



REAL ESTATE CREDIT INVESTMENTS LIMITED

**Financial Year End 2025
Q4 Investor Presentation**

July 2025

www.realestatecreditinvestments.com
Ticker: RECI LN



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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. \$7bn 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 that are not self-originated.

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 March 2025, a detailed review of the positions held by the Company, and details of the Company's strategy with regards to dividends, leverage, and opportunities in the UK and European real estate credit markets.



RECI
REAL ESTATE CREDIT
INVESTMENTS

Cheyne
CAPITAL

Cheyne Real Estate Overview

- RECI is managed by Cheyne Capital Management (UK) LLP, a UK investment manager, which is authorised and regulated by the FCA.
- Cheyne Capital's real estate business was formed in 2008 and currently manages c. \$7bn via private funds and managed accounts.

2008
FOUNDED

\$7_{BN}
ASSETS UNDER MANAGEMENT

37
STAFF AND PARTNERS

4
OFFICES ACROSS UK & EUROPE

The team is based across Europe with offices in London, Berlin, Paris and Madrid.

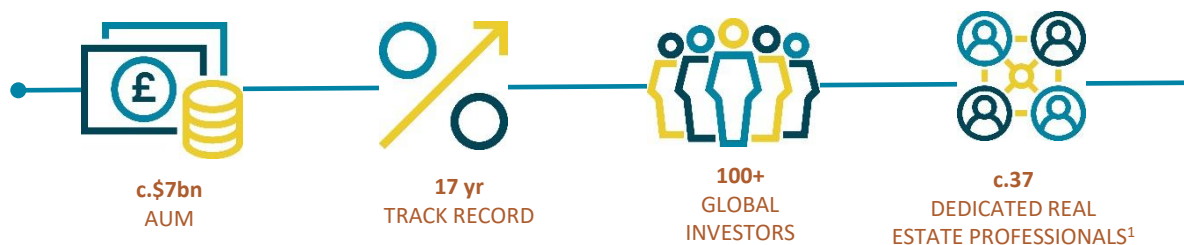
The team benefits from substantial synergies of knowledge, experience across investment origination, analysis and modelling, structuring, financing, asset management and workouts.





Cheyne Real Estate Overview

From its origins as a market leader and innovator in real estate lending, Cheyne's real estate team is now in its 17th year of operation and is one of the largest non-bank stand-alone real estate credit providers in Europe.



- Key overarching aims have remained the same since inception:



- The team has consistently delivered a strong track record of stable, attractive returns, across multiple market cycles and economic shocks. We remain highly focused on continuing to deliver an attractive risk/return profile to our investors, across all market conditions.
- Cheyne's expertise spans origination, structuring, execution, realisations and workouts in real estate credit, having committed GBP 13 billion of capital across 191 private credit deals since the inception of the CRECH programme in 2011.²

¹ Supported by additional captive asset management and loan servicing professionals

² As at 31 March 2025



Company Summary

RECI delivers consistent performance to investors...

- 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 8% of NAV
- Ongoing quarterly dividends delivered since August 2011

...with a focussed approach to risk and portfolio construction...

- Highly granular book comprised of 21 positions in real estate loans and bonds, across diverse sectors and geographies, with a weighted average current LTV of 66.0% providing significant defensive equity headroom and an average yield of 11.4% offering an attractive buffer to risk free rates
- Net leverage 22.3% (with £22.2m cash) as at 31 March 2025 versus a leverage limit of 40% consisting of non-recourse and limited-recourse, term, structured finance to provide returns optimisation and financial flexibility on senior loans
- High yielding portfolio with short weighted average life (1 year) mitigates exposure to yield widening while allowing rapid deployment at higher rates

...via Cheyne Real Estate's proven expertise as investment manager

- Access to established real estate investment team of 37 professionals with a 17-year track record and c. \$7bn AUM
- RECI can accordingly participate with Cheyne Capital Real Estate's large lending business and continue to capitalise on attractive emerging opportunities
- Cheyne's immediate pipeline of deals stands at £1.5bn with a WA entry LTV of 59% and unlevered IRR of c.15%



Key Year End Updates

Portfolio Performance

- Total NAV Return for the year: +7.7%
- Dividends maintained at 3p per quarter, annualised 9.8% yield, based on share price as at 31 March 2025
- Dividends predominantly covered by net interest income generated from RECI's assets. The aim is for dividend cover to totally come from net interest income

