



Senior Secured UK Property Debt Investments Ltd

Fact Sheet

As at 31st October 2020

Investment Objective

The Investment objective of the Group, as approved by the Shareholders of the Company, is “to construct a portfolio of UK real estate debt related investments predominantly comprising loans secured by first ranking fixed charges against commercial property investments, with the aim of providing shareholders with attractive, quarterly dividends, capital preservation and, over the longer term, a degree of capital appreciation.”

On 3 November 2020, the Board announced that it had decided to recommend to shareholders that the investment objective and policy of the Company are amended so that the Board can pursue a strategy of orderly realisation and the return of capital over time to shareholders. The announcement can be viewed on the Company's website together with a schedule of questions and answers on the recommendation. A circular to shareholders will be issued shortly and an Extraordinary General Meeting will be convened in January 2021 at which the Board will seek approval from shareholders to amend the Company's investment objective.

Summary

Fund facts

Fund launch:	5 February 2013	Fund type:	Closed ended investment company
Investment Manager:	ICG Alternative Investment Ltd	Domicile:	Guernsey
Base currency:	GBP	Listing:	London Stock Exchange
Issued shares:	121.30 million	ISIN code:	GG00B8C23S81
Investment Management fee:	1.0%	LSE code:	LBOW
		Website:	www.lbow.co.uk

Share price & Estimated NAV at 31 October 2020

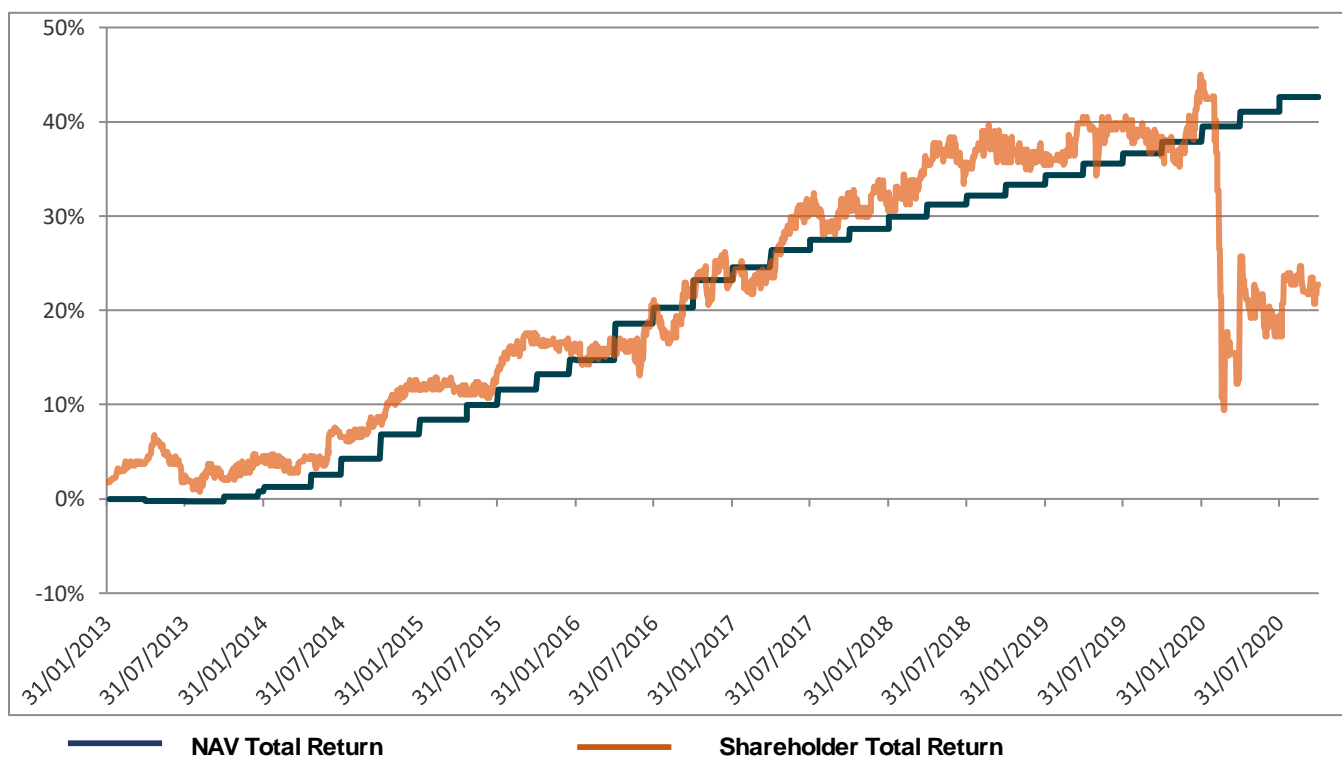
Share price (pence per share):	74.75
NAV (pence per share):	98.38
Premium/(Discount):	(24.0%)
Market capitalisation:	£90.67 million

