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The Directors of ICG-Longbow Senior Secured UK Property Debt Investments Limited, whose names appear on page 8 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything which is likely to affect the import of such information.

If you have sold or otherwise transferred all of your Ordinary Shares in ICG-Longbow Senior Secured UK Property Debt Investments Limited, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

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## **ICG-LONGBOW SENIOR SECURED UK PROPERTY DEBT INVESTMENTS LIMITED**

*(incorporated and registered in Guernsey under The Companies (Guernsey) Law, 2008,  
as amended, with the registration number 55917)*

**Proposed amendment of the Company's investment policy**

**Continuation vote to continue the Company**

**Proposed alteration to the timing requirements for follow-on continuation votes  
and amendments to the Company's Articles of Incorporation**

**Proposed authority to allot and issue up to 40 million Ordinary Shares for cash  
on a non-pre-emptive basis for the purposes of a Placing Programme**

**and**

**Notice of Extraordinary General Meeting**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of ICG-Longbow Senior Secured UK Property Debt Investments Limited set out on pages 8 to 10 and the risk factors set out in Part VI of this document.

Notice of an Extraordinary General Meeting of ICG-Longbow Senior Secured UK Property Debt Investments Limited to be held at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey, GY1 2JP at 2.30 p.m. on 1 March 2017 is set out at the end of this document. Whether or not you intend to be present at the Extraordinary General Meeting you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to be received by the Company's receiving agent, Capita Asset Services, by hand or by post at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, as soon as possible and in any event no later than 2.30 p.m. on 27 February 2017, or not less than 48 hours before (excluding weekends and bank holidays) the time for holding any adjourned meeting, as the case may be.

Completion and return of the Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

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## EXPECTED TIMETABLE

<b>Event</b>	<b>Time</b>	<b>Date</b>
Date of this Circular		11 January 2017
Latest time and date for receipt of the Form of Proxy	2.30 p.m.	27 February 2017
Extraordinary General Meeting held	2.30 p.m.	1 March 2017
Effective date of amendments to the Existing Investment Policy*		1 March 2017
Announcement of the results of the Extraordinary General Meeting		1 March 2017
Publication of Prospectus and Placing Programme opens*		Expected to be by 30 April 2017

*The times and dates set out in this Circular may, in certain circumstances, be adjusted by the Company, in which event an announcement will be made through a Regulatory Information Service. All references to a time of day in this Circular are to London Time unless otherwise stated.*

*\* Dates are dependent on the Proposals being approved at the Extraordinary General Meeting.*

## DEFINITIONS

In this Circular the following expressions have the following meanings unless the context otherwise requires:

<b>Admission Date</b>	5 February 2013, being the date on which the entirety of the Ordinary Shares were admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange
<b>Alternative Property Sector</b>	any of: (i) residential multi-family property held for investment; (ii) hotels; (iii) leisure; or (iv) student accommodation
<b>Associates</b>	the direct and indirect subsidiary and parent undertakings of the Investment Adviser
<b>Articles</b>	the articles of incorporation of the Company in force as at the date hereof being the articles of incorporation as amended and restated by special resolution dated 3 June 2016
<b>Board</b>	the board of Directors from time to time
<b>Circular</b>	this document, including the Notice of Extraordinary General Meeting
<b>Commercial Property</b>	any property which falls within a Mainstream Property Sector, an Alternative Property Sector or the Mixed Property Sector
<b>Companies Law</b>	the Companies (Guernsey) Law, 2008, as amended
<b>Company</b>	ICG-Longbow Senior Secured UK Property Debt Investments Limited, incorporated and registered in Guernsey under the Companies Law with the registration number 55917
<b>Continuation</b>	the vote by Shareholders on the continuation of the life of the Company pursuant to the Initial Continuation Resolution as described in this Circular, to be proposed for approval by Shareholders at the Extraordinary General Meeting pursuant to Resolution 2
<b>Directors</b>	the directors of the Company, whose names appear on page 8 of this Circular
<b>Diversified Tenant Profile</b>	where income is derived from more than three tenants' covenants and the greatest tenant concentration is not greater than 40% of income
<b>Existing Investment Policy</b>	the investment policy of the Company in force as at the date hereof
<b>Extraordinary General Meeting</b>	the extraordinary general meeting of the Company at which the Resolutions are to be proposed for approval by Shareholders convened for 2.30 p.m. on 1 March 2017, or any adjournment thereof
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom or any successor authority
<b>Follow-On Continuation Resolution</b>	the ordinary resolution required to be put to Shareholders at a general meeting of the Company on an on-going basis pursuant to article 51 of the Articles concerning whether the Company should continue in business as a closed ended collective investment scheme subsequent to and conditional upon the passing of the Initial Continuation Resolution

<b>Form of Proxy</b>	the form of proxy accompanying this Circular for use by Shareholders in connection with the Extraordinary General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended, including any regulations made pursuant thereto
<b>Group</b>	the Company together with its wholly owned subsidiary, ICG Longbow Senior Debt S.A.
<b>ICG-Longbow</b>	the real estate debt business of Intermediate Capital Group plc, formerly Longbow Real Estate Capital LLP
<b>ICGL Private Funds</b>	private real estate debt funds managed or advised by the Investment Adviser or its Associates
<b>ICR</b>	interest coverage ratio
<b>Initial Continuation Resolution</b>	the ordinary resolution required to be put to Shareholders at a general meeting of the Company on or before 5 February 2018 (being the fifth anniversary of the Admission Date) pursuant to article 51 of the Articles concerning whether the Company should continue in business as a closed ended collective investment scheme
<b>Initial Investment Period</b>	the period of three years from the Admission Date
<b>Interim Financial Statements</b>	the interim report and financial statements of the Group for the six months ended 31 July 2016
<b>Investment Adviser</b>	Intermediate Capital Managers Limited
<b>Investment Grade Tenants</b>	tenants (or their guarantors) rated Aaa to Baa3 by Moody's Investors Service, Inc or its subsidiaries or AAA to BBB- by Standard & Poor's Financial Services LLC or its subsidiaries or equivalent ratings from any other recognised credit rating agency
<b>IPO Prospectus</b>	the prospectus published by the Company and dated 31 January 2013
<b>IRR</b>	internal rate of return
<b>LTV</b>	loan to value ratio
<b>Listing Rules</b>	the rules relating to admission to the Official List made in accordance with section 73A(2) of FSMA
<b>Mainstream Property Sector</b>	any of the: (i) office; (ii) retail; or (iii) industrial/warehousing property sectors
<b>Minimum Credit Rating</b>	a credit rating (as determined by any reputable rating agency selected by the Company) of A2/P2 or equivalent (short term) or BBB+/Baa1 or equivalent (long term) or AAAm or equivalent in the case of money market funds
<b>MIS</b>	Moody's Investors Service, Inc
<b>Mixed Property Sector</b>	investments where less than 60% of the value of a loan's collateral real estate assets fall within a Mainstream Property Sector or an Alternative Property Sector

<b>NAV or net asset value</b>	the value, as at the relevant date, of the assets of the Company, less the value of its liabilities, as calculated and valued in accordance with the accounting policies adopted from time to time
<b>Notice of Extraordinary General Meeting</b>	the notice convening the Extraordinary General Meeting set out on pages 26 to 28 of this Circular
<b>Official List</b>	the Official List of the FCA
<b>Ordinary Shares</b>	redeemable ordinary shares of no par value in the capital of the Company
<b>pence</b>	pence sterling, the legal currency of the United Kingdom
<b>Placing Programme</b>	the placing programme for the placing of up to 40 million Ordinary Shares the terms of and expected timing for which are to be set out in the Placing Programme Prospectus
<b>Placing Programme Prospectus</b>	a Prospectus expected to be issued by the Company in early 2017 in connection with the Placing Programme
<b>Portfolio</b>	the Company's portfolio of investments from time to time
<b>Proposals</b>	together, the: <ul style="list-style-type: none"> <li>(i) Revised Investment Policy;</li> <li>(ii) Continuation;</li> <li>(iii) Follow-on Continuation Resolution and adoption of the Proposed Articles; and</li> <li>(iv) Placing Programme</li> </ul>
<b>Proposed Articles</b>	the new articles of incorporation of the Company which it is proposed are adopted to replace in their entirety the Articles to be proposed for approval by Shareholders at the Extraordinary General Meeting pursuant to Resolution 3
<b>Prospectus</b>	a document required under the Prospectus Directive, prepared in accordance with the Listing Rules and the Prospectus Rules and approved by the FCA giving details of the Company and its Ordinary Shares
<b>Prospectus Directive</b>	EU Directive (2003/71/EC), including any relevant implementing measures in each Relevant Member State
<b>Prospectus Rules</b>	the rules made for the purposes of Part IV of FSMA in relation to offers of securities to the public and admission of securities to trading on a regulated market
<b>Redemption Offer</b>	the mechanism contained in article 49 of the Articles pursuant to which, if over certain prescribed time periods the Ordinary Shares have traded at a discount of more than 5%, the Board may implement a redemption offer by which each holder of Ordinary Shares is permitted to redeem up to 50% of his Ordinary Shares
<b>Register</b>	the register of members of the Company
<b>Regulatory Information Service</b>	a regulatory information service approved by the FCA and on the list of Regulatory Information Services maintained by the same

