



ICG LONGBOW



ICG-Longbow Senior Secured UK Property Debt Investments Limited

Interim Report and Unaudited Condensed
Consolidated Interim Financial Statements

For the six months ended 31 July 2020

Company Number: 55917



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All capitalised terms are defined in the Glossary of Capitalised Defined Terms on pages 27 to 28 unless separately defined.

FINANCIAL HIGHLIGHTS

KEY DEVELOPMENTS

- No losses incurred or impairment provisions required on any portfolio investments as at 25 September 2020.
- Profit after tax for the six month period to 31 July 2020 increased by 37% on prior year.
- Dividend maintained at 1.5 pence per share per quarter for the six month period to 31 July 2020, fully covered from earnings.
- Total loan commitments of £131.1 million as at 31 July 2020, with 16% of portfolio representing 'post-Covid' investments.

PERFORMANCE

- NAV of £119.20 million as at 31 July 2020 (31 January 2020: £119.12 million).
- Profit after tax of £3.72 million for the six months ended 31 July 2020 (31 July 2019: £2.73 million).
- Earnings per share for the period of 3.07 pence (31 July 2019: 2.25 pence).

DIVIDEND

- Total dividends paid or declared for the period ended 31 July 2020 of 3 pence per share (31 July 2019: 3 pence per share), made up as follows:
 - Interim dividend of 1.5 pence per share paid in respect of quarter ended 30 April 2020.
 - Interim dividend of 1.5 pence per share approved in respect of quarter ended 31 July 2020.

INVESTMENT PORTFOLIO

- As at 31 July 2020, the Group's investment portfolio comprised 11 loans with an aggregate principal balance of £120.69 million, representing 101.2% of the shareholders' equity (31 January 2020: nine loans with aggregate principal balance of £120.77 million, representing 101.4% of the shareholders' equity).
- As at 25 September 2020, the aggregate drawn balance had increased to £120.69 million.
- The portfolio continues to prove resilient in the face of Covid-linked economic and market disruption.



LBS, Reception

CORPORATE SUMMARY

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.

STRUCTURE

The Company is a non-cellular company limited by shares incorporated in Guernsey on 29 November 2012 under the Companies Law. The Company's registration number is 55917, and it has been registered with the GFSC as a registered closed-ended collective investment scheme. The Company's ordinary shares were admitted to the premium segment of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange as part of its IPO, which completed on 5 February 2013. The issued capital comprises the Company's ordinary shares denominated in Pounds Sterling. The Company is an internally managed non-EU domiciled alternative investment fund and makes investments in its portfolio through ICG-Longbow Senior Debt S.A., the Company's wholly owned subsidiary.

INVESTMENT ADVISER

The Investment Adviser (Intermediate Capital Managers Limited), which trades under the name of ICG-Longbow, is authorised and regulated by the FCA. The Board manages the assets of the Group after receiving advice from the Investment Adviser under the terms of the non-discretionary Investment Advisory Agreement.



LBS, Post Refurbishment

CHAIRMAN'S STATEMENT



JACK PERRY CHAIRMAN

“A resilient performance in uncertain times”

INTRODUCTION

On behalf of the Board, I am pleased to present the Interim Financial Statements for the Group for the six months ended 31 July 2020.

During the period the rapid onset and spread of Covid-19 led to a distressing human toll and an unprecedented period of challenge and disruption to economic, finance and property markets. As businesses were forced to close and fought for survival, tenants withheld rental payments from landlords who in turn sought accommodations from their lenders in terms of interest deferrals and covenant waivers. Consequently, investors and financiers largely withdrew from considering new transactions in order to monitor and address issues within their existing portfolios.

Against this backdrop the Board has been reassured by the performance of the Company's portfolio, which continues to show the resilience and defensive characteristics that the senior-only investment parameters were originally designed to provide. As a responsible lender, the Company provided assistance in the form of covenant waivers and interest deferrals for certain of its borrowers to aid them in navigating the disruption caused by the pandemic. However in each case the Board believes the security position remains satisfactory, with no shortfall in capital or interest anticipated and no impairment provisions being required.

I can therefore report that the Company delivered a fully-covered dividend during this period of uncertainty, while maintaining strong cash balances during the peak of the crisis and only concluding new investments when confident the time was right to capitalise on our available liquidity following adjustments to market pricing. Furthermore, our NAV per share rose modestly during the period.

Despite the overall resilience of the loan portfolio, the Company's share price has fallen to a material discount to NAV as a result of the wider market re-rating following the onset of Covid-19. The Board believes the current share price discount is unwarranted given the security offered by the Company's loan portfolio, with exclusively first mortgage investments at an average LTV below 70%. With shorter-dated gilts providing a negative yield currently, the attraction of a fully covered 6.0 pence per share annual dividend, offering a yield of approximately 7.8% on the current share price, is in the Board's view a compelling investment. As a measure of their confidence in the Company and its prospects, the Directors collectively acquired 182,500 shares in the Company during the period.

Looking forward, the key strategic challenge the Company faces is to find a path to growth, which will provide greater diversification in its investment portfolio, a reduced expense ratio and improved liquidity in the Company's shares. Unfortunately, neither market conditions nor the share price have supported new share issuance in recent periods. While the Company continues to deliver on its investment objectives, the Board recognises that some shareholders have become frustrated at the lack of growth but this should not be construed as a lack of ambition; the Board and Investment Adviser are united in their wish to see the Company grow and continue to explore all options to realise this goal.

PORTFOLIO

The Company concluded three new loan investments in the first half of 2020, comprising approximately £28.9 million of commitments in aggregate. These investments are described more fully below and the Board believes each offers a stable and attractive risk-adjusted return to shareholders and will be resilient to the challenges presented by the pandemic and beyond.

During the reporting period, the Company's £21.5 million Meadows loan was repaid in full, together with exit and prepayment fees of approximately £0.7 million, following a sale of the residential site securing the loan. Additionally, a £4.4 million partial repayment of the BMO Partners loan was received following a refinancing by a third-party lender of one of the properties securing the portfolio.

These repayment proceeds, together with Group cash and a modest drawing on the Company's revolving credit facility, were reinvested as follows:

- A £7.75 million commitment secured by a multi-let industrial estate in Knowsley, Merseyside. The loan carried an initial LTV ratio of 60.3% and included a material capital expenditure component in support of the sponsor's business plan.
- A £16.89 million commitment to an affiliate of GMG Real Estate, secured by an office property in St James's, London. The Company is participating in a wider £22.3 million facility alongside another fund managed by the Investment Adviser, on a pari passu basis. The property is leased to a UK Government Agency, and the sponsor intends to refurbish the property upon expiry of the lease with the Company providing a capital expenditure facility in support of this business plan.

CHAIRMAN'S STATEMENT (CONTINUED)

- A new £4.25 million investment secured by a freehold office property in Leeds. The property had previously been split into ground rent and long leasehold titles, of which the former comprised the security for the Company's Carrara investment. The title interests have now been merged with the Company taking security over the entire property, which has been recently renovated and is leased to two institutional tenants.

As a result of the portfolio changes, pro forma LTV as at the date of these accounts is 69.3%, at a weighted average interest coupon of 7.31%, with returns further enhanced by contractual arrangement and exit fees. In addition, each of the Company's investments is structured with minimum earnings or coupon protection periods, which may give rise to supplementary fees if facilities are prepaid early (as was the case with the Meadows loan).

REVENUE AND PROFITABILITY

Income from the loan portfolio for the period totalled £4.95 million (31 July 2019: £3.44 million) as the Company benefitted from high levels of investment at a superior weighted average coupon level than the prior year. The higher revenues contributed to a 37% rise in post-tax profits to £3.73 million (31 July 2019: £2.73 million).

Earnings per share for the period increased to 3.07 pence (31 July 2019: 2.25 pence).

DIVIDEND PERFORMANCE

The Company delivered a fully covered dividend during the reporting period, in line with the Board's guidance to shareholders and as a result of the strong returns delivered from the loan portfolio.

The Company paid a first interim dividend of 1.50 pence per share in respect of the quarter ended 30 April 2020 on 7 August 2020, and on 25 September 2020 declared a second interim dividend in respect of the quarter ended 31 July 2020 of 1.50 pence per share.

NAV AND SHARE PRICE PERFORMANCE

The Group's NAV increased to £119.21 million as at 31 July 2020 (31 January 2020: £119.12 million), an excellent outturn given the circumstances. The Company carefully managed liquidity and pursued a cautious approach to new investment during the peak of the Covid-19 uncertainty.

Along with our peers and much of the wider Investment Companies sector, general market reaction to the Covid-19 pandemic caused a material reduction in the Company's share price from 99.00 pence as at 31 January 2020. Following the onset of the pandemic, the shares traded in a range of 64.75 to 79.00 pence per share, finishing the period at 72.50 pence, a 26% discount to NAV.

BOARD AND CORPORATE STRUCTURE CHANGES

After the period end the Board announced that Mark Huntley would not stand for re-election at the Company's forthcoming AGM and will stand down immediately thereafter. The Board has appointed Fiona Le Poidevin as a non-executive director with effect from 1 September 2020, who will bring a wealth of financial services experience and expertise to the Board. Fiona will stand for re-election at the AGM on 25 September 2020.

Following the period end, and as a result of recent changes to tax legislation, the Board resolved to simplify its corporate structure by collapsing the Luxembourg subsidiary company which has historically acted as the lender for the Group's investments. All of the investments are intended to be transferred to the Company with no adverse tax consequences for the Group or its shareholders. Subject to regulatory approval, the Board also resolved to appoint ICG Alternative Investment Limited, an affiliate of the Investment Adviser, as the Company's discretionary Investment Manager under the Alternative Investment Fund Management Directive (AIFMD), operating within a remit set by the Board. As a result of this restructuring, the Company

expects to reduce pro forma operating expenses by approximately £200,000 per annum, which will serve to improve profitability and support dividend coverage in future periods.

