



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 2015

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Corporate Summary

Investment Objective

The investment objective of ICG-Longbow Senior Secured UK Property Debt Investments Limited (the "Company") and its wholly owned subsidiary, ICG-Longbow Senior Debt S.A. ("Luxco") (together the "Group"), is to construct a portfolio of good quality, defensive, senior debt investments secured by first ranking fixed charges predominantly against UK commercial property investments, providing target dividends of circa 6% per annum on the Initial Public Offering ("IPO") issue price.

Structure

The Company is a non-cellular company limited by shares incorporated in Guernsey on 29 November 2012 under the Companies (Guernsey) Law, 2008, (as amended). The Company's registration number is 55917, and it has been authorised by the Guernsey Financial Services Commission 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 during the period comprises the Company's ordinary shares denominated in pounds sterling.

Investment Manager

As disclosed further in the Chairman's Statement, the Investment Management Agreement has been novated to Intermediate Capital Managers Limited (the "Investment Manager"). The Investment Manager is authorised and regulated by the Financial Conduct Authority ("FCA").

General Information

Board of Directors

Jack Perry (*Chairman*)
Stuart Beevor
Patrick Firth
Mark Huntley
Paul Meader

Investment Manager

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Ticker: LBOW
Website: www.lbow.co.uk

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Highlights

Investment Portfolio

- There have been no changes to the composition of the investment portfolio in the six month period and all loans are performing and covenant compliant.
- The Portfolio comprises 11 loans with an aggregate principal balance of £104.00 million (31 January 2015: £104.00 million).
- The Portfolio weighted average interest coupon is 7.40% (31 January 2015: 7.40%) with a weighted average gross investment Internal Rate of Return ("IRR") of 8.49% (31 January 2015: 8.49%).
- The Portfolio weighted average Loan to Value ("LTV") ratio is 57.1% (31 January 2015: 60.1%) and the weighted average Interest Coverage Ratio ("ICR") is 162% (31 January 2015: 161%).
- The Portfolio weighted average residual term was 3.3 years, of which by average 2.1 years remains income protected (31 January 2015 residual term 3.8 years, income protected term 2.6 years).

Performance

- Profit after tax of £3.38 million for the six months ended 31 July 2015 (31 July 2014: £3.17 million).
 - 3.12 pence per share (31 July 2014: 2.97 pence per share).
- Net Asset Value ("NAV") £108.34 million (31 January 2015: £108.21 million).
 - 100.12 pence per share (31 January 2015: 99.99 pence per share).

Dividend

- First Interim dividend of 1.5 pence per share declared and paid in respect of the quarter ended 30 April 2015.
- Second interim dividend details:
 - Approved 23 September 2015
 - Amount 1.5 pence per share
 - Dividend ex-date 1 October 2015
 - Dividend payment date 23 October 2015

Chairman's Statement

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 2015.

This has been a period in which the Group and its investment portfolio have maintained a stable performance and the Company has been able to continue to deliver its target dividend distribution to investors. While the dividend has been stable, the NAV per share of the Group has increased modestly and is now above the par value of the shares.

Portfolio

The investment portfolio has remained unchanged in the reporting period reflecting the stability of the underlying borrowers and the benefit of income protection within the portfolio as a deterrent to refinance in a benign interest rate environment, when competition amongst senior lenders continues to increase and lending margins continue to tighten.

As reported by the Investment Manager below, we continue to see modest positive improvement in the basic credit metrics of the portfolio, reflecting in part the stable domestic economic environment and continuing positive sentiment toward the property sector following the general election in May 2015.

While there has been no turnover in the Group's investment portfolio, as expected we are beginning to see some turnover in the underlying property security portfolio as borrowers sell and, with consent, seek to replace properties, thereby adding to the general credit quality of the underlying property portfolio.

We do not believe that the recent turmoil in global markets following the slowdown in the Chinese economy will have any material impact on the performance of the investment portfolio or the valuation of the underlying property security.

Revenue and Dividend Performance

The Group's revenue performance has stabilised in line with expectations following completion of the initial investment programme in the previous financial year, producing profits after tax of 3.12 pence per share for the six months. Barring unforeseen circumstances, we expect profits to be sustained at this level until the loan portfolio begins to be repaid, enabling the Company to maintain dividends at the current level during that period.

The Company paid a first interim dividend of 1.5 pence per share in respect of the quarter ended 30 April 2015 on 22 May 2015 and on 23 September 2015 approved a second interim dividend in respect of the quarter ended 31 July 2015 of 1.5 pence per share, bringing dividends paid and payable for the six months to 3.0 pence per share.

NAV and Share Price Performance

Over the six month period the NAV per share has increased modestly to 100.12 pence per share whilst the NAV of the Group increased to £108.34 million.

The Company's shares traded in a range of 101.25 pence per share to 106.25 pence per share maintaining a small premium to NAV throughout, reflecting the stable and predictable nature of the underlying high yield income stream in a low interest rate environment.

Chairman's Statement

(continued)

Investment Manager

Following the acquisition of management's residual equity interest in Longbow Real Estate Capital LLP by Intermediate Capital Group PLC ("ICG") the ICG-Longbow team has transferred to ICG and consequently, with effect from 30 April 2015 the Investment Management Agreement was novated to Intermediate Capital Managers Limited, an FCA regulated, ICG group subsidiary. The Investment Manager continues to trade under the name of ICG-Longbow.

The ICG-Longbow team continues to monitor and apprise the Board of the performance of the investment portfolio and the underlying property portfolios on which the Group's investments are secured. The ICG-Longbow senior debt team and the Group's investment portfolio continue to be overseen by Martin Wheeler, Joint Head of ICG-Longbow. Trevor Homes will leave ICG-Longbow shortly and the Board would like to thank him for his role in deploying the Company's capital.

Outlook

As noted, the stable UK economic environment provides a solid platform for the Group's loan investments and we expect the modest improvement in credit profile (LTV and ICR) to continue in the medium term.

The Mansion Group has placed its entire student housing portfolio up for sale and this may lead to an early repayment of the loan. We continue to monitor the situation and should the loan be repaid the Board will work with ICG-Longbow to redeploy the capital and any associated prepayment fees within the investment parameters if it is accretive to shareholders to do so.