<b>Relevant Member State</b>	each member state of the EEA which has implemented the Prospectus Directive
<b>Resolutions</b>	the resolutions to be proposed to Shareholders at the Extraordinary General Meeting as set out in the Notice of Extraordinary General Meeting (and each a “Resolution”)
<b>Revised Investment Policy</b>	the new Investment Policy of the Company in the form set out in Section B of Part III of this Circular and which reflects the proposed amendments to the Company’s Existing Investment Policy as are described in this Circular, to be proposed for approval by Shareholders at the Extraordinary General Meeting pursuant to Resolution 1
<b>S&amp;P</b>	Standard & Poor’s Financial Services LLC
<b>Share Authorities</b>	the non-pre-emptive share allotment and issuance authorities of the Company to be utilised in connection with the Placing Programme for the twelve month period following the date of publication of the Placing Programme Prospectus as described in this Circular, to be proposed for approval by Shareholders at the Extraordinary General Meeting pursuant to Resolution 4 and which if approved will sit alongside and be in addition to all other existing (and future) share allotment and issuance authorities of the Company
<b>Shareholders</b>	holders of Ordinary Shares from time to time
<b>UK Economic Region</b>	as defined by the United Kingdom’s Office of National Statistics from time to time
<b>UK Government</b>	the central government of the United Kingdom including any of its ministries, departments and/or executive agencies, including regional governments
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland

## PART I

### LETTER FROM THE CHAIRMAN

# ICG-Longbow Senior Secured UK Property Debt Investments Limited

*(incorporated and registered in Guernsey under The Companies (Guernsey) Law, 2008,  
as amended, with the registration number 55917)*

*Directors:*

Jack Perry CBE (*Chairman and Non-Executive Independent Director*)  
Stuart Beevor (*Non-executive Independent Director*)  
Patrick Firth (*Non-executive Independent Director*)  
Mark Huntley (*Non-executive Director*)  
Paul Meader (*Non-executive Independent Director*)

*Registered Office:*

Heritage Hall  
PO Box 225  
Le Marchant Street  
St Peter Port  
Guernsey  
GY1 4HY

11 January 2017

*To Shareholders*

Dear Shareholder

#### **Introduction**

ICG-Longbow UK Senior Secured UK Property Debt Investments Limited launched in February 2013 with the objective of producing an attractive level of dividends of 6% per annum, derived from investing in a diversified portfolio of good quality defensive senior secured UK real estate loans.

The Company has successfully achieved this objective with great consistency, which the Board believes directly reflects the quality and experience of the team behind the Investment Adviser, who have originated and managed the portfolio of loans during the Company's life. Additional value has been created through the reinvestment of the capital and exit fee proceeds following the early repayment of a number of loans.

As a result, the Company has paid a dividend equivalent to 6 pence per share since it became fully invested in April 2014. Since then, the Company has produced a total shareholder return of 7.24% per annum. The share price has also traded with low volatility and generally at a premium to the Company's prevailing NAV, reflecting the value that shareholders have placed on the consistent and attractive returns achieved.

As at 9 January 2017, being the latest date prior to the publication of this Circular, the share price was 105.5 pence per Ordinary Share compared with the latest published NAV of 104.02 pence, representing a premium of 1.42%.

Over the coming 24 months and as detailed in the latest factsheet for the Company dated 31 October 2016 (available at [www.lbow.co.uk](http://www.lbow.co.uk)), the majority of the current loans become due for repayment. As previously communicated to Shareholders, given the material changes in the market dynamics affecting the financial market for the UK property sector since 2013, it will not be possible for the relevant proceeds to be reinvested in accordance with both the current investment objective and policy. However, the Board believes that attractive risk adjusted investment returns remain available in the UK real estate debt market. Consequently we have undertaken a shareholder consultation programme given the requirement for the Initial Continuation Resolution to be put to Shareholders before February 2018 and have received positive feedback from a wide range of Shareholders, the majority of whom have indicated that they would welcome a more widely drafted and flexible investment policy while remaining true to the prudent philosophy of the current objective and policy.

We believe there is a strong appetite for the Company to continue in existence and are therefore proposing a revised investment objective and investment policy which will enable the Company to reinvest the proceeds into new loans in order to take advantage of the continuing attractive opportunities in senior UK property lending. The proposed revised investment policy also permits exposure to some



of the highly successful private funds that the Investment Adviser and its Associates manage in the UK real estate lending sector, without incurring any second layer of fees.

### **The Proposals**

This Circular therefore presents a number of Proposals which, if approved by Shareholders, will allow the Company to continue in existence, subject to Follow-On Continuation Resolutions to be held every five years, with a broader investment objective and investment policy which better reflects the market dynamics within which the Company is currently operating. The Board believes that the Revised Investment Policy will enable the Company to maintain its current dividend policy for the foreseeable future, together with the prospect of some continued modest capital uplift over time and also believes that it will grant sufficient flexibility to enable the portfolio to continue to be managed prudently over the long term.

With such a strong proposition, we believe that there is also the opportunity to grow the size of the Company from its current value of approximately £112 million and expect to do this progressively as investment opportunities present themselves. Accordingly, the Proposals also seek authority for the placing of up to 40 million new Ordinary Shares which may be issued over a twelve month period to fund investment opportunities as they arise. In addition, through adoption of the Proposed Articles, the Proposals also seek to renew for a further five year period the Directors' general authority to allot and issue shares under Article 4.4 which is otherwise due to expire on 29 November 2017.

We believe that growing the Company is in the best interests of all Shareholders. It will permit greater diversification, will spread the fixed costs of the Company more widely and it should increase the secondary market liquidity in the Ordinary Shares.

Further details of the Proposals are contained in Parts II, III and IV of this Circular and Shareholders' attention is also drawn to the risk factors contained in Part VI of this Circular.

### **Investment Outlook**

The Investment Adviser has extensive experience and deep knowledge of UK commercial property and a thorough understanding of the drivers of the property financing market.

The Investment Adviser sees increasing opportunities for funding in support of small to medium sized acquisition or refinancing transactions across the UK. This is particularly the case where borrowers are seeking loans above a 70% LTV, an area where there are fewer competitors providing capital.

This market segment should benefit from strong underlying property fundamentals, underpinned by occupational demand created by record employment, low levels of property development and steady economic growth over recent years, despite the uncertainties caused by the result of the UK's referendum on Brexit.

By combining its knowledge and understanding with this market opportunity, the Investment Adviser anticipates that the Company will be able to deliver attractive returns without compromising the prudent lending philosophy which has served the Company so well since launch.

The Board believes that this strategy should provide Shareholders with attractive returns relative to alternative investment opportunities with a similar risk profile and offers participation in a market with demonstrated potential for capital deployment on a favourable risk/reward basis.

An overview of the Company's current investment portfolio together with further information on the investment outlook is contained in Part V of this Circular.

### **Dividend Policy**

On the basis of the current portfolio and anticipated changes to the portfolio over the medium term as a result of the proposed continuation of the Company coupled with the proposed change in investment policy, the Company will continue to target a dividend at an annualised rate of 6 pence per Ordinary Share in respect of the accounting period ending on 31 January 2018 and thereafter<sup>(1)</sup>.

