



Senior Secured UK Property Debt Investments Ltd

Fact Sheet

As at 30th April 2016

Summary

The Investment objective of the company is "...to construct a portfolio of good quality, defensive, senior debt investments secured by first ranking fixed charges predominantly against UK commercial property investments, providing target dividends of circa 6% pa, paid quarterly, with an underlying target portfolio IRR of 8% pa..."

Fund Facts

Fund Launch:	5 th February, 2013	Fund Type:	Closed ended investment company
Fund Manager:	Intermediate Capital Managers Ltd	Domicile:	Guernsey
Base Currency:	GBP	Listing:	London Stock Exchange
Issued Shares:	108.2 million	ISIN Code:	GG0B8C23581
Management Fee:	1.0%	LSE Code:	LBOW
		Website:	www.lbow.co.uk

Share Price & NAV at 30 April 2016

Share Price (pence per share)	102.38
NAV (pence per share)	102.45
Premium/ (discount)	(0.1%)
Market Cap.	£112 million
Approved dividend (pence per share) ⁽¹⁾	1.5 pence
Dividend payment date ⁽¹⁾	22 July 2016

⁽¹⁾ For Quarter ended 30 April 2016 (Ex-dividend date 07/07/16)

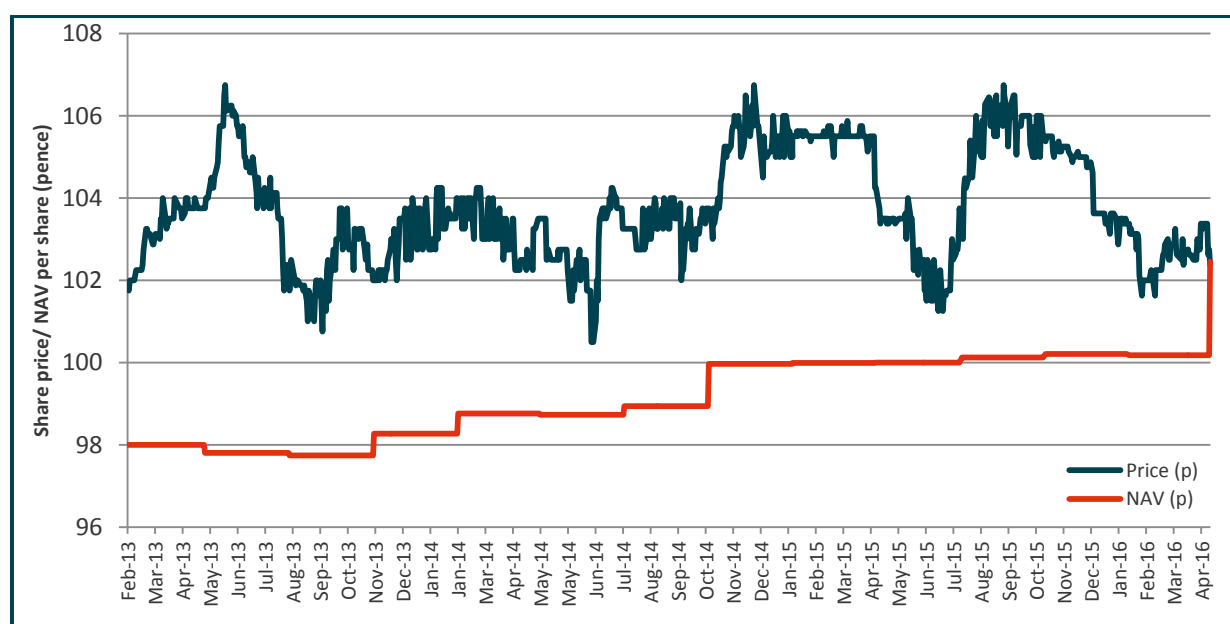
⁽²⁾ Loans advanced at amortised cost / Total equity attributable to the owners of the Company

Key Portfolio Statistics at 30 April 2016

Number of Investments:	11
Percentage Capital Invested ⁽²⁾ :	98%
Weighted average investment coupon:	6.81%
Weighted Avg. projected Investment IRR ⁽³⁾ :	8.90%
Weighted Avg. LTV:	57.1%
Weighted Avg. interest coverage ratio:	174%

⁽³⁾ Weighted average projected gross portfolio IRR reflects loan cashflows including interest, fees, advances and repayments, comprising (i) actual cashflows arising from loans in current portfolio and repaid loans since origination to date, and (ii) projected cashflows from the current portfolio through to each loan's maturity