Key portfolio statistics at 31 October 2020

Number of investments:	10
Percentage capital invested ⁽¹⁾ :	94.5%
Weighted avg. investment coupon:	7.17%
Weighted avg. LTV:	70.1%

⁽¹⁾ Loans advanced at amortised cost / Total equity attributable to the owners of the Company. Includes amounts drawn down on the Group working capital facility.

Share Price Total Returns vs NAV Total Return (from IPO to 31 October 2020)



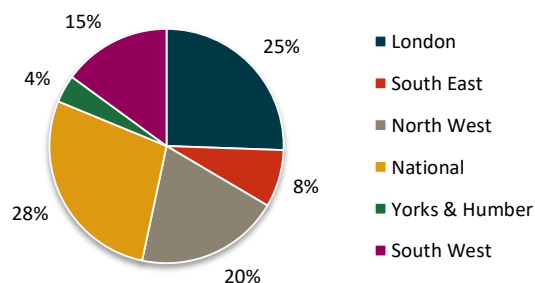
Investment Portfolio as at 31 October 2020

Project	Region	Sector	Term start	Unexp. term (years)	Day 1 balance (£m)	Day 1 LTV (%)	Balance outstanding ⁽¹⁾ (£m)	Balance undrawn (£m)	Current LTV ⁽²⁾ (%)
Halcyon	National	Industrial/distribution	Dec-13	0.10	8.60	64.8	5.73		65.2
Quattro	South East	Mixed use	Oct-17	0.21	9.00	83.7	8.84		79.2
Affinity	South West	Office	Mar-18	1.54	14.20	67.3	16.70	1.00	66.0
Southport	North West	Hotel	Feb-19	2.45	12.50	59.5	15.51		66.0
Northlands	London	Mixed use	Aug-19	1.95	9.00	55.3	9.36	3.14	57.5
RoyaleLife	National	Residential	Sept-19	1.95	20.27	74.3	25.37		74.6
LBS	London	Office	Oct-19	2.95	4.92	69.3	6.18	0.29	75.2
Knowsley	North West	Industrial	Feb-20	2.45	3.50	60.3	6.65	1.10	74.3
Carrara	Yorks/Humb	Office	June-20	1.29	4.25	73.3	4.25		73.3
GMG	London	Office	July-20	2.00	12.75	70.0	12.98	3.91	71.3
Total / weighted average				1.97	98.99	68.4	111.58	9.44	70.1

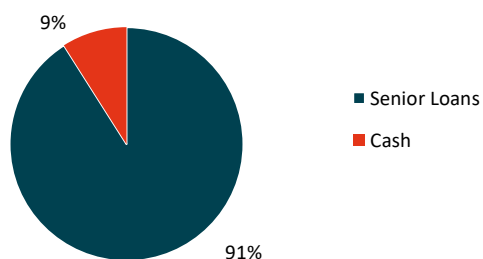
⁽¹⁾ For the Southport and RoyaleLife facilities, Balance outstanding includes capitalised interest