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<sup>(1)</sup> The Company's dividend target is a target only and is not intended to be, and should not be taken as, a profit forecast or estimate. Actual dividend payments cannot be predicted and may differ materially from the target figures detailed in this policy. There can be no assurance that this target will be met or that any dividend will be paid

**Extraordinary General Meeting and Action to be taken**

Set out on pages 26 to 28 of this Circular is a Notice of Extraordinary General Meeting which contains the full text of the Resolutions. Further details of the Resolutions to be proposed at the Extraordinary General Meeting are contained in Part II of this Circular.

Whether or not you intend to be present at the Extraordinary General Meeting, you are requested to complete the reply-paid Form of Proxy which is enclosed in accordance with the instructions printed on it and to return it to the Company's receiving agent, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, so that it is received no later than 2.30 p.m. on 27 February 2017. Completion and return of a Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

**Recommendation**

The Board unanimously believes that the Proposals are in the best interests of the Company and Shareholders as a whole and recommends that Shareholders vote in favour of them. The Directors are all Shareholders and will themselves be voting in favour of all the Proposals.

Yours faithfully

**Jack Perry**  
*Chairman*

## PART II

### DETAILS OF THE PROPOSALS

#### **Resolution 1 – The Revised Investment Policy**

The restrictions contained within the Company's existing investment objective and policy were set in market conditions which existed at the Admission Date, when interest rates achievable on senior secured loans with relatively low LTVs were materially higher than today. As the Company's current portfolio of senior secured loans are redeemed, either early or on maturity, it will not be possible for the proceeds to be re-invested in accordance with the Existing Investment Policy with the same LTVs.

The objective of the Revised Investment Policy is to facilitate the Company's access to a significantly wider commercial real estate debt market opportunity through an investment exposure to a diversified mix of senior and whole loans which are originated directly and managed by the Investment Adviser and also investments in ICGL Private Funds. These investments will focus on the Investment Adviser's target mid-market space and apply its cautious lending philosophy.

The Revised Investment Policy contains a range of restrictions which are designed to ensure that the Company's investment risk profile is managed in a prudent manner, with restrictions covering both the Company's directly originated loan portfolio and its potential investments in ICGL Private Funds. In particular, the Board would like to highlight that the restrictions on the ICGL Private Funds have been designed to ensure that on a look-through basis, at the time an investment is made, the Company's aggregate investment portfolio will be at least 97% invested in UK real estate debt and at least 88% will be in first ranking senior secured debt (although the Board expects that each of these numbers will be higher in practice).

The Revised Investment Policy also permits the use of borrowings from time to time, limited to 20% of the Company's NAV. The Board believes that the ability to use modest gearing will be a critical tool in facilitating the future growth of the Company, with the objective of minimising the return-dilutive effects of un-invested cash without materially increasing risk.

The Existing Investment Policy is set out in full in Section A of Part III of this Circular whilst the Revised Investment Policy is set out in full in Section B of Part III of this Circular.

The Board believes that investment in UK commercial real estate debt continues to represent an attractive investment opportunity which should deliver capital protection coupled with predictable income streams.

Resolution 1, which is being proposed as an ordinary resolution requiring a simple majority of Shareholders and duly appointed proxies entitled to attend and vote at the Extraordinary General Meeting or, on a poll, of the votes cast, seeks to approve the adoption by the Company of the Revised Investment Policy to replace in its entirety the Company's Existing Investment Policy.

#### **Resolution 2 – The Continuation**

In order for the Company to be able to exploit fully the opportunities which the Board believes the Revised Investment Policy will afford, the Board believes that, subject to Resolution 1 being approved, it is in the best interests of the Company and the Shareholders as a whole for the Initial Continuation Resolution to be approved to allow the Company the opportunity to realise this expanded investment opportunity. Article 51 of the Articles requires the Directors to convene a general meeting on or before 5 February 2018 (being the fifth anniversary of the Admission Date) at which an ordinary resolution of Shareholders must be proposed as to whether the Company should continue its business as a closed ended collective investment scheme.

Resolution 2 is being proposed as an ordinary resolution requiring a simple majority of Shareholders and duly appointed proxies entitled to attend and vote at the Extraordinary General Meeting or, on a poll, of the votes cast and comprises the Initial Continuation Resolution.

If the Initial Continuation Resolution is not approved by Shareholders, the Board will formulate proposals to be put to the Shareholders which may include, but are not limited to, the managed wind down of the Company.

### **Resolution 3 – The Follow-On Continuation Resolutions and adoption of the Proposed Articles**

Article 51 of the Articles further requires that in circumstances where the Initial Continuation Resolution has been passed, the Directors are required to convene a general meeting on or before the anniversary of the date on which the Initial Continuation Resolution was passed at which an ordinary resolution of Shareholders must be proposed as to whether the Company should continue its business as a closed ended collective investment scheme. The Directors are then required to hold further general meetings to propose resolutions as to whether the Company should continue its business as a closed ended collective investment scheme on or before the anniversary of each such Follow-On Continuation Resolution. On the assumption that Resolutions 1 and 2 are passed, the Board considers the requirement for annual continuation votes to be incompatible with the new proposed investment mandate and investment loan portfolio, which are both by their nature longer term, and is therefore proposing that the Articles be amended by the adoption of the Proposed Articles to remove the requirement for Follow-On Continuation Resolutions to be held on an annual basis with effect from and conditional upon the Initial Continuation Resolution being passed. Instead, with effect from and conditional upon the passing of Resolution 2, Follow-on Continuation Resolutions will be required to be held at or prior to the annual general meeting to be held in the fifth year following the passing of the Initial Continuation Resolution or most recent Follow-On Continuation Resolution (as the case may be). On the assumption that Resolution 2 is passed at the Extraordinary General Meeting, the first Follow-On Continuation Resolution would be required on or before the annual general meeting of the Company to be held in 2022 (being the year falling five years after the date upon which the Initial Continuation Resolution is expected to be passed). These proposed changes will be implemented by adopting the Proposed Articles.

Additionally, it is proposed that article 49 of the Articles regarding the Redemption Offer is deleted as this is also incompatible with the new proposed investment mandate and investment loan portfolio which are both by their nature longer term. Moreover, the illiquid nature of the Company's portfolio would make it difficult and potentially expensive for the Company to realise investments in order to fund Redemption Offers in an efficient and expedient manner, and the Board therefore recommends this term is removed from the Articles.

It is also proposed that Article 4.4 be amended in order to renew the Directors' general authority to allot and issue shares which is otherwise due to expire on 29 November 2017. On the assumption that the Proposed Articles are adopted, the Directors will be generally and unconditionally authorised to allot and issue, grant rights to subscribe for, or to convert securities into, up to an unlimited number of shares of each class in the Company, which authority will expire 5 years after the date of adoption of the Proposed Articles (unless previously renewed, revoked or varied by the Company in general meeting).

The only changes reflected by the Proposed Articles as compared with the Articles are set out in Part IV of this Circular.

Resolution 3 is being proposed as a special resolution requiring the approval of not less than 75% of the Shareholders and duly appointed proxies entitled to attend and vote at the Extraordinary General Meeting or, on a poll, not less than 75% of the votes cast.

In the event that the Proposed Articles are not adopted (pursuant to Resolution 3) but Shareholders vote in favour of both the Revised Investment Policy and the Continuation (Resolutions 1 and 2 respectively), the Company will continue in existence and operate in accordance with the terms of the Revised Investment Policy but will continue to be subject to annual Follow-On Continuation Resolutions and the Board will still be obligated to implement Redemption Offers.

### **Resolution 4 – The Placing Programme and the Share Authorities**

Further to the proposed changes to the Existing Investment Policy outlined above, the Board believes that it will have the opportunity over time to acquire investments and the ability to issue new shares will provide the Directors with the necessary flexibility to participate and complete such opportunities should they deem the market conditions to be suitable. To this end the Board therefore proposes a Placing Programme to issue up to 40 million Ordinary Shares.

The Company is limited in the number of Ordinary Shares it is able to issue without the publication of a Prospectus. Accordingly, the Board intends, subject to regulatory approval, to publish the Placing Programme Prospectus early in 2017 in connection with the Placing Programme.

In accordance with the requirements of the Listing Rules in relation to companies with a premium listing, the Articles give Shareholders pre-emption rights over the issue for cash of further shares of a class held by such Shareholders. The pre-emption rights may be disapplied pursuant to an extraordinary resolution of Shareholders at a general meeting.

