RECI
REAL ESTATE CREDIT INVESTMENTS

Cheyne
CAPITAL

Financial Year End 2026

Investor Presentation

June 2026

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RECI
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Background

Company 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. $7.5bn 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 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 2026, 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
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Cheyne Real Estate

Overview

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. $7.5bn via private funds and managed accounts.

2008
FOUNDED

$7.5BN
ASSETS UNDER MANAGEMENT

33
INVESTMENT PROFESSIONALS[1]

4
OFFICES ACROSS UK & EUROPE

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



[1] Additionally, 3 admin assistants cover the team

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 18th year of operation and is one of the largest non-bank stand-alone real estate credit providers in Europe.



c.$7.5bn
AUM

15+ yr
TRACK RECORD

100+
GLOBAL INVESTORS

c.33
Investment Professionals[1]

- Key overarching aims have remained the same since inception:

DEFENSIVE ENTRY POINTS → **STRONG RISK/RETURN PROFILE** → **STABLE RETURNS**

- 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 201 private credit deals since the inception of the CRECH programme in 2011.

[1] Additionally, 3 admin assistants cover the team

Summary and Year End Updates

Company Summary

Consistent performance to investors

- The Company has consistently sought to pay a stable quarterly dividend where possible, from its distributable profits
- This has led to a stable annualised dividend of around 7% of NAV
- Ongoing quarterly dividends delivered since August 2011

… with a focused approach to risk & portfolio construction

- Highly granular book of 26 positions in real estate loans and bonds, across diverse sectors and geographies, with a weighted average current LTV of 66.8% providing significant defensive equity headroom and an average yield of 11.5% offering an attractive buffer to risk-free rates
- Net leverage 38.7% (with £24.6m cash) as at 31 March 2026 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 (1.5 years) mitigates exposure to yield widening while allowing rapid deployment at higher rates

… via Cheyne Real Estate's proven expertise as manager

- Access to an established real estate investment team of 33 professionals with an 18-year track record and c. $7.5bn AUM
- RECI can participate in Cheyne Capital Real Estate's large lending business and continue to capitalise on attractive emerging opportunities
- Cheyne's immediate pipeline of deals stands at £0.7bn with a WA entry LTV of 61% and unlevered IRR of c. 9.5%

Key Year End Updates

Portfolio Performance and Cash

- Total NAV Return for the year: 5.0%
- Dividends maintained at 3p per quarter, annualised 10.4% yield, based on share price as at 31 March 2026
- Cash reserves remain targeted at between 5% and 10% of NAV
- As at 31 March 2026, cash was £24.6m / 8.1% of NAV

Realised Deals and Opportunities

- Loan repayments were strong during the year
- RECI fully exited 4 loan investments, realising total proceeds of £105.5 million at a weighted average IRR of 8.4%
- Capital was successfully recycled into new investments consisting of 8 new loans and one market bond, totalling £134.1m gross new commitments
- New investments are in 1st position secured real estate loans, which help protect against downside risk during volatile markets and benefit from priority repayment over equity investors

Deals Repaid	Proceeds	IRR (unlevered)
Core+ senior loan for hotels and spas in the UK	£19.6m	7.0%
Senior loan for the development of later living build-to-sell assets across three locations in the UK	£8.3m	9.3%
Senior loan for the acquisition and development of industrial sites in the UK	£59.9m	8.7%
Senior loan to refinance a later living development in London	£17.7m	8.1%
	£105.5m	**8.4%**

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Macroeconomic Backdrop & the Need for Funding

Macroeconomic Backdrop & the Need for Funding

Macroeconomic Uncertainty

Global real assets face significant uncertainty:

- Inflation
- Geopolitical tensions
- Volatile government policy
- Slowing economic growth

Real Estate Risks

Existing & emerging macroeconomic risks:

- AI disruption
- Private credit volatility
- Escalating conflict in Iran
- US interest-rate uncertainty
- Rising fiscal deficits

Capital Investment Need

UK & Europe require substantial capital in:

- Affordable housing
- Prime office space
- Education
- Healthcare facilities
- Critical infrastructure (technology, energy, defence)

The Scalable Opportunity — Senior Secured Funding

Offers **attractive risk-adjusted returns with relatively low downside risk**. High **barriers to entry** — driven by the need for specialist expertise and infrastructure — continue to **limit competition** from new lenders in Europe.