As at 31 July 2015 the Group's loan portfolio had a weighted average unexpired term of 3.3 years with the first loan maturity in December 2017 and the final maturity in June 2019. As set out in the Highlights section above, the average remaining period of income protection on the portfolio was 2.1 years within a range of between 1.1 and 2.75 years. Consequently the Board is considering other re-investment opportunities for the Company ahead of the continuation vote which is due in 2017.

Jack Perry

Chairman

23 September 2015

Investment Manager's Report

Investment Objective

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

Fund facts

Fund launch:	5 February 2013	Fund type:	Closed ended investment company
Fund manager:	Intermediate Capital Managers Limited	Domicile:	Guernsey
Base currency:	GBP	Listing:	London Stock Exchange
Issued shares:	108.2 million	ISIN code:	GG00B8C23S81
Management fee:	1.0%	LSE code:	LBOW
		Website:	www.lbow.co.uk

Share price & NAV at 31 July 2015

Share price (pence per share)	103.75
NAV (pence per share) (ex div)	100.12
Premium	3.6%
Market cap.	£112.3 million
Approved dividend (pence per share) ⁽¹⁾	1.5 pence
Dividend payment date	23 October 2015

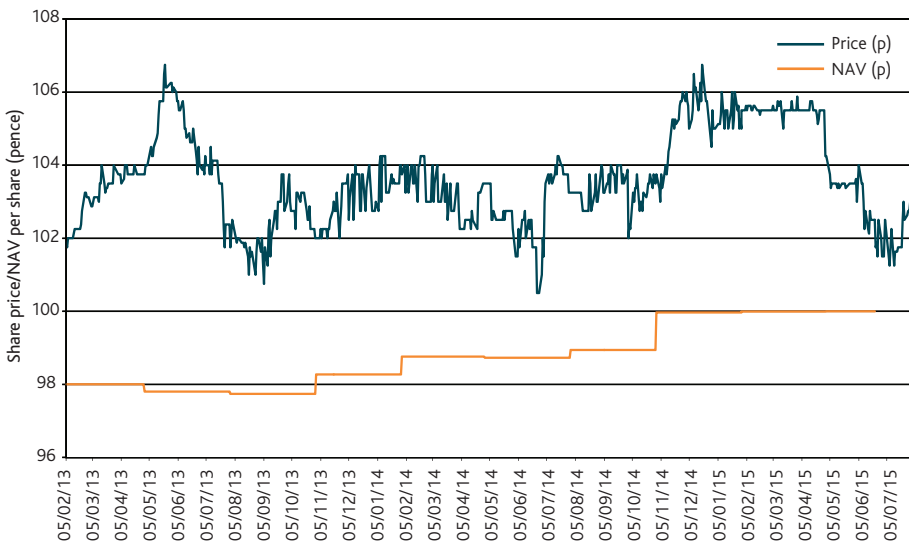
⁽¹⁾ For quarter ended 31 July 2015

Key portfolio statistics at 31 July 2015

Number of investments:	11
Percentage capital invested ⁽²⁾ :	95.73%
Weighted avg. coupon:	7.40%
Weighted avg. projected total return:	8.49%
Weighted avg. LTV:	57.1%
Weighted avg. ICR:	162%

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

Share Price v NAV (from IPO to 31 July 2015)



Investment Manager's Report

(continued)

Summary

The investment portfolio of 11 loans has remained unchanged in the period with a par value of £104.0 million.

Each investment in the portfolio remains well secured from a capital perspective, with a weighted average risk exposure of 57.1% LTV, reflecting a decrease over the six months from 60.1%, following completion of the annual valuation of the underlying property portfolio. The improvement in risk profile reflects both the delivery of business plans by borrowers and the general market upturn driven by positive investor sentiment toward the commercial real estate sector.

At portfolio level, the ICR was substantially unchanged at 162% (31 January 2015: 161%).

Group Performance

The Group's portfolio has been stable in the period and as a result the profit after tax for the six months of £3.38 million (3.12 pence per share) was in line with expectations and with the comparative period. The portfolio had 2.1 years weighted average income protection remaining and the loan portfolio continues to be de-risked by rising underlying property prices. Given the stable nature of the investment portfolio and the Group's operations the level of profit and cashflow generation are adequate to cover the Company's target dividend level of 6.0 pence per share per annum.

The NAV per share exceeded the par value of the shares for the first time since IPO.

Portfolio

Portfolio statistics	31 July 2015	31 January 2015
Number of loan investments	11	11
Aggregate balance	£104,002,150	£104,002,150
Weighted average LTV	57.1%	60.1%
Weighted average ICR	162%	161%
Weighted average interest coupon	7.40% pa	7.40% pa
Weighted average projected gross IRR ⁽¹⁾	8.49% pa	8.49% pa
Weighted average unexpired loan term	3.31 years	3.87 years
Weighted average unexpired interest income protection	2.1 years	2.6 years
Cash held	£5,024,095	£5,293,805

⁽¹⁾ Weighted average projected gross IRR of the portfolio reflects partial repayments received to date in addition to the remaining investments.

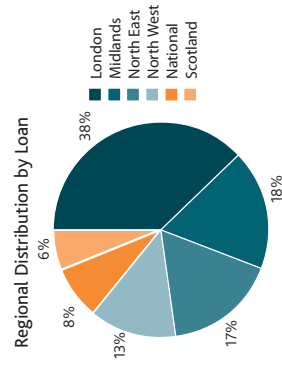
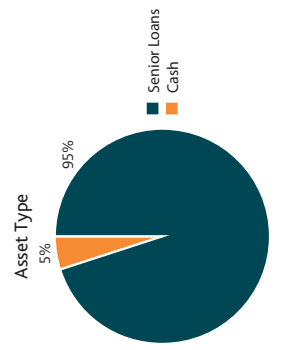
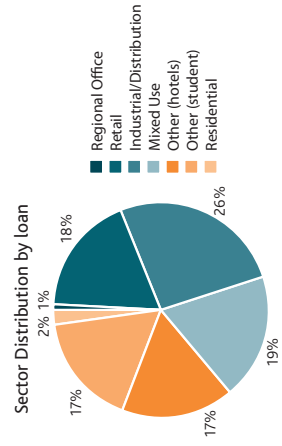
Investment Manager's Report