Investments and Cash

- This year has seen the repayment of seven deals, with gross proceeds of £113.6 million
- During the year RECI invested c.£18.5m (net) into the refinancing of a portfolio of four 4-star upscale hotels in central London. The senior floating rate loan features a conservative loan-to-value and an attractive risk-return profile, projecting a levered yield of 15%+. The Sponsor is a well-capitalised and publicly listed global hotel operator, with a significant equity position in the transaction.
- In March, the Company invested £1.5m (net) into a new deal projecting a 11.5% levered yield, for the redevelopment of a 4-star hotel located in Courchevel, France
- Cash reserves remain targeted at between 5% to 10% of NAV
- As at 31 March 2025, cash was £22.2m / 7.0% of NAV

Opportunities

- The present macroeconomic backdrop is set to continue through 2025, 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 evident
- The Company expects to deploy its currently available cash resources to its near-term commitments and towards a compelling emerging opportunity set in senior loans
- On 31 March 2025, RECI announced that it is to undertake a £10m buyback programme which will run to 30 September 2025



Investment Opportunity in Senior Loans

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

- A focus on **senior**, 1st lien loans:
 - Senior deals now account for 88% of the total portfolio by commitment value
 - Top 10 positions are 100% senior loans
 - New origination is 100% senior loans
- Weighted Average Current LTV on total portfolio by commitment value of **66.0%** as at 31 March 2025
- Predominantly large, well-capitalised, and experienced institutional borrowers
- RECI retains absolute governance, covenants and control, afforded by senior ranking and bilateral singular lending relationships
- Portfolio has withstood COVID-19 and other macro events, and is well placed to withstand the current revaluations in real estate



Positioned for the Current Macroeconomic Backdrop

- US Election and uncertainty:
 - Tariffs, growth, taxes, policy, inflation (or disinflation).
- Impact on European real estate:
 - US rising inflation expectations, Eurozone the reverse
 - Rate cut expectations in the Eurozone
- EU and UK policy stability:
 - Focus on productivity and growth
 - Reduction in unnecessary regulatory burden
- Reset of UK and European relations
- Germany's fiscal stimulus package focused on boosting investment, infrastructure and energy transition
- Short term: uncertainty of US administration will be negative for real asset investment sentiment and demand
- Long term: UK and Eurozone real assets will benefit from improved policies and relations, as well as inward investment shifts away from the US.