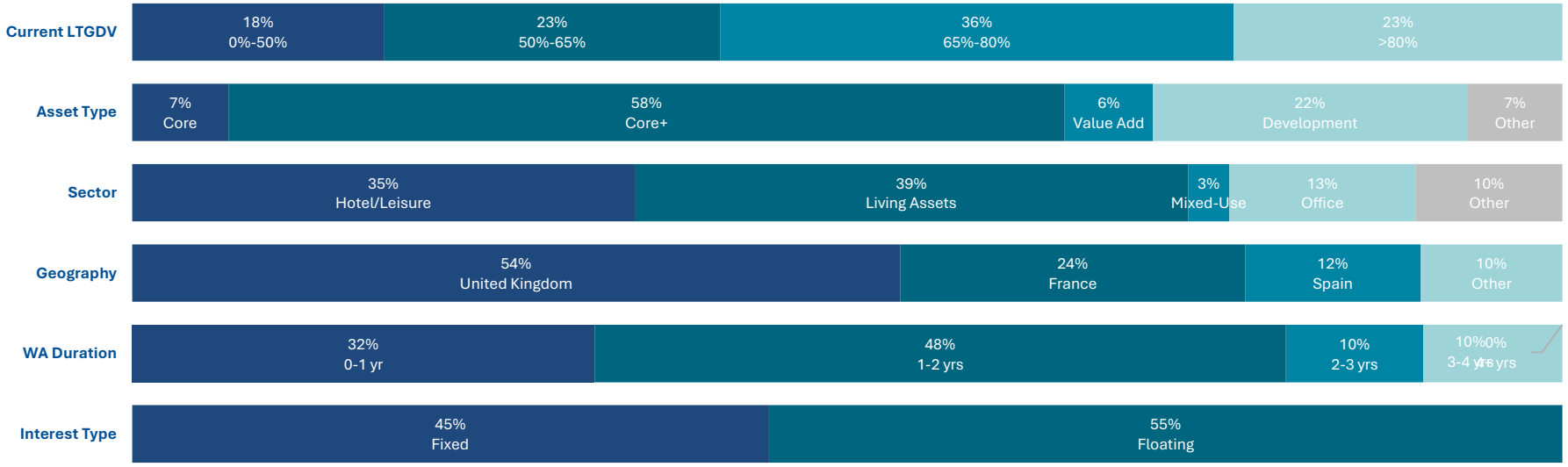
Company Snapshot

As of 31 March 2026

Portfolio overview as of 31 March 2026

	No of Positions	Investment Portfolio Value (Gross)	Investment Portfolio Value (Net)	% of NAV	Current Levered Yield
Bilateral Loans & Bonds	21	£395.7m	£279.5m	91.2%	11.1%
Market Bonds	5	£9.3m	£2.6m	0.9%	20.2%
Adjusted Cash[1]			£24.5m	8.0%	
GAV/NAV/W.A.	**26**	**£405.1m**	**£306.6m**	**100.0%**	**11.2%**

Portfolio summary



[1]Sum of available cash and cash held as collateral less accrued dividends and expenses.

Loan and Bond Portfolio

As of 31 March 2026

Loan Portfolio as of 31 March 2026 (1/2)