⁽²⁾ For the Southport, LBS and Knowsley facilities, LTV is calculated based on the most recent third party valuation of the properties, plus capital expenditure works at cost

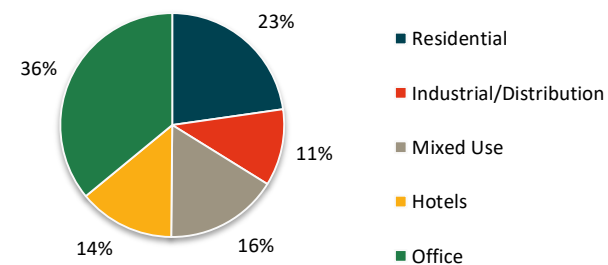
Region Distribution by Loan Amount



Asset Type



Sector Distribution by Loan Amount



Investment Manager's Commentary

Summary

At 31 October 2020 the investment portfolio comprised 10 loans. Principal activity in the quarter included:

- Repayment in full of the Company's £11.4 million BMO loan, following a refinancing of the security portfolio
- Consequent reduction in the par value of the loan portfolio to £111.58 million (31 July 2020: £120.69 million), with total commitments of £121.02 million

As at the Quarter end:

- NAV per share ahead of the prior quarter at 98.38 pence (31 July 2020: 98.26 pence), as the Company continues to deliver on its investment objective of a fully covered dividend with modest NAV growth
- Weighted average LTV of 70.1% (31 July 2020: 69.3%) as a result of the portfolio changes
- WA interest coupon of 7.17% (31 July 2020: 7.31%), before recognition of arrangement and exit fees
- The Company's shares stood at a significant discount to NAV, at 74.75 pence per share as at 31 October 2020

Post Quarter end

- Announcement of the Board's intention to recommend an orderly realisation of the Company's assets and the return of capital to shareholders
- Since the announcement, the share price has risen to 86.50 pence per share at 4th December 2020
- The Board has appointed ICG Alternative Investment Limited as the Company's external discretionary investment manager.

Group Performance

As the UK continued its emergence from lockdown, the Group saw improvements in its investment portfolio during the quarter with rent collection, interest collection and leasing activity all ahead of the Q2 position.

The Company received repayment in full of the BMO loan towards the end of the quarter, confirming liquidity in the debt markets for quality opportunities. Given the low leverage, calibre of sponsor and quality of the real estate, the Company enjoyed exceptional risk-adjusted returns in the period beyond the contractual maturity date.

Whilst the Company did not conclude any new investments during the period, it made a further £1.0 million commitment to the Affinity loan, in support of the final phase of the sponsor's business plan and following positive new leasing activity. Modest further advances were made on the Northlands, LBS and Knowsley loans, drawing on committed capital expenditure facilities.

Loan commitments at quarter end totalled approximately £121.0 million, of which £111.6 million is drawn. As at the date of this Fact Sheet, the Company had £5.86 million of cash and no debt, with its revolving credit facility having been repaid. Portfolio LTV stood at 70.1% at quarter end, and as highlighted last quarter, in certain cases the expected value growth resulting from business plan expenditure works has not yet been factored into the LTVs.

Given the continuing positive performance of the portfolio as a whole, the Board was able to declare the payment of a dividend of 1.5 pence per share, in line with the Company's target. The announcement of a recommendation to change the Company's strategy to one of realising the portfolio was not driven by any concerns over portfolio performance, nor is it expected to have an impact on the future performance of the underlying investments.

Investment Overview

The Company's largest loan, RoyaleLife, saw a significant improvement in value reported during the period as a result of the sponsor's continued investment in its sites and several planning permissions being granted for additional homes. LTV has fallen to 74.6% as a result, from 82.9% in the prior quarter.