Year End 31 March 2025 Snapshot



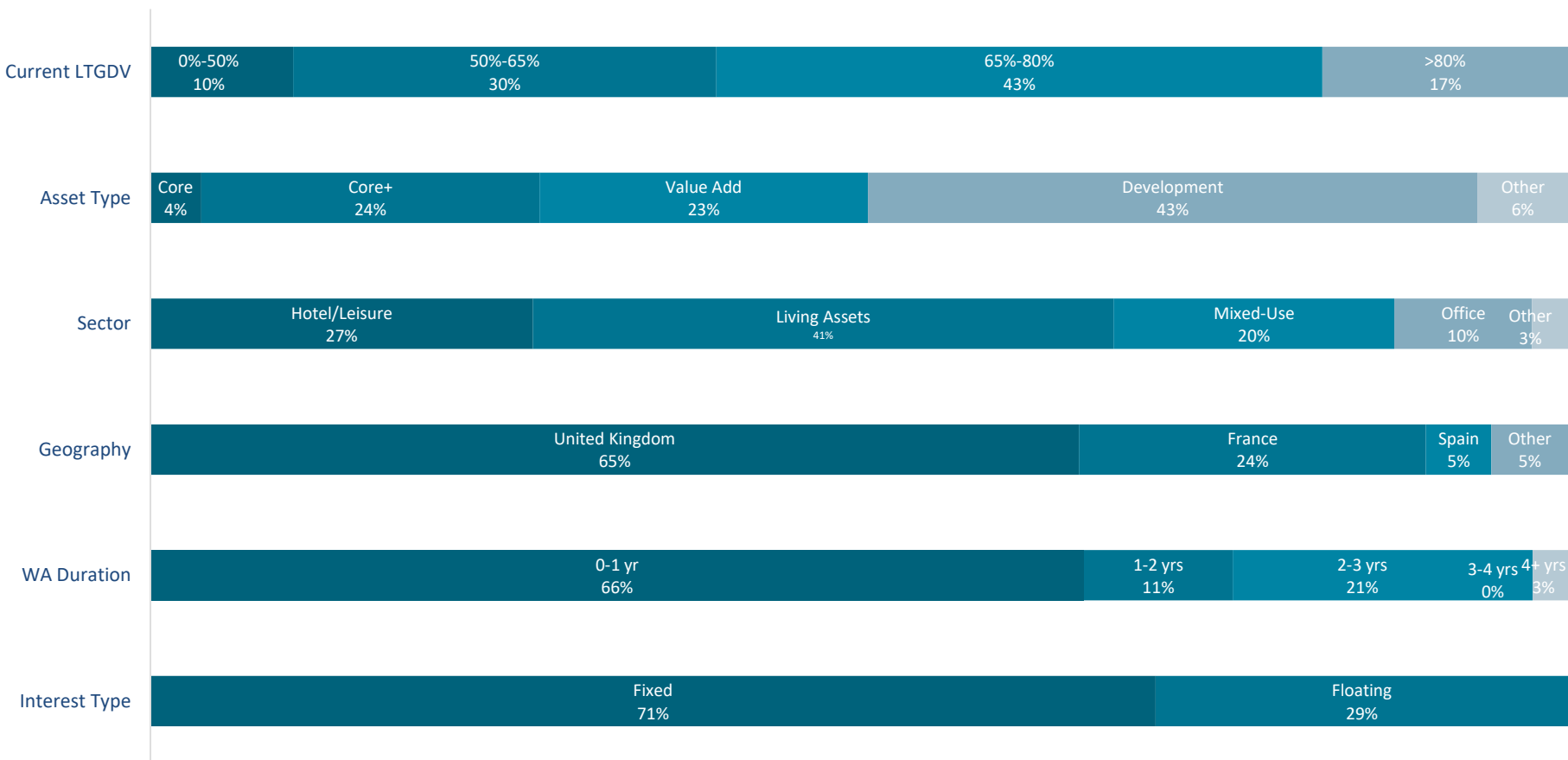
Financial Highlights

Balance Sheet	31 March 2025	31 March 2024
Fair Value of Self Originated and Market Bonds	£369.4m	£329.3m
Cash and Equivalents	£22.2m	£22.8m
Financing	-£70.8m	-£23.7m
Other Assets and Liabilities	-£2.4m	-£2.0m
Net Assets	£318.4m	£326.4m



Portfolio Composition

PORTFOLIO SUMMMARY (by commitment)



1. For Loan Type definitions please refer to slide 30
 2. Sum of available cash and cash held as collateral less accrued dividends and expenses.



Portfolio Composition – Bilateral Deals¹

Number of loans
17

Fair Value
£344.9

WA LTV
67.3%

WA Unlevered
Yield²
10.4%

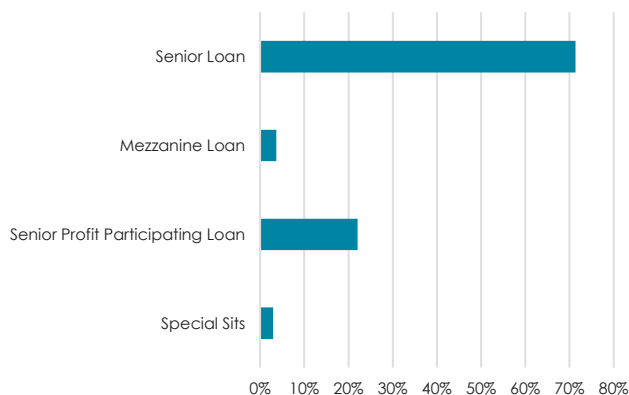
WA Life
1 yrs

- £344.9 portfolio comprising 17 loans, predominantly senior loans in the UK, France and Spain
- Top 10 positions by commitment are Senior Loans and Senior Profit Participating Loans
- RECI's assets are marked at fair value at each month end, please refer to the appendix (slide 30) for further details on the valuation approach