As the Placing Programme will not be pre-emptive, Shareholders are being asked to approve, by way of Resolution 4 (Share Authorities), the allotment and issue for cash of up to 40 million Ordinary Shares (being the maximum number of Ordinary Shares that could be issued pursuant to the Placing Programme) on a non-pre-emptive basis. The maximum number of Ordinary Shares that could be issued pursuant to the Placing Programme would represent 36.96% of the total issued Ordinary Share capital of the Company as at the date of this Circular.

The Share Authorities that are being sought in connection with the Placing Programme are in addition to any other share authorities that are currently in place, or may in the future be put in place, from time to time.

If the Placing Programme meets its maximum size of 40 million Ordinary Shares, the share capital of the Company in issue at the date of this Circular will, following the Placing Programme and on the assumption that no other Ordinary Shares are issued in that time under any other authorities, be increased by 36.96% as a result of the Placing Programme. On this basis, if a Shareholder as at the date of this Circular does not acquire Ordinary Shares pursuant to the Placing Programme, his or her proportionate economic interest in the Company will be diluted by 26.99%.

The issue of any new Ordinary Shares under the Placing Programme will only be at a premium to the then prevailing NAV per Ordinary Share and will not therefore be dilutive to Shareholders. When issued and fully paid, the new Ordinary Shares issued under the Placing Programme will rank equally in all respects with the existing Ordinary Shares, including the right to receive all dividends made, paid or declared (if any) out of the profits of the Company attributable to the Ordinary Shares by reference to a record date after their issue. The allotment and issue of Ordinary Shares under the Placing Programme will only be undertaken when the Investment Adviser has identified opportunities for the Company to make investments using the net proceeds of any such issue and the Board has approved such opportunity.

Application will be made to the UK Listing Authority for all Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange. It is expected that admission of Ordinary Shares issued pursuant to the Placing Programme will become effective, and that dealings for normal settlement in new Ordinary Shares issued pursuant to the Placing Programme will take place, between the date of publication of the Placing Programme Prospectus and the date that is twelve months after the date of such publication.

The authority in Resolution 4 will, if granted, expire on the date that is twelve months after the date of publication of the Placing Programme Prospectus which it is expected will be published in early 2017 and which will contain full details of the Placing Programme.

Resolution 4 is being proposed as an extraordinary resolution requiring the approval of not less than 75% of the Shareholders and duly appointed proxies entitled to attend and vote at the Extraordinary General Meeting or, on a poll, not less than 75% of the votes cast.

## PART III

### PROPOSED CHANGES TO THE EXISTING INVESTMENT POLICY

#### **Section A. Existing Investment Policy to be replaced in its entirety conditional upon the passing of Resolution 1**

Set out below is the Existing Investment Policy of the Company which the Board is recommending be amended as discussed in this Circular and replaced in its entirety by the Revised Investment Policy which is contained in Section B of this Part III and in respect of which the Company is seeking Shareholder approval at the Extraordinary General Meeting pursuant to Resolution 1.

#### **Investment Objective and Policy**

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 dividends of circa 6% pa, paid quarterly, with an underlying target portfolio IRR of 8% pa. The Portfolio will be constructed to offer:

- low risk of capital or income loss;
- high degree of control over the underlying investments;
- highly predictable quarterly income distributions; and
- attractive pricing through capitalising on the pricing power available in the market.

The Company aims to be fully invested within six to nine months from the Admission Date.

The Company's investment policy is to invest in a loan portfolio comprised of senior loans to property investors secured on UK commercial property with some potential exposure to UK investment residential property. The individual loans that will comprise the Portfolio are expected to be between £10 million and £40 million with four to six year terms. The Portfolio will target a 6.5% to 7.5% per annum loan coupon (paid quarterly) with arrangement and exit fees, each of approximately 2% paid by the borrower. All costs directly associated with entering into the loan transaction will be paid for by the borrower.

The Company will only invest in loans that:

- are originated by ICG-Longbow;
- benefit from a first ranking fixed charge over the relevant properties, including in respect of any receivable income;
- are bilateral, non-syndicated and senior and which have no subordinated debt;
- have a maximum LTV of 65%; and
- benefit from loan covenants structured to ensure that a material decrease in the income or value from the underlying property will trigger an event of default, providing control to the lender, and the opportunity to: (1) decrease the risk through the introduction of new borrower equity; and/or (2) capture additional pricing.

The following investment restrictions apply to the Portfolio, in each case measured at the time an investment is made:

- the maximum percentage of the Company's gross assets allocated to a single loan shall be 10%, provided that the limit may be increased to 20% for loans benefitting from diversified and/or Investment Grade Tenants (as determined by MIS and/or S&P, being credit rating agencies registered in accordance with Regulation (EC) No 1060/2009);
- the maximum percentage of the Company's gross assets allocated to a single borrower (together with its parents, subsidiaries and/or affiliates) shall be 20%;

- following the Initial Investment Period, the maximum exposure of the gross rents receivable on all investments to a single underlying tenant shall be 10%, except:
  - in the case of an Investment Grade Tenant (as determined by MIS and/or S&P, being credit rating agencies registered in accordance with Regulation (EC) No 1060/2009), the maximum exposure shall be 20%; and
  - in the case of the UK Government (including any of its ministries, departments and/or executive agencies), the maximum exposure shall be 50%;
- the maximum exposure to a Property Sector (as defined below) shall be 50% of the Company's gross assets, on the basis that:
  - where 60% or more of the value of a loan's collateral real estate assets falls in a Single Property Sector (as defined below), 100% of the value of the relevant loan will be attributed to that Single Property Sector; and
  - where less than 60% of the value of a loan's collateral real estate assets falls in any Single Property Sector, then the value of the relevant loan will be attributed to the Mixed Portfolio Property Sector (as defined below); and
- the maximum exposure to residential property shall be 15% of the Company's gross assets and any such exposure shall be restricted to multi-family investment properties.

For the purposes of the investment restrictions, a "Property Sector" is defined as any of the Single Property Sectors and the Mixed Portfolio Property Sector. "Single Property Sectors" comprise the office, retail or industrial/warehousing sectors as well as the Other Sector, being all other real estate sectors. A "Mixed Portfolio Property Sector" denotes the situation where less than 60% of the value of a loan's collateral real estate assets falls in any Single Property Sector.

The Company will not employ gearing or invest in derivatives for investment purposes. However, the Company may enter into hedging transactions for the purposes of efficient portfolio management.

Any material change in the Company's published investment policy will only be made with the prior approval of Shareholders by ordinary resolution.

## **Section B. Revised Investment Policy to be adopted conditional upon the passing of Resolution 1**

Set out below is the proposed Revised Investment Policy of the Company reflecting the changes discussed in this Circular, which the Board is recommending be adopted to replace in its entirety the Existing Investment Policy of the Company contained in Section A of this Part III and in respect of which the Company is seeking Shareholder approval at the Extraordinary General Meeting pursuant to Resolution 1.

### **Investment Objective**

The objective 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.

### **Investment Policy**

The Company's investment policy is to invest in:

- direct real estate debt investments via a diversified loan portfolio comprised of first ranking loans secured on UK Commercial Property, with an aggregate LTV of no more than 75% (based on the initial valuations at the time of loan origination or acquisition once fully invested); and
- ICGL Private Funds acquired in primary or secondary transactions, including from the Investment Adviser or its Associates.

### **Investment Restrictions**

A. The following restrictions apply to loan investments within the portfolio.

The Company will, subject as set out below, only invest in loans that:

- are originated by the Investment Adviser or its Associates;
- are denominated in sterling;
- benefit from a first ranking fixed charge over the relevant properties, including in respect of any receivable income;
- benefit from loan covenants structured to ensure that a material decrease in the income or value from the underlying property will trigger an event of default or cash-flow lock-up;
- have a term of no greater than ten years from the date of investment;
- have an LTV no higher than 85% at the time of origination or acquisition provided however that the aggregate value of the loans with an LTV of greater than 80% shall be no greater than 20% of the Company's gross asset value; and
- are bilateral (other than where syndicated with other funds managed by the Investment Adviser or its Associates).