OUTLOOK

Of paramount importance in this period of uncertainty is maintaining the quality of the existing portfolio. We will face ongoing challenges in the economy and the Board is mindful of the so-called 'second wave' of Covid cases and the consequent effects of further local or national lockdowns on the investment portfolio and wider market conditions. Nonetheless the Board is satisfied that the defensive characteristics of the existing loan portfolio mean that the Company is well placed to weather any turbulence. As such, the Board currently expects to maintain its target dividend of 6.0 pence per share per annum.

The Company continues to see a robust pipeline of opportunities to deploy capital at attractive returns and with strong security. We have no intention of investing aggressively as we can fulfil our mandate and achieve our investment objectives through attractive opportunities in sectors and locations where property fundamentals remain robust. We cannot be certain of how events will unfold from here but the Company's strong security, diversified portfolio, robust income generation and skilled Investment Adviser give us confidence as we peer into the uncertainty. In a world where it seems that interest rates will remain close to zero for some years, the Company and its inherent characteristics are more valuable and relevant than ever.

JACK PERRY
Chairman

25 September 2020

INVESTMENT ADVISER'S REPORT

Fund facts	
Fund launch:	5 February 2013
Investment Adviser:	ICG-Longbow
Base currency:	GBP
Issued shares:	121.3 million
Investment Advisory fee:	1.0%
Fund type:	Closed ended investment company
Domicile:	Guernsey
Listing:	London Stock Exchange
ISIN code:	GG00B8C23S81
LSE code:	LBOW
Website:	www.lbow.co.uk

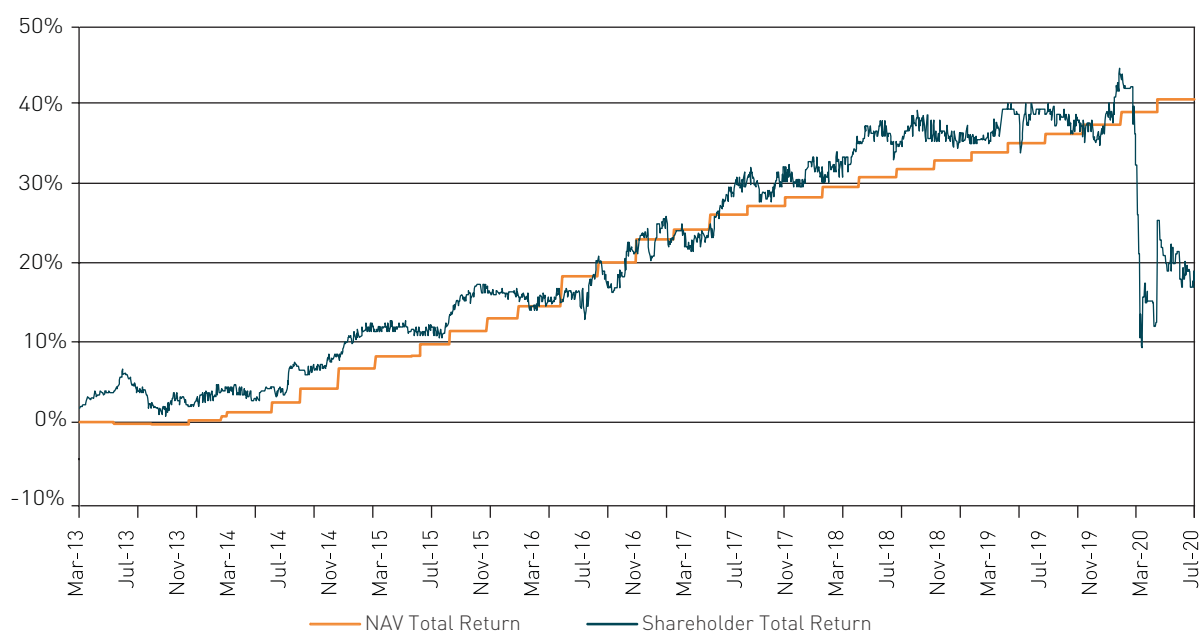
Share price & NAV at 31 July 2020	
Share price (pence per share):	72.50
NAV (pence per share):	98.26
Premium/(Discount):	(26.2%)
Approved dividend (pence per share) ⁽¹⁾ :	1.50
Dividend payment date ⁽¹⁾ :	30 October 2020

Key portfolio statistics at 31 July 2020	
Number of investments:	11
Percentage capital invested ⁽²⁾ :	101.2%
Weighted avg. investment coupon:	7.31%
Weighted avg. LTV:	69.3%

⁽¹⁾ For the Quarter ended 31 July 2020. Ex-Dividend Date is 8 October 2020.

⁽²⁾ 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 RETURN V NAV TOTAL RETURN (FROM IPO TO 31 JULY 2020)



INVESTMENT ADVISER'S REPORT (CONTINUED)

SUMMARY

At 31 July 2020 the investment portfolio comprised 11 loans. Principal activity in the period included:

- Repayment of the £21.5 million Meadows loan, together with exit and prepayment fees of £0.7 million
- Completion of a £7.8 million loan commitment secured on an industrial estate in Knowsley, Merseyside
- Completion of a £16.9 million commitment secured by an office property in St James's, London
- Restructure of the Group's Carrara loan into a £4.25 million facility secured by an office property in Leeds
- Partial £4.4 million repayment of the BMO loan following the refinancing of one of the security properties
- Increase in total commitments to £131.1 million (31 January 2020: £128.6 million) with par value of the loan portfolio largely unchanged at £120.7 million (31 January 2020: £120.8 million),

As at the period end:

- Weighted average LTV of 69.3% (31 January 2020: 66.4%) as a result of the portfolio changes
- WA interest coupon of 7.31% (31 January 2020: 7.51%), before recognition of arrangement and exit fees
- NAV per share increased modestly to 98.26 pence (31 January 2020: 98.20 pence)
- No expectation of any shortfall in either total interest receipts or capital repayments by loan maturity.

GROUP PERFORMANCE

The Company's primary focus during the quarter was in reviewing the performance and outlook for its existing loan positions in the light of the Covid disruption. We summarise the investment status in more detail below but would highlight that

we continue to believe the Company has a satisfactory security position on all of its investments and does not expect any shortfall in interest, principal or fees on any of the investments.

As lockdown conditions eased and parts of the investment market re-opened, the Company was able to take advantage of a reduction in debt market liquidity caused by Covid-19 to add to its investment portfolio, closing a £16.9 million loan commitment secured by a prime office in St James's, London. The Group is participating in a larger £22.3 million loan alongside another fund managed by the Investment Adviser.

Additionally, the Company completed an increase and extension to its Carrara loan facility, which now has a balance of £4.25 million secured by the full freehold interest in a recently refurbished and fully let office building in Leeds. The Company also received a £4.35 million partial repayment of the BMO Partners facility, following a refinancing of one of the portfolio assets by a third-party lender, which reduced LTV on that facility to 48.7%.

As a result of these portfolio changes, the Group's loan commitments now total approximately £131.1 million, of which £120.7 million is drawn. During the period the Group made a modest drawing of £4.4 million from its £25 million revolving credit facility, with net debt at quarter end of £2.2 million.

Portfolio LTV remains robust and defensive at 69.3% at quarter end, all secured by first ranking mortgage investments. We would highlight that several of the Group's investments have seen LTVs vary in recent quarters; this is a result of drawings on capital expenditure facilities increasing the notional loan exposure, without the benefit of such expenditure works being reflected yet in underlying property values.

The weighted average loan coupon was largely unchanged in the quarter, and the weighted average unexpired loan term broadly flat at 2.0 years, with a diverse spread of loan maturities which, coupled with judicious use of the revolving credit facility, should facilitate optimum reinvestment and minimise potential cash drag.

PORTFOLIO

Portfolio statistics	31 July 2020	31 January 2020
Number of loan investments	11	10
Aggregate principal advanced	£120,686,207	£120,769,516
Weighted average LTV	69.3%	65.8%
Weighted average interest coupon p.a.	7.31%	7.51%
Weighted average unexpired loan term	1.99 years	1.85 years
Weighted average unexpired interest income protection	0.98 years	1.01 years
Cash held	£2,183,556	£3,383,841
Drawings on Working Capital Facility	£4,400,000	£5,200,000

INVESTMENT ADVISER'S REPORT (CONTINUED)

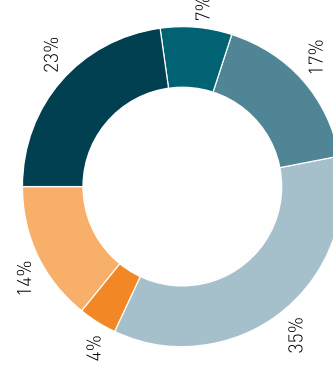
INVESTMENT PORTFOLIO AS AT 31 JULY 2020

Project	Region	Sector	Term start	Unexp term (yrs)	Day 1 balance (£m)	Day 1 LTV (%)	Balance outstanding ⁽¹⁾ (£m)	Balance unrawn (£m) ⁽¹⁾	Current LTV ⁽²⁾ (%)
Halcyon	National	Industrial/distribution	Dec-13	0.35	8.60	64.8	5.73	-	65.2
BMO	National	Mixed use	Jan-17	0.00	16.00	55.4	11.44	-	48.7
Quattro	South East	Mixed use	Oct-17	0.46	9.00	83.7	8.83	-	80.6
Affinity	South West	Office	Mar-18	1.79	14.20	67.3	16.70	-	66.0
Southport	North West	Hotel	Feb-19	2.71	12.50	59.5	15.20	0.31	64.8
Northlands	London	Mixed use	Aug-19	2.21	9.00	55.3	9.24	3.26	56.8
RoyaleLife	National	Residential	Sept-19	3.22	20.27	74.3	24.85	0.19	82.9
LBS	London	Office	Oct-19	2.21	4.92	69.3	6.04	0.43	73.5
Knowsley	North West	Industrial	Feb-20	2.71	3.50	60.3	5.65	2.10	71.1
Carrara	Yorks/Humb	Office	June-20	1.55	4.25	73.3	4.25	-	73.3
GMG	London	Office	July-20	2.22	12.75	70.0	12.75	4.14	70.0
Total/weighted average				1.99	114.99	66.6	120.68	10.43	69.3

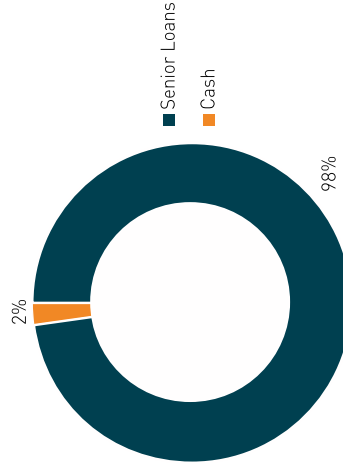
⁽¹⁾ For the Southport and RoyaleLife facilities, Balance outstanding includes capitalised interest.