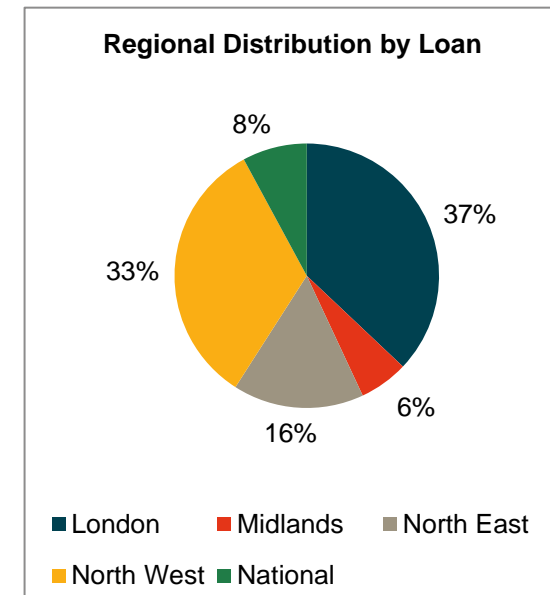
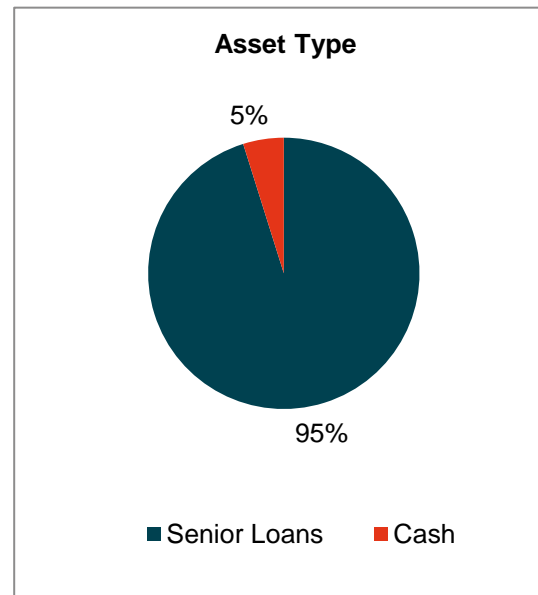
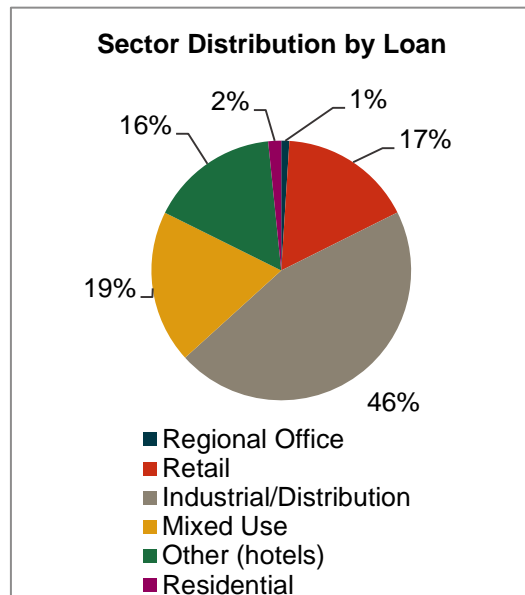
Share Price v NAV (from IPO to 30 April 2016)



Investment Portfolio as at 30 April 2016

Project	Region	Sector	Term start	Unexp term (yrs)	Day 1 balance (£m)	Day 1 LTV (%)	Day 1 ICR (%)	Balance outstanding (£m)	Current LTV (%)	Current ICR (%)
IRAF Portfolio ⁽¹⁾	North West	Industrial/distribution	Jul-13	2.67	14.20	55.3	193	11.94	43.5	206
Meadows RE Fund II	London	Retail	Sep-13	1.75	18.07	65.0	150	18.07	63.0	113
Northlands Portfolio	London	Mixed use	Nov-13	2.66	7.20	61.7	192	6.48	46.1	173
Hulbert Properties	Midlands	Industrial/distribution	Dec-13	2.68	6.57	65.0	168	6.57	55.4	185
Halcyon Ground Rents	National	Industrial/distribution	Dec-13	2.68	8.60	64.8	116	8.60	63.9	116
Cararra Ground Rents	North West	Regional office	Dec-13	2.68	1.30	65.0	113	1.30	65.0	113
Raees International	London	Mixed use	Dec-13	2.69	13.25	65.0	122	13.25	53.7	117
Lanos (York)	North East	Other (hotel)	Mar-14	2.75	10.00	64.9	122	10.00	50.0	118
Ramada Gateshead	North East	Other (hotel)	Apr-14	3.08	7.98	64.4	180	7.98	63.9	193
First Light Portfolio	London	Residential	Dec-14	2.79	1.75	65.0	174	1.75	44.3	167
Commercial R. S. Ltd	North West	Industrial/distribution	Mar-16	3.04	22.40	65.0	280	22.40	65.0	280
Total / weighted average				2.64	111.3	63.7	179	108.3	57.1%	174