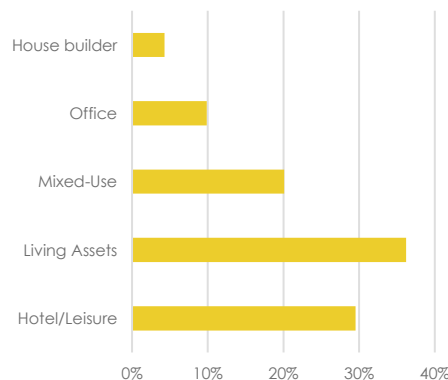
Loan Breakdowns by Commitment

Total Living Assets = 41% of the portfolio

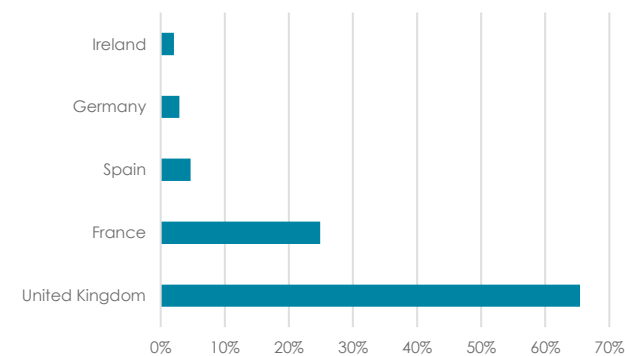
Loan Type Breakdown



Asset Class Breakdown



Geographical Breakdown



¹Certain self-originated bilateral loans are technically structured as bonds to enhance marketability

²Yield 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.



Portfolio Composition – Public Market Bond Portfolio

Number of
Bonds

4

Fair Value

£6.8m

WA LTV

70.3%

WA Unlevered
Yield

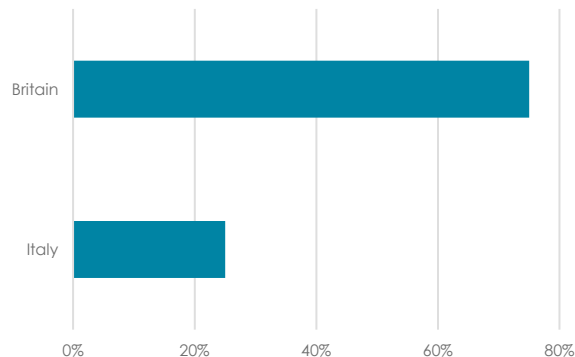
12.8%

WA Life

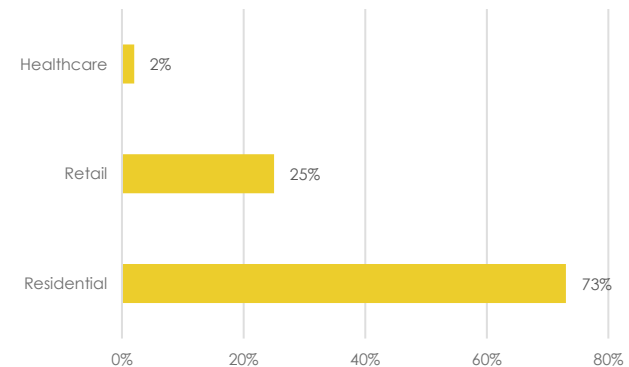
2yrs

- The Investment Manager accelerated its rotation of the portfolio from market CMBS to senior loans, leaving a bond portfolio of 4 positions and a notional value of £6.8m representing just 1% of the portfolio NAV as at 31 March 2025. All are floating rate.
- Bond investments are typically senior secured (1st lien) credits at conservative LTV collateralised by core and core+ assets and owned by large institutional sponsors
- 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 market bond book has been impacted by the significant sell-off in wider fixed income markets.

Geography



Sector





Position Analysis – Top 10 by Commitment as at 31 March 2025

	Description	Dirty FV (GBP)	% of Gross Investments	RECI Commitment	LTV	Investment Strategy	Sector	Country	Asset Type
1	Senior Loan refinance of four 4-star upscale hotels in central London	£65.4 m	17%	£65.6 m	66%	Senior Loan	Hotel	United Kingdom	Core+
2	Student accommodation development in London.	£58.5 m	15%	£55.9 m	69%	Senior Profit Participating Loan	Student Accommodation	United Kingdom	Development
3	Light industrial, office and mid-market residential asset portfolio in the UK.	£58.0 m	15%	£82.1 m	59%	Senior Loan	Mixed-Use	United Kingdom	Value Add
4	Residential, affordable housing and mixed-use scheme over five blocks within Greater London.	£30.5 m	8%	£32.7 m	58%	Senior Loan	Residential	United Kingdom	Development
5	Co-living development in central London	£28.5 m	7%	£26.7 m	77%	Senior Profit Participating Loan	Co-Living	United Kingdom	Development
6	Refurbishment and extension of a freehold office building in Saint Ouen, Paris	£25.6 m	7%	£30.4 m	100%	Senior Loan	Office	France	Value Add
7	Senior refinance of the existing portfolio of 6 stabilised and fully operational properties (hotels and spas) across England	£19.1 m	5%	£19.6 m	68%	Senior Loan	Hotel	United Kingdom	Core+
8	Income producing residential developer in France	£17.6 m	4%	£20.6 m	33%	Senior Loan	Housebuilder	France	Development
9	Senior loan made to refinance a later living development in Kensington, South West London.	£17.5 m	4%	£19.7 m	65%	Senior Loan	Assisted Living	United Kingdom	Core+
10	Senior development loan for the construction of luxury villas in Ibiza, Spain	£16.7 m	4%	£22.4 m	33%	Senior Loan	Residential	Spain	Development