(continued)

Investment Portfolio as at 31 July 2015

Project	Region	Sector	Term start	Unexp term (yrs)	Day 1 balance (£m)	Day 1 LTV (%)	Day 1 ICR (%)	Balance		
								out-standing (£m)	Current LTV (%)	
Mansion Student Fund	Midlands/Scotland	Other (student)	Jun-13	3.85	18.07	54.8	204	18.07	39.4	257
IRAF Portfolio ⁽¹⁾	North West	Industrial/distribution	Jul-13	3.34	14.20	59.3	193	11.94	55.3	186
Meadows RE Fund II	London	Retail	Sep-13	2.42	18.07	65.0	150	18.07	66.7	114
Northlands Portfolio	London	Mixed use	Nov-13	3.32	7.20	61.7	192	6.48	59.7	160
Hulbert Properties	Midlands	Industrial/distribution	Dec-13	3.35	6.57	65.0	168	6.57	56.1	169
Halcyon Ground Rents	National	Industrial/distribution	Dec-13	3.35	8.60	64.8	116	8.60	64.8	116
Cararra Ground Rents	North West	Regional office	Dec-13	3.35	1.30	65.0	113	1.30	65.0	113
Raees International	London	Mixed use	Dec-13	3.36	13.25	65.0	122	13.25	57.5	125
Lanos (York)	North East	Other (hotel)	Mar-14	3.42	10.00	64.9	122	10.00	57.8	106
Ramada Gateshead	North East	Other (hotel)	Apr-14	3.75	7.98	64.4	180	7.98	63.9	193
First Light Portfolio	London	Residential	Dec-14	3.46	1.75	65.0	174	1.75	65.0	179
Total/weighted average				3.32	107.0	61.8	162	104.0	57.1	162

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



Investment Manager's Report

(continued)

Market Update

Economy and Financial Markets

With the pro-business Conservative Party winning an unexpected clear majority in May's General Election, business optimism has improved, although this is tempered by the expected increase in austerity measures over coming years, concerns over the forthcoming EU referendum and broader concerns regarding the Chinese economy.

The rate of growth on the UK economy picked up modestly, with a 0.7% increase in GDP for Q2 2015 and 2.6% growth over the past year. The pace of the UK economy growth remains steady, although unspectacular. Recent economic growth has been driven largely by the service sector and an increase in productivity per head, but with weaker than expected manufacturing output, in part caused by the strength of GBP against the Euro.

Whilst the level of total employment reached new records over the past quarter, passing 31 million, the very latest data has indicated a cooling with a moderate decrease in total employment and a matching increase in the unemployment rate. Consequently, with continuing 0% inflation, an increase in interest rates is only expected around the year end at earliest, according to guidance by the Bank of England, and is reflected in five year GBP interest rate swaps remaining stable at circa 1.5%.

Occupational Markets

Driven by the growth in service employment and continuing low levels of new development, offices continue to lead the other sectors in terms of rental growth expectations. Whilst London rental growth dominates with circa 10% rental growth projected for 2015 by Capital Economics due to stronger demand in a supply constrained market, growth is now firmly established in the UK regions. In particular, the south east is experiencing strong tenant demand, resulting in vacancy rates falling to 6.4% – more than 1% below the level recorded in 2008, with 6% rental growth projected for 2015. According to a recent report by Jones Lang LaSalle, "The new geography of office demand" growth is now spreading beyond the major cities into smaller centres with strong private sector economies, with strong but not exclusive representation by centres in the south-east such as Brighton and Milton Keynes.

According to Royal Institution of Chartered Surveyors ("RICS") survey data, the industrial market has out-stripped all other sectors in terms of increasing occupational demand, which is reflected in a decrease in availability and a 3% annualised rate of rental growth, which is the fastest growth in the industrial sector since 2001.

Retail continues to lag the other sectors in terms of rental value growth, recording only 0.6% growth over 2014, with 1.4% projected for 2015 and rental values remaining materially below 2008 market peaks. However, with a strong increase in consumer confidence and retail sales volumes, RICS survey data now confirms that there has been an improvement in occupier demand in many regions across the UK which is in turn feeding through into reported decrease in availability. Therefore, whilst rental values per square foot are not materially increasing, the decrease in availability will be increasing net rental income across the sector. In particular, we continue to see retailer store acquisitions being driven by the absolute affordability of rents and so strongest performance would be expected for locations coming off a lower rental base.

Investment Manager's Report

(continued)

Market Update (continued)

Investment Markets

The pace of investment market activity has remained strong in the second quarter of 2015. Although Q2 2015 transaction volumes declined by 12% over the previous quarter, over £36 billion of transactions were recorded in H1 2015 – only a modest decline on H2 2014. Activity in large scale portfolio transactions continued to dominate activity with £5.7 billion of portfolio sales in Q2 2015 representing over one third of overall activity. Additionally, large single assets were a particular focus of international purchasers, both in London and the regions (e.g. the £435 million acquisition on Oxford Street by Ponte Gadea and the £100 million acquisition of No 2 St Peter's Square, Manchester by Deutsche Asset & Wealth).

The strong growth in capital values experienced in 2014 has moderated in 2015 but the strength of demand for UK investment property described above has underpinned a further tightening in yields, resulting in capital growth of 4.1% over the first half of the year according to the CBRE Limited monthly index and a 6.9% total return for the same six months. In line with rental growth trends, offices outperformed other sectors in terms of capital growth over the first half of the year, at 6.6% according to the CBRE Limited monthly index, followed by industrials at 5.7% and retail at 1.7%. However, according to Capital Economics Q2 2015 UK Commercial Property Analyst report, the gap in performance between the sectors will narrow over the period 2016 to 2019, with retail projected to show moderately higher capital growth over the period at 3.5% per annum, against 3.3% per annum for all property.

UK Commercial Property Debt Market

Survey data for the end of 2014 was released by De Montfort University in May 2015, showing that UK commercial real estate lending volumes increased by 50% over 2014 to approximately £45 billion of transactions, indicating that the Commercial Real Estate ("CRE") finance market reached full recovery over last year, although UK and European banks have continued to retreat from the market.