At the time any investment is made:

- the maximum percentage of the Company's gross assets allocated to a single loan shall be 10%, provided that the limit may be increased to 15% in respect of loans benefitting from Investment Grade Tenants and 20% in respect of loans benefitting from a Diversified Tenant Profile;
- the maximum percentage of the Company's gross assets allocated to a single borrower (together with its parents, subsidiaries and/or affiliates) shall be 20%;
- the maximum exposure of the gross rents receivable on all loan investments to a single underlying tenant shall be 10%, except in the case of the UK Government, when the maximum exposure shall be 25%;



- the maximum exposure to a Mainstream Property Sector or the Mixed Property Sector shall be 50% of the Company's gross assets;
- the maximum exposure to an Alternative Property Sector shall be 25% of the Company's gross assets;
- the maximum exposure to property which is not a Mainstream Property Sector, an Alternative Property Sector or the Mixed Property Sector shall be 5% of the Company's gross assets;
- the maximum exposure to property within a single UK Economic Region shall be 30% of the Company's gross assets, provided that the maximum exposure to Greater London property shall be 60% of the Company's gross assets; and the value of the Company's security which is not freehold tenure or long-leasehold tenure with an unexpired term of more than 50 years shall not be greater than 5% of the total value of the Company's security.

The Company will not invest in subordinated loans and mezzanine loans, bridge loans, development loans or loan-on-loan financings.

B. The following restrictions apply to the portfolio's indirect real estate exposure.

The Company may only invest in ICGL Private Funds where at the date of making an investment or commitment:

- the relevant ICGL Private Fund's investment parameters, investment policy and/or investment objective, as the case may be, require that at least 90% of that ICGL Private Fund's capital is invested in sterling denominated loans secured by commercial real estate and at least 60% in loans secured by first ranking security over Commercial Property;
- the maximum percentage of the Company's gross assets committed to a single ICGL Private Fund shall be 20%, where gross assets are calculated on the assumption that the Company's commitment to such fund is fully utilised; and
- the maximum percentage of the Company's gross assets committed to all ICGL Private Funds shall be 30%, where gross assets are calculated on the assumption that the Company's commitment to such funds is fully utilised.

### **Gearing**

The Company may utilise borrowings from time to time in order to finance its working capital requirements provided that such borrowings will not exceed an amount equal to 20% of the Company's net asset value immediately following the drawdown of the borrowings.

### **Cash Management Policy**

Cash held by the Company pending investment or distribution will be held in either cash or cash equivalents. The Company may invest in quoted bond and other debt instruments with a final maturity of less than 365 days as well as money market funds for the purposes of cash management provided any such instrument has a Minimum Credit Rating. The Company will not apply gearing to these temporary investments.

The Company will not invest in other listed or unlisted closed-ended funds.

Any material change to the Company's published investment policy will be made only with the prior approval of Shareholders by ordinary resolution.

**Definitions**

Capitalised terms contained in this Investment Policy shall have the following meanings:

<b>Alternative Property Sector</b>	any of: (i) residential multi-family property held for investment; (ii) hotels; (iii) leisure; or (iv) student accommodation
<b>Associate</b>	the direct and indirect subsidiary and parent undertaking of the Investment Adviser
<b>Commercial Property</b>	any property which falls within a Mainstream Property Sector, an Alternative Property Sector or the Mixed Property Sector
<b>Diversified Tenant Profile</b>	where income is derived from more than three tenants covenants and the greatest tenant concentration is not greater than 40% of income
<b>Investment Adviser</b>	Intermediate Capital Managers Limited
<b>ICGL Private Funds</b>	private real estate debt funds managed or advised by the Investment Adviser or its Associates
<b>Investment Grade Tenant</b>	tenants (or their guarantors) rated Aaa to Baa3 by Moody's Investors Service, Inc or its subsidiaries or AAA to BBB- by Standard & Poor's Financial Services LLC or its subsidiaries or equivalent ratings from any other recognised credit rating agency.
<b>LTV</b>	loan to value ratio
<b>Mainstream Property Sector</b>	any of the: (i) office; (ii) retail; or (iii) industrial/warehousing property sectors
<b>Minimum Credit Rating</b>	a credit rating (as determined by any reputable rating agency selected by the Company) of A2/P2 or equivalent (short term) or BBB+/Baa1 or equivalent (long term) or AAAm or equivalent in the case of money market funds.
<b>Mixed Property Sector</b>	investments where less than 60% of the value of a loan's collateral real estate assets fall within a Mainstream Single Property Sector or an Alternative Single Property
<b>UK Economic Region</b>	as defined by the United Kingdom's Office of National Statistics from time to time
<b>UK Government</b>	the central government of the United Kingdom including any of its ministries, departments and/or executive agencies, including regional governments
<b>United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland

## PART IV

### SUMMARY OF AMENDMENTS TO THE ARTICLES TO BE REFLECTED IN THE PROPOSED ARTICLES TO BE ADOPTED CONDITIONAL UPON THE PASSING OF RESOLUTION 3

The Company is seeking Shareholder approval at the Extraordinary General Meeting to amend the Articles pursuant to Resolution 3.

In view of the Proposals, which include growing the size of the Company, it is proposed that the mechanics of redemption contained in article 49 (Redemption Offer) of the Articles be deleted and that article 49 of the Proposed Articles be left intentionally blank.

Set out below in both strike through and track changes are the proposed deletions and additions to article 4.4 and article 51 (Continuation Resolution) of the Articles. These amendments are required to change the frequency of Follow-On Continuation Resolutions and to renew the Directors' general authority to allot and issue shares as discussed in this Circular.

4.4 Subject to Article 6, the unallotted and unissued shares of the Company shall be at the disposal of the Board which may dispose of them to such persons and in such manner and on such terms as the Board may determine from time to time. Without prejudice to the authority conferred on the Directors pursuant to this Article, the Directors are generally and unconditionally authorised to exercise all powers of the Company to allot and issue, grant rights to subscribe for, or to convert any securities into, an unlimited number of shares of each class in the Company, which authority shall expire on the date which is five years from the date of adoption of these Articles~~incorporation of the Company~~ (unless previously renewed, revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted and issued after such expiry and the Directors may allot and issue shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

#### 51 CONTINUATION RESOLUTION

51.1 The Directors shall convene a general meeting (which, for the avoidance of doubt, may be the annual general meeting) of the Company ("**Continuation Meeting**") on or before the fifth anniversary of Admission and at such Continuation Meeting shall propose an Ordinary Resolution that the Company continues its business as a closed-ended collective investment scheme (the "**Initial Continuation Resolution**"). If an Initial Continuation Resolution is passed, the Directors are required to convene a further Continuation Meeting to propose a further continuation resolution ~~on~~at or before the annual general meeting of the Company to be held in the year falling five years after the passing of the Initial Continuation Resolution (a "**Follow-On Continuation Resolution**")~~sixth anniversary of Admission~~. Thereafter, the Directors shall convene a Continuation Meeting to propose a further Follow-On Continuation Resolution ~~at~~on or before the annual general meeting of the Company to be held in the fifth anniversary year following ~~of~~ the date on which the previous Follow-On Continuation Resolution was passed.

51.2 If ~~a~~the Initial Continuation Resolution is not passed, the Directors shall put proposals to shareholders for the reconstruction or reorganisation of the Company.