⁽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.

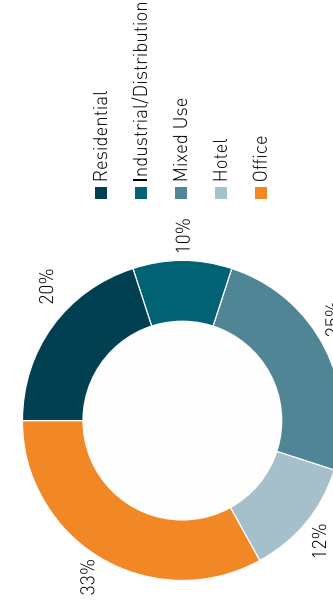
Regional Distribution by Loan Amount



Asset Type



Sector Distribution by Loan Amount



INVESTMENT ADVISER'S REPORT (CONTINUED)

ECONOMY AND FINANCIAL MARKET UPDATE

The scale of the impact of Covid-19 on the UK economy is now beginning to be quantified. GDP for the first quarter fell by 2.2% – itself the biggest reduction since 1979 – however in the second quarter it was estimated to have fallen by 20.4%, beyond all historical comparisons. The UK economy appears to have been more severely impacted than all other G7 countries, driven by the high weighting of the economy to services, which includes the most directly impacted sectors such as leisure and hospitality.

Nonetheless with strict UK-wide lockdown restrictions having been lifted (albeit replaced with more targeted local measures) the economy is set for a record rebound in the three months to September – by as much as 14.3% according to recent consensus forecasts. This would likely put the UK at the top of the G7 performance table. In particular, consumer spending appears to have rebounded with July retail sales up 1.4% year on year, according to the ONS.

The medium-term outlook remains much more uncertain as does the consequent impact on consumer and business confidence. In particular, the effect of the Government support schemes on the labour market may continue to weigh heavily on unemployment figures. Already we have seen the claimant count rise to 2.7 million as at June 2020, more than double the number for March.

The UK inflation rate stood at 0.2% p.a. at the end of August, down from 1.8% at the start of the year, and long-term interest rates have also fallen markedly, with five year swaps at less than 0.1% per annum and UK Gilts offering negative yields on maturities up to five years.

OCCUPATIONAL DEMAND/SUPPLY

The UK lockdown has had a highly divergent impact on occupational demand for real estate, manifested through both leasing activity and rental collections. The Investment Adviser has been informed by the performance of the 6,000+ tenants across its funds' security portfolios, in addition to publicly available research data.

According to Savills, take up of industrial and logistics space (defined as units of 100,000 sq ft and above) hit record levels in H1 2020, which at 22.4 million sq ft was 66% above the long-term average. However Amazon alone was reported to be responsible for over a third of this take up. In the office sector, take-up was frustrated by the challenges of arranging viewings and corporate uncertainty as to size and shape of future accommodation needs. In the City, take up through to July 2020 was down approximately 40% on the long term average, according to Savills, whilst across the Greater London and South East markets, it was down 28%. A similar picture can be seen in the UK regions, albeit the impact has been mitigated as many of the larger regional cities entered the Covid crisis with relatively low vacancy rates.

In the retail sector, the focus has been less on take up and far more on rent collection, where there have been material differences between sub-sectors. UK Supermarket Income REIT plc, with a foodstore portfolio, reported 100% rent collection in March and June; Intu plc, which focuses on large shopping centres, reported an initial 29% collection rate for the March quarter, before appointing administrators later in the period. In our experience, convenience-led stores – often essential businesses which remained open during the period – paid rent in greater numbers than mass market fashion brands. The Company's limited retail exposure is focused

on these convenience businesses. Nonetheless the outlook remains weak, with widespread store closures and several further CVAs mooted.

PROPERTY INVESTMENT MARKET

One of the most immediate impacts of Covid-19 on the property markets was the stalling of investment activity, as buyers and sellers adjusted to both the economic uncertainty and practical difficulties of conducting inspections, valuations and meetings. The full impact has now been quantified with the release of Q2 transaction data, with only £3.6bn of transactions recorded, according to Lambert Smith Hampton, down from £12.9bn in Q1 and 73% below the five year quarterly average.

Unsurprisingly, the highest levels of activity were in the "Covid-resilient" sectors of industrial and warehousing (which accounted for a record 23% share of Q2 volume) and supermarkets, which comprised 68% of all retail property purchases in the period and benefit from the strongest occupational traits. The lowest levels of liquidity were seen in shopping centres – where for the first time ever there were no recorded sales during the quarter – and hotels, where Q2 volume was 93% below the quarterly average.

Whilst the lack of transactional activity has made taking a reading of the market through valuations difficult, Lambert Smith Hampton report average transactions yields of 5.25%, approximately 45bp wider than the prior year. Expectations are that capital values will end 2020 down c. 10-15%, with IPF Consensus Forecasts in August showing an 11.7% reduction. It is widely expected there will be high divergence between sectors, as shopping centres could fall by a further 30%, whilst logistics and supermarkets may potentially increase in value through yield tightening. Should these forecasts be borne out, we expect any effect on the Company's security properties to be at the low end of these ranges, and further mitigated by the value-add business plans being pursued by the loan sponsors.

FINANCE MARKETS

Somewhat surprisingly, overall lending to UK property increased during H1, from £163.1bn in January to £170.7bn in June, with notable increases in both March and May 2020. Capital Economics suggests that this is likely a result of a low level of repayments as lenders extend maturity dates on existing facilities; we also suspect there may have seen material drawdowns on revolving credit facilities in these figures.

The data certainly contrast from our own observations and anecdotal feedback from clients, advisers and peers in the market, where we believe that the major clearing banks have largely withdrawn from considering new opportunities in earnest. Management and credit committee time is said to be focused on existing loan exposures, and considering and administering CBIL loan applications under the Government programme. We are also aware that some of our competitor debt funds, particularly in the whole loan space, were not actively lending in H1, conserving cash to meet margin calls on mezzanine positions or fund-level finance.

Despite the challenging circumstances we do not expect to see significant write downs being experienced by banks in their real estate loan portfolios, due to the greatly reduced size of their loan books since the GFC, and more rigorous and prudent regulation driving more cautious lending policies over the last ten years. We do however expect banks to be closely focused on managing their existing loan books and core clients, and, as a result, anticipate a healthy volume of pipeline opportunities from the banking sector from Q4 2020 onwards, as fewer loans are refinanced internally.

INVESTMENT ADVISER'S REPORT (CONTINUED)

To the extent they are active, we believe lenders are looking to reduce LTVs by 5% – 10% from 2019 levels, based on realistic post-Covid valuations. This is combined with a focus on structural improvements such as tightened lending covenants, interest reserves and increased levels of amortisation. Typical credit margins on senior loans have increased by between 25 – 100bp from 2019 levels, again on reduced LTVs by average, with lenders focused on Covid-resilient sectors with solid rent collection and strong sponsorship. There is very limited debt market liquidity for retail and hospitality assets currently, which we expect to remain the case until there is evidence of rental and trading levels stabilising, and an increased level of activity in the investment markets against which to benchmark valuations.

PORTFOLIO PROFILE AND ACTIVITY

The Group's investment portfolio has seen some notable changes over the reporting period, commencing with the repayment in March 2020 of the legacy Meadows loan following the successful delivery of the sponsor's business plan. The Company made two new investments – the Knowsley and GMG loans – and also restructured the Group's Carrara loan. This activity has in our view improved the resilience of the portfolio, increasing the percentage weighting to 'post-Covid' structures and property values, and further enhancing the loan maturity profile, which now has no material expiry concentrations which would unduly affect reinvestment.

Following the new investment activity alongside drawdowns on committed capital expenditure facilities, the Company's weighted average LTV is now 69.3%, with a weighted average unexpired loan term of 1.99 years, consistent with our expectations for a mature portfolio. The weighted average interest coupon of 7.31%, supplemented by contractual arrangement fees paid at closing and exit fees upon repayment, continues to deliver full dividend cover.

Notwithstanding the challenges presented by Covid, our borrowers have generally made solid progress against their business plans:

- The sponsor of the LBS loan completed a refurbishment of the property and secured a letting for the majority of the space at a rental level well ahead of our expectations.
- The RoyaleLife sponsor secured major new planning permissions across its portfolio, which combined with ongoing expenditure on its properties resulted in a valuation increase of approximately 15%, reducing LTV to 73.0% after period end.
- The Knowsley borrower has secured a key lease regear and remains on track with its capex programme.

The most challenging investments remain the Southport loan (due to disruption in the hotel sector) and the Quattro loan, where interest arrears persist but we have seen positive steps forward in business plan delivery. In each case we have line of sight to performance being regularised and do not believe the Company will suffer any loss or impairment on the facilities.