The Company's Quattro loan has seen an improvement in its risk positioning this quarter, with a capital injection by the sponsor reducing some of the historic interest arrears, in line with an agreed payment plan, and further progress made on building out several new apartments for sale, which are expected to complete in the coming quarter. Moreover, the Affinity office property has seen two new lettings secured, and the Knowsley borrower is nearing completion of its business plan which we expect to lead to an improvement in rental income and value.

Portfolio

Portfolio statistics	31 October 2020	31 July 2020
Number of loan investments	10	11
Aggregate principal advanced ¹	£111,576,053	£120,686,207
Weighted average LTV	70.1%	69.3%
Weighted average interest coupon	7.17%	7.31%
Weighted average unexpired loan term	1.97 years	1.99 years
Cash held	£11,027,208	£2,183,556
Drawings under working capital facility ²	£4,400,000	£4,400,000

¹ Includes capitalised interest

² As at the date of this Fact Sheet, drawings under the working capital facility totalled £nil and cash held totalled £5.86m

Market Commentary

UK GDP recorded its highest ever quarterly rise, of 15.5%, in the three months to September, but this fell short of expectations with growth for the month of September of only 1.1% - and this in a period when social distancing restrictions were at their loosest. The English tiering system and subsequent return to lockdown in November is expected to weigh on GDP figures in Q4. The average of the latest independent forecasts published by HM Treasury (November 2020) point to a GDP slump of 10.6% in 2020, followed by a rise of 5.3% in 2021.

In the labour market the unemployment rate of 4.8% in September, whilst up from 4.5% in June, remains low by historic standards. What is unclear is the extent to which this is masked by the furlough scheme which in many instances will, sadly, represent deferred unemployment.

Turning to the property markets, in the UK investment transaction volumes reached £8.0bn in Q3, a 71% rise on the historic lows of the previous quarter. This reflects an increase in investor confidence as pricing uncertainty faded in many sectors. Industrial was the most resilient of the traditional sectors - £1.6bn of industrial assets changed hands over the quarter, 59% up on Q2 and only 6% down on Q3 2019. According to CBRE, it was the only traditional sector to remain in line with its ten-year average (+2%). One interesting statistic is that volumes for 2020 - so far standing at £28.2bn, according to BNP Paribas - are 20% down on the same period last year but still 79% above the equivalent period in 2009. The Covid crisis has not dented investor appetite to the same extent as the GFC.

These overall figures mask uneven performance between small and large lot sizes. Year-to-date volume of £100m+ deals is down only 3% on 2019, but the volume on lot sizes less than £20m – where the Company is typically active – is down 44%. This in our view reflects the continuing lack of finance available to investors in the smaller to mid-market space.

In the finance markets the semi-annual Cass lending survey was released during the quarter, and the data show a reduction in H1 lending volumes of 34% year on year, with one in four lending organisations concluding no new business at all during the period. As usual the unattributed and anecdotal lender comments are often as illuminating as the analysis itself, and notable this year has been the collaborative approach that lenders state they have taken with borrowers who have seen challenges meeting covenants or refinancing prior to maturity dates. Expiring loans have generally been pushed into 2021, when it is expected investment and finance market liquidity will improve.

Outlook

On 3rd November, following lengthy deliberations, the Board announced its intention to recommend the orderly realisation of the Company's assets and return of capital to shareholders. This will require a change in the Company's Investment Policy which will be put to shareholders at an upcoming Extraordinary General Meeting. Pending the outcome of the EGM vote on the proposals – and thereafter if the proposals are approved – the Company will not pursue new investments.

The Company remains financially resilient and in a position of strength with a defensive portfolio of first mortgage investments, a net cash position and a fully covered dividend. Nonetheless, given the prevailing economic backdrop and re-rating of the sector, and consequent challenges in growing the Company's issued share capital to allow for greater diversification and liquidity, a wind down is considered the most prudent option to maximise shareholder value.