## PART V

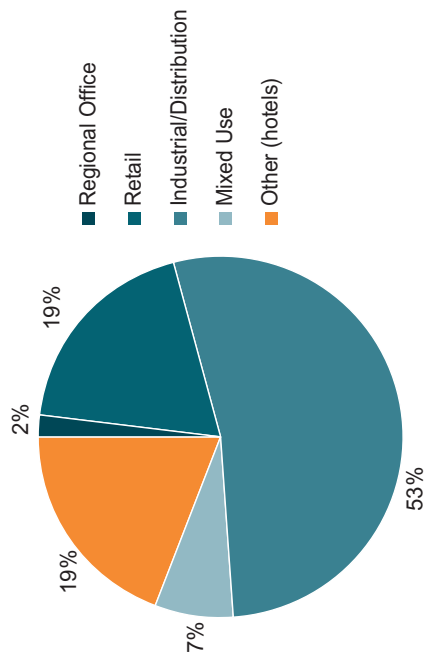
### CURRENT PORTFOLIO AND INVESTMENT OUTLOOK

#### Update on current Portfolio as at 31 October 2016

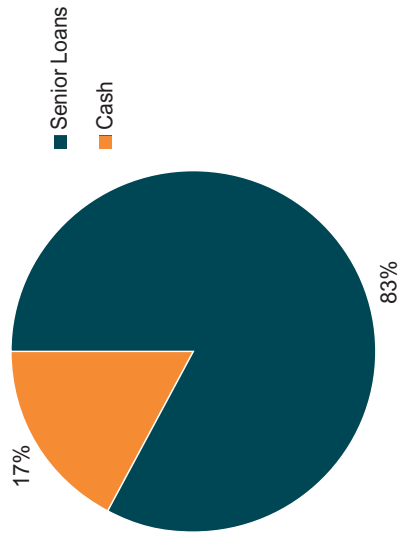
Project	Region	Sector	Term start	Unexpired term (yrs)	Day 1 balance (£m)	Day 1 LTV (%)	Day 1 ICR (%)	Balance outstanding (£m)	Current LTV (%)	Current ICR (%)
IRAF Portfolio <sup>(1)</sup>	North West	Industrial/distribution	Jul-13	2.08	14.20	55.31	193	11.94	43.51	210
Meadows RE Fund II	London	Retail	Sep-13	1.17	18.07	65.00	150	18.07	62.96	129
Northlands Portfolio	London	Mixed use	Nov-13	2.07	7.20	61.70	192	6.48	46.12	164
Hulbert Properties	Midlands	Industrial/distribution	Dec-13	2.09	6.57	65.00	168	6.57	55.38	180
Halcyon Ground Rents	National	Industrial/distribution	Dec-13	2.10	8.60	64.80	116	8.60	63.90	116
Cararra Ground Rents	North West	Regional office	Dec-13	2.10	1.30	65.00	113	1.30	65.00	113
Lanos (York)	North East	Other (hotel)	Mar-14	2.17	10.00	64.90	122	10.00	50.00	154
Ramada Gateshead	North East	Other (hotel)	Apr-14	2.49	7.98	64.40	180	7.98	63.86	189
Commercial R. S. Ltd	North West	Industrial/distribution	Mar-16	2.45	22.40	65.00	280	22.40	64.00	354
<b>Total/weighted average</b>				<b>2.04</b>	<b>96.32</b>	<b>63.45</b>	<b>187</b>	<b>93.33</b>	<b>57.82</b>	<b>206</b>

<sup>(1)</sup> 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.

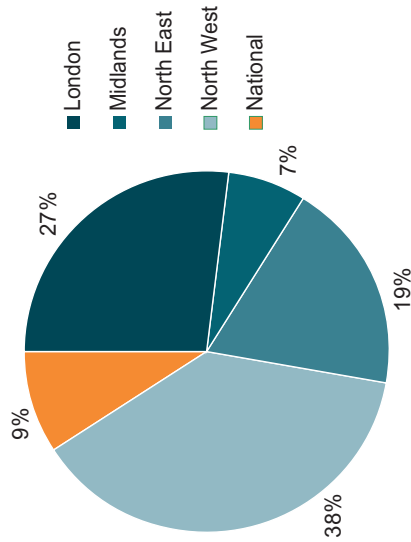
**Sector Distribution by loan**



**Asset Type**



**Regional Distribution by Loan**



Portfolio statistics	31 October 2016
<b>Number of loan investments</b>	9
<b>Aggregate balance</b>	£93,329,750
<b>Weighted average LTV</b>	57.82%
<b>Weighted average ICR</b>	206%
<b>Weighted average interest coupon</b>	6.77% pa
<b>Weighted average projected gross IRR<sup>(2)</sup></b>	8.96% pa
<b>Weighted average unexpired loan term</b>	2.04 years
<b>Weighted average unexpired interest income protection</b>	0.90 years
<b>Cash held</b>	£19,420,936

<sup>(2)</sup> Weighted average projected gross IRR of the portfolio reflects partial repayments received to date in addition to the remaining investments.

## Investment Outlook

Set out below is the current investment outlook for the Company. The Board is recommending the Proposals based on the current Portfolio (as detailed above) and the following investment outlook.

### Introduction

The Company has benefited from attractive commercial real estate ("CRE") and CRE finance market dynamics since its launch in 2013. In particular, through the Investment Adviser's market access, the Company was able to invest in a diversified portfolio of senior CRE loans with initial loan to value ratios no higher than 65% and a weighted average contracted return in excess of 8% per annum. Since early 2014 the market has evolved with the gradual return of banks to the market, along with new entrants, and now similar senior debt loans secured by investment property offer a return in the range of 4% to 5% per annum.

However, the Board believes that CRE debt continues to represent an attractive investment opportunity, potentially offering investors the combination of:

- i) the benefit of strong underlying property market fundamentals, underpinned by occupational demand created by record employment, low levels of property development and steady economic growth over recent years, notwithstanding the uncertainties caused by the result of the UK's referendum on Brexit;
- ii) participation in a market with demonstrable potential for capital deployment on a favourable risk/reward basis due to the retrenchment of UK and European banks; and
- iii) attractive returns relative to alternative investment opportunities with a similar risk profile.

### Occupational demand/supply

Since 2009, demand for commercial real estate has been bolstered by the consistent steady growth in the UK economy and strong employment growth, with 31.8 million people in work as at October 2016, up by 342,000 over the year<sup>(3)</sup>.

Over the same period, the supply of new commercial real estate floor space has been constrained, especially outside London, with construction orders in each year commencing 2009 being lower than every year before 2009 going back to 1985<sup>(4)</sup>. Additionally, early indications are that Brexit is likely to further constrain near term supply, with a 42% decrease in London office construction starts reported in Q3 2016<sup>(5)</sup> compared to six months before. This combination of growing employment and restricted supply has contributed to the low commercial real estate vacancy rates being experienced across the UK.

Looking forward, the potential impact of Brexit on demand remains uncertain but the Investment Adviser's experience is that leasing activity has remained robust in the small to medium size assets market, whilst the largest negative impact is expected on City of London offices, given increased risk to jobs.

### Property Investment Market

As at November 2016, UK commercial property market capital values, as measured by the IPD All Property Monthly Index, had increased by circa 22% since the Company's IPO in 2013 and by 37% since the index low point in July 2009 but the index remains 22% below its level ten years ago. This compares with the FTSE 100 index at November 2016, which has grown 82% since its low point in February 2009 and is 14% above its level of ten years ago.

<sup>(3)</sup> Office of National Statistics: UK Labour Market Release, December 2016

<sup>(4)</sup> Office of National Statistics: New Orders in the Construction Industry, December 2016

<sup>(5)</sup> Deloitte LLP: London Office Crane Survey, Winter 2016

Reflecting the growth in capital values described above, the average UK commercial property initial yield has fallen by over 1% since February 2013<sup>(6)</sup>. However, property initial yields have remained attractive relative to gilts over the period, maintaining a premium of between 300 bps and 400 bps over the 10 year gilt yield (353bps as at October 2016)<sup>(7)</sup>.

Whilst the future impact of the Brexit vote on capital values will remain unclear until investors can fully assess its effect on the occupational market, we expect the largest impact to be on shorter let City of London offices, given increased risk to jobs from the potential loss of financial services passporting leading to a potential reversal of rental growth expectations and an outward yield shift. Further, the Investment Advisor believes there is less potential in the regions for adverse capital value correction due to the less stretched rental levels and wider initial yields.

The IPD capital values monthly index fell c. 4% between February and November 2016 and market forecasters expect the index to show a further modest decline in values in 2017 (which is likely to already be factored into transactional activity today). However, the Board and Investment Adviser are confident that there will be no re-run of the 2008/9 market correction due to the strength of occupational markets, lower gearing in both the property and the banking markets and the attractive relative value in the property market demonstrated by the enduring premium over gilts.

### **Finance Markets**

As mentioned above, the UK CRE finance market has evolved significantly over the period since the Company launched, with traditional lenders returning to the market and new entrants joining the market, leading to annual financing flows increasing from c. £35bn in 2012/13 to circa £50bn in 2015, although such flows are expected to have fallen in 2016 due to the Brexit vote<sup>(8)</sup>.

