary and valuation

Year-end Mar (£m)	2024	2025	2026	2027E	2028E
Interest income	30.3	29.5	33.3	36.0	35.8
Operating income	31.4	34.2	25.4	37.0	38.3
Management fee	(4.2)	(4.1)	(4.0)	(3.8)	(3.8)
Performance fee	-	-	-	-	-
Operating expenses	(6.0)	(6.6)	(4.0)	(5.8)	(5.8)
Total comprehensive inc.	21.9	22.8	15.2	24.9	26.0
EPS (p)	9.6	10.2	6.9	11.3	11.8
NAV per share (p)	144.9	143.6	138.4	137.7	137.0
S/P prem./disc. (-) to NAV*	-20.8%	-14.9%	-16.5%	-18.3%	-17.9%
Debt to equity	7%	22%	39%	40%	36%
Dividend (p)	12.0	12.0	12.0	12.0	12.0
Dividend yield	10.7%	10.7%	10.7%	10.7%	10.7%

**2024-26 actual NAV and s/p, 2027-28E NAV to current s/p. Source: Hardman & Co Research*