Position Analysis – Risk Rating as at 31 March 2025

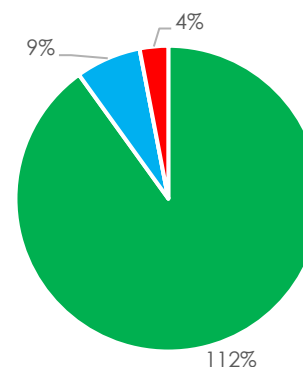
- Following careful analysis of market conditions, RECI has in instances conservatively taken unrealised mark downs to its portfolio
- RECI's assets are marked at fair value at each month end and any write downs are represented in the monthly NAV
- As an additional surveillance procedure, the Investment Manager also applies a risk rating to its portfolio
- The Investment Manager has established four risk ratings:

1. Performing. Not on Watchlist.
2. Performing. Watchlist for potential underperformance.
3. Defaulted. No losses to NAV expected.
4. Defaulted. Possible loss to NAV.

- As at 31 March 2025, the portfolio is rated as follows:

Key	Risk Rating	Number (#)	Investment Portfolio Fair Value (Gross)	% of NAV
1	Performing. Not on Watchlist.	16	£354.9m	111.5%
2	Performing. Watchlist for potential underperformance.	2	£27.3m	8.6%
3	Defaulted. No losses to NAV expected.	0	£0.0m	0.0%
4	Defaulted. Possible loss to NAV.	3	£11.9m	3.7%
Total		21	£394.1m	123.8%

Risk Rating (Dirty FV % of NAV)



- Performing. Not on Watchlist
- Performing. Watchlist for potential underperformance
- Defaulted. No losses to NAV expected
- Defaulted. Possible loss to NAV



Position Analysis – Risk Rating as at 31 March 2025

The following three positions (£11.9m Fair Value / 3.7% of NAV) are rated as 'defaulted' positions:

Risk Rating	Deal Name	Type	Seniority	Commitment	Investment Portfolio Fair Value (Gross)	% of NAV	Commentary
4	Office Building in Paris	Bilateral loan	Senior	£16.8m	£8.9m (Target recovery: £8.9m)	2.9%	27,000 sqm Grade A office building located to the east of central Paris - Since completion in 2023, letting progress has been slow partly thanks to post-pandemic working patterns leading to reduced tenant occupational requirements - Our loan basis allows us to market the vacant office space at an attractive level relative to the local market - We continue to work with the asset manager on strategies for letting alongside alternative uses for the building with the aim of optimising the repayment of our loan
4	Multi-Use Development in Berlin	Bilateral loan	Special Sits	£14.2m	£2.9m (Target recovery: £2.9m)	0.9%	- Multi-use development located in north Berlin, Germany - We have been moving the asset's business plan forward but stress in the German real estate market has slowed progress in resolving the position. Valuation of the asset remains conservative.
4	CMBS Legacy Position	CMBS	CMBS	£0.2m	£0.2m	0.0%	- CMBS 1.0 transaction issued in 2006 secured against UK care homes - Cheyne continue to expect recovery of Principal
Total				£31.2m	£11.9m	3.7%	



Leverage Review

Financial Leverage

RECI's current net balance sheet leverage position is 22.3% 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; and (b) any limited guarantees that may be provided to structured financing counterparties.

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.

As at 31 March 2025:

	Balance Sheet Leverage ¹	Contingent Liabilities ²	Cash ³	Net Effective Leverage	Asset Level Structured Funding
£ Amount	£70.9m	£9.3m	£28.5m	£51.7m	£31.0m
% of NAV	22.3%	2.9%	8.9%	16.2%	9.8%
W/A cost of finance	7.5%				8.2%

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
3. Comprising of cash, cash equivalents and cash held as collateral



Dividend Cover

	ACTUAL 31 December 2024	ACTUAL 31 March 2025
	GBP	GBP
Operating income:		
Interest Income	8.4m	8.3m
Other (IRS, cash etc)	0.0m	0.0
Total operating income	8.4m	8.3m
Operating expenses:		
Finance costs / Repos	-1.5m	-1.6m
Management Fee	-1.0m	-1.0m
Other operating expenses	-0.4m	-0.6m
Total operating expenses	-2.9m	-3.1m
Net operating income	5.5m	5.2m
Dividend	-6.7m	-6.7m
Dividend Cover (x)	0.82x	0.78x
Excess / Deficit	-1.3m	-1.4m
FVTPL	1.5m	-2.3m
Accrual for Perf Fee	0.0m	0.0m
Total Net Loss / Profit	0.3m	-3.7m
AUM £m	322.1m	318.4m
Dividend Yield (Annualised)	8.3%	8.4%