However, within this increase in activity over the last 5 years, there have been some structural changes in the market place. The traditionally dominant UK, German and other international banks have retrenched from the market – having accounted for 100% of new lending in 2010, their market share had reduced to 61% in 2015<sup>(9)</sup>, with new entrant institutional and debt fund capital filling gap. Over the same period, the proportion of lending activity focused on London has increased from 25% to 44% with more lenders favouring the big ticket market<sup>(10)</sup>.

Consequently, the regions and particularly the small to medium sized investment market are relatively undersupplied with debt capital. Coupled with less stretched underlying property valuations and rental levels in the regions, the Investment Adviser believes that this has resulted in the availability of attractive risk adjusted returns in this part of the market and has consequently focused much of its activity in recent years in these areas.

Even though capital has returned to the market, the imposition of more stringent capital allocation requirements on the banking market under Basel III, coupled with the credit losses experienced by banks in their CRE debt books following the global financial crisis, has resulted in a reduced CRE risk appetite of banks, with the average LTV reducing to 63% at the end of 2015, from 77% at the peak in 2006.

Given the dynamics in the CRE finance market described above, the Investment Adviser expects to see increased opportunities for funding in support of small to medium sized acquisition or refinancing transactions across the UK, especially where there is a leverage requirement above 70% LTV, which is particularly undersupplied with capital.

By targeting this market opportunity and through applying its extensive experience and knowledge of the UK commercial property market, coupled with a deep understanding of the drivers of the CRE financing market, the Investment Adviser anticipates that the Company will be able to deliver attractive returns without compromising the Company's and Investment Adviser's shared long-standing prudent investment philosophies.

<sup>(6)</sup> MSCI – 30 September 2016

<sup>(7)</sup> Calculation by the Investment Adviser based on data from MSCI (property initial yields) and Capital Economics (10 year gilt yield)

<sup>(8)</sup> De Montfort University: Commercial Property Lending Report, year ended 2015

<sup>(9)</sup> De Montfort University: Commercial Property Lending Report, year ended 2015

<sup>(10)</sup> De Montfort University: Commercial Property Lending Report, year ended 2015

## PART VI

### RISK FACTORS

In considering the Proposals set out in this Circular and the Resolutions to be proposed at the Extraordinary General Meeting, Shareholders should have regard to and carefully consider the following risk factors in addition to the other information set out in this Circular. The following are those which the Board considers to be material as at the date of this Circular. If any or a combination of the following risks or any other risks materialise, the Company's business, financial condition, operational performance or prospects could be materially and adversely affected. Additional risks and uncertainties which were not known to the Board as at the date of this Circular or that the Board considers at the date of this Circular to be immaterial may also materially and adversely affect the Company's business, financial condition, operational performance or prospects:

- 1 The Ordinary shares are subject to normal stock market fluctuations and other risks inherent in investing in securities. To optimise returns, Shareholders may need to hold the Ordinary Shares for the long term and Ordinary Shares are therefore not suitable for short term investment.
- 2 There can be no guarantee that any appreciation in the value of the assets of the Company will occur or that the objectives of the Company will be achieved.
- 3 The loss of key personal within the Investment Adviser may have an adverse effect on the Company's performance. The future ability of the Company to pursue successfully the Revised Investment Policy may, among other things, depend on the ability of the Investment Adviser to retain its existing staff and/or to recruit individuals of similar experience and calibre. The retention of key members of staff by the Investment Adviser cannot be guaranteed and equally, in the event of a departure of a key member of staff from the Investment Adviser, there can be no guarantee that the Investment Adviser could identify and recruit a suitable replacement or that any delay in so doing would not adversely affect the performance of the Company.
- 4 If the Continuation is not approved by Shareholders the Board will formulate proposals to be put to the Shareholders which may include but are not limited to the managed wind down of the Company. These proposals may include putting to Shareholders proposals for the winding up and liquidation of the Company. If a winding up proposal is put to Shareholders and such winding up proposal is passed then the Company will be wound up by way of a voluntary winding up, Shareholders will receive the proceeds of liquidation, the Ordinary Shares will no longer be capable of being traded on the London Stock Exchange and the listing of the Ordinary Shares will subsequently be cancelled.
- 5 The Revised Investment Policy will, if approved and adopted, substantially change the Company's longer-term investment focus. There can be no guarantee that the Company's investment performance will improve as a result of the proposed change.
- 6 The past performance of the Group's investments and of the Board cannot be relied upon as an indicator of future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing the Revised Investment Policy. The success of the Company will depend, amongst other things, on the Investment Adviser's ability to identify and acquire investments in accordance with the Company's Revised Investment Policy. There can be no assurance that they will be able to do so. An investor might not get back the amount originally invested. The Company can offer no assurance that investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.
- 7 There can be no assurance as to the level and/or payment of any future dividends or any distributions by the Company. The Company's dividend target is a target only and is not intended to be, and should not be taken as, a profit forecast or estimate. The declaration, payment and amount of any future dividends or distributions by the Company are subject to the discretion of the Directors and will depend upon, among other things, the performance of the Company, the Company's financial position and cash requirements and the ability of the Company to comply with the applicable legal requirements for paying dividends, including the statutory solvency test



under Guernsey law. Actual dividend payments cannot be predicted and may differ materially from the target figures detailed in this Circular. There can be no assurance that any such targets will be met or that any dividend will be paid.

- 8 The interests of Shareholders may be diluted by the Placing Programme to the extent that existing Shareholders as at the date of this Circular do not participate.
- 9 The interests of the Investment Adviser may conflict in various ways with the interests of the Shareholders. The Investment Adviser manages and advises multiple other funds and, while such other funds have differentiated investment objectives and strategies from those of the Company, there may be individual investment opportunities which fit the investment criteria of both the Company and those other funds.
- 10 Where the Company invests in ICGL Private Funds, it will only be a passive investor and will therefore not have the same degree of control as it has over its other investments.
- 11 The use of gearing by the Company exposes the Company to additional risks, including fluctuations in interest rates, downturns in the economy and deteriorations in the condition of the Company's investments.
- 12 Pending investment in accordance with the Revised Investment Policy, the Company's assets will be subject to credit risk of securities held or of the banks and other financial institutions with which they are deposited in accordance with the cash management provisions of the Revised Investment Policy. If any such security, bank or financial institution were to become insolvent or default on its obligations, the Company would be exposed to the potential loss of the monies so invested or deposited.
- 13 The Group faces risks associated with the potential future effects of Brexit. Such future effects could impact rental levels in, and market values of, UK Corporate Property which in turn could have a direct effect on the investment opportunities available to the Company which comply with the terms of the Revised Investment Policy. It could also result in prolonged uncertainty regarding aspects of the UK economy and damage investors' confidence in the UK in general. The Brexit vote has also increased the possibility of another referendum on Scottish independence from the UK, creating further uncertainty on Scotland's position within the UK. Should Scotland subsequently become independent it is unclear what effect (if any) this may have on the Company and any investments it has or may acquire which are located in Scotland. While the Company will continue to monitor and assess the potential effects of Brexit, the situation remains uncertain.
- 14 Since the Brexit vote, Commercial Property values have generally fallen slightly. Should material further falls occur in the value of Commercial Property in the UK, the security provided under each loan granted may prove to be insufficient to repay the Group's loan in whole or in part. This could expose Shareholders to material capital loss.

**In addition to the risks outlined in this Part VI, the Company will continue to be subject to the risks outlined in the IPO Prospectus.**

## PART VII

### NOTICE OF EXTRAORDINARY GENERAL MEETING

#### ICG-LONGBOW SENIOR SECURED UK PROPERTY DEBT INVESTMENTS LIMITED

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of the above named Company will be held at Lefebvre Place, Lefebvre Street, St Peter Port, Guernsey, GY1 2JP at 2.30 p.m. on 1 March 2017 for the purpose of considering and, if thought fit, passing the following resolutions (the "Resolutions") which will be proposed, in the case of Resolutions 1 and 2 as ordinary resolutions, in the case of Resolution 3 as a special resolution and in the case of Resolution 4 as an extraordinary resolution:

#### ORDINARY RESOLUTIONS

- 1 THAT the Company adopt the proposed changes to the Existing Investment Policy as described in the circular issued by the Company and dated 11 January 2017, of which this notice forms part (the "Circular"), such that with effect from the date of the passing of the Resolution the Existing Investment Policy is amended and restated to reflect the terms of the Revised Investment Policy set out in Section B of Part III of the Circular.
- 2 THAT, conditional upon the passing of Resolution 1, the Company shall continue its business as a closed-ended collective investment scheme in accordance with and pursuant to the terms of article 51 of the Articles.