Deal Description	RECI Commitment (GBP)	RECI Capital Funded (GBP)	RECI Realised Proceeds (GBP)	Gross Fair Value (GBP)	Fully Drawn LTV	TVPIx	Investment Strategy	Sector	Country	Asset Type
Senior Loan refinance of four 4-star upscale hotels in central London	65.6m	65.6m	11.0m	65.6m	67%	1.17x	Senior Loan	Hotel	UK	Core+
Student accommodation development in London	58.3m	49.6m	1.3m	67.0m	79%	1.38x	Senior Profit Participating Loan	Student Accommodation	UK	Core+
Senior Loan refinance of operating spas across the UK	35.7m	31.3m	0.6m	31.8m	80%	1.03x	Senior Profit Participating Loan	Hotel	UK	Core+
Residential, affordable housing and mixed-use scheme over five blocks within Greater London	32.7m	28.3m	18.4m	15.0m	58%	1.18x	Senior Loan	Residential	UK	Dev.
Refurbishment and extension of a freehold office in Saint Ouen, Paris	30.4m	25.3m	4.4m	20.4m	100%	0.98x	Senior Loan	Office	France	Value Add
Co-living development in central London	29.0m	24.2m	0.4m	33.3m	81%	1.39x	Senior Profit Participating Loan	Co-Living	UK	Core+
Senior loan to fund the acquisition of a newly built Hotel located in Costa del Sol, Spain	25.9m	26.3m	1.3m	26.6m	53%	1.06x	Senior Loan	Hotel	Spain	Core+
Senior loan on core hotel in Courchevel, France	22.8m	20.4m	17.7m	8.5m	81%	1.29x	Senior Profit Participating Loan	Hotel	France	Core+
Senior loan to fund the development of two logistics assets in Italy	22.6m	21.0m	-	23.2m	58%	1.10x	Senior Loan	Logistics	Italy	Core+
Senior development loan for the construction of luxury villas in Ibiza, Spain	22.4m	16.1m	5.2m	17.7m	33%	1.42x	Senior Loan	Residential	Spain	Dev.

Loan Portfolio as of 31 March 2026 (2/2)

Deal Description	RECI Commitment (GBP)	RECI Capital Funded (GBP)	RECI Realised Proceeds (GBP)	Gross Fair Value (GBP)	Fully Drawn LTV	TVPIx	Investment Strategy	Sector	Country	Asset Type
Income producing residential developer in France	20.6m	20.6m	11.3m	17.0m	31%	1.37x	Senior Loan	Housebuilder	France	Dev.
Loan for the development of a boutique hotel, restaurant and private rooftop bar in Paris	17.4m	12.6m	4.3m	13.6m	55%	1.42x	Mezzanine Loan	Hotel	France	Dev.
Finance of a refurbished landmark office building in London	17.1m	16.6m	0.7m	16.7m	48%	1.05x	Senior Loan	Office	UK	Core+
Loan for grade A office building located to the east of central Paris	16.7m	11.7m	-	8.2m	100%	0.70x	Senior Loan	Office	France	Workout
Light industrial asset portfolio in the UK	15.8m	15.8m	0.6m	16.0m	48%	1.05x	Senior Loan	Industrial	UK	Core
Loan for multi-use development located in north Berlin, Germany	14.2m	15.8m	10.2m	3.2m	100%	0.85x	Special Sits	Mixed-Use	Germany	Workout
Development of Flex Living scheme in Madrid, Spain	7.7m	1.4m	0.1m	1.3m	62%	1.01x	Senior Loan	Flex Living	Spain	Dev.
Senior loan on core hotel in Courcheval, France	5.9m	4.4m	0.3m	4.7m	42%	1.12x	Senior Loan	Hotel	France	Core+
Loan for the acquisition and repositioning of coliving assets in France	5.2m	5.1m	2.6m	4.3m	63%	1.38x	Senior Loan	Co-Living	France	Core+
Development of Flex Living scheme in Madrid, Spain	4.3m	0.9m	0.0m	0.9m	62%	1.02x	Senior Loan	Flex Living	Spain	Dev.
Senior loan with profit participation against 3 income producing business parks in the UK	1.9m	1.9m	0.2m	1.8m	40%	1.06x	Senior Profit Participating Loan	Residential	UK	Land
	472.1m	**415.0m**	**90.9m**	**396.8m**	**66.95%**					

Market Bond Portfolio as of 31 March 2026

Deal Description	RECI Commitment	RECI Capital Funded	RECI Realised Proceeds	Gross Fair Value	Current LTV	Fixed or Floating	Sector	Country	Asset Type
Bond secured against an Italian logistics portfolio	12.2m	12.2m	13.2m	1.1m	72%	Floating	Retail	Italy	Core
Senior secured floating notes issued by a housebuilder in the UK	3.2m	3.2m	0.2m	3.3m	42%	Floating	Housebuilder	UK	Dev.
Bond secured against a residential portfolio in UK*	2.9m	2.9m	0.9m	2.8m	71%	Floating	Residential	UK	Core
Bond secured against a residential portfolio in UK*	2.3m	2.3m	0.6m	2.2m	66%	Floating	Residential	UK	Core
Bond secured against a portfolio of UK non-conforming but-to-let mortgages*	0.1m	0.1m	0.2m	0.0m	100%	Floating	Healthcare	UK	Workout
	20.7m	**20.7m**	**15.2m**	**9.4m**	**59.85%**				