In part driven by the increase in transaction volumes and in part by the limits of banks' capital pricing models having been reached, we have seen that overall pricing levels in both senior and mezzanine markets has stabilised since the year end at 2.25% to 2.75% margin for senior debt and 8% to 10% for mezzanine debt, each on stabilised assets.

However, pricing competition for trophy assets is intense due to the global nature of the market, illustrated by HSBC having won the mandate to refinance MidCity Place at 71 High Holborn in midtown with a £200 million loan, which has been reported by Real Estate Capital magazine as being at a sub 120 basis points per annum margin for a 55% LTV exposure or circa £600 per square foot.

The disparity in additional return being available for similar or lower absolute risk per square foot on non-stabilised or undermanaged assets is also in evidence across the small to mid-market funding requirements, which in part will be a function of a lower number of lenders competing for smaller financing opportunities than larger ones, a trend identified in the De Montfort Survey (29 bank lenders would lend above £100 million against 25 in the £21 million to £50 million range and only 18 in the £11 million to £20 million range).

Whilst 2014's record level of CRE loan sales will not be repeated in 2015, as the first half recorded CRE loan sales are running at circa 50% of last year's levels, a continuation of this trend would still make 2015 the second highest year on record for CRE loan sales.

Investment Manager's Report

(continued)

Portfolio Profile and Activity

The management activity across the portfolio during the quarter has centred on monitoring all the loans for their performance against agreed business plans and with regard to previous quarters. All investments are compliant with their respective financial covenants, and the investment parameters of the strategy. All of the investments are performing broadly in line with the underwritten business plans.

During the period the weighted average Loan to Value Ratio ("LTV") of the portfolio has improved from 60.1% to 57.1% whilst the ICR is materially unchanged at 162% (31 January 2015: 161%). The key portfolio events in the period were:

- Lanos (York) – The disruption caused by the renovation building works have had a bigger impact on occupancy than originally anticipated. However with the completion of newly completed bedrooms we are seeing modest improvement in occupancy and revenues per room. We expect this trend to continue over the coming months whilst the refurbishment of the remaining rooms is completed. Advance bookings for August and September support this assumption. The sponsor also completed the disposal of a neighbouring restaurant with proceeds being applied to complete the hotel refurbishment.
- Raees International – The ICR has improved only modestly over the term of the loan to date, as the borrower pursues value added initiatives, whilst a number of units remain vacant. The management of arrears and new lettings will continue to be monitored closely.
- Northlands Portfolio – ICR improved considerably from the previous period mainly due to lower non-recoverable costs associated with the portfolio. Interest cover is supported by a charged reserve account of £350,000.
- Mansion Student Fund – The Mansion Group announced the sale of its entire student housing portfolio including those blocks secured by the Group's loan. The Investment Manager continues to monitor developments, but the underlying properties are performing above expectation with near 100% occupancy. The Group's loan continues to benefit from income protection.

The Investment Manager believes the Group's loan portfolio to be satisfactorily secured, given our senior position with a weighted exposure of 57.1% LTV and 162% ICR. In addition risk is diversified at portfolio level by sector and region and at loan level through exposure to predominantly multi-property or multi-tenanted security. All of the loans are fully compliant with the parameters as set out in the Prospectus.

Outlook

The outlook for the investment portfolio remains good, underpinned by the favourable economic and property market conditions. Whilst we anticipate some change in the underlying property portfolios of the borrowers as they deliver their business plans and substitute or replace assets we expect this to result in an improvement in the quality of the underlying property. Early repayment remains a possibility as the residual protected term reduces, however at this stage we would expect the resultant prepayment fees will enable the Group to reinvest any such proceeds on a basis that will be accretive to shareholders.

Investment Manager's Report

(continued)

Loan Portfolio

As set out above, as at 31 July 2015, the Group's portfolio comprised of 11 loans with an aggregate balance outstanding of £104.0 million.

A summary of each of the individual loans as at 31 July 2015 is set out below:

Loan 1	Mansion Student Fund		
<p>An £18.07 million senior loan secured on two student accommodation blocks located in Birmingham and Glasgow, providing over 1,000 purpose built student bedrooms. The loan proceeds were used to refinance part of the borrower's equity which funded the cash purchase of the properties.</p> <p>The loan benefits from security against two well located, purpose built and fully refurbished student blocks, which offers conservative gearing against capital and income, whilst the Group's counterparty is managed by a highly experienced sector specialist. Following completion of the refurbishment of the Birmingham property, the valuation of the portfolio increased from £33.00 million to £38.90 million. The properties have been subsequently revalued at £45.87 million reducing the LTV exposure further to 39.4%. The 100% occupancy and the favourable room rates achieved have driven the ICR to 257%.</p> <p>The borrower comprises two Special Purpose Vehicle ("SPV") companies, which are subsidiaries of the Mansion Student Accommodation Fund ("MSAF"). The Group's loan is fully ring fenced from the wider MSAF group and is secured by way of a first ranking charge over the subject properties; consequently the on-going suspension of trading in MSAF units does not have any impact on the performance of the Group's loan.</p> <p>The Mansion Student Fund has announced the intended sale of their entire student accommodation portfolio. This is likely to result in the repayment of the loan unless a sale subject to the novation of the loan is agreed as per the LM Real Estate/IRAF Portfolio transaction. The Group continues to benefit from a period of income protection.</p>			
Property profile		Debt profile	
Number of properties	2	Day one debt	£18,070,000
Property value (£)	£45,870,000	Debt outstanding	£18,070,000
Property value (£/bed)	£45,461	Original term	6.0 years
Bedrooms	1,009	Maturity	June 2019
Occupancy	100%	Current LTV	39.4%
Weighted lease length	n/a	Current ICR	257%
		Loan exposure per bed	£17,909

Investment Manager's Report

(continued)