Continuing to Deliver an Attractive and Stable Dividend

Share Price

122.0p

NAV

143.4p

Discount

14.9%

Dividend Yield¹

9.8%

Market Cap

£270.7m

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 at least 7% on the Company's NAV**

- RECI announced a quarterly dividend of 3p on February 19, and went ex-dividend 13 March 2025
- An annual dividend of 12 pence represents a dividend yield of 9.8% on share price as at 31 March 2025
- 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%+** (levered), helps RECI achieve that aim as the current loans are recycled
- Funding rates have increased, which has impacted the net interest income returns, but as short-dated assets repay, and RECI redeploys into floating rate senior loans, dividend cover is expected to increase

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

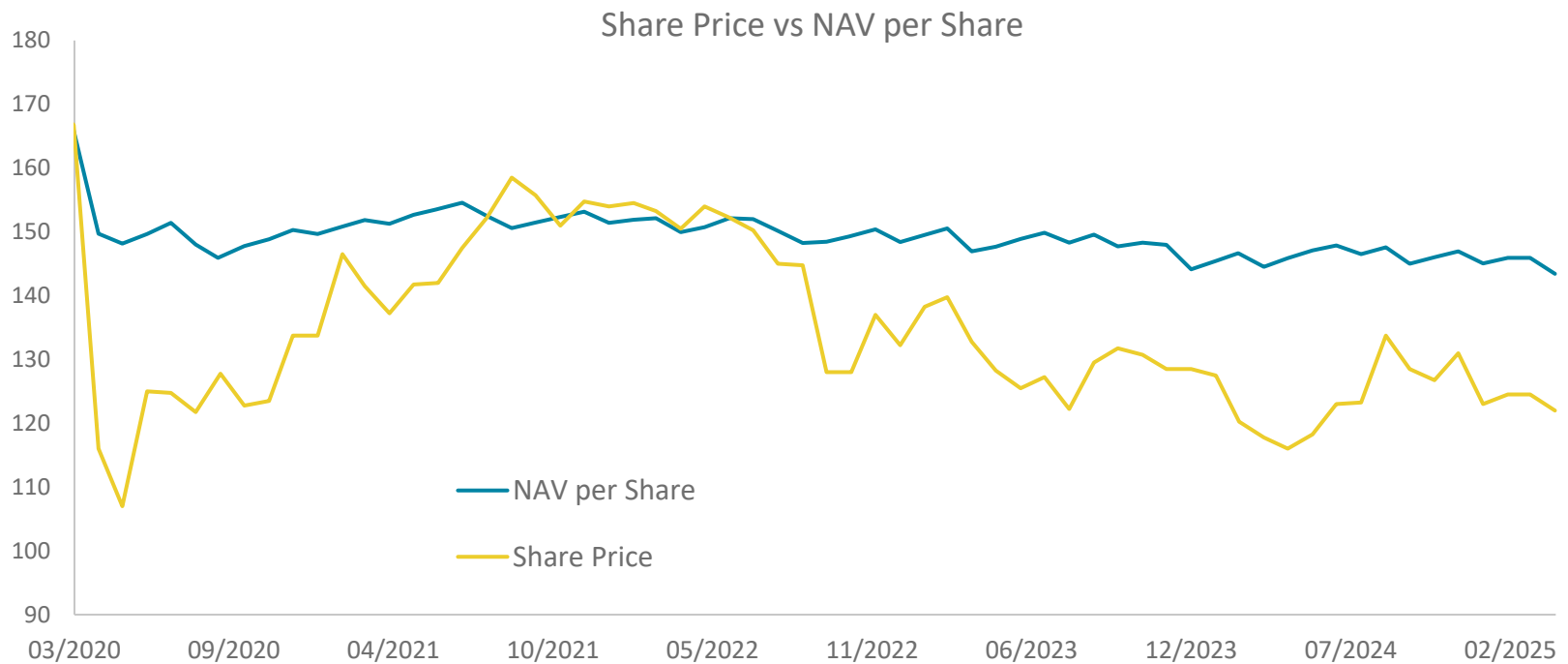
- **Net distributable income** derives from net regular income (coupon yield from the underlying loans and bonds) and any profits earned above that regular income. To maintain and improve the Company's regular income, the Company has successfully deployed some of the substantial cash reserves into attractive 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 dividend **cash coverage** for the long term

¹ on share price



Shareholder Return

- RECI has a long track record of delivering a stable NAV and consistent dividends
- RECI has paid a quarterly dividend of 3.0 pence per share for the past 29 quarters, since the dividend policy was introduced in August 2011.