PORTFOLIO OUTLOOK

The Company's loan commitments currently total approximately £131 million, of which circa £121 million has been drawn to date. It has ample available liquidity with circa £20 million available to draw on its revolving credit facility which may be used to pursue defensive investment opportunities or, if required, support the existing portfolio.

As previously highlighted the Company continues to selectively pursue high quality lending opportunities which would provide shareholders with attractive risk adjusted returns. Whilst we are cautious about investing aggressively in the current environment, we do believe that attractive risk-adjusted returns can still be found through investing selectively in sectors and locations where occupational demand remains robust. We remain of the view that investments benefitting from diversified income and/or latent value-add potential offer the best security and protection against uncertainty.

INVESTMENT ADVISER'S REPORT (CONTINUED)

LOAN PORTFOLIO

As set out above, as at 31 July 2020, the Group's portfolio comprised of 11 loans with an aggregate balance outstanding of £120.67 million.

A summary of each of the individual loans as at 31 July 2020 is set out below:

Halcyon
Originally a £8.60 million senior loan facility utilised to refinance a portfolio of freehold ground rents.
During the loan term, certain assets have been sold or refinanced with the loan being paid down accordingly. Given the continued stable performance, the loan term has been extended to December 2020. However, a repayment of the facility is expected in advance of the scheduled loan maturity.
With the loan being secured by a portfolio of defensive freehold ground rent investments, the security position is considered strong.

Property profile	
Number of properties	17
Property value (£)	£8,796,000
Property value (£/sq. ft.)	£33.38
Property area (sq. ft.)	263,545
Number of tenants	4
Weighted lease length	81.7 years

Debt profile	
Day one debt	£8,600,000
Debt outstanding	£5,732,465
Original term	5.0 years
Maturity	December 2020
Current LTV	65.2%
Loan exposure per sq. ft.	£21.75

BMO
The Group advanced a new £16.00 million loan to clients of BMO Real Estate Partners, with an initial LTV ratio of 55.4% and a maturity date in April 2019. The loan was originally secured by first charges against a portfolio of 17 properties located across the UK, principally in the high street retail and industrial sectors, and provides a diversified income stream. Sponsorship of the loan has since moved from BMO to Capreon Asset Management.
Whilst the loan has passed its contractual maturity date and the Company has reserved its rights in respect of this default, the sponsor is pursuing a third-party refinancing strategy rather than accept a longer-term deal with the Company. As such it has accepted the payment of a default rate of interest in the short term to secure a cheaper rate in the medium to long term. In line with this strategy a refinancing of one of the portfolio properties was secured during the period, which resulted in a £4.4 million repayment of the loan and LTV reducing from 51.5% to 48.7%.

Property profile	
Number of properties	14
Property value (£)	£23,515,000
Property value (£/sq. ft.)	£84.80
Property area (sq. ft.)	277,327
Number of tenants	55
Weighted lease length	3.4 years

Debt profile	
Day one debt	£16,000,000
Debt outstanding	£11,443,494
Original term	2 years
Maturity	October 2019
Current LTV	48.7%
Loan exposure per sq. ft.	£41.26

INVESTMENT ADVISER'S REPORT (CONTINUED)

LOAN PORTFOLIO (CONTINUED)

Quattro

On 17 October 2017, the Group advanced a new £9.00 million loan to a private property company, secured by three mixed use assets in and around the London Borough of Kingston. The Group initially financed a £6.00 million participation in the loan subsequently acquiring the minority £3.00 million position from ICG following an equity issuance under the 2017 Placing Programme.

The loan carried an initial LTV ratio of 83.7%, at the top end of the Group's investment parameters, however after valuation changes and a partial loan reduction the current LTV is 80.6%.

During the period, the interest arrears experienced on the loan continued as the initial interest reserve was exhausted, and a value-add capital expenditure programme at the largest asset affected working capital. All rights have been reserved in respect of this default, and total loan exposure including interest and fees is approximately £9.4 million, reflecting 85.8% LTV. A payment plan has been agreed with the sponsor to make good the arrears.

Additionally, contracts have exchanged with a non-refundable deposit paid for the sale one of the portfolio assets which, if completed, will lead to a significant reduction in capital exposure. The Sponsor is also implementing a planning consent for eight residential apartments above one of the properties, and sale of these units is expected to further reduce loan exposure.

Property profile	
Number of properties	3
Property value (£)	£11,170,000
Property value (£/sq. ft.)	£294
Property area (sq. ft.)	38,038
Number of tenants	7
Weighted lease length	12.6 years

Debt profile	
Day one debt	£9,000,000
Principal outstanding	£8,827,679
Original term	3.2 years
Maturity	January 2021
Current LTV	80.6%
Loan exposure per sq. ft.	£232.08

Affinity

On 28 February 2018, a new £16.20 million commitment was made, of which £14.20 million was advanced, to refinance a multi-let office property in Bristol, and to provide a £2.00 million capital expenditure facility to fund a refurbishment programme. Subsequently, the loan was increased to £16.70 million in support of the borrower's business plan.

The loan is secured by a five-storey office block comprising 114,364 sq. ft., and is currently leased to 21 tenants with a contracted rent of £1.61 million per annum. Following completion of the refurbishment programme, much of the vacant space has been placed under offer at a rental level ahead of business plan, and the Company is currently documenting a £1 million increase to the Facility, to support further refurbishment works and to assist with the fit out costs of this tenant.

Property profile	
Number of properties	1
Property value (£)	£25,300,000
Property value (£/sq. ft.)	£221.22
Property area (sq. ft.)	114,364
Number of tenants	21
Weighted lease length	5.3 years

Debt profile	
Day one debt	£14,200,000
Debt outstanding	£16,700,000
Original term	4.2 years
Maturity	May 2022
Current LTV	66.0%
Loan exposure per sq. ft.	£146.00

INVESTMENT ADVISER'S REPORT (CONTINUED)

LOAN PORTFOLIO (CONTINUED)

Southport Hotel

A £15.0 million loan commitment secured by a hotel and leisure complex in Southport, Merseyside. The initial loan to value ratio was 59.5%. The hotel has a demonstrable trading history with a business plan focused on investing in improving the asset, renovating the bedrooms and thereafter driving room rates. During the period, substantially all business plan works across the hotel had been completed with approximately £2.5 million invested.

Following the Covid-19 outbreak, the UK Government mandated the closure of all UK hotels save for those supporting key workers or vulnerable groups. Accordingly the hotel and ancillary leisure units all closed for trading and during the period the Investment Adviser worked closely with the loan sponsor to preserve working capital, asset value and the trading prospects of the business during the period of enforced lockdown. As such the Group deferred and capitalised two quarters of interest due under the facility which is reflected in the outstanding debt in the table below.

The hotel re-opened for trade in August 2020 and has seen a benefit from the rise in domestic tourism and the Eat out to Help Out dining scheme.

Property profile	
Number of properties	1
Property value (£)	£23,440,000
Property value (£/bedroom)	£176,240
Property value (£/sq. ft.)	£515.96
Bedrooms	133
Property area (sq. ft.)	45,430

Debt profile	
Day one debt	£12,500,000
Debt outstanding	£15,199,698
Original term	4 years
Maturity	April 2023
Current LTV	64.8%
Loan exposure per bedroom	£134,510

Northlands

On 2 October 2019 the Group entered into a new £12.5 million commitment secured by this highly diversified portfolio, which had shown demonstrable performance over a number of years since it was originally financed following the Company's Initial Public Offering. The commitment includes a £3.5 million committed capital expenditure facility to support the next phase of the sponsor's business plan, of which approximately £0.2 million has been drawn to date.

The loan is secured by a highly diversified mixed-use portfolio of high street retail, office and tenanted residential units located predominantly in London and the South East, with an LTV at period end of 56.8%.

Property profile	
Number of properties	14
Property value (£)	£16,282,500
Property value (£/sq. ft.)	£134.25
Property area (sq. ft.)	121,285
Number of tenants	113
Weighted lease length	3.4 years

Debt profile	
Day one debt	£9,000,000
Debt outstanding	£9,241,378
Original term	3.0 years
Maturity	October 2022
Current LTV	56.8%
Loan exposure per sq. ft.	£76.20

INVESTMENT ADVISER'S REPORT (CONTINUED)

LOAN PORTFOLIO (CONTINUED)

RoyaleLife

On 5 September 2019 the Group entered into a £24.6 million commitment with an affiliate of RoyaleLife, the UK's leading provider of bungalow homes, secured by a portfolio of ten assets in the residential bungalow homes sector. The facility forms part of a larger four-year, £142.7 million loan originated by the Investment Adviser, and the Group is participating alongside two other funds managed by the Investment Adviser.

The initial loan drawn down was £20.3 million (Group's share), with the balance comprising a capital expenditure commitment in support of the borrower's business plan.

Following Government guidance issued following the Covid-19 outbreak, all of the properties were temporarily closed for new home sales, which affected cashflows during the period. To address this the Sponsor committed new equity capital to the portfolio, and the Company agreed to defer and capitalise the Q1 interest payment, which is reflected in the outstanding debt in the table below. The properties have since re-opened with the sales programme recommenced.

Following period end, an independent revaluation of the properties was carried out which showed a material increase in value resulting from the Sponsor's continued investment in the properties in addition to the granting of major new planning consents for further residential homes, in line with the original business plan. As a result the LTV as at the date of these accounts is 73.0%.

Property profile	
Number of properties	10
Property value (£) *	£29,974,042
Number of tenants	n/a
Weighted lease length	n/a

Debt profile	
Day one debt	£20,267,119
Debt outstanding	£24,848,481
Original term	4.1 years
Maturity	October 2023
Current LTV	82.9%

* pro rata based on Company's share of total loan

LBS

On 23 September 2019, the Group entered into a £6.5 million loan commitment with a fund advised by LBS Properties, secured by a multi-let office property in Farringdon, London.