Loan 2		IRAF Portfolio	
<p>Initially a £14.20 million advance was made to LM Real Estate, to refinance a portfolio of five multi-let industrial and distribution warehouse units located in the North West of England, following which the borrower disposed of one of the properties resulting in a £0.90 million prepayment.</p> <p>LM Real Estate sold the majority of the remaining portfolio in September 2014 to an institutionally backed borrower (IRAF Catch Ltd), managed by Infrared Capital Partners. A new £11.94 million senior loan was made to IRAF Catch Ltd on substantially the same terms secured on the residual portfolio, resulting in a net repayment of £1.365 million to reflect the excluded properties.</p> <p>InfraRed Capital Partners' improved reporting has highlighted additional non-recoverable costs at property level. There is an historic dispute with one of the tenants where they are withholding their rent until agreed works are completed which should be resolved by the Autumn. However, at 186% ICR and 55.3% LTV the loan remains strongly secured.</p>			
Property profile		Debt profile	
Number of properties	4	Day one debt	£14,200,000
Property value (£)	£21,580,000	Debt outstanding	£11,940,000
Property value (£/sq ft)	£45	Original term	5.4 years
Property area sq ft	483,294	Maturity	December 2018
Number of tenants	30	Current LTV	55.3%
Weighted lease length	4.3 years	Current ICR	186%
		Loan exposure per sq ft	£25

Loan 3		Meadow Real Estate Fund II	
<p>An £18.07 million senior loan facility used to assist financing an established and well supported international real estate fund in the acquisition of a highly prominent retail park in north London.</p> <p>The borrower is an SPV owned by Meadow Real Estate Fund II LP and is managed by Meadow Partners, an international real estate investor and asset manager. Meadow Partners' management team has significant real estate investment experience and a proven track record, investing across various transaction structures, geographic locations and property types.</p> <p>The borrower's business plan is to reconfigure the layout of the units to increase rents on expiry of the three main existing leases. The sponsor is pursuing two options to improve the scheme and a planning application has now been submitted to re-configure the existing retail space into six separate units. The borrower reports strong interest from a number of retailers for the completed units.</p> <p>As expected, the ICR decreased from 130% to 114% over the quarter as a result of the expiry of the major leases. However, debt service is primarily derived from a pre-funded interest reserve account (topped up quarterly) which provides 12 months cover. The loan has maintained compliance with all covenants.</p> <p>The updated valuation is on a vacant possession basis which resulted in an increase in the LTV to 66.7%. The valuer confirms that when works are completed within the existing planning permission there would be a considerable increase in the market value of the property.</p>			
Property profile		Debt profile	
Number of properties	1	Day one debt	£18,070,000
Property value (£)	£27,100,000	Debt outstanding	£18,070,000
Property value (£/sq ft)	£292	Original term	4.3 years
Property area sq ft	92,882	Maturity	December 2017
Number of tenants	1	Current LTV	66.7%
Weighted lease length	0.1 year	Current ICR	114%
		Loan exposure per sq ft	£195

Investment Manager's Report

(continued)

Loan 4		Northlands Portfolio	
<p>A £7.20 million senior loan facility used to refinance existing senior debt secured on a mixed use portfolio of high street retail and tenanted residential units located predominantly in London and the South East. The borrower is Northlands Holdings and group affiliates on a cross-collateralised basis.</p> <p>The security portfolio comprises 15 properties with a highly diverse income stream from 39 retail and 57 residential tenants, with the largest tenants being Argos Distributors Ltd and Tesco Stores Ltd, accounting for 10.3% and 8.5% of total rent respectively. The borrower completed a small disposal from the property portfolio in July 2014, resulting in a £0.7 million part prepayment of the loan, triggering prepayment and exit fees.</p> <p>The diversified tenant profile provides adequate security of debt service. Whilst moderate concerns exist with the ongoing level of arrears and non-recoverable costs (concerns that are fully mitigated by the £350,000 interest reserve account), the borrower has managed to increase gross rents by 15% since inception (through reletting activities and also conversion of storage space above shops into residential units). These initiatives are peripheral, but in aggregate meaningful. The borrower has also agreed but not completed the lease regears at Stowmarket (so protecting £78,000 of income per annum).</p> <p>Whilst the portfolio is secondary in quality, the loan is satisfactorily secured from both a value and income perspective, with demand for the underlying security from both an occupational and investment perspective. The borrower has recently advised us that it is exploring a refinancing notwithstanding prepayment protection in place.</p>			
Property profile		Debt profile	
Number of properties	15	Day one debt	£7,200,000
Property value (£)	£10,842,000	Debt outstanding	£6,477,250
Property value (£/sq ft)	£132.78	Original term	5.0 years
Property area sq ft	81,656	Maturity	November 2018
Number of tenants	129	Current LTV	59.7%
Weighted lease length	1.9 years	Current ICR	160%
		Loan exposure per sq ft	£79.32

Loan 5		Hulbert Properties	
<p>A £6.57 million loan to refinance a well let portfolio of industrial units predominantly located in Dudley in the West Midlands, with 80% by value being the 270,000 square foot Grazebrook Industrial Estate.</p> <p>The borrower, Hulbert Properties Ltd, is a West Midlands based private property company. The multi-let portfolio benefits from high occupancy, though a number of vacancies arose this quarter causing ICR to fall to 169%.</p> <p>With the exception of one minor block the borrower has traditionally replaced exiting tenants in short order, underlining the good demand for the properties. The updated valuation (£11.7 million from £10.1 million) has materially reduced the LTV from 65% to 56.1%.</p>			
Property profile		Debt profile	
Number of properties	4	Day one debt	£6,565,000
Property value (£)	£11,700,000	Debt outstanding	£6,565,000
Property value (£/sq ft)	£40.84	Original term	5.0 years
Property area sq ft	286,454	Maturity	December 2018
Number of tenants	10	Current LTV	56.1%
Weighted lease length	3.3 years	Current ICR	169%
		Loan exposure per sq ft	£22.92

Investment Manager's Report

(continued)