⁽¹⁾ IRAF portfolio loan is a replacement of the LM Real Estate loan. It is secured on substantially the same portfolio as the previous LM Real Estate loan but with a new borrower and on substantially the same commercial terms. Day 1 figures represent LM Real Estate loan opening position.



Investment Manager's Commentary

Summary

At 30 April 2016 the investment portfolio comprised 11 loans. During the quarter Mansion Group completed the disposal of its student accommodation portfolio with the result that the Group's £18.07 million loan was repaid in full, together with interest, exit and prepayment fees of approximately £2.5 million. Within 10 days of this repayment, the Group, via Luxco, made a new loan of £22.4 million to Commercial Regional Space Limited (CRSL) on terms accretive to the Group and minimising cash drag. The key consequences of this repayment and subsequent reinvestment, as at 30 April 2016, are:

- The par value of the loan portfolio is now £108.3 million (31 January: £104.0 million)
- NAV per share has increased from 100.18 pence to 102.45 pence
- Projected portfolio gross IRR has increased to 8.90% (31 January: 8.49%)⁽¹⁾
- Weighted average interest coupon is now 6.81% (31 January: 7.40%)
- Portfolio LTV has increased from 52.7% to 57.1%, and Portfolio ICR has increased from 161% to 174%
- Weighted average loan maturity of 2.64 years (31 January: 2.81 years) and weighted average remaining coupon protection of 1.50 years (1.60 years)

Group Performance

The repayment of the Mansion loan resulted in the receipt of additional income of £2.5million and contributing to the profit after tax for the three months of £4.1 million (3.78 pence per share), with underlying performance of the rest of the portfolio in line with expectations.

Underpinned by supportive property market conditions, the Group's loan portfolio continues to perform in line with expectations and in compliance with all of the Group's investment parameters. With 1.5 years' weighted average income protection remaining as at 30 April 2016, the Company remains well positioned to continue to deliver its target dividend of 6.0 pence per share per annum.

Portfolio

Portfolio statistics	30 April 2016	31 January 2016
Number of loan investments	11	11
Aggregate balance	£108,332,150	£104,002,150
Weighted average LTV	57.1%	52.7%
Weighted average ICR	174%	161%
Weighted average interest coupon	6.81% pa	7.40% pa
Weighted average projected gross IRR ⁽¹⁾	8.90% pa	8.49% pa
Weighted average unexpired loan term	2.64 years	2.81 years
Weighted average unexpired Interest income protection	1.50 years	1.60 years
Cash held	£5,211,484	£5,306,129

(1) Weighted average projected gross portfolio IRR reflects loan cashflows including interest, fees, advances and repayments, comprising (i) actual cashflows arising from loans in current portfolio and repaid loan since origination to date, and (ii) projected cashflows from the current portfolio through to each loan's maturity

Outlook

Following the “Leave” outcome of the UK Referendum on EU membership, we are now entering a period of volatility, uncertainty and adjustment in the UK which will affect the property investment and property finance markets. The Investment Manager has considered the impact of this outcome and remains confident in the underlying quality and resilience of the Group’s security portfolio from both a capital and income perspective, given the senior secured risk positioning, diversification at portfolio level by sector and region and at loan level through exposure to predominantly multi-property or multi-tenanted security.

In particular, the Group’s 11 loans are underpinned by a security portfolio comprising 74 properties and 275 tenants (plus 325 hotel rooms) which benefit from the conservative risk metrics of 57.1% loan to value ratio and 174% interest coverage ratio, whilst each loan also benefits from strong financial covenants. The loan portfolio has no exposure to the Central London office or residential markets, which the Investment Manager believes may be disproportionately affected by the outcome of the vote, nor any imminent loan maturities. As a consequence, the Investment Manager believes the Group’s loan portfolio to be well positioned to withstand any short term volatility and downside risk, whilst supporting the maintenance of the quarterly dividend payment.

Contacts

Investment Manager	Administrator, Designated Manager & Company Secretary	Corporate Broker
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