The loan carried an initial LTV ratio of 69.0%, and includes a capital expenditure commitment in support of the borrower's business plan which includes a full refurbishment of the property. During the period the refurbishment works completed ahead of schedule, and a new tenant secured for the majority of the space at a rental level ahead of business plan. The remainder of the space is being marketed.

Property profile	
Number of properties	1
Property value (£)	£8,220,000
Property value (£/sq. ft.)	£778.63
Property area (sq. ft.)	10,557
Number of tenants	1
Weighted lease length	10.0 years

Debt profile	
Day one debt	£4,922,000
Debt outstanding	£6,039,618
Original term	3.1 years
Maturity	October 2022
Current LTV	73.5%
Loan exposure per sq. ft.	£572.10

INVESTMENT ADVISER'S REPORT (CONTINUED)

LOAN PORTFOLIO (CONTINUED)

Knowsley

The Group entered into a new £7.75 million loan commitment on 12 March 2020 to an affiliate of Seybourne Estates, secured by a multi-let industrial property in Knowsley, Merseyside.

The property is spread over 37 acres and comprises an existing income-producing industrial estate which provides cashflow to service the loan, alongside a development site which has been pre-let to a new tenant. The Sponsor is building out this property using committed funds from the facility, with works well advanced in line with business plan and expected to complete in Q4 2020.

Property profile

Number of properties	1
Property value (£)	£7,950,000
Property value (£/sq. ft.)	£49.64
Property area (sq. ft.)	160,149
Number of tenants	5
Weighted lease length	7.4 years

Debt profile

Day one debt	£3,500,000
Debt outstanding	£5,650,000
Original term	3.1 years
Maturity	April 2023
Current LTV	71.1%
Loan exposure per sq. ft.	£35.28

Carrara

A £4.25 million loan was advanced on 18 June 2020, secured by a freehold office property in Leeds, on an established business park accessed from the M1 motorway. The property has been recently refurbished and is fully let to two institutional quality tenants.

The freehold ground rent interest in the property was previously financed by the Company in a £1.35 million loan. The Sponsor subsequently merged the freehold and leasehold titles in preparation for an eventual sale and it is the newly-merged title that forms the security for the current loan.

Property profile

Number of properties	1
Property value (£)	£5,800,000
Property value (£/sq. ft.)	£244.16
Property area (sq. ft.)	23,755
Number of tenants	2
Weighted lease length	8.7 years

Debt profile

Day one debt	£4,250,000
Debt outstanding	£4,250,000
Original term	1.7 years
Maturity	February 2022
Current LTV	73.3%
Loan exposure per sq. ft.	£178.91

INVESTMENT ADVISER'S REPORT (CONTINUED)

LOAN PORTFOLIO (CONTINUED)

GMG

On 16 July 2020 the Group entered into a £16.9 million commitment with an affiliate of GMG Real Estate, secured by an office property in St James's, London. The Group is participating in a larger three-year, £22.3 million loan alongside another fund managed by the Investment Adviser.

The property is currently fully leased to a UK Government Agency, with a short unexpired lease term. The tenant is expected to vacate after which the Sponsor's business plan is to pursue a renovation of the property using funds from the committed facility.

Property profile	
Number of properties	1
Property value (£)*	£18,219,133
Property value (£/sq. ft.)	£1,102
Property area (sq. ft.)	21,786
Number of tenants	1
Weighted lease length	0.5 years

Debt profile	
Day one debt	£12,753,393
Debt outstanding	£12,753,393
Original term	2.2 years
Maturity	October 2022
Current LTV	70.0%
Loan exposure per sq. ft.	£771.14

* pro rata based on Company's share of total loan

SUBSEQUENT EVENTS

Significant subsequent events have been disclosed in Note 11 to the Financial Statements on page 26.

ICG REAL ESTATE

25 September 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing this Interim Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- The Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- The Chairman's Statement and Investment Adviser's Report include a fair review of the information required by:
 - (i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Unaudited Condensed Consolidated Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position and performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report and Financial Statements that could do so.

On behalf of the Board

JACK PERRY
Chairman

25 September 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The Company, through its subsidiary, invests primarily in UK commercial real estate loans of a fixed rate nature; as such, it is exposed to the performance of the borrower, and underlying property on which its loans are secured. The Company's key risks are discussed below. In this statement, references to the Company also apply to the Group as a whole.

The Directors have identified the following as the key risks faced by the Company:

- real estate loans made by the Company may, after funding, become non-performing;
- valuations of property are inherently subjective and assets securing the Company's loans may be worth less than anticipated;
- a change in market conditions affecting the performance of the Company and its underlying investments; and
- a change in regulatory or tax legislation.

The principal risks and uncertainties of the Company were identified in further detail in the Annual Report and Financial Statements for the year ended 31 January 2020. The Covid-19 pandemic has had a profound impact on economic and certain market conditions in the six months ended 31 July 2020. The effect of the pandemic on the Company's portfolio of loans and its assessment of new investment opportunities has been assessed by the Investment Adviser and is discussed in detail elsewhere in this report. The Company's principal risk factors are fully discussed in the Company's Prospectus, available on the Company's website (www.lbow.co.uk) and should be reviewed by shareholders.

CONDENSED CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the six month period to 31 July 2020

	Notes	1 February 2020 to 31 July 2020 £ (Unaudited)	1 February 2019 to 31 July 2019 £ (Unaudited)	1 February 2019 to 31 January 2020 £ (Audited)
Income				
Income from loans		4,649,438	3,441,940	8,148,411
Other fee income from loans		296,547	354,301	354,300
Income from cash and cash equivalents		47	4,551	10,790
Total income		4,946,032	3,800,792	8,513,501
Expenses				
Investment advisory fees	10	595,971	597,932	1,192,620
Other expenses	11	425,990	289,285	797,112
Legal & professional fees	5	25,623	617	38,561
Finance costs		47,644	42,670	90,836
Directors' remuneration		98,750	98,750	197,500
Audit fees for the company		22,550	32,500	69,275
Audit fees for the subsidiary		10,028	9,024	15,143
Total expenses		1,226,556	1,070,778	2,401,047
Profit for the period before tax		3,719,476	2,730,014	6,112,454
Taxation (credit)/charge		-	(1,989)	2,173
Profit for the period after tax		3,719,476	2,732,003	6,110,281
Total comprehensive income for the period		3,719,476	2,732,003	6,110,281
Basic and diluted Earnings per share (pence)	6	3.07	2.25	5.04

All items within the above statement have been derived from continuing activities.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 July 2020

	Notes	31 July 2020 £ (Unaudited)	31 January 2020 £ (Audited)	31 July 2019 £ (Unaudited)
Assets				
Cash and cash equivalents		2,183,556	3,383,841	27,200,525
Trade and other receivables		1,976,770	1,285,466	691,182
Loans advanced at amortised cost	4	120,674,195	121,649,346	93,326,731
Total assets		124,834,521	126,318,653	121,218,438
Liabilities				
Loan payable		4,400,000	5,200,000	–
Other payables and accrued expenses		1,237,626	2,002,151	1,841,130
Total liabilities		5,637,626	7,202,151	1,841,130
Net assets		119,196,895	119,116,502	119,377,308
Equity				
Share capital		119,115,310	119,115,310	119,115,310
Retained earnings		81,585	1,192	261,998
Total equity attributable to the owners of the Company		119,196,895	119,116,502	119,377,308
Number of ordinary shares in issue at period/year end	7	121,302,779	121,302,779	121,302,779
Net Asset Value per ordinary share (pence)	6	98.26	98.20	98.41

The Interim Financial Statements were approved by the Board of Directors on 25 September 2020 and signed on their behalf by:

JACK PERRY
Chairman

25 September 2020

PATRICK FIRTH
Director

25 September 2020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period to 31 July 2020

	Notes	Number of shares	Share capital £ (Unaudited)	Retained earnings £ (Unaudited)	Total £ (Unaudited)
As at 1 February 2020		121,302,779	119,115,310	1,192	119,116,502
Profit for the period		-	-	3,719,476	3,719,476
Dividends paid	8	-	-	(3,639,083)	(3,639,083)
As at 31 July 2020		121,302,779	119,115,310	81,585	119,196,895

For the six month period to 31 July 2019

	Notes	Number of shares	Share capital £ (Unaudited)	Retained earnings £ (Unaudited)	Total £ (Unaudited)
As at 1 February 2019		121,302,779	119,115,310	1,169,079	120,284,389
Profit for the period		-	-	2,732,003	2,732,003
Dividends paid	8	-	-	(3,639,084)	(3,639,084)
As at 31 July 2019		121,302,779	119,115,310	261,998	119,377,308

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period to 31 July 2020

	Notes	1 February 2020 to 31 July 2020 £ (Unaudited)	1 February 2019 to 31 July 2019 £ (Unaudited)	1 February 2019 to 31 January 2020 £ (Audited)
Cash flows generated from operating activities				
Profit for the period		3,719,476	2,732,003	6,110,281
Adjustments for non-cash items:				
Movement in other receivables		(691,304)	(564,528)	(1,158,812)
Movement in other payables and accrued expenses		(764,525)	1,061,517	1,235,535
Movement in tax payable		–	5,742	(7,255)
Loan amortisation		197,071	(904,679)	460,101
		2,460,718	2,330,055	6,639,850
Loans advanced less arrangement fees		(20,721,920)	(14,740,749)	(44,621,285)
Loans repaid	4	21,500,000	30,880,174	31,073,315
Net loans advanced less arrangement fees		778,080	16,139,425	(13,547,970)
Net cash generated from operating activities		3,238,798	18,469,480	(6,908,120)
Cash flows (used in)/generated from financing activities				
Proceeds from issue of shares		–	–	–
Issue costs paid		–	–	–
Loan payable		(800,000)	–	5,200,000
Dividends paid	8	(3,639,083)	(3,639,084)	(7,278,168)
Net cash (used in)/generated from financing activities		(4,439,083)	(3,639,084)	(2,078,168)
Net movement in cash and cash equivalents		(1,200,285)	14,830,396	(8,986,288)
Cash and cash equivalents at the start of the period		3,383,841	12,370,129	12,370,129
Cash and cash equivalents at the end of the period		2,183,556	27,200,525	3,383,841

The accompanying notes form an integral part of these Interim Financial Statements.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the year ended 31 January 2020

1. GENERAL INFORMATION

ICG-Longbow Senior Secured UK Property Debt Investments Limited is a non-cellular company limited by shares and was incorporated in Guernsey under the Companies Law on 29 November 2012 with registered number 55917 as a closed-ended investment company. The registered office and principal place of business of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY, Channel Islands.