Loan 6		Halcyon Ground Rents	
<p>A £8.6 million senior loan facility utilised to refinance a portfolio of freehold ground rents.</p> <p>The Halcyon security comprises a diversified portfolio of 21 freehold ground rent investments with a weighted unexpired lease term of 89 years, of which 72% are industrial with leasehold rents receivable geared to 22-25% of open market rentals, with the balance being leisure uses at leasehold gearings of 50%.</p> <p>At 64.8% LTV and with 116% ICR, the gearing is at the top of the Company's investment parameters. However, the defensive nature of the freehold ground rent investments means that the loan benefits from very strong security.</p> <p>One property has been the subject of a successful planning application so a disposal at well above market value is likely. We are exploring the possibility of a property substitution to avoid the consequent prepayment.</p>			
Property profile		Debt profile	
Number of Properties	21	Day one debt	£8,600,000
Property Value (£)	£13,264,000	Debt outstanding	£8,600,000
Property Value (£/sq ft)	£31.94	Original term	5.0 years
Number of tenants	4	Maturity	December 2018
Weighted lease length	87.9 years	Current LTV	64.8%
		Current ICR	116%
		Loan exposure per sq ft	£20.74

Loan 7		Carrara Ground Rents	
<p>A £1.3 million senior loan facility was used to refinance an individual ground rent investment.</p> <p>The Carrara security comprises a single virtual freehold ground rent investment located in Leeds with an unexpired lease term of 98 years, subject to a 25% rental gearing. The property is a modern office building located on an established business park accessed from the M1 motorway, which is fully let to a strong covenant until 2018.</p> <p>At 65.0% LTV and 113% ICR the gearing is at the top of the Group's investment parameters. However, the defensive nature of the freehold ground rent investments means that the loan benefits from very strong security.</p> <p>No material activity on the loan or security portfolio took place during reporting period.</p>			
Property profile		Debt profile	
Number of properties	1	Day one debt	£1,300,000
Property value (£)	£2,000,000	Debt outstanding	£1,300,000
Property value (£/sq ft)	£81.73	Original term	5.0 years
Property area sq ft	24,470	Maturity	December 2018
Number of tenants	1	Current LTV	65.0%
Weighted lease length	85.4 years	Current ICR	113%
		Loan exposure per sq ft	£53

Investment Manager's Report

(continued)

Loan 8		RAEES International	
<p>A £13.25 million refinance of a mixed retail and residential portfolio in good locations in North East London. The borrower is 100% owned and controlled by an offshore investor, with asset management provided by a UK asset manager.</p> <p>Given the low yielding nature of the portfolio, which reflects the London retail and residential uses interest cover is relatively low at 125%. The recent valuation update (up £2.5 million to £23.0 million) has reduced the LTV to 57.5% reflecting the liquid nature of the security portfolio and strong occupational demand.</p> <p>The borrower continues to explore value add initiatives (creating residential units from offices), however income is slightly down due to arrears with a small number of tenants.</p>			
Property profile		Debt profile	
Number of properties	24	Day one debt	£13,250,000
Property value (£)	£23,031,000	Debt outstanding	£13,250,000
Property value (£/sq ft)	£279	Original term	5.0 years
Property area sq ft	82,530	Maturity	December 2018
Number of tenants	119	Current LTV	57.5%
Weighted lease length	n/a	Current ICR	125%
		Loan exposure per sq ft	£161

Loan 9		Lanos (York)	
<p>A £10.0 million loan to Lanos (York) Limited, which has a maturity date of December 2018. The £10.0 million advance included the funding of a £2.5m capital expenditure reserve, charged to the lender, to meet the costs of construction and extension and a refurbishment.</p> <p>The borrower, part of a specialist hotel development and management group, operates the hotel under a franchise agreement from Best Western.</p> <p>The Facility is secured by a first and only charge on the 99 room Best Western York Monkbar Hotel, which is located close to the city centre of York. The established, mid-market hotel benefited from a stabilised income profile and offered the potential to grow income and value through a planned refurbishment and 27 bedroom extension, which is being funded through a ring-fenced element of the Facility.</p> <p>Works on the construction of the extension commenced in August 2014. The 26 bedrooms were handed over to the hotel for letting at the end of February 2015 and are of high quality. The rest of the refurbishment programme is on-going and expected to be fully completed by October 2015. The ICR remained depressed at 106% over last quarter due to occupancy being affected by the on-going works. This is expected to recover in the near term once the common parts works have been substantially completed.</p> <p>The Borrower has sold the nearby restaurant (not connected to the operation of the hotel, so not included in our updated valuation) to the incumbent tenant for £500,000. The resultant net sales proceeds are being used to fund the refurbishment of the remaining common parts areas and the older bedrooms.</p>			
Property profile		Debt profile	
Number of properties	1	Day one debt	£10,000,000
Property value (£)	£17,300,000	Debt outstanding	£10,000,000
Property value (£/bed)	137,300	Original term	4.8 years
Bedrooms	125	Maturity	December 2018
		Current LTV	57.8%
		Current ICR	106%
		Loan exposure per bed	£79,365

Investment Manager's Report

(continued)

Loan 10		Ramada Gateshead	
<p>A £7.983 million loan to Quay Hotels Limited, which has a maturity date of April 2019.</p> <p>The investment is secured by a first and only charge over the Ramada Encore hotel in Gateshead, a modern 200 bedroom hotel which was constructed in 2012. The secured property, which is operated by Wyndham Hotels Group, is situated in a highly visible location in Gateshead Quays, adjacent to the Baltic Centre for Contemporary Art and within a short walk of the Sage Gateshead concert venue and the Millennium footbridge which links Gateshead and Newcastle quayside areas.</p> <p>The loan was advanced in April 2014 and ICR has improved (like for like) modestly over the intervening period from improved trading as the hotel matures. Otherwise, no material activity on the loan or security portfolio took place during reporting period.</p>			
Property profile		Debt profile	
Number of properties	1	Day one debt	£7,982,500
Property value (£)	£12,500,000	Debt outstanding	£7,982,500
Property value (£/bed)	£62,500	Original term	5.0 years
Bedrooms	200	Maturity	April 2019
		Current LTV	63.9%
		Current ICR	193%
		Loan exposure per bed	£39,900

Loan 11		First Light Portfolio	
<p>A £1.75 million loan to First Light Properties Limited, advanced in December 2014 with a maturity date of January 2019.</p> <p>The investment is secured against 14 flats in three locations in North West London. All flats are now let on Assured Shorthold Tenancy ("AST").</p> <p>There has been no material activity in the period.</p>			
Property profile		Debt profile	
Number of properties	3	Day one debt	£1,752,400
Property value (£)	£2,696,000	Debt outstanding	£1,752,400
Property value (sq ft)	£743.52	Original term	4.0 years
Property area sq ft	3,626	Maturity	January 2019
Number of tenants/occupancy	100%	Current LTV	65.0%
Weighted lease length	n/a	Current ICR	179%
		Loan exposure per sq ft	£483

Intermediate Capital Managers Limited

23 September 2015

Statement of Principal Risks for the Remaining Six Months of the period to 31 January 2016

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 key risks faced by the Company:

- the loan values may exceed the recovery values;
- inherently subjective valuations of property and property-related assets;
- real estate loans made by the Company may, after funding, become non-performing;
- loan principals may be paid earlier than anticipated;
- in the event of a repayment, in whole or in part, the Company may not be able to reinvest the surplus cash on terms that are accretive in value to shareholders; and
- changes in tax legislation.