Contacts

Investment Manager	Administrator, Designated Manager & Company Secretary	Corporate Broker
ICG Alternative Investment Ltd 55 Ludgate Hill London, EC4M 7JW info@longbowrec.com	Ocorian Administration (Guernsey) Ltd PO Box 286, Floor 2, Trafalgar Court Les Banques, St. Peter Port, Guernsey GY1 4LY ICGLongbow-gg@ocorian.com	Cenkos Securities plc 6.7.8 Tokenhouse Yard, London EC2R 7AS wrogers@cenkos.com

Disclaimer

The materials being provided to you are intended for informational purposes and convenient reference only and may not be relied upon for any purpose whatsoever. The materials are issued by ICG Alternative Investment Limited ("ICG Real Estate").

This information is not intended to provide, and should not be relied upon for, accounting, legal, tax advice, investment recommendations or any other purpose. You should consult your tax, legal, accounting or other advisors about the issues discussed herein. Although information has been obtained from and is based upon sources that ICG-Longbow Senior Secured UK Property Debt Investments Limited ("LBOW"), Intermediate Capital Group plc ("ICG plc") and/or its affiliates (including, but not limited to, ICG Real Estate, or any member, director, employee or officer of each of the aforementioned (collectively, "LBOW, ICG and its Affiliates") consider reliable, we do not guarantee its accuracy and it may be incomplete or condensed.

These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or investment interest and may not be relied upon in evaluating the merits of investing in these securities or investment interests. These materials are not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

LBOW, ICG and its Affiliates each do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information, opinions or beliefs contained in this document (including information or opinions obtained from published sources prepared by parties other than LBOW, ICG and its Affiliates) contained herein, and nothing contained herein shall be relied upon as a promise or representation including, but not limited to, past or future performance.

LBOW, ICG and its Affiliates each exclude all liability and accept no responsibility for any loss (whether direct or indirect) in respect of any dispute or claim arising out of or in connection with this document, the information contained herein or its subject matter, except in respect of any fraudulent misrepresentation.

Any views expressed and any projections, forecasts or statements relating to expectations regarding future events, possible plans or proposals in this document represent LBOW's, ICG's, or ICG Real Estate's own assessment and interpretation of information available to it as at the date of this document. No representation is made or assurance given that such projections, forecasts or statements are correct or that these events, plans or proposals will be achieved. You must determine for yourself what reliance (if any) you should place on such projections, forecasts or statements and no liability is accepted by LBOW, ICG plc or ICG Real Estate (or any member of their respective groups, or any director, employee or officer of such companies) for any such projections, forecasts or statements.

These materials (including their contents) are confidential, being for use only by the persons to whom they are issued. Distribution of these materials to any person other than the person to whom this information was originally delivered and to

such person's advisors is unauthorised and any reproduction of these materials, in whole or in part, or the disclosure of any of their contents, without the prior written consent of LBOW, ICG plc or ICG Real Estate is strictly prohibited.

This communication is limited to and directed to only those persons to whom it is issued. In the UK, it is directed only at professional clients, as defined by the Financial Conduct Authority, and those who are legally able to receive it in the jurisdiction in which they are situated. Any other persons should not seek to rely upon the information contained herein. Collective investment schemes referred to herein are not regulated in the UK for the purposes of the UK's Financial Services and Markets Act 2000 and are not available to members of the general public in the UK.

LBOW is a registered closed-ended collective investment scheme incorporated as a non-cellular company limited by shares in Guernsey. LBOW is registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the "POI Law") and the Registered Collective Investment Scheme Rules 2015 (the "RCIS Rules") issued by the Guernsey Financial Services Commission.

No information contained in this communication should be taken as constituting an offer to the public in the Bailiwick for the purposes of the Prospectus Rules 2015 issued by the Guernsey Financial Services Commission. This announcement is addressed to a restricted number of persons in the Bailiwick who are either (i) persons appropriately licensed under the POI Law; or (ii) persons licensed under the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc, (Bailiwick of Guernsey) Law, 2000.

ICG plc and ICG Real Estate are both authorised and regulated in the United Kingdom by the Financial Conduct Authority.