The Company's shares were admitted to the Premium Segment of the Official Lists and to trading on the Main Market of the London Stock Exchange on 5 February 2013.

The unaudited condensed consolidated financial statements comprise the financial statements of the Group as at 31 July 2020.

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 returns, capital preservation and, over the longer term, a degree of capital appreciation.

The Investment Adviser, which trades under the name of ICG-Longbow, is authorised and regulated by the FCA. The assets of the Group are managed by the Board under the advice of the Investment Adviser under the terms of the Investment Advisory Agreement.

2. ACCOUNTING POLICIES

a) Basis of preparation

The Interim Financial Statements included in this Interim Report, have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and the Disclosure and Transparency Rules of the FCA.

The Interim Financial Statements have not been audited or reviewed by the Company's Auditor.

The Interim Financial Statements do not include all the information and disclosures required in the Annual Report and Financial Statements and should be read in conjunction with the Company's Annual Report and Financial Statements for the year ended 31 January 2020, which are available on the Company's website (www.lbow.co.uk). The Annual Report and Financial Statements have been prepared in accordance with IFRS as adopted by the EU.

The same accounting policies and methods of computation have been followed in the preparation of these Interim Financial Statements as in the Annual Report and Financial Statements for the year ended 31 January 2020.

The Company applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The new standards or amendments to existing standards and interpretations, effective from 1 January 2020, did not have a material impact on the Company's interim condensed financial statements. It is not anticipated that any standard which is not yet effective, will have a material impact on the Company's financial position or on the performance of the Company's statements.

b) Going concern

The Group is substantially invested with loans advanced at amortised cost representing 101.2% of the total equity attributable to the owners of the Company and expects that the loan portfolio will generate enough cash flows to pay on-going expenses and returns to shareholders. The Directors have considered the cash position, performances of current investments and activity subsequent to the period end by the Group and have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the Interim Financial Statements.

The Directors therefore, at the time of approving the Interim Financial Statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Group.

The first continuation vote was held on 1 March 2017 and passed by the shareholders. The requirement for subsequent follow-on continuation resolutions shall be put to shareholders every five years.

c) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Group's Net Asset Value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Interim Financial Statements.

For management purposes, the Group is organised into one main operating segment, being the provision of a diversified portfolio of UK commercial property backed senior debt investments.

The majority of the Group's income is derived from loans secured on commercial and residential property in the United Kingdom.

Due to the Group's nature, it has no employees.

The Group's results do not vary significantly during reporting periods as a result of seasonal activity.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

3. CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The preparation of the Interim Financial Statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

Critical judgements

In assessing Expected Credit Losses (ECL), the Board has made critical judgements in relation to the staging of the loans and assessments which impact the loss given default. In assessing whether the loans have incurred a significant increase in credit risk the Investment Adviser, on behalf of the Board, assesses the credit risk attaching to each of the loans. The Group has adopted the Investment Adviser's internal credit rating methodology and has used its loss experience to benchmark investment performance and potential impairment for both Stage 1 and Stage 2 loans under IFRS 9 considering both probability of default and expected credit losses. The judgement applied in allocating each investment to Stage 1, 2 or 3 is key in deciding whether losses are considered for the next 12 months or over the life of the loan. The Board has estimated that two loans have shown evidence of significant credit risk in relation to increase in LTV and reduction in ICR. In assessing the ultimate ECL in relation to these loans, the Board has made assumptions regarding the collateral value and headroom over the principal loan amounts.

The measurement of both the initial and ongoing ECL allowance for loan receivables measured at amortised cost is an area that requires the use of significant assumptions about credit behaviour such as likelihood of borrowers defaulting and the resulting losses. In assessing the probability of default the Board has taken note of the experience and loss history of the Investment Adviser which may not be indicative of future losses. The default probabilities are also based on LTV headroom which the Investment Adviser believes to be a good predictor of the probability of default, in accordance with recent market studies of European commercial real estate loans. The Directors consider the loss given default to be close to zero as the loans are the subject of very detailed due diligence procedures on inception and, in addition, there is significant LTV headroom. As a result, no loss allowance has been recognised based on 12-month ECLs for those in stage 1 nor for lifetime losses for those in stage 2, as any such impairment would be wholly insignificant to the Group.

Revenue recognition is considered a significant accounting judgement and estimate that the Directors make in the process of applying the Group's accounting policies.

The Directors consider judgements and estimations in determining the fair value of prepayment options embedded within the contracts for loans advanced. The key factors considered in the valuation of prepayment options include the exercise price, the interest rate of the host loan contract, differential to current market interest rates, the risk free rate of interest, contractual terms of the prepayment option, and the expected term of the option.

4. LOANS ADVANCED

(i) Loans advanced

	31 July 2020 Principal advanced £	31 July 2020 At amortised cost £	31 January 2020 Principal advanced £	31 January 2020 At amortised cost £
Meadow	–	–	21,500,000	21,970,264
Northlands	9,241,378	9,136,864	9,241,378	9,073,080
Halcyon	5,732,465	5,864,787	5,732,465	5,864,797
Carrara	4,250,000	4,225,068	1,300,000	1,339,542
BMO	11,443,494	11,504,364	15,793,727	15,870,152
Quattro	8,827,679	8,919,203	9,000,000	9,063,450
Affinity	16,700,000	16,973,441	16,700,000	16,934,764
Southport	15,199,698	14,996,730	13,769,804	13,790,727
RoyaleLife	24,848,481	24,831,195	22,462,491	22,525,659
LBS	6,039,618	6,006,467	5,269,651	5,216,912
Knowsley	5,650,000	5,604,613	–	–
GMG	12,753,393	12,611,463	–	–
	120,686,207	120,674,195	120,769,516	121,649,347

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. LOANS ADVANCED (CONTINUED)

(ii) Valuation considerations

The Directors consider that the carrying value amounts of the loans, recorded at amortised cost in the Interim Financial Statements, are approximately equal to their fair value. Save where noted elsewhere in this report, no element of the loans is past due or impaired, and all investments are secured by way of a fully registered first legal charge over the property, and there are no subordinated debt or secondary charges registered.

Amortised cost is calculated using the effective interest rate method, which takes into account all contractual terms (including arrangement and exit fees) that are an integral part of the loan agreement. As these fees are taken into account when determining initial net carrying value, their recognition in profit or loss is effectively spread over the life of the loan.

The Group's investments are in the form of bilateral loans, and as such are illiquid investments with no readily available secondary market. Whilst the terms of each loan includes repayment and prepayment fees, in the absence of a liquid secondary market, the Directors do not believe a willing buyer would pay a premium to the par value of the loans to recognise such terms and as such the amortised cost is considered representative of the fair value of the loans.

Each property on which investments are secured was subject to an independent, third party valuation at the time the investment was entered into. All investments are made on a hold to maturity basis. Each investment is monitored on a quarterly basis, in line with the underlying property rental cycle, including a review of the performance of the underlying property security. No market or other events have been identified through this review process, which would result in a fair value of the investments significantly different to the carrying value.

Whilst the loans are performing and the balance outstanding in each case is at a substantial discount to the value of the underlying real estate on which they are secured, the Directors do not consider the loans to be impaired, and that the risk of not achieving full recovery is minimal.

(iii) IFRS 9 – Impairment of Financial Assets

The internal credit rating of each loan as at 31 July 2020 has been reviewed. Two loans exhibited minor deterioration in credit rating since January 2020 as a result of increased LTV following capital expenditure in line with business plan, whilst one further loan exhibited a rating deterioration as a result of the capitalisation of interest due to its Covid related closure to business. All three loans continue to benefit from a significant equity valuation buffer and have positive outlooks. Given the underlying credit rating remains acceptable and the positive outlook for each subject property/loan the Directors, under advice from the Investment Adviser, believe the deterioration is temporary and as such the loan continues to be treated as a stage 1 loan. One loan, Quattro, is unchanged in terms of credit rating, but continues to be treated as a stage 2 asset, whilst its performance is substandard, and is discussed further below.

The stage 2 loans at 31 July 2020 were Quattro, Northlands, Bliss(Southport) and LBS.

As at 31 July 2020

	Stage 1	Stage 2	Stage 3	Total
Principal advanced	81,377,833	39,308,374	–	120,686,207
Gross carrying value	81,641,931	39,059,264	–	120,674,195
Less ECL allowance	–	–	–	–
	81,641,931	30,059,264	–	120,674,195

As at 31 January 2020

	Stage 1	Stage 2	Stage 3	Total
Principal advanced	79,725,789	41,493,727	–	120,769,516
Gross carrying value	79,780,980	41,868,366	–	121,649,346
Less ECL allowance	–	–	–	–
	79,780,980	41,868,366	–	121,649,346

Of the three Stage 2 loans at 31 January 2020 one, Meadow, has repaid in full, whilst Spectrum Affinity loan has remained stable and is now treated as Stage 1.