The principal risks and uncertainties of the Company were identified in further detail in the Annual Financial Statements for the period ended 31 January 2015 ("Annual Financial Statements"). There have been no changes to the Company's principal risks and uncertainties for the six months ended 31 July 2015 and no changes are anticipated in the second half of the year.

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.

Directors' Statement of Responsibilities

The Directors are responsible for preparing the interim 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" and give a true and fair view of the assets, liabilities and financial position and the profit of the Group as required by DTR 4.2.4R; and
- the Chairman's Statement, Investment Manager's Report and Statement of Principal Risks meet the requirements of an interim management report, and include a fair review of the information required by:
 - a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from 1 February 2015 to 31 July 2015 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 financial period; and
 - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place from 1 February 2015 to 31 July 2015 and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the audited financial statements that could do so.

On behalf of the Board

Jack Perry
Chairman

23 September 2015

Condensed Consolidated Statement of Comprehensive Income

For the six month period to 31 July 2015

	Notes	Six months to 31 July 2015 £ (Unaudited)	Six months to 31 July 2014 £ (Unaudited)
Income			
Income from loans advanced		4,179,953	3,928,398
Other fee income from loans advanced		—	51,861
Income from cash and cash equivalents		3,713	14,794
Total income		4,183,666	3,995,053
Expenses			
Investment management fees	10	536,151	519,301
Administration fees	10	82,114	84,140
Directors' remuneration	10	77,500	71,250
Broker fees		21,614	29,992
Listing fees		3,100	20,795
Audit Fees		17,500	17,500
Legal & professional fees		1,675	3,612
Luxco operating expenses		23,173	36,238
Other expenses		39,738	40,474
Total expenses		802,565	823,302
Profit for the period before tax		3,381,101	3,171,751
Taxation		1,138	1,534
Profit for the period after tax		3,379,963	3,170,217
Total comprehensive income for the period		3,379,963	3,170,217
Basic and diluted earnings per share (pence)	6	3.12	2.97

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

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 July 2015

	Notes	31 July 2015 £ (Unaudited)	31 January 2015 £ (Audited)
Assets:			
Cash and cash equivalents		5,024,095	5,293,805
Trade and other receivables		10,579	14,126
Loans advanced at amortised cost	5	103,713,950	103,334,450
Total assets		108,748,624	108,642,381
Liabilities			
Other payables and accrued expenses		404,277	431,419
Total liabilities		404,277	431,419
Net assets		108,344,347	108,210,962
Equity			
Share capital	7	106,038,522	106,038,522
Retained earnings		2,305,825	2,172,440
Total equity attributable to the owners of the Company		108,344,347	108,210,962
Number of ordinary shares in issue at period/year end		108,219,250	108,219,250
Net asset value per ordinary share (pence)	6	100.12	99.99

The interim financial statements were approved by the Board of Directors on 23 September 2015 and signed on its behalf by:

Jack Perry
Chairman

Patrick Firth
Director

23 September 2015

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six month period to 31 July 2015

	Notes	Number of shares	Share capital £ (Unaudited)	Retained earnings £ (Unaudited)	Total £ (Unaudited)
As at 1 February 2015		108,219,250	106,038,522	2,172,440	108,210,962
Profit for the period		—	—	3,379,963	3,379,963
Dividends paid	8	—	—	(3,246,578)	(3,246,578)
As at 31 July 2015		108,219,250	106,038,522	2,305,825	108,344,347

		Number of shares	Share capital £ (Unaudited)	Retained earnings £ (Unaudited)	Total £ (Unaudited)
As at 1 February 2014		104,619,250	102,526,866	826,649	103,353,515
Shares issued		3,600,000	3,672,000	—	3,672,000
Share issue costs		—	(150,344)	—	(150,344)
Profit for the period		—	—	3,170,217	3,170,217
Dividends paid		—	—	(2,976,030)	(2,976,030)
As at 31 July 2014		108,219,250	106,048,522	1,020,836	107,069,358

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Cash Flows

For the six month period to 31 July 2015

Notes	Six months to 31 July 2015 £ (Unaudited)	Six months to 31 July 2014 £ (Unaudited)
Cash flows from operating activities		
Profit for the period	3,379,963	3,170,217
Adjustments for non-cash items:		
Movement in other receivables	3,547	65,673
Movement in other payables and accrued expenses	(12,347)	(31,005)
Movement in tax payable	(14,795)	7,751
Loan amortisation	(379,500)	593,957
	2,976,868	3,806,593
Loans advanced less arrangement fees	—	(17,623,340)
Net cash generated from/(used in) operating activities	2,976,868	(13,816,747)
Cash flow from financing activities		
Proceeds from issue of shares	—	3,672,000
Issue costs paid	—	(150,344)
Dividends paid	8 (3,246,578)	(2,976,030)
Net cash (used in)/generated from financing activities	(3,246,578)	545,626
Net movement in cash and cash equivalents	(269,710)	(13,271,121)
Cash and cash equivalents at the start of the period	5,293,805	17,696,629
Cash and cash equivalents at the end of the period	5,024,095	4,425,508

The accompanying notes form an integral part of these unaudited condensed consolidated interim financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the six month period to 31 July 2015

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 (Guernsey) Law, 2008 (as amended) on 29 November 2012 with registered number 55917 as a closed-ended investment company.

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

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary, ICG-Longbow Senior Debt S.A. ("Luxco") (together the "Group") as at 31 July 2015.