***Repaid in May 2026.**

Position Analysis – Risk Rating

As of 31 March 2026

Position Analysis – Risk Rating as of 31 March 2026

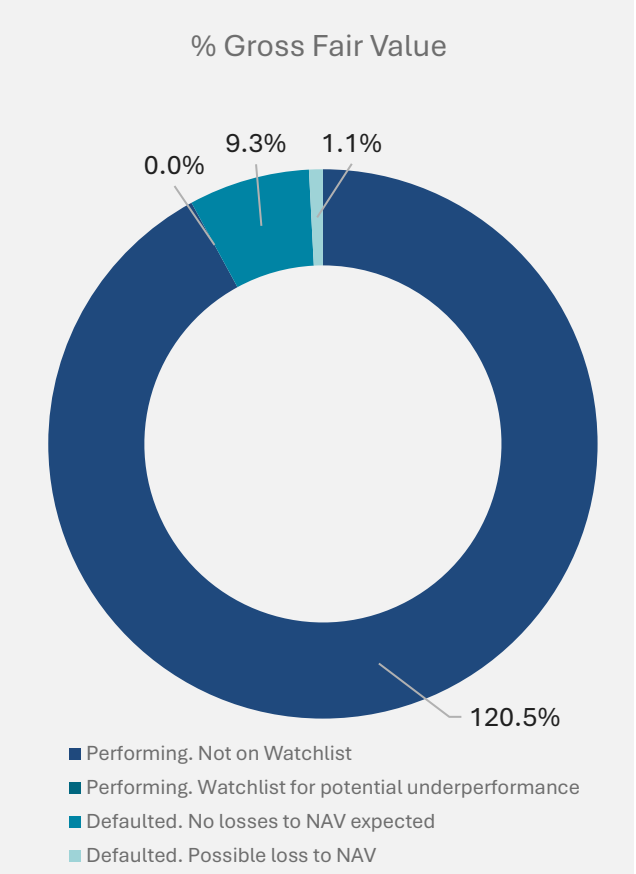
Following careful analysis of market conditions and asset recoverability, RECI has in some instances taken unrealised fair value mark downs to its portfolio. RECI's assets are marked at fair value at each month end and any write downs are represented in the monthly NAV. As an additional surveillance 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 2026, the portfolio is rated as follows:

Key	Risk Rating	Number (#)	Investment portfolio fair value (gross)	% of NAV
1	Performing. Not on Watchlist	20	£374.4m	120.5%
2	Performing. Watchlist for potential underperformance	0	£0.0m	0.0%
3	Defaulted. No losses to NAV expected	2	£28.5m	9.3%
4	Defaulted. Possible loss to NAV	2	£3.3m	1.1%
Total		**24**	**£406.2m**	**130.9%**



Position Analysis – Risk Rating as at 31 March 2026

The following positions are rated as 'defaulted' positions:

Risk Rating	Asset	Seniority	Commitment	TVPIx	Investment portfolio fair value (Gross)	% of NAV	Commentary
3	Refurbishment and extension of a freehold office in Saint Ouen, Paris	Senior Loan	£30.4m	0.98x	£20.4m (Target recovery: £20.4m)	6.7%	• Senior loan to support the acquisition, refurbishment and extension of a freehold office building located in Saint-Ouen, directly adjacent to Paris 17th arrondissement. • A regional health insurance fund has proposed a 9-year lease with a 3-year purchase option, this offer is currently under review.
3	Loan for grade A office building located to the east of central Paris	Senior Loan	£16.7m	0.70x	£8.2m (Target recovery: £8.2m)	2.7%	• 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 continues 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	Loan for multi-use development located in north Berlin, Germany	Specialists	£14.2m	0.85x	£3.2m (Target recovery: £3.2m)	1.1%	• 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*	Bond secured against a portfolio of UK non-conforming but-to-let mortgages	CMBS	£0.1m	N/A	£0.0m (Target recovery: £0.0m)	0.0%	• CMBS 1.0 transaction issued in 2006 secured against UK care homes. • Cheyne continue to expect recovery of Principal.
Total			**£61.4m**		**£31.8m**	**10.4%**	