Total Return ¹	YTD	1 yr	3 yr	5 yr
NAV	7.7%	7.7%	22.0%	43.2%

1. 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.



RECI: Summary

- RECI has demonstrated **its portfolio and structural resiliency** during BREXIT, COVID19, war in Ukraine and Gaza conflict. It is equally well positioned going into this present period of geopolitical instability
- 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 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**



Appendix



ESG

We believe that an overarching focus on ESG considerations is entirely aligned with our investment goals:

- Sustainability credentials directly support real estate valuations
- Sustainable, energy efficient buildings are more valuable to asset owners by:
 - Supporting higher rents, lower vacancies and lower operating costs; and
 - Supporting exit valuations

ESG considerations in our investments are not merely a passive analysis but rather the opportunity to effect positive change:

- Cheyne Real Estate is a key stakeholder in our investments, frequently the sole lender to a real estate asset.
- This provides the ability to directly engage with all new sponsors to help drive the ESG agenda directly and seek to address any deficiencies and opportunities to improve sustainability credentials of the asset.
 - This is particularly relevant in development, value-add and transitional financing, which represent a core focus for Cheyne Real Estate.



Our Partnership with EVORA

- EVORA Global is widely recognised as one of the leading sustainability consultancy specialists to the real estate industry. Since inception twelve years ago, Evora has grown to a team of over 200 professionals. Evora advises at corporate, fund and asset level and has wide ranging expertise in supporting clients to develop ESG frameworks.
- ESG considerations have formed a longstanding, integral part of Cheyne's approach to investments in real estate. In February 2022, Cheyne partnered with Evora to formalise its approach to the incorporation of sustainability considerations in the investment process. Our ongoing partnership with a leading external specialist is expected to enable Cheyne to remain at the forefront of the rapidly evolving ESG agenda, to provide an independent checkpoint to challenge our approach to ESG and ensure robustness.
- Cheyne has worked with Evora to prepare customised ESG questionnaires for each of the real estate asset types the Cheyne real estate lending funds finance: standing, refurbishment and development assets, together with a borrower questionnaire and ESG data template.
- The questionnaires seek to quantify each investment's ESG credentials, utilising a consistent approach to enable aggregation across the assets within the relevant Cheyne fund. The questionnaires are utilised by the investment analysts as part of their investment evaluation. Investment memos for all proposed investments include a mandatory section on ESG considerations, which are reviewed and discussed at the relevant Investment Committee meeting.



Climate Risk and Decarbonisation

Our Partnership with Carbon.Climate.Certified



- Established over 25 years ago, Carbon.Climate.Certified is a leading UK-based sustainability consultancy. The group is engaged on all aspects of modern environmental, social and governance demands, ranging from strategic corporate consultancy to environmental assessment and whole life carbon assessment. Carbon.Climate.Certified's aim is to apply simplicity and a proactive approach to an ever-changing and complex sector.
- Cheyne has appointed Carbon.Climate.Certified to prepare a CRREM alignment assessment for every proposed transaction.
 - Is the proposed transaction already CRREM aligned?
 - If not, how could it achieve CRREM alignment, and what is the cost?



- Carbon.Climate.Certified will work to establish the scope for the net zero pathway, determine targets, deliverable requirements and create an action plan for net zero alignment and staged gateway reporting.
- Cheyne will evaluate the assessment, together with the borrower, to consider viability of achieving CRREM alignment.
- While not all our investments will be CRREM aligned, we require all our borrowers to commit to the CRREM alignment assessment process.



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Industry Engagement

We believe in the importance of engagement across the network of our peers and real estate sponsors

- Striving to improve our knowledge and experience of ESG considerations in real estate.
- Actively participating in the industry dialogue, sharing our own experiences to help drive the ESG agenda forward.

Cheyne's Co-Founder, President and Head of Responsible Investment, Stuart Fiertz, has been involved in a number of industry wide speaker events.

Most recently, Stuart discussed the status of ESG integration into European private credit at the IPEM Private Debt Summit.