The investment objective of the Company is to construct a portfolio of good quality, senior debt investments secured by first charges against predominantly UK commercial property investments.

Following the acquisition of management's residual equity interest in Longbow Real Estate Capital LLP by ICG, the ICG-Longbow team has transferred to ICG and consequently, with effect from 30 April 2015 the Investment Management Agreement was novated to Intermediate Capital Managers Limited, an FCA regulated ICG group subsidiary. The Investment Manager continues to trade under the name of ICG-Longbow.

2. Accounting policies

a) Basis of preparation

The Unaudited Condensed Consolidated Interim Financial Statements ("Interim Financial Statements"), included in this Interim Report, have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union, 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 Financial Statements and should be read in conjunction with the Company's Annual Financial Statements for the year ended 31 January 2015, which are available on the Company's website (www.lbow.co.uk). The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The same accounting policies and methods of computation have been followed in the preparation of these Interim Financial Statements as in the Annual Financial Statements for the period ended 31 January 2015.

b) Going concern

The Directors, at the time of approving these 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 Group is now fully invested with a total loan portfolio representing 96% of the net capital raised 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 and performances of current investments made by the Group and have concluded that it is appropriate to adopt the going concern basis of accounting in preparing the Interim Financial Statements.

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 Company'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 financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

(continued)

2. Accounting policies (continued)

c) Segmental reporting (continued)

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

All of the Group's income is from within Luxembourg, the United Kingdom and Guernsey.

All of the Group's non-current assets are invested in the United Kingdom.

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

3. Seasonal and cyclical variations

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

4. Critical accounting judgements in applying the Group's accounting policies

The preparation of the 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.

Impairment is considered to be the most critical accounting judgement and estimate that the Directors make in the process of applying the Group's policies and which has the most significant effect on the amounts recognised in the financial statements (see note 5).

5. Loans advanced

	31 July 2015	31 July 2015	31 January 2015	31 January 2015
	Principal advanced	At amortised cost	Principal advanced	At amortised cost
	£	£	£	£
Loan 1 – Mansion Student Fund	18,070,000	18,037,212	18,070,000	17,982,697
Loan 2 – IRAF Portfolio	11,935,000	12,004,375	11,935,000	11,981,995
Loan 3 – Meadows Retail Estate Fund II	18,070,000	18,035,055	18,070,000	17,959,616
Loan 4 – Northlands Portfolio	6,477,250	6,435,498	6,477,250	6,411,110
Loan 5 – Hulbert Properties	6,565,000	6,530,556	6,565,000	6,506,957
Loan 6 – Halcyon Ground Rents	8,600,000	8,553,117	8,600,000	8,521,935
Loan 7 – Cararra Ground Rents	1,300,000	1,292,913	1,300,000	1,288,199
Loan 8 – Raees International	13,250,000	13,177,422	13,250,000	13,129,570
Loan 9 – Lanos (York)	10,000,000	9,931,461	10,000,000	9,894,551
Loan 10 – Ramada Gateshead	7,982,500	7,983,222	7,982,500	7,928,748
Loan 11 – First Light Portfolio	1,752,400	1,733,119	1,752,400	1,729,472
	104,002,150	103,713,950	104,002,150	103,334,450

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

5. Loans advanced (continued)

The Directors consider that the carrying value amounts of the loans, recorded at amortised cost in the financial statements, are approximately equal to their fair value. No element of the loans advanced is past due or impaired.

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 Company's investments are in the form of bilateral loans, and as such are illiquid investments with no ready 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 represents 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.

6. Earnings per share and net asset value per share

The calculation of basic earnings per ordinary share is based on the profit for the period of £3,379,963 (31 July 2014: profit of £3,170,217) and on the weighted average number of ordinary shares in issue during the period of 108,219,250 (31 July 2014: 106,627,692) ordinary shares.

The weighted average number of ordinary shares has been calculated from 1 February 2015 to 31 July 2015. The weighted average number of ordinary shares for the comparative period has been calculated from 1 February 2014 to 31 July 2014 incorporating the share issue on 24 April 2014. There are no potentially dilutive shares in issue.

The calculation of net asset value per ordinary share is based on net asset value and the number of ordinary shares in issue the period/year end.

7. Share capital

As at 31 July 2015, the Company had 108,219,250 (31 January 2015: 108,219,250) issued and fully paid ordinary shares with a par value of £1 each.

8. Dividends paid

On 23 April 2015, the Directors declared a dividend in respect of the quarter ended 31 January 2015 of £1,623,289 equating to 1.5 pence per ordinary share to shareholders on the register as at the close of business on 1 May 2015.

On 2 June 2015, the Directors declared a dividend in respect of the quarter ended 30 April 2015 of £1,623,289 equating to 1.5 pence per ordinary share to shareholders on the register as at the close of business on 12 June 2015.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements (continued)

9. Financial Risk Management

The Group's activities expose it to a variety of financial risks. The main risks arising from the Group's financial instruments are; market risk, credit risk and liquidity risk and are fully disclosed on pages 55 to 58 of the Annual Financial Statements.

10. Related Party Transactions and Directors' Remuneration

In the opinion of the Directors, the Company has no immediate or ultimate controlling party.

Mark Huntley, a Director of the Company, is also a Director of the Company's Administrator, Heritage International Fund Managers Limited. During the period, the Company incurred administration fees of £82,114 (31 July 2014: £84,140) of which £40,417 (31 January 2015: £46,458) was outstanding at the period/year end. Mark Huntley also received a Director's fee for the period of £13,750 (31 July 2014: £12,500) of which £6,875 (31 January 2015: £6,875) was outstanding at the period/year end.

The total Directors' fees for the period amounted to £77,500 (31 July 2014: £71,250) with outstanding fees of £38,750 (31 January 2015: £38,750) due to the Directors at 31 July 2015.

Investment management fees for the period amounted to £536,151 (31 July 2014: £519,301) of which £266,569 (31 January 2015: £270,457) was outstanding at the period/year end.

11. Subsequent events

On 23 September 2015, the Company approved a second interim dividend of 1.5 pence per Ordinary Share in respect of the quarter ended 31 July 2015.