The Stage 2 loan, Quattro, was first identified as a Stage 2 asset at 31 January 2019, following a deterioration in credit rating as a result of a reduction in interest cover as the interest reserve was utilised. The sponsor continues to progress his asset level business plans and has embarked on a new initiative to add value to one of the properties through development of additional residential units. Once complete the Investment Adviser believes that these will provide material value enhancement and/or lead to a partial repayment of the loan and thereby reduce the LTV. In addition, a plan has been agreed for the repayment of arrears of interest. On this basis the Directors, under advice of the Investment Adviser, do not believe the deterioration in rating is permanent. The probability of default over the remaining term was considered to be low. The Investment Adviser continues to monitor this asset closely for any further deterioration.

The probability of default over the remaining term was considered to be low. The Investment Adviser continues to monitor this asset closely for any further deterioration.

All other loans showed no deterioration and were considered as Stage 1 assets with no ECL over a twelve month period.

A reconciliation of the ECL allowance was not presented as the allowance recognised at period end was £nil.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

4. LOANS ADVANCED (CONTINUED)

(iii) IFRS 9 – Impairment of Financial Assets (continued)

IFRS 9 Impairment – Sensitivity Analysis

As discussed above, the Group's ECL is a function of the probability of default ("PD") and loss given default ("LGD"), where PD is benchmarked against ICG-Longbow's internal credit rating model and LGD is based on ICG-Longbow's track record of over £3.0 billion of senior and whole loans which would satisfy the Group's investment parameters.

The Company has performed sensitivity analysis on its expected credit loss by considering the impact of a one grade deterioration in the credit rating of each loan (PD) and a one grade increase in loss (LGD) as a consequence. A one grade deterioration in credit rating (e.g. BBB to BB) is broadly equivalent to a 5% increase in LTV ratio or 20% reduction in ICR.

Whilst the relatively low weighted average LTV and relative strong weighted average ICR of the portfolio as a whole result in no material expected credit loss under stage 1 assessment, the impact of Covid on operational performance of the underlying properties and rent collection in particular mean that a one credit grade deterioration of the portfolio as a whole results in a shift from acceptable risk to borderline risk under the ratings model and would lead to an expected loss on stage 1 loans of £202,698 (nil at 31 January 2020). A two grade decrease in credit quality of each loan would result in a total portfolio ECL of £478,670 (£39,600 at 31 January 2020) (0.04% of the total capital advance) with one loan being categorised as substandard.

	Reasonable possible shift	31 July 2020
LTV	+5%	£202,698
ICR	-10%	
LTV	+10%	£478,670
ICR	-20%	

Having considered both Stage 1 and Stage 2 loans, the Board considers that the Expected Credit Loss within the portfolio is £ nil, and no provision for impairment is required under IFRS 9.

(iv) Portfolio movements

On 6 March 2020 the Group received a repayment of £21,500,000 on the Meadows loan, together with a total of £1,732,911 in interest, exit and prepayment fees in accordance with the terms of the loan agreement.

On 9 March 2020 the Group provided a new £7,750,000 loan commitment to an affiliate of Seybourne Estates (the Knowsley loan), with an initial advance of £3,500,000. The Group subsequently advanced a further £1,150,000 of the facility during the period.

On 18 June 2020 the Group received a repayment of the £1,300,000 Carrara loan, and simultaneously advanced a new loan of £4,250,000 to the same borrower.

On 26 June 2020 the Group received a partial £4,350,233 repayment on the BMO loan, together with £69,937 of interest in accordance with the terms of the loan agreement.

On 16 July 2020 the Group entered into a new loan commitment of £16,890,655 to an affiliate of GMG Real Estate, with an initial advance of £12,793,393. The Group is participating in a wider £22,250,000 commitment alongside another fund managed by the Investment Adviser.

5. LEGAL AND PROFESSIONAL FEES

	1 February 2020 to 31 July 2020 £	1 February 2019 to 31 July 2019 £
Costs in respect of Circular and publication of Prospectus	–	18,435
Other legal and professional fees	25,623	(17,818)
	25,623	617

6. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

Earnings per share

	1 February 2020 to 31 July 2020	1 February 2019 to 31 July 2019
Profit for the period after tax (£)	3,719,476	2,732,003
Weighted average number of ordinary shares in issue	121,302,779	121,302,779
Basic and diluted EPS (pence)	3.07	2.25
Adjusted basic and diluted EPS (pence)	3.07	1.96

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

6. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE (CONTINUED)

Earnings per share (continued)

The calculation of basic and diluted Earnings per share is based on the profit for the period and on the weighted average number of ordinary shares in issue during the period.

The calculation of adjusted basic and diluted Earnings per share is based on the profit for the period, adjusted for one-off other fee income during the period totalling £nil (31 July 2019: £392,331).

There are no dilutive shares at 31 July 2020.

Net Asset Value per share

	31 July 2020	31 January 2020
NAV (£)	119,196,895	119,115,310
Number of ordinary shares in issue	121,302,779	121,302,779
NAV per share (pence)	98.26	98.20

The calculation of NAV per share is based on Net Asset Value and the number of ordinary shares in issue at the period/year end.

7. SHARE CAPITAL

As at 31 July 2020, the Company had 121,302,779 (31 January 2019: 121,302,779) issued and fully paid ordinary shares of no par value.

8. DIVIDENDS

Dividends paid

1 February 2020 to 31 July 2020	Dividend per share Pence	Total dividend £
Interim dividend in respect of quarter ended 31 January 2020	1.50	1,819,542
Interim dividend in respect of quarter ended 30 April 2020	1.50	1,819,541
	3.00	3,639,083

1 February 2019 to 31 January 2020	Dividend per share Pence	Total dividend £
Interim dividend in respect of quarter ended 31 January 2019	1.50	1,819,542
Interim dividend in respect of quarter ended 30 April 2019	1.50	1,819,542
Interim dividend in respect of quarter ended 31 July 2019	1.50	1,819,541
Interim dividend in respect of quarter ended 31 October 2019	1.50	1,819,542
	6.00	7,278,167

9. FINANCIAL RISK MANAGEMENT

The Group through its investment in senior loans is exposed to a variety of financial risks. The main risks arising from the Group's financial instruments are: market risk (including currency risk and interest rate risk), credit risk and liquidity risk and are fully disclosed on pages 22 to 25 of the Annual Report and Financial Statements for 31 January 2020.

The Company's principal risk factors are fully discussed in the Company's Prospectus, available on the Company's website (www.lbow.co.uk) and should be reviewed by shareholders.

10. RELATED PARTY TRANSACTIONS AND DIRECTORS' REMUNERATION

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

In the opinion of the Directors, on the basis of shareholdings advised to them, the Company has no immediate or ultimate controlling party.

Directors

The Company Directors' fees for the period amounted to £98,750 (31 July 2019: £98,750) with outstanding fees of £49,375 (31 January 2020: £49,375) due to the Directors at 31 July 2020.

Investment Adviser

Investment advisory fees for the period amounted to £595,971 (31 July 2019: £597,932) of which £298,311 (31 January 2020: £595,265) was outstanding at the period/year end.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. OTHER EXPENSES

	1 February 2020 to 31 July 2020 £	1 February 2019 to 31 July 2019 £	1 February 2019 to 31 January 2020 £
Administration fees	85,000	94,967	159,967
Luxco operating expenses	218,445	69,371	278,964
Bank loan interest paid	37,011	–	154,746
Broker fees	26,338	24,517	51,434
Public relation fees	7,442	–	–
Regulatory fees	11,030	10,478	19,457
Listing fees	6,886	5,446	8,689
Registrar fees	12,968	25,516	14,608
Other expenses	20,870	58,990	109,247
Total expenses	425,990	289,285	797,112

Other expenses refers principally to postage, bank charges and insurance premiums.

12. SUBSEQUENT EVENTS

After the period end the Board announced that Mark Huntley would not stand for re-election at the Company's forthcoming AGM and will stand down immediately thereafter. The Board has appointed Fiona Le Poidevin as a non-executive director with effect from 1 September 2020, who brings a wealth of financial services experience and expertise to the Board. Fiona will stand for re-election at the AGM on 25 September 2020.

Following the period end, and as a result of recent changes to tax legislation, the Board resolved to simplify its corporate structure by collapsing the Luxembourg holding company which has historically acted as the lender for the Group's investments. All of the investments are intended to be transferred to the Company with no adverse tax consequences anticipated for the Group or its shareholders. The Board also intends to appoint ICG Alternative Investment Limited, an affiliate of the Investment Adviser, as the Company's discretionary Investment Manager under the Alternative Investment Fund Management Directive (AIFMD), operating within a remit set by the Board. As a result of this restructuring, the Company expects to reduce pro forma operating expenses by approximately £200,000 per annum, which will serve to improve profitability and support dividend coverage in future periods.

There are no other material events after the period end to the date on which these Financial Statement were approved.