#### SPECIAL RESOLUTION

- 3 THAT, conditional upon the passing of Resolution 2, the Proposed Articles in the terms set out in Part IV of the Circular and reflecting the form produced to the meeting and signed by the Chairman for the purposes of identification, be adopted as the articles of incorporation of the Company in substitution for and to the exclusion of all existing articles of incorporation.

#### EXTRAORDINARY RESOLUTION

- 4 THAT, conditional upon the passing of Resolution 2, the directors be and are hereby authorised to allot and issue or make offers or agreements to allot and issue equity securities (as defined in the Articles) for cash pursuant to article 4.4 of the Articles or by way of a sale of treasury shares for cash as if the pre-emption provisions contained in article 6.2 of the Articles did not apply to any such issue or sale, provided that this power shall be limited to the allotment and issue of up to an aggregate of 40,000,000 Ordinary Shares, such authority to expire on the date that is twelve months after the date of publication of the Placing Programme Prospectus, unless such authority is renewed prior to this time, save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require shares to be allotted and issued, or rights to subscribe for or to convert any security into shares to be granted, after the authority expires and the directors may allot and issue shares or grant such rights pursuant to any such offer or agreement as if the authority had not expired, and such authority shall be in addition to any other such authority granted to the directors from time to time.

Save where otherwise defined herein, capitalised terms used in this Notice of Extraordinary General Meeting and the respective Resolutions, shall have the meanings given to them in the circular published by the Company and dated 11 January 2017.

*Registered Office:*

Heritage Hall  
PO Box 225  
Le Marchant Street  
St Peter Port  
Guernsey  
GY1 4HY

By Order of the Board  
ICG-Longbow Senior Secured UK Property Debt Investments Limited

Heritage International Fund Managers Limited  
*Secretary*

11 January 2017

#### Notes:

- 1 A member is entitled to attend and vote at the meeting provided that all calls due from him/her in respect of his/her Ordinary Shares have been paid. A member is also entitled to appoint one or more proxies to attend, speak and vote on his/her behalf at the meeting. The proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy enclosed with this Notice of Extraordinary General Meeting. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 2 To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be sent to the Company's receiving agent, Capita Asset Services: PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, no later than 2.30 p.m. on 27 February 2017, or not less than 48 hours before (excluding weekends and bank holidays) the time for holding any adjourned meeting, as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the Form of Proxy will not preclude members from attending and voting in person at the meeting.
- 3 Any corporation which is a shareholder may, by a resolution of its directors or other governing body, authorise such persons as it thinks fit to act as its representative at the Extraordinary General Meeting or to approve a resolution submitted in writing and the person so authorised shall be entitled to exercise on behalf of the corporation which he or she represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual shareholder of the Company.
- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary Shares. You may not appoint more than one proxy to exercise rights attached to any one Ordinary Share. Where multiple proxies have been appointed to exercise rights attached to different Ordinary Shares, on a show of hands those proxy holders taken together will collectively have the same number of votes as the shareholder who appointed them would have on a show of hands if he were present at the meeting. On a poll, all or any of the rights of the shareholder may be exercised by one or more duly appointed proxies. To appoint more than one proxy you may photocopy the enclosed Form of Proxy. Please indicate the proxy holder's name and the number of Ordinary Shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of Ordinary Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions given by you. All hard copy proxy appointments must be signed and should be returned together in the same envelope.
- 5 On a vote on a show of hands, each proxy has one vote. If a proxy is appointed by more than one shareholder, and all such shareholders have instructed the proxy to vote in the same way, the proxy will only be entitled, on a show of hands, to vote "for" or "against" as applicable. If a proxy is appointed by more than one shareholder, but such shareholders have given different voting instructions, the proxy may, on a show of hands, vote both "for", and "against" in order to reflect the different voting instructions.
- 6 To change your proxy instructions simply submit a new Form of Proxy using the methods set out above and in the notes to the Form of Proxy. Note that the cut-off date and time for receipt of a Form of Proxy (see note 2 above) also apply in relation to amended instructions; any amended Form of Proxy received after the relevant cut-off date and time will be disregarded. If you submit more than one valid Form of Proxy, the form received last before the latest time for the receipt of proxies will take precedence.
- 7 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services: PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a member which is an individual the revocation notice must be under the hand of the appointer or of his attorney duly authorised in writing or in the case of a member which is a company, the revocation notice must be executed under its common seal or under the hand of an officer of the company or an attorney duly authorised. Any power of attorney or any other authority under which the revocation notice is signed (or a notarially certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received before the commencement of the meeting or adjournment or the taking of the poll at which the proxy is used.
- 8 Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- 9 To be passed, an ordinary resolution requires a simple majority of the members and duly appointed proxies entitled to attend the meeting and voting on a show of hands to vote in favour (excluding any votes that are withheld) or, if a poll is demanded, a simple majority of the total voting rights cast on the relevant resolution (excluding any votes that are withheld) to be in favour.
- 10 To be passed, an extraordinary resolution requires not less than 75% of the members and duly appointed proxies entitled to attend the meeting and voting on a show of hands to vote in favour (excluding any votes that are withheld) or, if a poll is demanded, not less than 75% of the total voting rights cast on the relevant resolution (excluding any votes that are withheld) to be in favour.
- 11 To be passed, a special resolution requires not less than 75% of the members and duly appointed proxies entitled to attend the meeting and voting on a show of hands to vote in favour (excluding any votes that are withheld) or, if a poll is demanded, not less than 75% of the total voting rights cast on the relevant resolution (excluding any votes that are withheld) to be in favour.
- 12 The quorum for the Extraordinary General Meeting will be two members present and entitled to vote in person or by proxy. In the event that a quorum is not present for the Extraordinary General Meeting within 30 minutes of the time appointed for the Extraordinary General Meeting, the Extraordinary General Meeting shall stand adjourned for five business days at the same time and place or to such other day and at such other time and place as the Board may determine and no notice of adjournment need be given. At any such adjourned meeting, those members who are present in person shall constitute the quorum.

- 13 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register in respect of the joint holding (the first-named being the most senior).
- 14 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to every other matter which is put before the Extraordinary General Meeting.
- 15 In accordance with the Regulation 41 of the Uncertificated Securities (Guernsey) Regulations, 2009, the Company specifies that only those members registered on the Register at 6.30 p.m. on 27 February 2017 (or in the event that the meeting is adjourned, only those members registered on the Register as at the time which is 48 hours prior to the adjourned meeting) shall be entitled to attend in person or by proxy and vote at the Extraordinary General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the Register after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 16 A copy of the Articles and the Proposed Articles will be available for inspection at the registered office of the Company (during business hours and excluding weekends and bank holidays) in Guernsey or otherwise available on request from the Company Secretary, Heritage International Fund Managers Limited (telephone +44 (0) 1481 716000), from the date of this notice until the time of the Extraordinary General Meeting.
- 17 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting to be held at 2.30 p.m. on 1 March 2017 and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 18 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CREST Co's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita Asset Services (Crest Participant ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- 19 CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34(1) of the Uncertificated Securities (Guernsey) Regulations, 2009.
- 20 The Directors will answer any questions raised at the Extraordinary General Meeting which relate to the business of the meeting, although no answer need be given:
  - (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information;
  - (b) if the answer has already been given on the Company's website; or
  - (c) if it is undesirable in the best interests of the Company or the good order of the meeting that the question be answered.
- 21 The total issued share capital of the Company as at the date of this Notice of Extraordinary General Meeting is 108,219,250 Ordinary Shares. Pursuant to the Articles, on a show of hands every member (being an individual) present in person or by proxy or (being a corporation) present by a duly authorised representative shall have one vote on a show of hands, and one vote per Ordinary Share on a poll (other than the Company itself where it holds its own shares as treasury shares).
- 22 All capitalised expressions used in this Notice of Extraordinary General Meeting not otherwise defined herein shall have the same meaning given to them in the Articles.