***Repaid in May 2026**

Leverage Summary

As of 31 March 2026

Leverage Review

Financial Leverage

RECI's current net effective leverage position is 31.6% 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. Below as of 31 March 2026:

	Balance sheet leverage	Contingent Liabilities	Cash[1]	Net Effective Leverage	Asset Level Structured Funding
£ Amount	£118.4m	£2.9m	£24.6m	£96.7m	£5.5m
% of NAV	38.7%	0.9%	8.1%	31.6%	1.8%
W/A cost of finance	5.8%				7.4%

1. Cash in the Financing Summary table is composed of Total Cash plus currency hedging derivatives.

Dividend Review

For 2025/2026 and Outlook

Continuing to Deliver an Attractive and Stable Dividend*

Share Price	NAV	Discount	Dividend Yield[1]	Market Cap
117.0p	139.3p	(16.0)%	10.3%	£258.6m

RECI's dividend policy: it is the intention of the Company to pay a stable quarterly dividend. Since 2013, this has remained at **a constant yield of at least 7% on the Company's NAV**

RECI announced a quarterly dividend of 3p on 18 February 2026 and went ex-dividend 12 March 2026

An annual dividend of 12 pence represents a dividend yield of 10.3% on share price as at 31st May 2026

RECI's dividend continues to be uncovered by total return. Maintaining and improving RECI's net income remains critical to sustaining dividend payments to investors in the future

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**

*As of 31st May 2026 [1]On share price

Dividend Cover with Reinvestment

The pathway to improved dividends is via reinvestment (alongside the wider Cheyne Real Estate funds) in higher return loans using proceeds from repayment of current (lower fixed rate) loans.

The limiting factors are: (a) cash availability and (b) leverage.

	Normalised 31/03/2026	Investments Rolling Off*	Reinvestment	PRO FORMA T +1 year
Operating income:	**GBP**	**GBP**	**GBP**	**GBP**
Interest Income	29.5m	-6.2m	14.8m	38.1m
Other (IRS, cash etc)	0.0m			0.0m
Total operating income	**29.5m**			**38.1m**
Operating expenses:				
Finance costs / Repos	-5.8m	1.5m	-6.5m	-10.8m
Management Fee	-4.0m			-4.0m
Other operating expenses	-2.2m			-2.2m
Total operating expenses	**-11.9m**			**-17.0m**
Net operating income	**17.6m**			**21.1m**
Dividend	-26.6m			-26.6m
Dividend Cover (x)	**0.66x**			**0.79x**
FVTPL	2.8m			2.8m
Net Income	**20.4m**			**24.0m**
Dividend Cover (x) After FVTPL	**0.77x**			**0.90x**