Cheyne's Head of UK Real Estate, Arron Taggart, sits on the **CRE Finance Council's ESG Steering Committee**. The committee aims to introduce a 'CREFC ESG Charter' which will mandate lenders to incorporate a minimum ESG related due diligence into their Risk assessment process. Key highlights include:

- **Late 2019:** working group formed to consider how lenders might support the sustainability agenda from a CRE lending perspective.
- **May 2021:** first output published - a climate-related due diligence guide for lenders to help evaluate lending from a sustainability and climate impact perspective.
- **June 2021:** the group was reconstituted with a broader ESG focus and a mandate to promote learning, development and more objective approaches to ESG disclosures and data.
- **Late 2023:** collaborated with the BBP to ensure lender perspectives are covered in their acquisitions sustainability toolkit.





ESG – Deal Example

Residential Development

Environmental

- Air source heat pump technology will provide heating and hot water
- 50% carbon reduction, 41 photovoltaic panels, 2,037 square metres of new public planning, 51 new trees and 2,500 square metres of biodiverse green roofs
- Biodiversity net gain and BREEAM Excellent rating.

Social

- The project has helped create up to 925 construction jobs and 205 permanent jobs
- Regal will establish on site training and construction academies at its developments to support and give back to local communities in an exclusive relationship with Building Heroes
- Two new pedestrian raised table crossings and a new bus shelter
- New cycle connections and four new public spaces including 3,192 square metres of new play spaces.

Governance

- Regal are a strongly governed business with environmental, anti-slavery and human trafficking, modern slavery and health and safety policies in place and followed
- They are in the process of creating their Diversity and Inclusion policy.





ESG – Deal Example

Co-Living Scheme

Environmental

- The co-living development will be a car-free development, and residents will be encouraged to use sustainable modes of transport and the scheme will have dedicated cycle parking
- The Sponsor is dedicated to deliver as BREEAM Outstanding utilising a range of green and sustainable technologies and measures
- The Sponsor will also ensure 100% of electricity and gas supplies are from renewable energy sources
- The Sponsor will strive to achieve a recycling rate of 90% and zero waste to landfill.

Social

- The Sponsor will aim to provide rental levels for studio apartments which are 10% lower than the comparable rents in the area
- The scheme will be devoted to tackling the issue of loneliness and isolation through communal spaces and on-site events
- The co-living concept provides high-quality community-focused accommodation. Ample amenity spaces are dedicated for the residents to socialise and form a community
- The scheme will provide local employment opportunities through apprenticeships and training at the site.

Governance

- Cheyne has a firm grasp over the governance of the structure and continues to oversee management initiatives
- Cheyne will retain control rights through its JV participation and will therefore ensure the Sponsorship upholds the highest quality of due diligence and governance in its investments.





Confidence in Valuation of Assets

RECI's assets are marked at fair value at each month end. Any required asset specific provisions or write downs would be represented in the NAV each month. The IFRS accounting policy RECI reports under does not support a general portfolio provision.

Valuation of Financial Instruments

- The Company categorises investments using the following hierarchy as defined by IFRS 13:
 - Level 1 – Quoted market prices in an active market for an identical instrument;
 - Level 2 – Valuation techniques based on observable inputs; and
 - Level 3 – Valuation techniques using significant unobservable inputs.
- The Company makes loans into structures which are not traded in an active market and there are no independent quotes available for these loans. Such holdings are classified as Level 3 investments. The fair value of these loans is linked directly to the value of the real estate loans that the underlying structures invests in, which are determined based on modelled expected cash flows (drawdown principal and interest repayments, and maturity dates)
- Fair value of the real estate loans is adjusted for changes in the credit quality of both the borrower and the underlying property collateral, and changes in the market rate on similar instruments where changes are material. No material movements on the fair value of the real estate loans have been identified and the par value of the loans was used. On origination of the loan, the Investment Manager performs due diligence on the borrower and related security/property. This includes obtaining a valuation of the underlying property (to assess loan-to-value of the investment). In most instances, the terms of the loan require periodic revaluation of the underlying property to check against loan-to-value covenants. All the fees associated with the investments (arrangement fees, exit fees, etc.) are paid directly to the Company and not paid to the Investment Manager.
- In carrying out the Company's strategy, the Investment Manager undertakes the following measures:
 - An initial and continuing detailed evaluation of each of its portfolio positions in light of the various impacts of changing economic circumstances on operating models and valuations;
 - Positive engagement with all borrowers and counterparties; and
 - Continued granular analysis of the future liquidity profile of the Company.



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 2025 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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