

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.

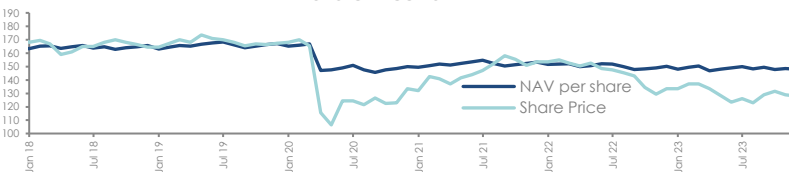
During the month, RECI was fully repaid at par its position in a fully let grade A office block located in Hoxton, London. RECI received £9.4m (net of financing).

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.

PERFORMANCE

Share Price vs NAV

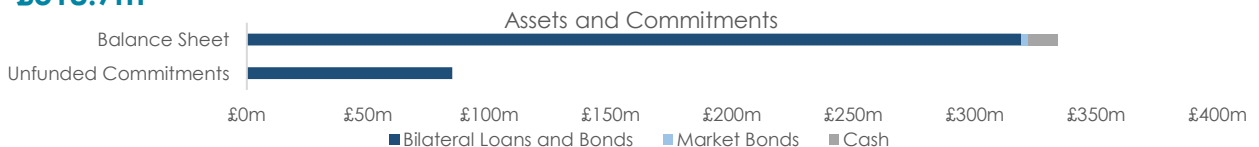


| Total Return ³ | MTD | YTD | 1 yr | 3 yr | 5 yr |
|---------------------------|-------|------|------|-------|-------|
| NAV | -0.6% | 5.7% | 5.7% | 22.7% | 31.0% |

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 |

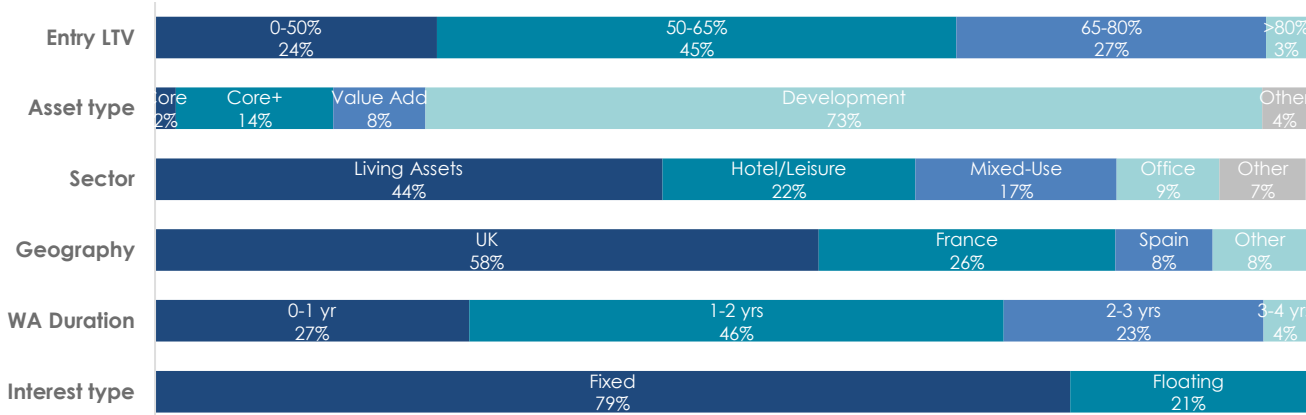
ORDINARY SHARE CLASS

| | |
|-----------------------------|---------|
| 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.