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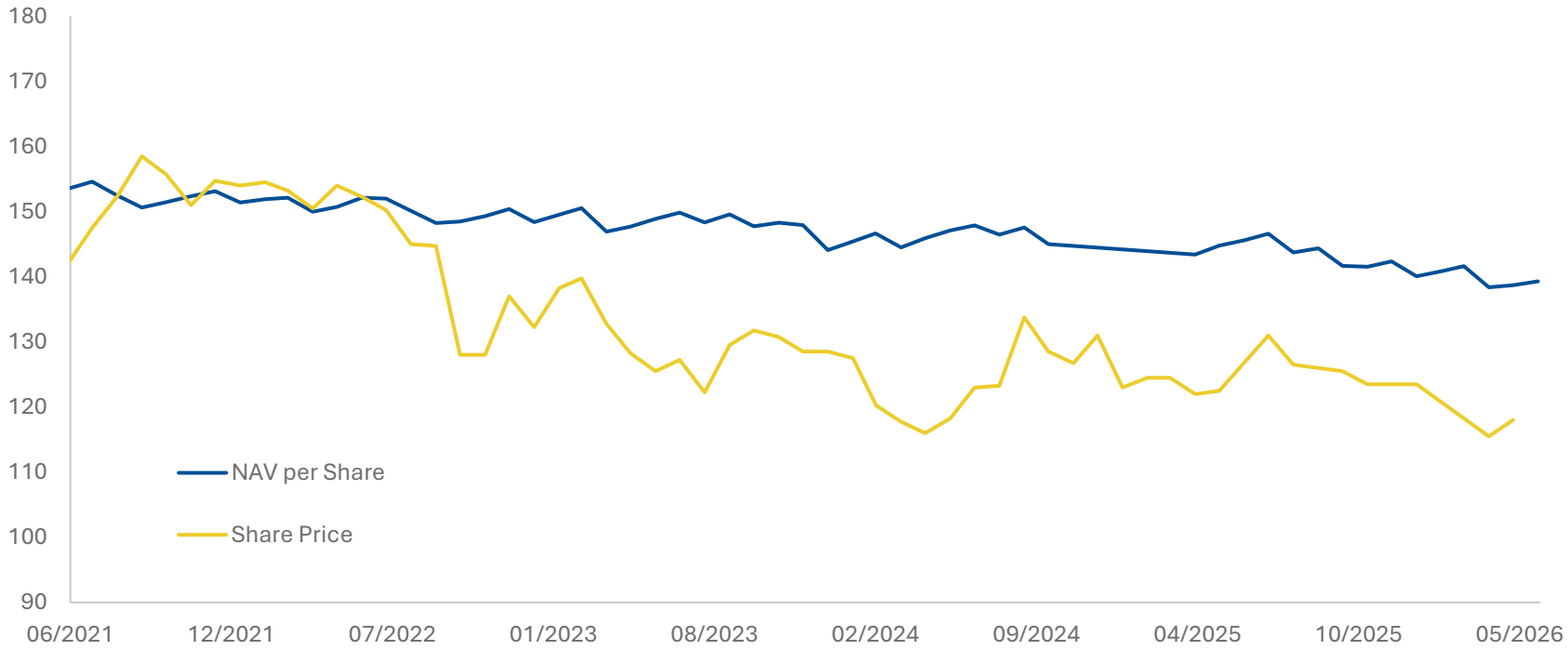
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Summary

Shareholder Return (May 2026)

RECI has a long track record of delivering a stable NAV and consistent dividends.

RECI has paid a quarterly dividend since the dividend policy was introduced in August 2011.



Total return	MTD	YTD	1 year	3 year	5 year
NAV	0.5%	5.7%	4.1%	17.4%	33.5%

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

Summary

RECI has demonstrated its **portfolio and structural resiliency** during Brexit, COVID-19, Russia-Ukraine conflict, and conflict in the Middle East. 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**. RECI aims to gradually **improve dividend cover** through reinvestment of returning cash into new higher yielding loans.

RECI can **participate in 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 1

ESG Overview and Deal Case Studies

ESG

We believe an overarching focus on ESG considerations is aligned with our investment goals.

1. **Robust sustainability credentials are value enhancing and risk reducing.**
   - Sustainable, energy efficient buildings are more valuable to asset owners by:
     - Supporting higher rents, lower vacancies and lower operating costs.
     - Supporting exit valuations.
2. **ESG considerations are not merely a passive analysis but also the opportunity to effect positive change.**
   - Cheyne Real Estate is a key stakeholder in our investments, typically as 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 represents 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.

carbon. climate. certified.

CRREM

Case Study: Office Asset (UK)

Environmental

- The building has achieved best-in-class credentials: BREEAM Outstanding, WELL Platinum ready, WiredScore & SmartScore Platinum and NABERS 5*
- Building's energy usage has been halved through the refurbishment, despite the addition of three new floors
- There are 15,000 sq ft of green terrace space which improve the biodiversity
- By maintaining 25% of the original structure, the development saved 10,260 tonnes of CO2, equivalent to planting 51,300 trees.

Governance

- The Sponsor has several senior executives responsible for ESG matters and the asset management team includes two full-time sustainability professionals that oversee sustainability initiatives specifically
- The Sponsor participates in a number of industry initiatives, including PRI, BSR, ELFA, EDCI, GRESB, PCAF and TCFD
- The Sponsor also focuses on diversity objectives. 45% of its workforce is female and it has developed a strategy to improve the firm's diversity.

Social

- The Sponsor makes an affordable workspace contribution which provides an environment for creatives to work at a discounted rate
- Regularly contributes its roof terrace to SoFar Sounds, a producer of intimate concerts led by local singer-songwriters which are open to the public
- Level 14 on the terrace is used to host events for organisations such as ULI, a global cohort of built environment professionals



Appendix 2

Valuation and Definitions

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 invest 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 2026 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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