GLOSSARY OF CAPITALISED DEFINED TERMS

“**Administrator**” means Ocorian Administration (Guernsey) Limited;

“**Admission**” means the admission of the shares to the premium-listing segment of the Official List and to trading on the London Stock Exchange;

“**AEOI**” means Automatic Exchange of Information;

“**Affinity**” means Affinity Global Real Estate;

“**Annual Report and Financial Statements**” means the annual publication of the Group provided to the shareholders to describe their operations and financial conditions, together with their Consolidated Financial Statements;

“**Audit Committee**” means the Audit and Operational Risk Management Committee, a formal committee of the Board with defined terms of reference;

“**BMO**” means BMO Real Estate Partners;

“**Board**” or “**Directors**” or “**Board of Directors**” means the directors of the Company from time to time;

“**Brexit**” means the departure of the UK from the EU;

“**Carrara**” means Carrara Ground Rents;

“**CBI**” means the Confederation of British Industry;

“**Circular**” means the Circular of the Company dated 11 January 2017 regarding proposals for a change in investment objective and policy, a placing programme for 40 million shares and the continuation vote;

“**Companies Law**” means the Companies (Guernsey) Law, 2008, (as amended);

“**Company**” means ICG-Longbow Senior Secured UK Property Debt Investments Limited;

“**CVA**” means Company Voluntary Arrangement;

“**Disclosure Guidance and Transparency Rules**” or “**DTRs**” means the disclosure guidance published by the FCA and the transparency rules made by the FCA under section 73A of FSMA;

“**ECL**” means expected credit losses;

“**EGM**” means the Extraordinary General Meeting of the Company held on 1 March 2017;

“**EPS**” or “**Earnings per share**” means Earnings per ordinary share of the Company and is expressed in Pounds Sterling;

“**ERV**” means Estimated Rental Value;

“**EU**” means the European Union;

“**Euros**” or “**€**” means Euros;

“**FCA**” means the UK Financial Conduct Authority;

“**Financial Statements**” or “**Consolidated Financial Statements**” means the audited consolidated financial statements of the Group, including the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and associated notes;

“**GDP**” means gross domestic product;

“**GFSC**” means the Guernsey Financial Services Commission;

“**GIIN**” means Global Intermediary Identification Number;

“**GMG**” means GMG Real Estate;

“**Group**” means the Company, ICG Longbow Senior Secured UK Property Debt Investments Limited together with its wholly owned subsidiary, ICG Longbow Senior Debt S.A (Luxco);

“**Halcyon**” means Halcyon Ground Rents;

“**IAS**” means international accounting standards as issued by the Board of the International Accounting Standards Committee;

“**ICG**” means Intermediate Capital Group plc;

“**ICG Private Funds**” means private real estate debt funds managed or advised by the Investment Adviser or its associates;

“**IFRS**” means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board, as adopted by the EU;

“**Interest Cover Ratio**” or “**ICR**” means the debt/profitability ratio used to determine how easily a company can pay interest on outstanding debt;

“**Interim Financial Statements**” means the unaudited interim condensed consolidated financial statements of the Group, including the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows, and associated notes;

“**Interim Report**” means the Company’s interim report and unaudited interim condensed financial statements for the period ended 31 July;

“**Investment Grade Tenant**” means a tenant that is rated Aaa to Baa3 by MIS and/or AAA to BBB- by S&P;

“**Investment Adviser**” or “**ICG-Longbow**” means Intermediate Capital Managers Limited or its Associates;

“**Investment Advisory Agreement**” means Investment Advisory Agreement dated 31 January 2013 between the Company and the Investment Adviser, as amended and restated on 27 April 2017;

“**Investment Risk Committee**” means the Investment Risk Committee, a formal committee of the Board with defined terms of reference;



GLOSSARY OF CAPITALISED DEFINED TERMS (CONTINUED)

“**IPO**” means the Company’s initial public offering of shares to the public, which completed on 5 February 2013;

“**ISIN**” means an International Securities Identification Number;

“**JLL**” means Jones Lang LaSalle Incorporated;

“**Knowsley**” means Knowsley (Image Business Park) Limited;

“**LBS**” means LBS Properties Limited;

“**LGD**” means loss given default;

“**Listing Rules**” means the listing rules made by the UK Listing Authority under section 73A Financial Services and Markets Act 2000;

“**London Stock Exchange**” or “**LSE**” means London Stock Exchange plc;

“**LTV**” means Loan to Value ratio;

“**Luxco**” means the Company’s wholly owned subsidiary, ICG-Longbow Senior Debt S.A.;

“**Luxembourg Administrator**” means Ocorian Services S.à r.l. being the administrator of Luxco;

“**Main Market**” means the main securities market of the London Stock Exchange;

“**Management Engagement Committee**” means a formal committee of the Board with defined terms of reference;

“**Meadow**” means Meadow Real Estate Fund II;

“**MIS**” means Moody’s Investors Service Ltd, a credit rating agency registered in accordance with Regulation [EC] No 1060/2009 with effect from 31 October 2011;

“**MSCI**” means Morgan Stanley Capital Index;

“**NAV per share**” means the Net Asset Value divided by the number of Shares in issue (other than shares held in treasury);

“**Net Asset Value**” or “**NAV**” means the value of the assets of the Group less its liabilities, calculated in accordance with the valuation guidelines laid down by the Board, further details of which are set out in the Prospectus;

“**Nomination Committee**” means a formal committee of the Board with defined terms of reference;

“**Northlands**” means Northlands Portfolio;

“**NMPIs**” means Non-Mainstream Pooled Investments;

“**OECD**” means The Organisation for Economic Co-operation and Development;

“**Official List**” is the Premium Segment of the UK Listing Authority’s Official List;

“**ONS**” means Office of National Statistics;

“**IPO Prospectus**” means the prospectus published on 31 January 2013 by the Company in connection with the IPO of ordinary shares;

“**PD**” means probability of default;

“**post-Covid**” means the period after 23 March 2020;

“**Prospectus**” means the prospectus published in May 2018 by the Company in connection with the placing programme;

“**Quattro**” means CNM Estates (New Malden) Limited, CNM Estates (Ewell Road) Limited, CNM Estates (Coombe Road) Limited and CNM Estates (Coz Lane) Limited;

“**Registrar**” Link Asset Services Guernsey Limited (*formerly Capita Registrars (Guernsey) Limited*);

“**Registrar Agreement**” means the Registrar Agreement dated 31 January 2013 between the Company and the Registrar;

“**RICS**” means the Royal Institution of Chartered Surveyors;

“**RoyaleLife**” means the RoyaleLife portfolio;

“**S&P**” means Standard & Poor’s Credit Market Services Europe Limited, a credit rating agency registered in accordance with Regulation [EC] No 1060/2009 with effect from 31 October 2011;

“**SONIA**” means Sterling Overnight Interbank Average Rate;

“**Southport**” means the Southport Hotel property;

“**SPV**” means special purpose vehicle;

“**UK**” or “**United Kingdom**” means the United Kingdom of Great Britain and Northern Ireland;

“**UK Listing Authority**” or “**UKLA**” means the Financial Conduct Authority;

“**US**” or “**United States**” means the United States of America, its territories and possessions; and

“**£**” or “**Pounds Sterling**” or “**Sterling**” means British pound sterling and “pence” means British pence.

DIRECTORS AND GENERAL INFORMATION

Board of Directors

Jack Perry (*Chairman*)
Stuart Beevor
Patrick Firth
Mark Huntley
(Retired 25 September 2020)
Paul Meader
Fiona Le Poidevin
(Appointed 1 September 2020)

Audit and Operational Risk Committee

Patrick Firth (*Chairman*)
Stuart Beevor
Paul Meader
Fiona Le Poidevin
(Appointed 25 September 2020)

Investment Risk Committee

Paul Meader (*Chairman*)
Stuart Beevor
Mark Huntley
(Retired 25 September 2020)
David Mortimer
Patrick Firth

Management Engagement Committee

Jack Perry (*Chairman*)
Patrick Firth
Paul Meader
Fiona Le Poidevin
(Appointed 25 September 2020)

Nomination Committee

Jack Perry (*Chairman*)
Stuart Beevor
Patrick Firth
Mark Huntley
(Retired 25 September 2020)
Paul Meader
Fiona Le Poidevin
(Appointed 25 September 2020)

Registered office

PO Box 286
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Identifiers

GIIN: 61G8VS.99999.SL.831
ISIN: GG00B8C23S81
Sedol: B8C23S8
Ticker: LBOW
Website: www.lbow.co.uk

Investment Adviser

Intermediate Capital Managers Limited
Juxon House
100 St Paul's Churchyard
London
EC4M 8BU

Address effective from 1 October:
Procession House
55 Ludgate Hill
London
EC4M 7JW

Independent Auditor

Deloitte LLP
Chartered Accountants
PO Box 137
Regency Court
Glategny Esplanade
St. Peter Port
Guernsey
GY1 3HW

Guernsey Administrator and Company Secretary

Ocorian Administration (Guernsey) Limited*
PO Box 286
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Luxembourg Administrator

Ocorian Services (Luxembourg) S.à r.l
6c Rue Gabriel Lippmann
Munsbach
Luxembourg
L-5365

Registrar

Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampsons
GY2 4LH
Guernsey

Corporate Broker and Financial Adviser

Cenkos Securities plc
6-8 Tokenhouse Yard
London
United Kingdom
EC2R 7AS

English Solicitors to the Company

Gowlings WLG (UK) LLP
4 More London Riverside
London
United Kingdom
SE1 2AU

Guernsey Advocates to the Company

Carey Olsen
Carey House
PO Box 98
Les Banques
St Peter Port
Guernsey
GY1 4BZ

Bankers

Butterfield Bank (Guernsey) Limited
PO Box 253
Martello Court
Admiral Park
St Peter Port
Guernsey
GY1 3QJ

Barclays Bank plc
6-8 High Street
St Peter Port
Guernsey
GY1 3BE

Lloyds Bank International Limited
PO Box 136
Sarnia House
Le Truchot
St Peter Port
Guernsey
GY1 4EN

The Royal Bank of Scotland International
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4BQ

OakNorth Bank plc
6th Floor Nightingale House
3rd Floor 57 Broadwick Street
Soho
London
W1F 9QS

* Formerly: Estera International Fund Managers (Guernsey) Limited



CAUTIONARY STATEMENT

The Chairman's Statement, the Investment Adviser's Report and the Report of the Directors have been prepared solely to provide additional information for shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement, Investment Adviser's Report and the Report of the Directors may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Adviser, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Adviser expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

ICG-Longbow Senior Secured UK Property Debt Investments Limited

P.O. Box 286

Floor 2, Trafalgar Court

Les Banques, St Peter Port, Guernsey

GY1 4LY, Channel Islands.

T +44 (0) 1481 742742

F +44 (0) 1481 742698

Further information available online:

www.lbow.co.uk